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Housing Issues. by B. Warner Shippee  
et al. For sessions of Commission  
on Minnesota's Future, January 14,  
15, 16, 1975.

HOUSING (CURA)

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COMMISSION ON MINNESOTA'S FUTURE

JANUARY 14, 15, 16, 1975

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## PREFACE

This paper was prepared for the Commission on Minnesota's Future by the Center for Urban and Regional Affairs of the University of Minnesota under the direction of B. Warner Shippee, coordinator of housing studies with the collaboration of John Adams, William Angell, Michael Gleeson, Abe Farkas and Curtis Sipple. It is in every sense, a working paper. The ideas expressed in it are solely the work of its authors and do not represent the position of the University or the Center for Urban and Regional Affairs.

Time and the competing demands of other responsibilities have not allowed us the luxury of much discussion or mutual criticism. Nor have we had the opportunity to refer drafts to others working in the field of housing. The results therefore are tentative and episodic and are offered in the hope that they may stimulate thought and discussion.

The Housing Problem is more than the slum and more than the predicament of the low-income family. It spurs migration from cities and deters movement into them. It is the source of many discontents among millions of mishoused or dishoused families yearning to be rehoused. It affects family budgets, security, happiness, and stability. It is tied into the issues of segregation and decay. Though the Federal government looks upon housing shortage and other imperfections of the housing market as factors in national employment and economic activity, few other problems have more serious impacts on the economic well-being of cities and the social well-being of their citizens.

Charles Abrams, The City is the Frontier, 1965

Ah, love, let us be true  
To one another! for the world, which seems  
to lie before us like a land of dreams,  
So various, so beautiful, so new,  
Hath really neither joy, nor love, nor light,  
Nor certitude, nor peace, nor help for pain;  
And we are here as on a darkling plain  
Swept with the confused alarms of struggle and flight,  
Where ignorant armies clash by night.

Mathew Arnold, Dover Beach, 1867

In housing everyone is something of an expert but no one is expert enough to override persuasively the direct experience of another. The future, also, is everyone's concern and at the same time no one's special province. Housing and future together create a hazardous world for amateur and expert alike.

We have been given a series of five housing issues to consider, suggesting alternative futures where we can. First, we were prone to want to restate the issues but decided that time would not allow us this luxury and therefore we have stayed with the original statements. These issues are:

1. What are the special circumstances which make it necessary for government to become involved in housing policy and problems?
2. Are the public and private costs of traditional detached single family housing units likely to continue to increase compared with adequate alternative forms of housing? If so, are Minnesotans prepared to pay the higher individual and social costs of such units?
3. Can Minnesota through public policy ensure that all citizens of the State have access to a housing unit that meets a minimum standard?
4. What are the most efficient ways in which Minnesota can provide at least minimum standard units for all Minnesotans?
5. Does Minnesota need housing programs for special populations (eg. urban, rural, elderly, Indian Reservation) rather than general housing programs for low income units?

As we address the issues, one of the major problems is that of

public priority. In large measure it seems to be true that the process by which the housing supply is augmented and altered is largely dominated by other than housing objectives. Neither the goals of housing consumers or producers are determining, as housing outcomes are largely by-products of concern for the national economy. The question is much less what the economy can do to improve housing conditions, than it is what housing production can do for the economy. A major cost of housing is the cost of capital required to produce and acquire it. Benefits of housing programs which flow to the consumer or the producer take second place to concerns for return on capital. A major task for the future is to redress this balance.

Our assignment is one of explaining rather than concluding; suggesting rather than deciding. We have not resisted the urge to recommend, however, when we feel recommendations may be useful. Most of the recommendations occur in the text in the section discussing government involvement with housing, Issue 1. One of our recommendations is basic: Minnesota needs to develop a comprehensive State housing policy if effective use is to be made of future resources and the housing process improved towards meeting the needs and expectations of the residents of the State. This housing policy should be based on values which emphasize housing choice and opportunity. It should be coordinated with Statewide policies on land use, environmental protection and energy utilization and related to policies on welfare, health, education and recreation. These ideas are spelled out in more detail later.

The text which follows includes brief sections on the nature and importance of housing, a discussion of future directions, and then a consideration of each of the issues.

A. The Nature of Housing

Housing implies far more than simply shelter, the structure which protects its inhabitants from the elements and provides them a resting place. In addition, ideas of privacy, location, utilities, environmental amenities and investment are all included in housing, although the way these elements are combined varies greatly from place to place and from household to household. Each of these ideas is described briefly.

Privacy

For most people housing implicitly suggests the idea of privacy for a family or other self-selected group and for the individuals which make it up. "Each child should have his own bedroom." The house should provide "a place where a person can be by himself" as well as places to socialize with people whom he chooses.

Location

Housing implies the idea of specific location, i.e. each dwelling place is permanently fixed in location and takes on characteristics of that location. Few dwellings are ever moved.

Utilities

Even in remote locations in Minnesota, housing includes the idea of services to which it is permanently connected or which are brought to it on a regular basis. These may include electricity, gas, sewer system, telephone, mail service and in urban areas many others.

Environmental Amenities

Housing shares a host of characteristics which are not within the dwelling unit but which are accessible to it. They may include schools, recreational facilities, cultural facilities, shopping facilities, landscaping, gardens, farmlands, wildlife, and last but



not least neighbors. People choose housing not only for its internal amenities and its appearance, but for its accessibility or remoteness from a great many other facilities and activities.

### Investment

For a majority of Minnesota's households, housing also is an economic investment. For these owners of housing, the house and the land on which it stands may be their largest and most important possession and investment. A threat to their housing not only threatens their way of life, but may also jeopardise their economic position.

### B. The Significance of Housing

Housing is not only of fundamental concern to everyone but is also, in the aggregate, by far the largest economic enterprise in Minnesota. While exact numbers are impossible to arrive at, estimates have been made of the total expenditures for Minnesota housing. The most comprehensive such attempt was made for 1973 by William J. Angell, Extension Housing Specialist at the University of Minnesota and one of the contributors to this paper. Mr. Angell's paper The Importance of Housing in Minnesota is included in Appendix A.

In summary, Angell estimates the total expenditure for housing at roughly \$4.5 billion and the investment in housing at \$3.2 billion in 1973. His figures do not include public services and amenities. Angell's estimates may vary considerably from those used by others due to the inexact nature of the data available. They do, however, bring into perspective the importance of housing in the Minnesota economic picture.

### C. Future Directions

The future will not come upon Minnesota as a sea change and a

sharp break with the present. Rather, the shape of that future is potential in the present. The present, however, includes so many varied trends and so many apparent contradictions that the question becomes one of which of these trends and which problems and opportunities will tend to dominate and affect Minnesota's housing.

In suggesting any possible futures, it is clear that selected value assumptions underlie alternative directions. It seems to be more realistic and advantageous to describe future contexts in which a variety of decisions, many unforeseeable, will be made rather than sketching a rigid set of circumstances in which all choices are allegedly predictable.

With this in mind, we have assumed that such desirable values include increasing housing choice for consumers, maximizing aggregate housing consumption for low and moderate income people, stimulating and maintaining healthy neighborhoods and community cooperation, and promoting efficient and effective use of resources.

Some of the contexts or themes in the present which have a close relationship to what will be done about Minnesota's housing opportunities and housing problems in the future are:

1. Population change
2. Employment change
3. Changing life styles
4. The problem of air and water pollution
5. The energy situation
6. The existing housing supply
7. The cost of housing
8. New technological developments

1. Population Change

The Planning Agency's population projections for Minnesota indicate the following annual growth rates for population and household by five year periods until the year 2000:

ESTIMATED ANNUAL INCREASE IN POPULATION  
AND HOUSEHOLDS IN MINNESOTA

<u>Period</u>	<u>Population</u>	<u>Households (Occupied Housing Units)</u>
1970-75	18,271	14,606
1975-80	26,373	21,196
1980-85	32,002	23,922
1985-90	31,582	19,725
1990-95	24,949	10,707
1995-2000	17,179	6,849

Source: Minnesota State Planning Agency

During this period, the number of young families is expected to decline as will families with heads over 65 years of age while middle-aged families will increase in absolute numbers and relative to the total. The number of people under 20 will decline considerably while there will be more middle aged people. The population between the ages of 30 and 49 is predicted to almost double in the thirty year period.

Only when they are grouped into families or households - i.e. one or more people occupying a housing unit, do population projections take on full meaning for housing. The projected large bulge in the number of households in the middle aged group whose heads are 30 to 65 years of age is of special significance in looking at the demand for housing in the next quarter century.

A closer look at these figures shows the following changes by age groupings and family types:

<u>Age of Head</u>	<u>No. of Husband-Wife Households</u>		<u>Gain or Loss</u>		
	<u>1970</u>	<u>2000</u>	<u>1970</u>	<u>2000</u>	
20-29	145,666	144,094	-	1,572	
30-44	257,694	522,485	+	264,791	
45-64	299,096	414,032	+	119,936	
65+	118,311	116,151	-	2,160	
<u>Female Head Household</u>					
20-64	57,666	79,890	+	22,224	
65+	16,744	19,688	+	2,944	
<u>Other Male Household</u>					
20-64	19,724	29,496	+	9,772	
65+	7,361	7,227	-	134	
<u>Primary Individual</u>					
Male	20-64	57,318	85,716	+	28,398
	65+	28,417	27,898	-	519
Female	20-64	70,813	98,104	+	27,291
	65+	80,136	94,226	+	14,090

Source: Minnesota State Planning Agency and U.S. Census, 1970.

The effect of this increase on the housing market will not be simple or direct. Actually, the number of young families will increase, according to the Planning Agency projections, through the 1980's as more of the large number born in the 1950's move into household forming ages. It will then decrease by 2000 to 1970 levels. In the late 80's and through the 90's, the number of families in the middle ages will increase. So the effect would seem to be something like this:

- 1975-85 increase in young families
- 1985-95 increase in families with children
- 1995 on increase in empty nesters

The areal distribution, the kinds of households and the age distributions all will have major impact on Minnesota's housing future.

The number of children in households will be another factor of major importance. The Planning Agency has provided us with projected age distributions of the population. In 1970, there were 1,151,089 children between the ages of 0 and 14 or 2.8 children for each husband and wife household with a head between the ages of 20 and 44. In 2000, there will be a projected 979,656 children between the ages of 0 and 14 or 1.47 children for each household of similar description. Clearly, in 2000, families are expected to be much smaller on the average than in 1970. Throughout the state, in 1970, more than 60% of the households included no person under 18 years of age. By the year 2000, the Planning Agency expects this percentage to substantially increase. Perhaps 20% or less of the households will have young people in them.

## 2. Employment and Income

Employment and income taken together have perhaps the greatest impact on the nature and distribution of housing. Location of employment within fairly wide parameters determines the general location of housing in the State. Although, there is a feedback relationship and the existence of a resident employment pool may influence the location of employment opportunities.

If employment opportunities are dispersed more widely throughout the State or concentrated in areas with less available housing, housing will need to be built to serve the resulting increased population. How close this housing is built to the new jobs will reflect in part the availability and price of gasoline.

Household income present and prospective has much to do with housing. A family's ability to demand and the producer's ability to

supply housing is directly related to the relationship between housing costs and the family income. However, families differ markedly in value they place on housing as compared with other items which they consume.

The amount and proportion of income spent on housing varies widely among households in the same economic groups and also between groups. It is not unusual for low income households to pay 40% or more of their income for housing nor for high income households to pay 10% or less. However, in the middle income ranges, there is also considerable variation in the amount and percentage of income spent for housing.

The Planning Agency's projection indicates that in constant dollars mean family income will increase very modestly between 1970 and the year 2000. Mean family income in Minnesota in 1970 was \$10,899. In the year 2000, it is projected to be \$11,334.

As family size decrease, however, the amount per household needed for other items in the budget may decrease and the amount available for housing increase. Meanwhile presumably the amount of space needed per household would also decline somewhat.

### 3. Life Styles

Are there changes in values and in how people wish to live which will alter the housing future for Minnesota? How will these be affected by other trends in society? Some of the significant themes are discussed in the following paragraphs.

#### a. The Urban World

In one sense it is a truism to say that all Americans and all Minnesotans now live in an urban world. Through mass communication, television, radio, cable and the printed word, through mass education and through expeditious transportation, urban values and culture have

permeated to the last corner of the most remote section of the State. The 1970 Census shows that 96.2% of all households in the State are blessed with a television set. So it is possible to be isolated physically and share the delights of the City and the world. What in the old days came slowly through the mail and in the weekly paper or magazine, can now be had continuously 24 hours a day. Teenagers all over the world listen to the same music and adults watch the same soap operas and football classics.

This pervasive "urbanization" is sometimes thought to be the same as homogenization. In a way, however, it has tended in another direction. For while the hamlet and the village and the ethnic neighborhood have been opened up to the standardizing affects of mass media, at the same time the infinite variety of the urban world has been brought to the living room of the most isolated individual. Urban carries with it the ideas of independence and choice, variety and glamour. It connotes sophistication and urbanity as well as standardization.

Now, as never before, one may live in almost any kind of setting from slum to mansion, from farm to downtown hi-rise and at the same time have the news, the music, the drama, the sports and the educational opportunities of the world literally at his finger tips. There is every reason to believe that the variety of these opportunities will continue to expand.

In making locational housing choices, the question is then one of what one wants to be close to and experience directly, rather than vicariously through television and radio.

Most of Minnesota offers a great variety of direct experience within relatively easy reach for most people, particularly for those

for whom automobile transportation is available. The infirm, the elderly without cars, and small children have more narrowly defined opportunities for direct experience than others. Clearly, housing locational choices will be reduced with the energy shortage if gasoline becomes scarcer and more expensive. Fewer people will have the option of reaching almost anything they wish to do because it is within easy driving time.

Place of work is frequently cited as the most important determinant of location of housing both in the greater region and in the local community. This is undoubtedly true at the macro scale for employed people in choosing the general location or community in which they live. However, in Minnesota, particularly in the Twin Cities Metropolitan area, almost all jobs are within easy reach of a great variety of different neighborhoods and living arrangements. Thus location of employment does not become a very important factor in choosing a specific living place or neighborhood. Indeed with an increasing number of households including two or more workers, a particular workplace may be rather irrelevant to housing locational choice. In any Minnesota community, a one-half to three-quarter hour driving radius will encompass 75 to 100% of all local job opportunities.

Access to other kinds of direct experience thus is more important in choosing housing for most people than is the location of job. Primary among these are schools for families with children, recreational opportunity, goods and services, and cultural activities. Actually, in many parts of Minnesota the legal access to schools may be more important to people than is physical access. One makes a choice to live in the Roseville or the Edina school district rather



than close to a particular school in Roseville or Edina. In the central cities, a particular school may be most important in considering the "kind of people" one's children will be exposed to. This is somewhat mitigated by the moves towards school integration which tend to make all schools more socially heterogeneous.

b. Children

The declining birthrate has already begun to influence the attitude of retail establishments. Declining enrollments have in a few short years turned the world of many school districts upside down. What was a desperate shortage of facilities and teachers, suddenly has become an oversupply. The declining birthrate also influences the housing demand and aspirations of thousands of households. Housing needs are very different for families with young children than for all-adult households.

The number and proportion of childless households has been growing rapidly all over Minnesota. It may reach 80% of the total by 2000. There were 1,251,099 children 14 years of age or less in 1970. This represented 32.9% of the total population. State Planning Agency projections indicate that this number will dwindle to 979,656 by 2000. Then children will represent only 21.5% of the population. The population projections indicate that at no time in the next quarter century will Minnesota have as many children as it has today.

It is not possible to predict accurately how this lesser number of children will divide themselves into households. Will there be just as many families with children but each will have fewer children? Or will a substantial number of families decide not to have children at all? Then there will be fewer families with children, but they will average about the same size as they do today? Clearly this

makes a difference. If in 2000, the families with children average 1.5 children per household, the 979,656 children will be found in 653,104 families. If the average is 2.5, it will mean that there are 391,862 families with children. If the average should climb to 3, only 326,552 families will include children. These figures displayed show the following:

<u>Mean No. of Children in Families with Children</u>	<u>No. of Households with Children</u>	<u>Percent of Total</u>	<u>Households Without Children</u>
1.5	653,104	39.8	985,903
2.0	489,828	29.9	1,149,179
2.5	391,862	23.9	1,249,145
3.0	326,552	19.9	1,312,455

A State with some 653,000 households including children will have far different housing requirements and aspirations than one with 326,000.

In 1970, there were just over 500,000 housing units in the State with six or more rooms. Evenly distributed, all of the families with children in 2000 could be accommodated in the present supply of large houses if there was an average of 2 children per family or more. (The Planning Agency assumes a continuing average of about 1.9 live births per family). If the average was 1.5 one-half of the existing supply of five room units (total 306,000) would have to be utilized in addition for some of the one child families.

A State which currently accommodates some 1,250,000 children might not have too much trouble providing housing and facilities for 979,000. Even though there may be no theoretical shortage of housing for families with children, however, there may be a maldistribution which relates to either location or to ability to pay for housing available.

Small pre-school children and their mothers are usually a lot less easily mobile than the rest of the adult population. They are dependent upon the resources of the immediate neighborhood to a greater extent than are teenagers, young adults, and men and women who are employed out of the house. The growing movement to provide day care centers for young children in some areas is making some inroads on this dependence in some places.

Addition of children to the household is a major reason for families to move. We can, therefore, make some predictions about the direction of the market by projecting when children will arrive as well as their number.

The State Planning Agency projects the number of live births in the period 1970 to 1975 to average 56,600 annually. This will rise to about 71,500 annually for the period from 1980-85 and decline to between 60,000 and 70,000 from 1995 to 2000. This will mean that more households will presumably be making the choice to move because of their children during the 1980's than are doing so currently and than will do so later. The annual live birth figure for the 1980-85 period is still about 20,000 per year less than at the post World War III high point.

Incidentally, the propensity to move and seek larger, more acceptable quarters when the family grows, is much more marked than the movement in the other direction. Empty nesters, families whose children have left home, are likely to remain in their houses and use the empty bedrooms for visitors and storage.

#### C. Adults

Adults who work outside the dwelling are much less closely tied to the immediate neighborhood than are children and mothers. Schools and

playgrounds are of no particular concern to them, traffic is less of a hazard, and the corner grocery or service center diminishes in importance. Such neighborhood amenities become more important again for the old. Other attractions can dominate the choice of place to live for active adults. Greater flexibility is also possible within the dwelling unit. Child care and child play are not important. As we have seen, perhaps 80% or more of Minnesota households will be child-free in 2000. Even now something over 60% fall in this category.

Another trend in present society is important. Many couples, who ultimately intend marriage, delay making a lasting commitment of this kind while others may not be contemplating marriage at all. Informal groupings of individuals make up a larger proportion of Minnesota households and these range from being quite stable to being very transitory. Some are related to therapeutic, educational, or ideological concerns.

Whether this trend will substantially affect new housing design remains to be seen. Newer apartment developments for adults are, however, providing far more common facilities, swimming pools, sauna baths, exercise rooms, tennis courts, meeting rooms, etc. than did their counter-parts of a generation ago. Relationships to golf course, tennis clubs, riding paths and hiking trails, cross country skiing and little theatres all are touted by developers much more frequently than they used to be. Meanwhile communal groups of people seeking places to live together are leasing or buying large old houses in both city and country and rearranging them to meet the particular needs of the group. Builders are emphasizing "carefree living" in selling townhouse and similar developments. Responsibility for exterior maintenance, yard care, snow removal and the like is socialized either

through contributed work (in coops) or monthly charges for service in condominiums and other private developments.

While builders have added community facilities to be used in common by people in the development, few have attempted to radically change the style of the unit itself by transferring some of the traditional familial functions in common spaces. For example, it has been suggested that a group of households might sacrifice common space within this dwelling unit for space which might be jointly used i.e. dining space, game space, t.v. room, etc. Shared space requires shared management, however, and many communal groups have run aground on the hard rock of temperamental difference and minor variations in housekeeping style.

#### d. Things

Dwellings are not only needed by Americans to provide living space for themselves but also to shelter their belongings. The affluent society has given birth to the most heterogeneous and widely shared collection of possessions the world has ever seen. Consumption, conspicuous consumption and conspicuous waste have left the drawing rooms of the wealthy and the social climbers and have permeated the homes of about every class in society. Sometimes it would seem that the greatest shortage was the shortage of storage space. Many two car garages never see an automobile because they are the resting place for all sorts of other appurtenances. They take the place of the old fashioned attic and basement.

Current rages for old things have created a whole new activity of informal buying and selling with the garage sale, the flea market and rummage sale enjoying an unprecedented popularity. This recycling operation has its practical side as it keeps in circulation out-grown

and unwanted goods.

Concurrent with the continuing mania for possession and consumption is a minor theme particularly noted on college and university campuses and their satellite neighborhoods. A strong counter-trend to materialism has set in with many young people aspiring only to the jeans on their legs, the shirts on their back, and the stereo on which to play their records and tapes.

So counter forces are in evidence. For some, the future seems to require more space to keep an ever mounting pile of possessions. To others, less space may be needed because they abjure material possessions. Interestingly, the young people who decry material things like old places with their ample space in preference to new small apartments. Those who are finding more or less satisfactory housing in mobile homes settle for smaller spaces cleverly arranged with much of the furniture either built in or bought with the house.

A particular group of adults whose housing desires are having a special impact, particularly in the vacation land of central and northern Minnesota, are retired people in late middle age. There has been a continuing migration of retired people to the lake country seeking to make their homes where they grew up, or visited for vacations, or only recently discovered. They are found in new houses, old cottages newly winterized, and mobile homes. Sometimes they spend the entire year; sometimes they winter farther south. This is likely to be a lasting trend and may be greatly increased if the tendency towards early retirement should continue. They provide added impetus and back up market for public housing for the elderly which has become an important factor in communities all across the State.

e. The Land

These retired people express one aspect of a more general major force which cannot be disregarded in considering the future of housing. This is the special relationship which most Minnesotans along with other Americans have to the land, both that held and used in common, and land to which they hold title.

When recently asked about the desires of people moving in to the Bemidji area, a local banker remarked that mostly, "they want 40 acres of brush."

Forty acres of brush, a city lot, a lake shore cabin, a hobby farm, or a tree farm all reflect a deep desire to own a piece of the land and live on it part or all of the time. Whether it reflects a genuine preference for lawn care or country life or life in the woods or a need for sound investment or a hedge against inflation or multitudinous other reasons, many Minnesotans of all ages have a stake in the land; many more would like to have one. In 1970, 825,000 Minnesota households owned houses in which they lived and 77,000 were reported to have second homes. Of the owner occupied housing units, 110,717 were on farms, 191,876 in other rural locations, and 522,036 were counted as urban.

Land ownership is not limited to the well established. Thirty percent of all the husband-wife families with heads under 25 years of age in Minnesota occupied housing units which they owned. The percentage jumps to 58% for families with head aged from 25 to 29. Sixty-one percent of families with female heads owned their own homes.

While we may anticipate that land use controls will be strengthened and the rights of ownership further limited, the widespread dispersal

of ownership and the propensity to live on land one owns will continue into the foreseeable future. Further, although the heady inflation in land costs has a containing effect, there is still a considerable amount of woodland and swamp and brush waiting to be divided up.

Two important sets of constraints will significantly shape the things to come in Minnesota housing. These are environmental concerns and the control of pollution, and energy resource shortages.

#### 4. Environment and Pollution

Concern over the preservation and improvement of the natural environment will continue to be a major theme in Minnesota. High on most Minnesotan's regard for their State are its unusual natural resources, its lakes, streams, forests and fields, wildlife and ski slopes. With the rigors of its continental climate come the pleasures of skiing and skating, snowmobiling and sliding in winter and swimming and boating, hunting and fishing, hiking and bird watching in spring and fall and summer. The preservation and enhancement of these natural assets has become a matter of public involvement at every level of government and of private investment; from the million dollar expenditures of major developers to the few dollars that hundreds of thousands of natives invest each year in fishing and hunting licenses.

Housing impacts the environment in two major ways:

1. As a land use which can alter or destroy the natural environment.
2. As a producer of pollution.

Minnesotans have been relatively unfettered in their individual freedom to build their houses where and how they will. Only relatively recently, however, have the elements of comprehensive area wide or state wide land use policy begun to emerge. The Shoreline Zoning Act



is an example of policy regarding one major but limited resource. Minnesotans now can continue to live seasonally or all year round on lakes, but the conditions of their building and the limitations on their use of land is mandated by the State and determined in detail by the County.

The proposed land use controls of the Metropolitan Council, which would concentrate housing and other urban development in an urban service area and limit it in the rural service area, preserving open space and agricultural lands, are another major step in this direction.

Land as a basic and irreplaceable resource will continue to be debated, and movements towards more land use planning and control will limit areas in which housing can be built. Something like Metro Council's land use framework may be considered by other development regions and in time probably will be mandated by the legislature for the entire State. In addition, large areas of Minnesota are currently held for public use or in public trust by the Federal, State, County and municipal governments and are not now available for residential development.

As statewide land use policy develops, it should be closely related to a comprehensive housing policy.

The dwelling as a polluting agent mainly relates to land and water pollution through the disposal of sewage, air pollution from smoke and fumes, and problems of solid waste disposal. These factors, particularly potential water pollution, affect where housing is located. In its recent statement on land use framework, among other objectives, the Metropolitan Council calls for development of more effective septic tank and individual sewage disposal systems. Much of the deleterious effects of dispersed development could be ameliorated by

sewage disposal systems which require little or no water runoff for their use. While major attention has been directed to these problems in the Metropolitan areas and major municipalities, the sprawl around cities of all sizes in Minnesota is beginning to be recognized as an environmental hazard.

### 5. Energy Resources

Limitations on supplies of natural gas and petroleum may vitally affect the production and location of new housing and the utilization of existing housing stock. The two major direct consequences have already been sharp increases in the cost of residential utilities and the cost of transportation.

In 1970, housing units in Minnesota depended upon the following sources for heat:

utility gas	53.9%
bottle gas	6.2%
electricity	2.6%
oil or kerosene	34.3%
coal or coke	1.4%
wood	.6%
other	1.0%

In most of the regions of the State, far more dependence is put on kerosene for heating. Only in regions 7E, 9, 10, and 11 are less than 50% of the housing units dependent upon kerosene; while in Regions 1, 2, 4 and 6W more than two thirds of the homes use kerosene for heating. The price of kerosene for home heating has risen more than 100% in the past year. Proposals to tax oil by the barrel as a conservation measure would add steeply to this cost. Meanwhile, the price of utility gas has risen and is expected to increase further as supplies are limited and demands increase.

Part of the answer lies in greatly increased insulation. Most of the existing housing inventory was built at a time when energy was

cheap and plentiful and little attention was paid to scientifically insulating houses to conserve heat. Until fairly recently, even less attention has been paid to alternative forms of energy for domestic use. The experiments with solar heating devices at the University of Minnesota and elsewhere indicate that solar heat may make a real contribution for new housing in the future. The high initial costs may be offset by their minimal costs of operation. Beyond the actual economics, solar heating plants will relieve demands on fossil fuels. It may be that a useful subsidy in the future would be a subsidy to developers to cover the initial costs of complete insulation, triple windows, and solar heating plants.

To a lesser extent, because of lower consumption rates, the same problem exists for heating water and cooking fuel. Here bottle gas plays a significant role in areas not served by gas utilities.

The other significant effect of energy shortages on housing results from the increase in the cost of gasoline and limitations on its availability. Minnesota, like most of America, travels by private automobile. In Minnesota in 1970, 87.2% of all occupied housing units had one or more automobiles available. Of all the workers working away from home, 81% travelled to work by automobile, 11% walked, 6% took bus or streetcar, and 2% other means.

The expected deepening of the energy crisis and further rise in gasoline prices will force car sharing and increase pressure for effective mass transit, particularly in relatively densely developed areas. Location of new housing will have to take much greater account of relationship to public transportation.

Both the squeeze on heating and cooking fuels and on gasoline has its greatest effect on people of low and fixed incomes who will have

difficulty adjusting their budgets particularly in the face of other rising costs.

6. Effect of the Existing Housing Supply

The Census of 1970 reported 1,219,597 year around housing units in Minnesota of which 1,153,946 were occupied. By 1975, the State Planning Agency estimates that the number of occupied units had increased to 1,226,978 and projects a further increase of 412,781 for a total of 1,639,759 by the year 2000. Allowing for a certain amount of replacement, it is very clear that in the foreseeable future, most Minnesotans will be living in housing which is now in existence. Even in the best building years, only about three percent has been added to the Minnesota housing supply.

Residential patterns and housing types in the future will be similar to what they are today. The amount of sprawl may increase, probably at a much reduced rate, and the additions to the housing supply may continue to favor the trend of the past few years toward fewer freestanding detached single family houses and more clustered and multi-family structures. Table 1 shows the 1970 distribution of occupied housing by housing type for the State as a whole, divided between renters and owners. It indicates the predominance single family detached housing has in the current inventory.

In most places in the state, the housing patterns of the future can be thought of as variations on the patterns of today. In built up areas, whether in the major metropolitan centers or out-state, very little change may be evident, with occasional replacement of buildings and added housing on vacant lots. At the fringes and in the faster growing areas, future patterns for the most part can be thought to be expansions and extensions of present day development. These will vary

from place to place as they do today. Declining communities will see a continuing spreading out of the population in the existing housing supply. In some cases, whole new suburbs and even new towns may come into being. Abandonment of buildings which have become uneconomic, both in rural areas and in the cities, will continue to be a problem, with a limited answer provided through urban homesteading and the purchase or rental of rural old houses by families or groups of young people for seasonal or full time use.

Obviously the effect and importance of the existing housing supply will vary from place to place and region to region in the State. In some places, virtually all of the housing supply in the year 2000 will be in buildings in existence at present, most of which were built by 1940. In fourteen of the forty-eight cities in Minnesota with between 10,000 and 50,000 people in 1970, over half of the housing supply was at least forty years old. Forty-two percent of the cities with populations between 2,500 and 10,000 fell into this category.

On the other hand, there will be whole suburbs and major settlements in 2000 which have been virtually entirely created within the past quarter century. These neighborhoods will be less oriented to the needs of children than were the bedroom suburbs of the post war era and most probably will include a much more substantial proportion of apartments and clustered houses of various types.

Much could be said about the existing housing supply in Minnesota which has meaning for the future. Comparison of data from several censuses indicates that as a whole the quality of housing has improved over the last several decades. The 1970 inventory for the state as a whole had the following characteristics:

73.1% of all housing units were in one unit structures  
46.7% of all housing units were built in 1939 or earlier  
20.3% of all housing units were added in 1960 or later  
71.4% of all housing units were served by a public water supply  
70.9% of all housing units were served by public sewer  
93.3% of all housing units included a private bath and toilet  
and were served with hot and cold running water  
95.2% of all housing units had complete kitchen facilities for  
the exclusive use of the household.

On these and other characteristics, however, there was considerable variation from place to place. Urban housing is somewhat more likely to be fully equipped than is rural housing. However, 84.8% of all rural housing in the state had complete plumbing facilities and 89.7% had complete kitchen facilities in 1970.

The Census not only provides a count of housing units but also tells us how many rooms there were in these units, a grand total of 6,385,407 or 1.67 rooms for every person in the State. This average, of course, includes households of one or two persons in large houses and families of eight or more in small units.

It has been thought that a rough standard of 1.01 or more persons per room represents significant overcrowding. This is particularly true in apartments as compared with detached houses which have the advantage of private outside space, basements, and other auxiliary private space not included in the room count. A tabulation of census data indicates that there were only 5000 households in apartment buildings of three or more units in Metropolitan areas in the State which were crowded by this definition. An additional 1200 households were situated in non-metropolitan areas.

Another method of looking at crowding is also afforded by census data. Assuming that families with children should have at least one more room than the number of children i.e. for 2 children 3 rooms is a minimum, for 3 children 4 rooms, etc., 11,500 households in metropolitan areas and 16,000 households outside of metropolitan areas were overcrowded in 1970. The data indicates that the problem becomes more prevalent as the number of children increases and supports other evidence that large families of low and moderate income are likely to be housed in inadequate space.

Table 1  
Distribution of Occupied Housing Units in Minnesota, 1970  
By  
Housing Type and Tenure

<u>Type of Structure</u>	<u>Owner Occupied</u>		<u>Tenant Occupied</u>	
	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
Total	824,634	100.0%	329,312	100.0%
1 Family Detached	754,248	91.4%	88,353	26.8%
1 Family Attached	1,988	.2%	2,973	.9%
2 Family	32,830	3.9%	57,666	17.5%
3 & 4 Family	5,076	.6%	33,143	10.0%
5 or more Family	3,678	.4%	185,055	43.9%
Mobile Homes	29,740	3.6%	2,920	.9%

The cost of housing has increased dramatically in the last two decades, and particularly in the last several years. However, the increases in income have been even more dramatic. Consequently, the average wage earner is able to afford as good or better a house in 1974 as in previous years without spending a greater proportion of his income on housing. This is true both nationally and in the Twin Cities area (see Tables 1 and 1A).

However, this happy finding masks some important information on the nature of housing cost increases and masks differences in impact of those increases. For example, there are many components of the cost of housing, and they are not all increasing at the same rate. An exploration of cost increase component by component is enlightening and suggestive for public policy. Also, the "average wage earner" is a statistical creation; averages hide great disparities in rent to income and homeownership cost to income ratios.

One of the most important differences both in income and in costs may be between the incomes of those seeking housing and those satisfactorily housed and between the costs of standard housing available on the market and the cost of occupied housing. Young people forming households tend to make up a disproportionate number of the households seeking housing and may have lower incomes than other established families. New housing which is at the top of the cost pyramid probably makes up a disproportionate share of housing for sale or rent at any one time.

This is a brief investigation of the increases in housing cost components and their differing impacts on income and geographical groupings within Minnesota. The data which this paper is based on are not very satisfying or complete and often are aggregated to national or metro-only levels. Nevertheless, they do suggest some policy directions.

#### Homeownership and Rental Costs

Rents have increased only half as fast as homeownership costs in the last two decades both nationally and in the Twin Cities. Indeed, rents have increased less than half as fast as incomes and less than the consumer price index as a whole (Tables 1 and 1A).



Yet some households have not had their incomes keep pace with the average increase. Consequently, there are disparities in rent-income ratios. Notice in Table 2 and 2A that lower income groups pay higher proportions of their income for housing than higher income groups. Table 2 shows a national pattern of increased housing quality (very grossly measured) and increased rent-income ratios from 1960-1970. The absolute ratios are particularly notable: income groups below \$5000 have median rent-income ratios of 27% to 64%. In Minnesota the situation is much the same, with income groups below \$5000 having median rent-income ratios above 25%. (table 2A) In the State, this translates into 82,000 households paying a median 35+% of their income for rent, 125,000 paying a median 24-34% (of some 300,000 renting households in 1970).

Median ratios are difficult to draw conclusions from, of course, because they only indicate the mid-point of a whole distribution of ratios and give no information about the distribution itself. The Metropolitan Council's widely quoted statement that only 15% of the areas population could afford the mean price of a new single family house in 1971, and that only 50% could afford the average rental of a new apartment by itself is subject to the same problems. In fact, means are poorer measures than medians for these purposes. And it is important to add that only 3% (at most) of the population moves into new units in any year; the vast majority of us live in used housing. More detailed information on distributions of incomes and prices/rents which includes both new and used housing are needed. They do not exist in readily usable forms at this time.

The next section deals with the cost components and income comparisons of homeownership. This is where the costs have risen the most steeply, and this is the type of housing which most Minnesotans live in (and will live in for some time to come).

#### Components of the Cost of Homeownership

Through 1973 the cost of homeownership rose faster than any other component

of the index of total housing cost (beginning in 1974 its increase was exceeded by certain fuel components, as discussed below). In fact, in the Twin Cities the cost of homeownership index rose even faster than incomes from 1967-72 (the total housing cost rose less fast than incomes). A number of factors contributed to this rapid increase.

Home Purchase Price

Of the five components making up the cost of homeownership index, the most significant single component contributing to the change from 1967-73 was home purchase price. Table 4C shows that 31% of the increase from 1967-72 was due to the increase in this component; approximately 35% of the increase from 1967-73 was due to this component. As shown in table 4B, however, preliminary figures for 1974 indicate that the increases in interest rates has driven the component "mortgage interest payments" up 133% through the 2nd quarter of 1974, and that if these figures held for the year this component would then dominate the increase in the cost of homeownership index for the 1967-74 period.

Table 1

## Changes in Income and Housing Costs: U.S. 1953-1972

Measure of Income or Cost	Percentage Increase Over the Period				
	1953-1972	1963-1972	1967-1972	1967-73	1967-Sept., 1974
Per Capita Disposable Income	141%	78%	39%	56%	69%
Hourly Earnings in Manufacturing	119	55	35	44	59
Consumer Price Index (CPI)	56	37	25	33	52
Housing Component of CPI*	60	39	29	35	55
a) Shelter	76	48	34	41	58
Rent	43	25	19	24	31
Cost of Homeownership	87	57	40	46	68
b) Fuel & Utilities	44	22	20	27	54
Fuel Oil & Coal	45	27	18	36	123
Gas & Electricity	43	21	20	26	50
c) Household Furnishings & Operations	32	28	21	25	47

\*Rent and homeownership, together with a minor hotel-motel expenditure component, comprise the shelter component of the CPI. The shelter component, in turn, is one of the components making up the housing component; the others are fuel and utilities, and household furnishings and operations.

Source: Housing in the Seventies, p.8-3 and updates.

Detailed Sources Include: Department of Commerce, Business Conditions Digest, September, 1972 and July, 1973; Department of Labor, Bureau of Labor Statistics, Employment and Earnings, July, 1972, Table C-1; Handbook of Labor Statistics, 1972, Table 127; Monthly Labor Review, May, 1973, Table 25; Economic Report of the President, 1973; Survey of Current Business, Oct. 1974.

Table 1A

## Changes in Income and Housing Costs: Minneapolis, St. Paul 1953-1972

Measure of Income or Cost	Percentage Increase Over The Period				
	1950-1972	1962-1972	1967-1972	1967-1973	1967-Sept., 1974
Per Capita Total Income	185	77	34	NA	NA
Consumer Price Index (CPI)	55	36	25	33	54
Housing Component of CPI*	60	41	31	36	60
a) Shelter	80	51	37	42	66
Rent	63	25	21	23	28
Cost of Homeownership	81	56	39	45	73
b) Fuel & Utilities	45	21	23	31	48
Fuel Oil & Coal	41	23	15	35	117
Gas & Electricity	43	16	24	30	47
c) Household Furnishings & Operations	20	24	19	22	48

Source: Department of Labor, Bureau of Labor Statistics, Employment and Earnings, May, 1974; Monthly Labor Review, Dec., 1974.

## Rent-Income Ratios and Rental Housing Conditions by Income Class, 1960 and 1970: U.S.

Income Class	Median Rent-Income Ratio		Percent of Households With Central Air Conditioning		Percent of Crowded Households		Percent of* Households Lacking Complete Plumbing	
	1960	1970	1960	1970	1960	1970	1960	1970
Total	35.3	39.6	1.0	8.6	15.6	10.1	19.5	8.0
Less than \$2,000	57.8	64.0	0.5	4.2	15.9	7.4	40.3	18.1
2,000-2,999	28.7	51.8	0.5	4.4	20.6	9.7	22.3	12.6
3,000-3,999	22.3	31.8	0.7	5.1	19.2	12.6		
4,000-4,999	18.3	26.7	0.9	5.8	17.5	13.1	10.9	8.2
5,000-5,999	16.6	22.4	0.9	6.8	16.2	12.9		
6,000-6,999	15.0	20.2	1.0	7.5	14.5	12.1	5.3	4.3
7,000-9,999	12.3	16.8	1.4	8.4	12.1	11.6		
10,000-14,999	10.2	12.7	2.6	11.8	10.9	10.1	2.8	1.8
15,000 and Over	6.7	9.0	5.5	19.3	8.4	8.4		

\*Income Classes: Less than \$2,000  
2,000 - 3,999  
4,000 - 5,999  
6,000 - 9,999  
10,000 and Over

Source: Housing in the Seventies, p.8-63.

Detailed Sources: Department of Commerce, Bureau of the Census, Census of Housing, 1960 and 1970.

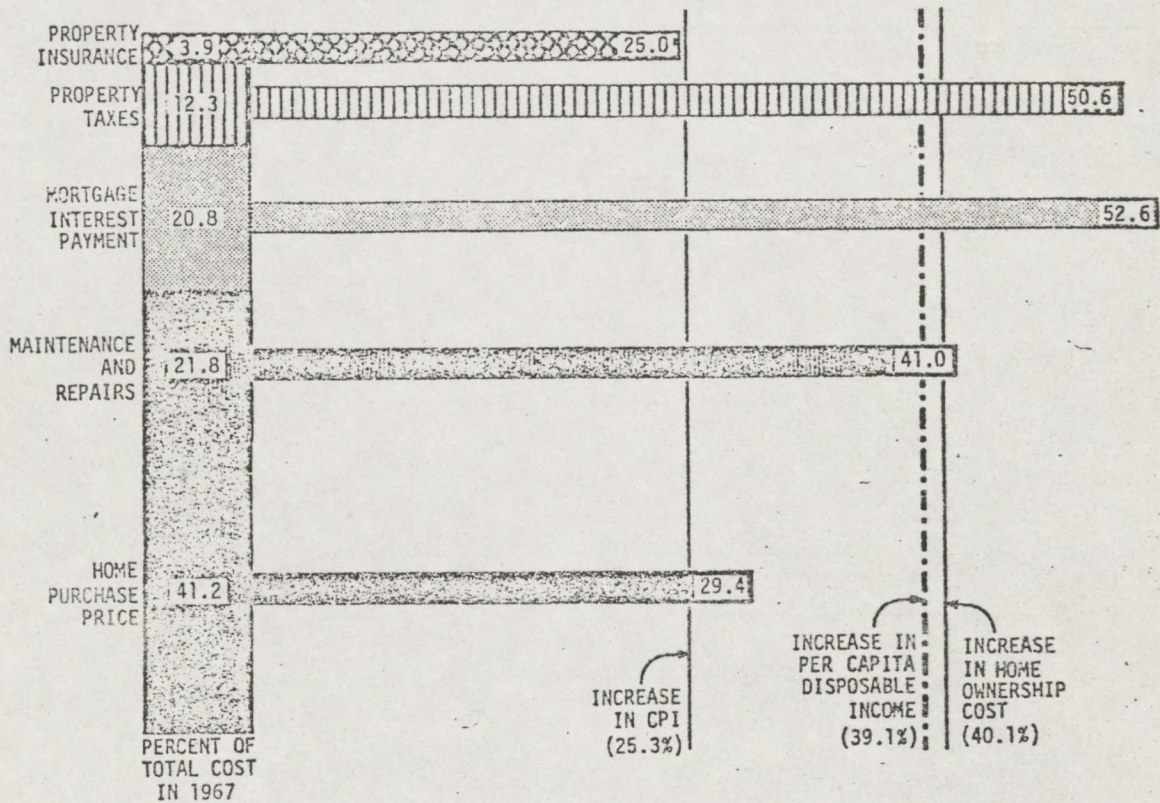
## Rent-Income Ratios by Income Class, 1970 For Minnesota and Selected Regions

Income Class	Category Within Which Median Rent-Income Ratio Falls				
	Minnesota	Region 1	Region 3	Region 7	Region 11
Less Than \$2,000	35+%	35+%	35+%	35+%	35+%
2,000-2,999	35+	35+	25-34	35+	35+
3,000-4,999	25-34	25-34	20-24	25-34	25-34
5,000-6,999	20-24	15-19	15-19	20-24	25-34
7,000-9,999	15-19	10-14	10-14	15-19	20-24
10,000-14,999	10-14	10-14	10-14	10-14	15-19
15,000-24,999	10-14	0-9	0-9	0-9	10-14
25,000 And Over	0-9	0-9	0-9	0-9	0-9

Source: Minnesota Housing Characteristics From the 4th Count Summary Tape of the 1970 Census, (St. Paul: Minnesota Analysis a Planning System, Agricultural Exemption Service, University of Minnesota, 1974) Table 129.

Table 4A

PERCENT INCREASE IN HOMEOWNERSHIP COSTS AND PER CAPITA INCOME, 1967-1972



SOURCE: DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, RELATIVE IMPORTANCE OF COMPONENTS IN THE CONSUMER PRICE INDEX; HANDBOOK OF LABOR STATISTICS, 1972; MONTHLY LABOR REVIEW, FEBRUARY 1973, TABLE 25.

Housing in the Seventies, p.8-10.

Percent Increase in Homeownership Costs and Per Capita Income, 1967-73 with Projections on 1967-1974

Property Insurance	3.9	23%	24%	(Oct. 74)
Property Taxes	12.3			52% 51% (Oct. 74)
Mortgage Interest Payments	20.8			78% 133% (2nd Q. '74)
Maintenance and Repairs	21.8			50% 81% (Oct. 74) 69% (Sept. 74) 68% (Sept. 74)
Home Purchase Price	41.2			45% 57% (2nd Q. 74)
Increase in CPI*				36% * Increase in Homeownership Cost (46%)
				53% (Oct. 74) Increase in Per Capita Disposable Income (56%)

Source: Department of Labor, Bureau of Labor Statistics, Relative Importance of Components In The Consumer Price Index; Handbook of Labor Statistics; Monthly Labor Review.



Table 4C

Components of Change in Homeownership Cost Index, 1967-1972, 1967-1973

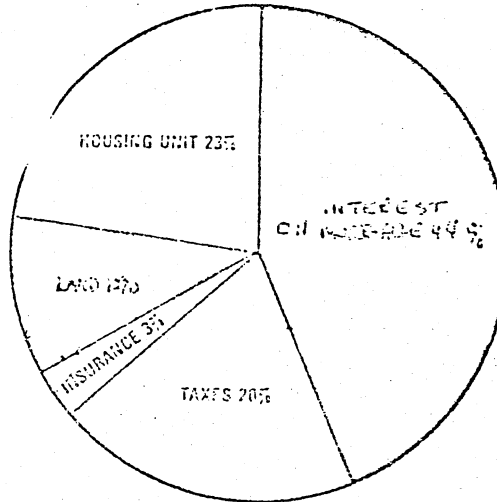
Component	Percentage Contribution 1967-1972	Approximate Percentage Contribution 1967-1973
Home Purchase Price	30.9%	35%
Mortgage Interest Payments	27.9	31
Maintenance and Repairs	22.9	21
Property Taxes	15.7	12
Property Insurance	2.5	1
Total	100.0%	100.0%

Source: Housing in the Seventies, p.8-11 and updates.

Detailed Source: Department of Labor, Bureau of Labor Statistics, Relative Importance of Components in the Consumer Price Index; Handbook of Labor Statistics, 1972; Monthly Labor Review, February 1973, Table 25.

Data are not available for the state or metropolitan area which breakout these components of homeownership costs. Tables 4A, B, C are all based on national data. The Metropolitan Council in 1973 did publish the following chart (Housing: Policy Plan, Program, p.6).

Chart 5A

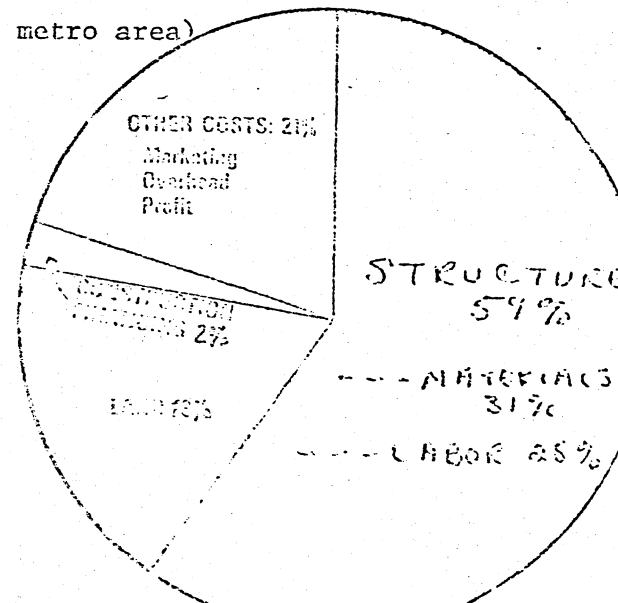


*Over 75 per cent of the consumer's monthly housing cost is consumed by interest, land, taxes, and insurance.*

No sources for the chart are cited, but it is presumed to describe the metro area. Percentages recalculated from chart 4A for the U.S. to match the Metro Councils categories and update to 1972 are: insurance-4%, property taxes-17%, mortgage interest payments-29%, and home purchase price (equals land and housing unit)-49%. Differences between the two sets of percentages are difficult to evaluate without a clearer understanding of the Metro Council data sources.

A second chart from the Council report divides up the purchase price of a new single family house (presumably again in the metro area)

Chart 5B



*Land, labor, and materials make up more than three-fourths of the selling price of a single-family home.*

A comparable table using U.S. data is reprinted from the Douglas Commission report Building the American City (1968).

Table 5C: Selected Components of Cost as a Percentage of Total Development Cost for Single-Family Houses, 1966

Items	Representative	Range
Site.....	15	10-19
Construction:		
Direct.....	66	61-74
Indirect.....	3	2-5
Subtotal.....	84	80-87
Financing.....	3	1-4
Marketing.....	4	2-5
Administrative and general.....	6	5-8
Net profit before taxes.....	3	2-6

Source: Based on NAHB survey, using model accounting system, of approximately 40 builders in all parts of the Nation in 1966, each producing an average of 30 to 100 homes per year. Selling prices of homes ranged from \$10,000 to \$100,000.

These percentages of purchase price attributable to different factors are instructive. They demonstrate the multitude of factors which exist and the relatively small impact which any one factor can have on the total purchase price. For example, a labor saving of 20% would only reduce the purchase price of the house described in Chart 5B by 5%. It is worth noting that the cumulative effect of increases in the various factors can be extremely large--see the Minnesota Housing Institute discussion of this question in "The Multiplicity of Factors That Contribute to the Cost of Housing" (April, 1974).

While the absolute percentage of components of purchase price are instructive, perhaps even more instructive are the relative changes in those components. Table 5D compares the increases in site value, labor costs and construction material costs from 1967. The increases in the cost of land are the most dramatic, nearly doubling from 1967 to 1972. Land now

Table 5D

Relative Price Increases of Housing Capital Inputs and CPI, 1967-72, 1967-73, and Preliminary 1967-74

Year	Site Value	Labor Costs	Construction Material Costs	CPI
67-72	+97%	+35%	+27%	+25%
67-73	NA	55%	+38%	33%
67-74 (May)	NA	63%	+51%	52% (Sept.)

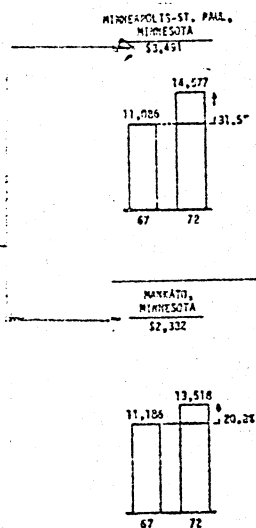
Source: Housing in the Seventies, p. 8-15, and Updates; Department of Labor, Bureau of Labor Statistics, Employment and Earnings, Oct., 1974; The Average Weekly Earnings of Construction Workers From Table C-1 Made Relative to CPI; Department of Commerce, Construction Review, Oct., 1974, Table E-2; The Index of All Construction Materials was Made Relative to the CPI.

accounts for a larger proportion of the purchase price of a home than at any time since World War II. This proportion would have been even larger if the size of lots had not declined (12% since 1967). In Minnesota, Solem (speech to legislative seminar, January 1974) indicates that the increase in the value of the average lot in the metro area is up at least 75% since 1970 and up 50% for single family lots outstate.

Labor and materials costs are also up, though far less dramatically than land costs. However, the increases have been greatest most recently. In Minnesota Solem reports that labor and material costs have increased 24% in the metro area since 1970 (28% in Duluth; Rochester, 23%; St. Cloud, 18% and Worthington, 18%). A national study based on FHA data included a comparison of construction costs (labor and materials) of a typical house in 1967 and 1972 in Minneapolis-St. Paul and in Mankato.

Chart 6

Dollar Increase



Source: Housing in the Seventies, p.8-46.

### Mortgage Interest Payments

The second most significant component accounting for the increase in the cost of homeownership index is mortgage interest payments, (See Table 4C), accounting for 28% of the increase from 1967-72 and approximately 31% of the increase from 1967-73. Even more significant are the preliminary 1974 data which reflect the large rise in interest rates; if final, they would make the mortgage interest component the most significant component contributing to

the increase in the cost of homeownership. Mortgage interest payments increased 78% for 1967-73 (vs. 45% for the purchase price), but because they accounted for less of the total cost of homeownership, contributed less to the increase. However, the preliminary payment increases for 1967-74 saw mortgage interest payments up 133%, (U.S. 57% for purchase price) and this is enough to change the relative contributions.

#### Maintenance and Repairs

This component has risen with the increases in labor and materials cost. It has risen more rapidly than home purchase price (50% vs. 45%), but because it accounts for less of the total cost of homeownership, contributed less to the increase 1967-73. (See Tables 4B and C.)

#### Property Taxes

Property tax increases for 1967-73 are 52% contributing approximately 12% to the total cost of homeownership increase from 1967-73. Preliminary data for 1974, however, indicate that while the absolute increase is about the same, relative to other components property taxes will contribute less to the overall increase in the cost of homeownership 1967-74.

#### Property Insurance

This component has contributed the least to the increase in the cost of homeownership (approximately 1% from 1967-73) and has in fact risen less than the consumer price index as a whole.

### Fuel and Utilities

This component of the housing index is computed separately from the shelter component (which is comprised of rental and cost of homeownership) and from the household furnishings and operation component. Fuel and utilities has traditionally contributed less to the overall housing cost index than has the shelter component or the housing furnishings and operations components. That may well be about to change. See table 1 and 1A.

Fuel and utilities has increased 20% from 1967-72 and 54% from 1967-Sept. 74 (U.S.). In the Twin Cities the increase has been 23% from 1967-72 and 48% from 1967-Sept. 74. All of these increases are less than the overall housing cost index increases. But the subcomponents of fuel and utilities tell a different story. The subcategory gas and electricity has increased about the same as the fuel and utilities index. The category fuel oil and coal, however, has increased 18% 67-72, 36% 67-73, and 123% 67-Sept. 74. Comparable figures for the Twin Cities are 15%, 35% and 117%.

These figures are especially important to the extent that they indicate trends and to the extent that these increases extend beyond the metropolitan area. Chart 7 demonstrates the potential problem. Fuel oil and kerosene is the predominant home heating fuel for all but 3 of Minnesota's 13 regions.

8. The Future Scene

Rather than draw any comprehensive picture of alternative futures we have tried to discuss some of the elements which will significantly affect the future of housing in Minnesota. Others, however, have had more temerity and we have included in appendices B and C discussions of alternative and potential futures which may be enlightening. William Angell has walked out on a limb and drawn some tentative conclusions of how housing may be in Minnesota in the year 2000. Neil Gustafson and Mark Cohen of the Upper Midwest Council have provided three alternative scenarios of life as it may be. We commend them all to the readers attention.



D. Issue 1: WHAT ARE THE SPECIAL CIRCUMSTANCES WHICH MAKE IT NECESSARY FOR GOVERNMENT TO BECOME INVOLVED IN HOUSING POLICY AND PROBLEMS?

Government has long been involved in housing. Some of the earliest legislation of which we have any knowledge spoke to its regulation. Today in the United States housing has become a matter of public concern at all levels of government. Indeed, local governments frequently find that housing regulation takes up a substantial part of their time and attention.

In order to examine the role of government in housing and its possible directions in the future, we need first to look briefly at the special characteristics of housing. Each of these may have parallels for other commodities. Added together they make up a unique complex of products, services, ideas and experiences.

1. Special Characteristics of Housing

a. Housing not a Product

Housing is not a product in the sense that a plate is a product, a chair is a product, or even such a complicated thing as an automobile is a product. Like an automobile, a dwelling unit is made up of thousands of parts. Unlike an automobile, much of the assembly of these parts is traditionally done at the site where the dwelling unit is to be located. The major exception to this is the mobile home and, to a lesser extent, a prefabricated house. Unlike most products, a housing structure can be added to, remodelled, and rehabilitated.

b. Fixed in Location

A dwelling is normally attached to the land and shares the locational assets and liabilities of its site. It cannot be readily moved or disposed of off its site. Even a mobile home is very expensive to move and loses much of its value if it must be moved very far. The costs of moving conventional housing are so high that it loses most of its value if it must be displaced. When moved, a dwelling loses the attributes of its old site and takes on those of another.

c. Monopoly Position

Its very fixity in position gives each house unique characteristics. None other has exactly the same combination. It monopolizes the space it occupies. Every other house or apartment is only a partial substitute, even though many of its characteristics may be the same or similar and viewed as equally desirable by consumers. Although generalizations are often made about neighborhoods and types of houses, e.g. three bedroom split-levels or studio apartments, the consumer frequently has a much more specifically defined idea of what he wants; and once he occupies it he enhances its uniqueness.

d. Durability

Houses are very durable. Unlike many man-made things, houses are very long lived and may exist through several generations of occupants and owners. At any one time the overwhelming majority of people occupy housing previously lived in by others. Accretions to the housing supply are very gradual. Over the past decade additions to the Minnesota supply have averaged less than 3% a year. In some rural counties and in the older developed parts of cities, additions have been made at a rate of less than 1% annually. Even in the newer suburbs of the Twin Cities, additions rarely exceed over 10% in a year.

e. High Cost

Housing makes up by far the largest item in most family budgets. The proportion of household income which goes for housing varies greatly between families. Although many low income people may pay upwards to 50% of their income for housing, upper income people may pay well under 10%. Since the war, both old and new housing have risen in price along with other consumer goods. Average contract rents in Minnesota, for example, rose 61% from 1960 to 1970. (Costs are discussed in more detail in another section of this paper.)

f. Housing. A Necessity

Housing, as shelter, has long been listed along with food and clothing as a

necessity as compared with commodities considered luxuries. Today housing, with all of its various attributes, may be considered a necessity. As standards have changed, more and more amenities associated with the dwelling place are usually included as necessary for a minimum housing standard.

g. Emotional and Symbolic Connotations

For most people, their housing has many meanings which are not easily scaled or measured. Living place is more or less intimately involved with each individual's identity. Home is more than where you hang your hat. It is somehow inextricably intermingled with your sense of self and your personality. Upon moving into a new dwelling, a family or individual will immediately begin to adapt it to its own ways. Many factors appear to enter into this process and its importance varies greatly between people. That an overwhelming majority of people respond to questions about their house and neighborhood positively, may mean less objectively about the environment than it suggests identification with that environment. In a recent Metropolitan Council Attitude survey, for example, over 90% of the respondents said they were satisfied with their housing.

Rejection of one's home may indeed be a very painful process and may be closely tied to a general rebellion against family, the confines of the old neighborhood, and the limitations on one's life which it imposes.

Housing; like job, becomes a part of the public personality of an individual. Others may categorize him in terms of where he lives. They assume that much can be told about his value as an individual from the style, size, location, and state of maintenance of his dwelling. There are "good" addresses and "bad" addresses. The good addresses may carry privileges with them which bad addresses do not have. These considerations may relate to the ethnic, social, and economic reputation of the neighborhood. Such names as Back Bay, Georgetown, Edina, Germantown, Greenwich Village, Frogtown, Kenwood, and Kensington all carry with them connotations which tend to rub off on their residents in their own view and in the perception

of others. So, too, whole categories of housing-"the housing" or "the projects;" or in England "Council Housing" for public housing; the "high rises" for housing for the elderly-may characterize whole groups of residents.

#### h. Housing's Impact on Others

In urban settings, and to some extent elsewhere, what one household does with the property which it occupies impinges on neighbors, and passersby. The appearance of a dwelling and the activities which go on in and around it not only affect the image of the household but also the image of the neighborhood. Thus the householder may feel constrained to mow his lawn, pick up trash, and repair the exterior of the house not only for his own sake, but also for the sake of his reputation with his neighbors. Noisy children and untoward goings-on may also be repressed for the same reason.

Variations in life style, too, may be upsetting if they significantly alter the exterior appearance of dwellings or create noise, smells or sights which neighbors may regard as unseemly. The feeling that the Joneses don't really belong here may change the whole feeling of a neighborhood which previously had no Joneses-- as far as non-Joneses are concerned.

#### i. Housing's Environmental Impact

The operation of a dwelling is energy consuming and pollution producing - in smoke and furnace fumes, sewage, and garbage. Cess polls which contaminate water supplies, garbage which attracts rats, and leaves or trash burning all cannot be confined to the premises of the individual dwelling and affect the neighborhood and community environment.

In addition to these direct consequences of house operation, the location of housing near or far from jobs and other activities necessitates transportation which, whether by automobile or mass transit, has more or less environmental impact.

#### j. Housing and Mental and Physical Health

Although the exact relationship of housing to health is debatable, there is

plenty of evidence that physically inadequate housing and overcrowding are deleterious to the physical and mental well being of the occupants. Dramatic reductions in infant mortality, for example, have followed the dampproofing and coldproofing of dwellings. Psychologists and psychiatrists feel that the lack of privacy in badly overcrowding quarters frequently is accompanied by emotional and mental problems. Beyond this, however, an increasing body of knowledge is being developed relating to the interaction between the human being and his living environment. While this has not yet led to immediately applicable principles and standards, valuable insights have been gained.

k. Household Mobility and Housing Stability

The housing picture would be somewhat different if each family or household, once formed, remained in the same dwelling unit and neighborhood throughout its life cycle. This, of course, is far from the case for most Minnesota households. Changes in family size, social and economic status, location of employment, and many other factors contribute to a considerable mobility which is typical of American life, particularly in urban areas. The 1970 census shows that in Minnesota over one-third of the households owning their homes moved in the past five years, while 78% of the renters had moved in the same period. Only 24% of owners and 5% of renters had lived in the same dwelling unit for over 30 years.

This means that most households tend to occupy several housing units during their existence. This movement from dwelling to dwelling makes up, by far, the larger part of the movement in the housing market; and most families moving have had previous housing experience together. Used dwellings contribute much the largest proportion of the housing units available for rent or sale at any one time.

2. The Nature of Government Involvement

This bundle of qualities which characterize housing, each with a thousand variations, make it a subject of a complex community and governmental response. Government is involved with the institutional framework which governs the ownership

and use of housing as real property and with housing as it affects the health, welfare, and safety of citizens. Further, government depends upon residential property as a source of revenue. Each of these has a long history and is discussed separately.

a. Institutional Framework Surrounding Private Property

Government provides a complex framework of law and regulation within which housing is produced, distributed, and occupied. The rights of an individual in real property are limited by laws regarding use and the rights of others. Without this framework the whole private property system and the market mechanisms through which it is exchanged could not exist. These property rights in turn affect what both public agencies and private agencies and individuals may do with residential property. Thus zoning, which was invented in part to protect the property rights of all, may not be changed arbitrarily without notice or approval of the owners of property which may be enhanced or reduced in value or usefulness by the proposed change. Real property in Minnesota includes hundreds of thousands of individual ownerships, tenancies, and leaseholds; the large majority of which relate to residential property. The relationships among these ownerships, and between them and the public, is the subject of codes of legislation and ordinances.

Even if government were to withdraw completely from any role in providing or influencing the provision of housing, it would continue to play a vital role in housing through its regulation of the private property system.

b. Housing as a Source of Governmental Revenue

Government is also concerned with residential property as a major source of public revenues. The real property tax has long held a dominant position in Minnesota, and in other States, as a fiscal resource for local government. While its relative position as a money raiser has declined in recent years, the real property tax remains a major factor in supporting governmental services including schools and tends to rise steadily, both in constant dollars and as a proportion

of the value of the property taxed. On the average, residential property in Minnesota is taxed annually at between 2 and 3% of its market value. Real property taxes are relatively high in this State. On rental property they may amount to 25% to 30% of rental income. The burden is either assumed directly by the consumer as home owner, or passed along to him as increased rents. No other necessity of life bears anywhere near the tax burden of housing.

The residential property tax tends to be regressive and bear most heavily on the poor, although homestead provisions and deductions for the elderly have somewhat eased its burden.

Residential property as a major source of local public revenue has dramatically influenced the attitude of local government towards new development. Property which presumably will generate more local costs than it brings in revenues has been discouraged, and property presumed to bring more revenue than cost encouraged. This has caused many communities to view additional low and moderately priced housing as a liability rather than as asset. It is assumed to create more costs in the form of school age children than it does benefits in the increase of assessed valuations.

Although obligations of local municipalities for schools, governmental services, etc. may be quite similar, the revenues which their properties produce vary greatly with the value of their properties. Thus the community of big homes and heavy commercial development is advantaged over the middle or low income bedroom town.

#### c. Social Welfare and Housing

Government attempts to affect the quality and quantity of housing provided in a number of ways. It tries to influence the supply of housing produced both by building directly and through providing incentives to private enterprise. It attempts to provide funds to poor people to allow them to rent better housing. It regulates the condition and location of newly constructed and existing housing.

The most pervasive way in which government has attempted to provide for the welfare of people, through influencing the housing supply, is in connection with its regulation of the nature of housing produced and the conditions under which it is maintained. Three primary kinds of laws are involved: local zoning ordinances, building codes, and housing codes. Generally, zoning laws authorized under state legislation regulate the use of land and the arrangements by which buildings are constructed on the land. Thus, they govern land use, setbacks, heights of buildings, number of square feet of buildings, or number of dwelling units which may be built per acre. Building codes establish minimum standards for new construction and relate to materials, structure, wiring, plumbing, etc. Housing codes govern the condition and occupancy of existing residential buildings. All of these local ordinances are authorized by State enabling legislation. They all act as limitations on what may actually be done by an owner with his property. They are intended to create minimum standards to protect the health, safety, and welfare of the residents of the community. The development of housing standards is treated more thoroughly in the discussion of issues 3 and 4.

Generally building codes have been effective in establishing minimum standards for new construction and remodeling in buildings constructed or changed since the ordinances were adopted. However, they are only in effect in those municipalities and counties which have adopted them. Most of rural Minnesota does not have local building codes and zoning ordinances, and the only residential building which is thus controlled is that which has been the subject of special legislation, e.g. shore-line zoning.

Zoning has not, however, been effective in controlling sprawl or leap frogging development. While it controls the conditions under which building is done, it cannot effect the order in which building is accomplished. This is dependent upon the initiative of the private builder and developer. New development may skip over pieces of land whose owners cannot or do not wish to develop them. Nor does



zoning normally require any particular amount or order of development within the land of a particular development. A special kind of zoning, planned unit development, has been invented to attempt to meet this problem. In planned unit development zoning, the developer commits himself to a schedule of development and a comprehensive scheme for his property, in return for which he is allowed to cluster buildings and mix different kinds of residential and commercial development not normally allowed under single use zoning.

In the Twin Cities Metropolitan area, the Metropolitan Council has been facing the problem of inconsistent development, as between municipalities, and the desirability of guiding and shaping the growth of the area. It has proposed to use its power over sewer and water extensions, roads, and transit to direct growth to certain areas already served by these utilities and restrict development in other areas. It proposes to divide the entire area into urban and rural service areas. This presumably will result in major public and private efficiencies and savings, while preserving and enhancing the environment through preservation of open space and other amenities. The Metropolitan Council is seeking the added legislation to make these developed framework controls effective.

Outstate, where local zoning ordinances and building codes are in effect within a municipality, frequently development outside its corporate limits is virtually uncontrolled. Development has tended to leave town and sprawl over the adjacent countryside, thus repeating on a smaller scale what has happened in and around the Twin Cities.

A special case is that of the mobile home, which has been extremely popular in Minnesota in the last few years, though by no means as pervasive as in other parts of the nation. Even in Minnesota, the number of mobile homes has increased by some 25,000 in the past three years, almost doubling the previous inventory. However, in the metropolitan area the increase has been much less, particularly since 1971. Heralded by many as a potential source of moderate cost housing to low and moderate

income families, the mobile home has been particularly popular with young married people, usually without children, and middle aged and elderly people whose children have left home. The higher interest rates and the shorter term loans, now rarely over 15 years, have largely offset the initial low cost of the mobile home, ranging upwards to \$15,000. However, they are unquestionably popular, particularly with young couples and retired people. Not so, however, with local citizens and municipal officials in the Twin Cities Metropolitan Area. A recent study indicates that many of the municipalities in the area exclude mobile homes entirely by ordinance, or make it virtually impossible for them to be located within their jurisdiction by a combination of ordinance and administration. The mobile home as a source of housing in the future is discussed at greater length in another section of this paper.

In addition to regulating the condition and location of housing, government has attempted to augment the supply of housing, particularly for low and moderate income families. It has built new housing and bought rehabilitated and leased existing housing for low income families through the various Federally funded, locally administered public housing programs. It has provided incentives to private enterprise, both profit making and non-profit, to provide housing for moderate income families, through underwriting mortgages and providing a secondary mortgage market through such programs as FHA 235 rental housing, and 235 homeownership program, and their precursors under title FHA 221 (d) 3 and related programs. Further, it has attempted to stimulate the rehabilitation of existing housing through grants and loans to owners. These all are interventions to augment supply.

The government has also intervened to strengthen the position of low income families and individuals in the market. Welfare rent payments, relocation payments, and rent supplements fall in this category. Currently, the Federal government is fostering a research project in a few selected cities to determine the effects of rent supplement programs, the most appropriate method of administration, and costs

and benefits compared to other approaches.

Most of these programs have been used in Minnesota. Five thousand eight hundred apartments for low income families and 16,000 apartments for elderly individuals and couples have been provided through local housing authorities with Federal assistance. Almost all of the family housing has been located in Minneapolis, St. Paul, Duluth, and on the Iron Range. Elderly housing has largely been provided in the Twin Cities, but currently over 40 cities and counties have developed low rent public housing for elderly tenants.

Some 20,000 housing units for rent to moderate income families have been provided through the FHA 236 and 221 (d) 3 programs.

In 1971, the Minnesota State Legislature established the Minnesota Housing Finance Agency to "facilitate the construction and rehabilitation of housing projects for families of low and moderate income by providing for mortgage loans, development loans and technical assistance to qualified housing sponsors to be used for such construction and rehabilitation." It has been given a bonding authorization of \$600 million for these purposes. Thus far it has provided mortgage money for over 1250 single family homes and is involved in the financing of about 2900 multi-family units.

In total, the State and Federal Programs have involved about 45,000 housing units, or less than 4% of the total Minnesota housing supply. They have, however, made up a somewhat larger proportion of housing constructed during the last five years.

Unfortunately, no adequate evaluation has ever been made of either public housing or the FHA private subsidized programs for moderate income families. Public housing has been damned on the basis of spectacular failures such as Pruitt Igoe in St. Louis, a project which was viewed with dismay by many public housing advocates when it was built. They with the late Catherine Bauer, leading American student of housing, foresaw grave difficulties and social anarchy resulting from putting

thousands of large low income families in high rise buildings on a single site. The modest successes of smaller projects like those built by housing authorities in Minneapolis, St. Paul, and such other cities as Seattle and the apparent almost universal success of scattered site and leased public housing have never been appraised. Public housing for the low income elderly which has saved thousands of Minnesotans and tens of thousands of other retired people from dreary, lonely rooms and crumbling tenements has been unceremoniously thrown out without any kind of objective evaluation despite its always almost universal popularity with its tenants.

The FHA subsidy programs have been condemned on the basis of experience with a relatively few unscrupulous developers, but no real attempt has been made to analyse success and failure from the tenants' point of view. Housing programs are replete with self-fulfilling prophecies and biased interpretations of inadequate data. Some few recent studies, like those of housing management by the Urban Institute, are a shining exception. Somehow, it has escaped the Federal program managers and their ready supporters that thousands of families have been housed at relatively modest rentals and large numbers of developments have waiting lists of people who see them as the best housing alternative available.

Actually such evidence as there is indicates that experience has been varied. The situation calls for studies which will indicate where there have been success and failures and what the conditions were which caused them.

The proposed rent supplement programs now being experimented with have some very old precedents in welfare payments for rent and more recently in relocation payments. Rent supplements may find some of the difficulties which these programs have had as far as their effect on the housing supply is concerned. There is no easy way to guarantee that the payments will go for housing and, if they do, that the housing services received will be substantially better than they were without the payments. Unless accompanied by programs to augment the housing supply by

building new housing and insistence on adequate standards for existing housing subsidized through rent supplements, these payments may simply prove to be a bonanza to owners of housing at the lower end of the economic scale, without much effect on quality.

### 3. Government Involvement in the Future

Obviously, no blueprint can be laid out as to how government should or will be involved in the future in housing. Despite its current reluctance the re-entry of the Federal Government forcefully into the housing picture can be anticipated, although the extent and direction of Federal involvement is conjectural. Several directions for State action suggest themselves, which are not dependent upon the nature and scale of Federal action. Before we discuss these, however, it will be well to identify some of the areas which are not controllable from within the State.

Much that will affect the housing process in Minnesota in the future is beyond the ability of the State to direct. Most significantly, the rate of inflation and the cost of money are determined by the exigencies of the national and international economy. Further, they are not primarily determined by housing considerations. They have a dramatic effect on the local housing market. There is a tremendous difference between the impact of a \$45,000 house on the market at the 4% interest rate, with which the FHA began in the 1930's, and at an 8% interest rate. In one case, the house is presumably affordable by a family with an income in the range of \$12,000, near the median for the State, in the other it is reserved to families with incomes of \$18,000 and up. In one case, half the families in the State can afford the house, in the other, only 15% of families can afford the house. Rental housing is similarly affected. Interest costs are passed on by the owners to the tenant in the form of rent. This is clearly not a problem which will be solved directly at the State level.

A second major externally determined influence on the housing supply is the increasing cost of utilities particularly fuel oil and bottle gas. As previously

indicated, most households in the major part of the State are dependent upon petroleum products for heating. Many of these families are poor or on fixed incomes. Fuel oil prices which have as much as doubled in the last two years have struck them very hard and the added costs can only come out of food budgets and other necessities of life. There is not much that can be done in Minnesota to control petroleum prices, but there are steps which can be taken to cut down on its use.

Thirdly, the basic organization of the housing production and distribution process is a national phenomenon and greatly influences outcomes in Minnesota. Housing production and consumption are extremely decentralized. There are hundreds of housing producers in the State and literally hundreds of thousands of consumers each of whom makes largely independent decisions. On the other hand, the facilitation and control systems of government and finance which determines major directions of the housing process are much more highly controlled centrally. Wall Street and Pennsylvania Avenue are much more significant in the control of the housing process than is Main Street. Further, the major considerations which activate Wall Street and Pennsylvania Avenue are not concerns about the housing consumer. His concerns and those of the housing producer only become paramount when they are indirectly reflected in unemployment and feedback effects of the National Economy.

This decentralization of housing production is reflected in national statistics. The largest conventional homebuilders in the United States barely build 3% of the national output. The largest mobile home producer, a much more centralized arm of the industry, in 1973 produced about 10% of the total output of mobile homes.

In many areas of the State, the organized housing production process is weak or almost non-existent. The small contractor, who was once the backbone of housing production, has hired out his skills, taken another job, or retired. The lumber yards and the mobile home dealers do most of what new housing business there is. When the Basic Homes program contemplated production of 100 single family homes in a year in Region 2, it was concluded that there was no contractor in the Region

who could handle anywhere near this volume.

Unlike other industries, where large corporations can afford to give organized time and attention to the problems of research and development, the record of the American home building industry has been sporadic and weak. It takes capital and holding capacity to be able to create, test, and produce on a prototype basis new products, and to standardize major new techniques. Ingenious builders, products manufacturers, and the government all have had many new ideas, but their impact has been fragmentary at best.

With these considerations in mind and taking account of the various elements which have been previously identified as having significance for the future, there are a series of activities which the State Government should consider undertaking. First, State government has a responsibility to take the initiative and give direction to the development of Minnesota's housing resources. Among other objectives the objective of being creative, resourceful, and ready to take advantage of opportunities which present themselves is most important. An early study of the urban renewal program sought to discover what it was that made some cities more successful in obtaining Federal funds than others. The answer seemed to be in a concept of renewal readiness. Those cities which had the desire and the creativity and the staff resources to move fast and independently were the very cities which also got the Federal dollars. So Minnesota should be housing resourceful and housing ready.

Several directions for state action suggest themselves out of the experience of the past, the conditions of the present, and the expectations for the future. Each of them is discussed individually.

a. Comprehensive State Housing Policy

Minnesota needs to develop a comprehensive State Housing Policy under the leadership of the Governor and the Legislature. Steps already taken such as the establishment and funding of the State Housing Finance Agency are landmarks of

progress, but now a general policy framework is needed within which the public and private enterprise can function. Such a policy should be coordinated with a state land use policy and policies on environmental protection and energy conservation. They should closely relate to State policies on welfare, education, health, and recreation. Only when we jointly have agreed upon goals and objectives, and stated the values which we wish to preserve and enhance in housing and related services, are we in good position to determine the specifics of particular programs and take advantage of resources available from both within and outside the State.

Professor Arthur P. Solomon of Harvard University has suggested a number of standards for criteria for measuring national housing policy. They form a good basis for thinking about a future housing policy for Minnesota. His criteria include:

1. Maximize aggregate housing consumption. The most explicit national housing goal is to improve aggregate housing consumption, especially for low income households. Thus, one objective criterion for our analysis is to determine which housing program contributes most to overall economic consumption.
2. Promote equal residential opportunities (freedom of choice). The availability of unrestricted access to a variety of housing types, tenure arrangements, and geographic areas is an essential element of social welfare since unimpeded economic and racial mobility provides access to jobs, educational opportunities, environmental amenities, and other consumer preferences. It is necessary, therefore, to establish the relative performance of each program with respect to fostering economic and racial integration.
3. Close the housing gap in the most effective manner. The housing subsidy program which most effectively closes the housing gap is the one which moves the largest number of households from substandard to standard housing for a given resource expenditure. This standard provides an estimate of the least costly approach for providing low income families with decent shelter.



4. Redistribute housing consumption equitably. The efficiency with which each strategy redistributes housing consumption is measured by determining the proportion of the total subsidy dollars which actually reaches the target population (vertical efficiency) and the comprehensiveness of the program in assisting all of the eligible target population (horizontal efficiency).<sup>(1)</sup>

The process by which the policy is developed will be of almost as much benefit as the policy itself. It should involve the active participation of consumers, producers, housing finance, and local, regional, and State government.

b. State Housing Center

The State can strengthen the relative position of Minnesota housing consumers and producers by establishing a State Housing Center which will be charged with the responsibility of providing information and direct assistance to both consumers and producers. There is successful precedent for this sort of activity. The State of Minnesota cooperating with the Federal Government has long sponsored an elaborate program of assistance to farmers and farm families both as producers and consumers through the Agricultural Extension Service and cooperating institutions. Housing consumer advisory services have been established at a State level in such states as Washington, while local advisory services have been tried in a number of communities including Minneapolis.

To the consumer, the Housing Center would provide assistance and advice through published materials, through the media, and through a variety of short courses and other educational programs. It would provide advice and technical services to individual owner-builders, prospective buyers and tenants, and groups of individuals planning to build for themselves or others. It would foster the direct involvement of consumers in the planning and building of their own dwellings.

For the producer, the builder and the developer, the Housing Center would act

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(1) Quoted in Pynos, Schafer and Hartman, Housing Urban America, Chicago 1973 page 560.

as a center for gathering and disseminating all sorts of technical information concerning construction techniques, materials and components, land planning and development, distribution marketing, and Housing finance. It would analyse them in terms of the special circumstances in Minnesota. The Center could explore techniques of cost reduction, new technical processes and materials, energy conservation, and pollution control. A good deal of work is being done by the industry at the University of Minnesota and at such places as the U.S. Forest Products Laboratory, Madison, Wisconsin. Such promising developments as use of solar energy, the more self-sufficient house, improved sewer and septic tank systems, zero lot line zoning, planned unit development, mobile home court planning and design, and cooperative and condominium management could be explored.

The Center might also provide an advisory service for local municipal governments on zoning and land use controls and provide training courses for local officials. It would work with the Regional Development Commission and utilize the resources of the University, the public and private colleges, and their extension services, the vocational technical institutes and trade and professional associations, and other private organizations. The Center would employ housing advisors who would work directly with consumers and producers.

The Center might make grants for research and technical development and also act as a conduit for such funds from other sources.

All of these functions might be assigned either to the Minnesota Housing Finance Agency where they would be an extension of its current mandate or to the State Planning Agency or to another arm of State government. Specific legislative appropriations should be made for these activities.

c. State Housing Authority

The State should consider providing backup housing production services where the housing process is weak or non-existent. The benefits of housing programs should be extended to all residents of Minnesota regardless of where they choose

to live. People should not be penalized because of the failure of private enterprise or local public initiative to provide the necessary housing delivery system. In many parts of Minnesota in the past, local citizens have been deprived of the benefits of housing because of the weakness or non-existence of a local delivery system. The inaction or antagonism of local builders, bankers or public officials should not prevent local residents from receiving the benefits of State and Federal programs. Special legislation giving authority to the existing State Housing Finance Agency or establishing a new State Housing Authority could provide such a backup Statewide program.

d. Increase Capital for Minnesota Housing

The State should make every effort to expand the amount of capital available to Minnesota housing production improvement and distribution, keeping local capital at home and attracting as much of the national supply as possible. The admirable record of the State Housing Finance Agency in the face of extremely frustrating conditions is evidence that the State can make a substantial impact on the supply of capital available for housing. Its efforts should be continued and expanded.

e. Improve the Housing Distribution System

On an overall basis there is not shortage of housing space in Minnesota. Analysis of housing data reveals thousands of cases of a mismatch between size and other attributes of a dwelling, and the number of persons in the household. This problem is accentuated by the difficulties which people may have in exchanging their housing for that of more appropriate size, location, or design. This is particularly true of older people living in large houses after their children have left home. In 1970, there were more than 200,000 households without children occupying dwellings with 6 or more rooms. The State Legislature should consider establishing a revolving fund to assist owners of houses who wish to move to smaller quarters and provide for a brokerage function by which houses could be transferred from families

which no longer need them to families which require more space, utilizing the resources of the local real estate industry where feasible.

f. Incentives for Energy Conservation

The State and major municipalities in Minnesota have undertaken substantial programs aimed at the rehabilitation and improvement of existing housing. These should continue to be augmented. At present, however, they tend to pay only passing attention to improvements which conserve energy and reduce the sky-rocketing costs of utilities to the consumer. The State should consider developing a system of incentives for energy conservation in residential buildings both new and old. Special interest-free or low-interest loans and grants, and other methods of stimulating the insulation and weatherproofing of existing dwellings and improvements in their heating systems, should be explored.

Further, the State should consider methods of stimulating the use of new energy conserving types of heating arrangements such as the use of solar energy as well as self-contained residential sewage systems which are water conserving. The use of grants to developers who would utilize approved new systems, offsetting initial additional costs, should be undertaken as soon as the technology is sufficiently advanced. The State could use its funds, in effect, to create a market for solar heating plants, which would be sufficiently large to move them from the prototype to the production stage. Perhaps this might create a new industry in Minnesota employing local ingenuity and labor. An annual market of 5,000 to 10,000 such heating systems in Minnesota should create quite an impact.

g. The Real Property Tax

The real property tax as a source of local revenue is so time honored and enmeshed in local governmental institutions, and so important a resource, that changes in it are viewed as subsidies to particular groups. Actually, the tax operates as an imposition on the housing consumer. Taxing housing at a rate which may amount to one fourth of its annual value is out of line with taxes on other necessities.

The burden of residential property taxes falls heaviest on low and moderate income families which pay the largest proportion of their incomes for housing. One most important step which can be taken in reducing housing costs and rectifying inequities would be to accelerate the movement towards more progressive forms of taxation and towards direct fees for services and away from the tax on residential property.

E. Issue 2. Are the public and private costs of traditional detached single family housing units likely to continue to increase compared with adequate alternative forms of housing. If so are Minnesotans prepared to pay the higher individual and social costs of such housing.

1. Private Costs

We previously have discussed the private costs of housing. Based on admittedly inadequate data we have concluded that on the average, incomes have kept pace with housing costs at least until the last couple of years. Cost of homeownership has increased more rapidly than rentals. In particular in recent years the interest costs of mortgages and the costs of utilities especially fuel oil and bottle gas have zoomed. Whether private costs of single family housing will continue to accelerate faster than those of multi-housing cannot be known with any accuracy. The energy crunch will certainly affect both although the effects may be different for the freestanding single family house than for buildings containing more units. Higher density development will reduce transportation costs attendant upon housing if the buildings are located closer to employment, schools, shopping and the other regular activities of a household.

This comparison basically has been between owner-occupied and renter occupied housing. It does not speak specifically to the relative costs of "other adequate alternative forms of housing" as the issue is stated. The data are for costs of households and therefore, in effect, suggest that all housing is comparable. Actually a household of two persons occupying an apartment in new (or old) high-rise building is buying a very different package of housing services than is a family with three children buying an old house in the city or a new suburban or country house. Ignoring for a moment the element of investment which is involved in buying but not in renting, still the household in the apartment may have less space within the unit and

less outdoor private space but it may receive many more maintenance and related services. Old walkup apartments, townhouses, etc. all present other variations on the picture. Therefore the concept of "adequacy" is important. Many would contend that a high-rise apartment is not "adequate" housing for a family with small children, while a house in the country may not present adequate health services for the elderly. Unfortunately we have not had the opportunity to consider some standard combination of services with such factors as the number of square feet of usable space, accessibility to schools and shopping put on a comparable basis.

## 2. Public Costs

The issue properly recognizes the problems of differential public costs as between types of housing. Here we have nothing very conclusive to say. The issue assumes that the public costs of single family detached houses are greater than those of other forms. Here even more assumptions are built in, for the complex of public services which one household receives varies from that of another even in the same locality. ~~A comparison of the City~~ services in Minneapolis or Saint Paul are very different from services available to a detached house in the open countryside in, say, Aitkin County.

The recent study for HUD by the Real Estate Research Corporation on the Costs of Sprawl concludes that given standard conditions, high density development will result in less public cost than a mixed density development which in turn will cost less than a low density development. For purposes of this paper we have not been able to make a thorough evaluation of this study but for the sake of discussion are willing to accept its conclusions within the conditions which it was made. It should be said that it is very difficult to replicate real life conditions, ~~and which it was made~~. The exigencies of the real world may make a difference.

Whether the costs of single family housing to the public will rise more rapidly than those of other types of housing is an open question. It is doubtful even as a matter of hindsight whether it will be possible to generalize in this way.

### 3. Preference for Single Family Detached Houses

The large majority of Minnesotans express a decided preference for single family detached houses both in their actual choice of accommodations and in their statement of attitudes when asked.

Table 1. Occupied Housing Units in Minnesota by Tenure and Type of Structure, 1970  
and Table 2. Occupied Housing Units by Type of Structure for Minnesota

Development Regions, 1970 were derived from 1970 Census data. They illustrate the predominance of the single family detached house in every region in the State. The percentages range from 63% in Region 11 the Twin Cities Metropolitan area to over 80% in nine other regions.

Seventy five percent of all of the households in the Twin Cities area outside of Minneapolis and St. Paul live in detached houses.

A recent survey by the Metropolitan Council shows what other studies in the past have indicated, that when asked their choice, Twin Citians for the most part want a single family house and that in the country or a small town.

Some differences show up in the predominate pattern when households are classified by type. The Census divides households into the following classes:

- Husband and Wife Families:
  - With head under 30 years of age
  - With head between 30 and 44 years of age
  - With head between 45 and 64 years of age
  - With head over 65 years of age
- Other Families
- Primary Individuals

In 1970 in Minnesota more than 84% of the husband wife families in each of the groups with heads over 30 years of age lived in single family detached houses. Fifty four percent of young husband wife families with heads under 30 lived in single family detached houses as did 70% of other families (usually families with female heads). On the other hand 56% of all primary individuals live in other kinds of housing.

As discussed in the section on Population Change in Section C, Potential Futures, the State Planning Agency's population projections indicate that



Table 2

Percentage Distribution of Occupied Housing Units by Type of Structure for  
Development Regions in Minnesota, 1970

<u>Region</u>	<u>Total</u>	<u>1 Family Detached</u>	<u>Mobile Home</u>	<u>Other</u>
I	32,241	84%	5%	11%
II	19,325	85%	5%	10%
III	112,680	77%	3%	20%
IV	61,669	81%	3%	16%
V	39,539	87%	4%	9%
VI W	21,606	87%	2%	11%
VI E	31,806	86%	3%	11%
VII W	47,079	81%	5%	14%
VII E	25,734	86%	6%	8%
VIII	46,585	88%	2%	10%
IX	68,687	82%	3%	15%
X	120,912	73%	3%	24%
XI	591,719	63%	1%	36%

Source: U.S. Census, 1970.

there will be some changes in the proportion of households in each of these categories by the year 2000. However, if the percentages for each housing type which pertained in 1970 are applied to the projected year 2000 projections by household type, the resulting overall distribution by types of structures is very similar to that in 1970. Some 80% of all of the new units built between 1970 and 2000 would be single family detached houses.

One considerable difference, discussed under Children in the same section of this report is that many fewer families will have children or families will be smaller. Major reasons cited for moving to single family housing are the quality of schools and other environmental factors relating to the children's life. <sup>I</sup> It may be that an increase in the number of childless families will reduce substantially the preference for free standing single family houses. We suspect that there will be an increased movement of childless families in the direction of townhouses and cluster houses with much more of the outside space held in common and much less emphasis on yard maintenance.

Some families also have been moving in the direction of a lake or other recreational cabin or cottage combined with apartment living in the urban setting.

On the other hand, <sup>AF</sup> the Basic Homes program in Region II provides a successful prototype for low income families, it will spur the development of single family houses probably more frequently as a substitute for presently occupied old deteriorated houses and shacks than as a substitute for potential multi-family housing. We also expect to see more experiments in the cities with single family structures for low income families similar to the Home Ownership Program for Low Income Families (Hoplif) now underway in St. Paul.

Attempting to project Minnesotan's preferences in the future is a hazzardous undertaking for which there is no definite guideposts. In the near future we expect there will be some continuation of the trend towards other forms of housing and away from single family detached houses particularly

if the energy shortage continues to translate itself into sharply increased costs of housing operation and transportation. This will probably be much more prevalent in the Metropolitan areas of the State than in other areas. However, we also expect most Minnesotans to take advantage of every opportunity to obtain single detached houses as they become established in the community, particularly during the period in which they have children.

F. ISSUES 3 AND 4. CAN MINNESOTA THROUGH PUBLIC POLICY INSURE THAT ALL CITIZENS OF THE STATE HAVE ACCESS TO A HOUSING UNIT THAT MEETS A MINIMUM STANDARD? WHAT ARE THE MOST EFFICIENT WAYS IN WHICH MINNESOTA CAN PROVIDE AT LEAST MINIMUM STANDARD UNITS FOR ALL MINNESOTANS?

On their face these questions seem deceptively easy. It would seem all to depend on the nature of the minimum standard. In order to complicate the question, at least to the state of actual current complexity, we will look at the history of housing standards, their changing nature, the relationship of standards to costs and explore some aspects of the question for the future.

### 1. History of Housing Standards

Housing standards in their various forms find origin and precedence dating back to colonial America. Subdivision regulations, the process by which parcels of land were made available to property owners, included: the provision of street, sidewalk, and utility systems; the reservation of lands for specific purposes such as parks and public buildings; and of course; the division of larger tracts of land into smaller lots for residential and/or commercial purposes. Subdivision regulations were locally enacted as the legislatures of the various states authorized "official map" legislation for their municipalities. A primary motivation of these regulations was to assure that as cities extended themselves, the width and alignment of streets would remain consistent with earlier patterns. Subdivision regulation activity continued to grow throughout the 19th century but the concept of subdivision changed substantially in the late 1920's. The Standard City Planning Enabling Act, U.S. Department of Commerce was published in 1928 and established subdivision regulations as a part of the comprehensive planning activities needed to guide the growth of cities. All 50 states now have adopted legislation enabling this kind of regulation to be administered by local units of government.

Zoning ordinances developed as "a means of insuring that the land use of a community are properly situated in relation to one another, providing adequate space for each type of development."<sup>1</sup> Historically, zoning originated in 1916 with the

<sup>1</sup> Goodman and Freund. Principles and Practice of Urban Planning. Page 403.

adoption of such an ordinance by New York City. Generally, zoning can be said to provide for the subdivision of a municipality into zoning districts, and the specification of regulations within those districts concerning:

- 1) The purpose or use of land and buildings
- 2) The height and bulk of buildings or structures
- 3) The population density allowed
- 4) The lot area and open space requirements.

While originally intended to serve the end of preserving property values at stable levels, zoning has evolved as a legal device to also provide for the "general welfare" of local populations, especially in the area of aesthetic concerns.

While zoning and subdivision set certain standards as to where (the land) housing occurred and who (the people) was housed, they did not directly address the question of what (the structure) was built.

Building codes in this country also date back to colonial times. Although their form has changed over the decades, the primary purpose of these codes has not. They are concerned with assuring the health and safety for inhabitants through the specification of the performance of building materials, the assembly of those materials into structural form, and the actual physical arrangement of the structure. Building codes may also contain requirements similar to or overlapping the regulations found in local zoning ordinances.

Housing codes and ordinances directly descended from certain public health requirements established toward the middle of the 19th Century. Widespread adoption of housing codes are fairly recent, beginning in the 1950's. Much like building codes, housing codes are locally adopted/enforced regulations designed to assure the health and safety of inhabitants. Housing codes, however, were developed to provide certain minimum standards to be required and maintained for the occupancy of a structure. Building codes are the standards required during construction of

(before occupancy) a building. Housing codes generally have attempted to cover three areas: first, Minimum facilities and equipment (i.e., heating, lighting, ventilation, etc.); second, the maintenance of those facilities and equipment (sanitary condition, safety hazard, needed repair to structure, etc.); and third, conditions of occupancy (i.e., number of persons per room).

To this point, housing standards have been discussed in the context of four of the most commonly understood regulatory instruments which impact upon a dwelling. While described generally, in terms of their evolution and purpose nationally, these four types of standards currently exist and are now being implemented throughout the state of Minnesota.

Housing standards, however, have developed over the past century into a much larger complex than any matrix that might be implied in reference to the four regulatory instruments described above. The Presidential Commission, in its report, Building the American City, quickly found it necessary to broaden its concept of standards:

"The formulation and administration of national regulatory instruments requires a broad review of the total framework in which standards are promulgated and incorporated into codes and policy guidelines.

We define 'development standards' as a general term encompassing 'all' the regulations and guidelines used by local governments to control their physical development - included are standards for development and redevelopment, for conservation, and for environmental control."<sup>2</sup>

In addition, because of the nature of administration and enforcement, local communities and private groups within those communities promote and effect housing standards that are not necessarily incorporated into any formal code or ordinance.

In conclusion then, it should be accurate to say that like the rest of our country,

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<sup>2</sup>President's Commission, Building the American City. Page 308.

The fact that we attempt to identify "minimum" standards does not apparently ease the definitional quandry. The same author states:

"Unfortunately, most so-called housing standards today reflect 'minimum' situations; that is, they reflect the level below which housing is considered to be unsafe or unsanitary. However, a house that is safe and sanitary does not necessarily represent an adequate or a desirable house."<sup>4</sup>

Any discussion of standards runs quickly into the more "classic" issues that seem to be continuously identified and written about.

Should standards specify functional levels of performance rather than just specific requirements of material or technique? The arguments here often center around whether or not specification standards are a barrier to the application of new materials, technology, and design innovation.

"The rigidity of standards in local codes unquestionably prevents design improvement. Designers and builders attempting to improve the urban environment are restrained from attempting innovations by inflexible standards which limit design concepts or bar the use of a wide range of materials and new construction techniques.

Fixed dimensions, particularly those of questionable technical validity, too often serve as strait jackets to good design."<sup>5</sup>

Should standards be allowed to vary by location and circumstance?

This question is extremely difficult to answer. One might argue that any variation in matters concerning minimum levels of health and safety is unacceptable. On the other hand, standards of a policy nature such as aesthetic or environmental matters may indeed demand that wide variation exist.

<sup>4</sup>Beyer, Housing and Society. Page 346.

<sup>5</sup>President's Commission, Building the American City. Page 311.

the state of Minnesota has evolved a complex of housing standards embodied in a wide variety of formal and informal regulatory instruments. Standards of housing (minimum or otherwise) in this state can perhaps be better described as a consequence of a great variety of local (and less directly regional, state and federal) decision-making rather than some set of simply stated objective(s) which serve as the genesis for action toward some predetermined goal of housing quality.

## 2. Changing Nature of Minimum Standards

Beyond the realization that a variety of standards apply to housing, it should be recognized that a number of other problems exist in trying to discuss and develop a concept such as "minimum housing standards." First of all, a severe definitional problem must be overcome to obtain agreement on any set of standards. The problem is less severe when limited strictly to construction (material and structural requirements) standards, but when the nature of minimum standards is broadened to include environmental considerations or more qualitative factors, such as human social/psychological needs for example, then great problems become evident. As one author argued:

"It is difficult to develop a generally acceptable, over-all housing standard because different population groups have different goals. For example, the goals are somewhat different between urban and farm families. Goals are also likely to be different among different ethnic groups and groups having different customs and habits.

Furthermore, families are dynamic. As has been indicated in several instances earlier, family living patterns change. New materials and new methods of construction also are developed. Therefore, if housing standards are defined as what housing ought to be; then standards would of necessity always be ahead of current building practices."<sup>3</sup>

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<sup>3</sup> Beyer, Housing and Society. Page 346.



"The lack of uniformity in standards is clearly a major problem. As noted in the chapter on Building Codes, this problem is a deterrent to the manufacture and distribution of standardized homes and building components on an areawide basis."<sup>6</sup>

"Many of the inconsistencies in the substance and terminology of standards stem from the kind of governmental fragmentation discussed (earlier) ...But part of the blame also lies in the tradition of autonomous operation of the various codes and from the failure to take a comprehensive look at all standards affecting development."<sup>7</sup>

Who would be responsible for establishing housing standards? How are they to be administered and/or enforced?

Since all standards eventually have their impact and effect in local communities, it would appear politically difficult if not impossible to establish any comprehensive set of development standards which could apply statewide. This is especially true when questions of the uniformity of administration and enforcement are considered. On the other hand, the current variety and complexity of standards does little to promote effective administration of currently enforceable standards. Again, the President's Commission speaks to this point.

"The dispersion of standards throughout many separate codes and policy documents has implications for the administration of standards as well as for their content. The standards in various documents are drawn up by different sets of experts, adopted under totally unconnected legislative or administrative process as by various bodies, and administered by many agencies operating independently of each other."<sup>8</sup>

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<sup>6-7</sup> President's Commission, Building the American City. Pages 310-311.  
<sup>8</sup> President's Commission, Building the American City. Page 308.

What is the effect of the various standards upon the cost of housing?

Again, the Presidential Commission speaks to the effects that standards apparently can have due to the very nature of their non-comprehensiveness.

"...developers find it necessary to refer to each separate regulation, determine its particular application to a given project, obtain whatever permit it requires, and consult separately with the administrators of each independent code-enforcing department. Developers, rather than the government agencies, must try to resolve inconsistencies to the satisfaction of each administrator. The result, of course, is higher-costs passed on to the 'consumer!'"<sup>9</sup>

More specific information about the relationship between housing costs and standards was presented earlier in this report.

In a general sense it is apparent that many standards are intended to upgrade the housing stock of local communities, both through the continuous upgrading of development requirements, and through the identification of sub-standard housing for eventual clearance or rehabilitation.

While the objective of the general (and total) improvement in housing quality is clearly desirable, it also appears that the usefulness or at least the effectiveness of standards which attempt this end are limited in the context of the current (and continuing) inadequate supply of new housing units. Further, our historical, economic, and political commitment to the availability of choice (variety of housing opportunity in all its forms; cost, structural type, locations, etc.) in our society adds to the dilemma. And finally, all of this must be couched in the reality that we surely will face a future where resources of all types will be in shorter supply and much more expensive.

It appears from an examination of census data that Minnesota does already have an established trend, its proportion of housing units which meet certain health and occupancy (rooms, space, plumbing, etc.) criteria. The question is whether or not

<sup>9</sup>President's Commission, Building the American City. Page 308.

this trend will continue and eventually alleviate the need for concern about "minimum standards".

While it is difficult to characterize the future need for, and nature of housing standards, it may be useful to note its relationship to a very general, but hopefully accurate, characterization. The people of Minnesota have lived, and are living, in an environment of continually rising expectations concerning all aspects of their lives. Housing quality is no exception, so it should be difficult to hypothesize that a real sense of "what housing ought to be" already exists and is operative throughout the wide variety of decision-making in the housing process. This is not only the case individually, but may be even more true collectively. Local communities do have a real feeling (and often express it) for what "housing in this community should look like."

Concentration on minimum standards which indeed meet no one's "expectations" may be somewhat self-defeating. As has been so frequently the case in both public and private housing programs the minimum standard becomes the maximum as well. Actually over the past several decades a larger and larger proportion of Minnesota's housing has met standards of health, safety and structural soundness as new housing has been added to the existing supply. Meanwhile, the existing supply has been improved in a generally improving economy of higher expectations. Hopefully this process will continue. Upgrading and rehabilitating the existing supply and in time replacing the most deteriorated out-moded or inappropriate housing cannot be effectively assured by public fiat unless that fiat is very generally supported in the community in which the housing exists. The continued availability of rehabilitation funds at reasonable interest rates is a necessary carrot for the code enforcement donkey.

Further, it is a reasonable but unprovable assumption that a substantial proportion of housing available at low rentals and prices does not meet the requirements of present day building codes even though the units may have all plumbing facilities; complete kitchens and central heating. Eighty-two-thousand renter occupied housing

units renting for under \$100 per month gross rent in 1970 were built before 1940, most of them without benefit of building code. They contain many departures from current accepted good practice, and amount to 75% of all of the housing units in the State with gross rents of under \$100. Perhaps a concentrated effort should be made to phase this housing out over a period of time, but such a program should be coupled with a program to provide either units that the occupants can afford or the wherewithal to obtain such units.

In sum, there are no easy answers to understand the nature and effect of current housing standards, nor is a future course of action clear. Two recommendations, however, are offered.

- 1) If the people of Minnesota are to continue to obtain quality housing alternatives, the evergrowing complexity of public policy, standards, and administrative guidelines must be sorted through. Comprehensive-ness is greatly needed in the area of governmental regulation if an effective and human approach to the dwelling and its environment is to be reached.
- 2) The state needs to develop a statewide policy toward housing. Standards, especially in terms of specified requirements, may indeed be less effective in achieving minimum levels of housing quality for every citizen of the state, than would a broader set of objectives or goals toward which a comprehensive package of development mechanisms could be directed.

TABLE 2 -- LOCAL REGULATORY AND GUIDE INSTRUMENTS CONTAINING STANDARDS:  
THE FRAMEWORK AND SYSTEM OF STANDARDS

Local Public regulatory instruments:

1. Major types:

- Building code and related electrical, plumbing and heating codes
- Zoning ordinance
- Subdivision regulations
- Housing code

2. Supplementary types:

- Fire code
- Industrial safety code and miscellaneous safety orders or codes covering such things as elevators, construction practices, scaffolding, pressure vessels, and storage of hazardous materials
- Site design regulations
- Urban renewal plans (one for each local urban renewal project)
- Health and sanitation codes
- Flood control ordinance
- Air pollution control ordinance
- Water pollution control ordinance
- Billboard control ordinance
- Trailer ordinance
- Rehabilitation standards
- Local public guide instruments:
  - Comprehensive plan (including capital improvement program)
  - Community renewal program
  - Urban design plan
  - General neighborhood renewal plans
  - Plan for model city area
  - Conservation plan
  - Historic and architectural preservation plan
- Other public requirements:
  - FHA minimum property standards
- Private instruments:
  - Insurance underwriters' standards
  - Lending agency standards

G. Issue 5. Does Minnesota need housing programs for special populations (e.g. urban, rural, elderly, Indian Reservation) rather than general housing programs for low income units.

1. Background of Special Programs

The origins of special housing programs coincide with the evolution of housing standards and initiation of governmental regulation. During the colonial period in America these began on a local level. In 1626, Plymouth Colony became one of the first to pass an ordinance outlawing wooden chimneys and thatched roofs because they were fire hazards. Within twenty years colonies began passing sanitary regulations which were generally less successful than previous construction ordinances because violations and potential dangers were less obvious.

These early ordinances were forerunners to what we now refer to as special programs for housing. By special we mean programs or regulations that are aimed at particular segments of a population who are disadvantaged or whose housing is deficient or potentially threatening to the general well being of the greater community. Though the seventeenth century ordinances cited above do not particularly depict the houses of lower income people as substandard in roof and chimney qualifications, the codes clearly had greatest impact here.

More "positive approaches" in housing, as well as other aspects of social reform, grew out of socio-economic conditions in the late nineteenth and early twentieth centuries. As industrialization, immigration and urbanization created unparalleled overcrowding, the laissez-faire mentality that had dominated American economics and politics until this time, was being challenged with greater success by progressive attitudes. Under laissez-faire the individual was responsible for his own survival regardless of how disadvantaged he might be. However, the scope and nature of reform that was needed was

beyond the potential of any individual initiative.

If socio-economic problems could no longer be corrected by individuals then group efforts both public and private were attempted. Groups of all kinds began organizing and issuing demands for reform. The AF of L was an early entry among those calling for better workers' housing.

While progressivism realized the need for "positive approaches" for reform, i.e., government involvement in construction and subsidies, for disadvantaged segments of population, the underlying attitude guiding the assistance was one of stewardship, or paternalism. It was assumed that that the recipient of assistance knows next to nothing about how to solve his problems and that someone else, the designated decision maker, has answers.

This attitude supported many viable programs including the New York City Tenement Housing Act of 1901 and most of the national depression and post war housing legislation such as public housing, FHA and VA mortgage insurance.

Some of the problems growing out of these and other "progressive" housing approaches derive from the method of analysis employed. Progressive planning had the tendency to approach a problem by breaking it into workable pieces and handing each slice over to an expert for diagnosis. The difficulty came in carving up reality into specialized segments. In some instances such as during the depression and following the war large segments of the population were identified as sharing common problems. Special housing programs for these categories, e.g., F.H.A., Veterans Emergency Housing, etc. tended to be among the more successful programs. Reasons for this partly stem from the fact that these particular programs were directed at a large heterogeneous population which shared a similar housing problem. So numerous, varied, dispersed and demanding were those in need of assistance that government housing remedies did not sub-categorize clusters of recipients and formulate more completely specialized programs for them. However, it was felt that because of their special circumstances special programs aimed at particular groups might be more effective.

Specialized programs may create another problem, namely, segregation of the population served from society in general. For example, while special problems relating to health, economics and access to recreation do become more apparent with aging, if corrective programs isolate and segregate the elderly from normal community interaction they tend also to encourage a new problems, not least among them are separation from familiar surroundings and many meaningful experiences. Too, with separation and specialized treatment the people served may be seen by others, as homogeneous. This reinforces biases such as black or old people think such and such, or low income people all believe so and so.

Such special programs may also remove decision making responsibilities from the hands of those suffering the deficiency, <sup>and</sup> limit their participation. Decisions from the outside often cloud responsibility. When something goes wrong with a program it's easy to pass the buck or hide it, Inability to just recourse only intensifies frustrations of the people served who grow more powerless to do something through proper channels about their problems.

In addition groups excluded from the benefits of special programs and who also suffer from inabilities in housing may become hostile. These frustrated groups may range from the "over taxed middle class" members to less organized ethnic groups or loosely affiliated tenants.

## 2. Decentralized Housing Determination and Innovation

An alternative to centralized special programs has been the array of voluntary and mandatory neighborhood or community associations which have involved themselves with housing. The history of these organizations is rather erratic. Some, such as neighborhood covenants in the South, were used to block racial integration. Others, such as inner city neighborhood and block organizations have tackled a whole collection of social and economic problems. Still others including those in housing cooperatives or condominiums are created primarily as service facilitation mechanisms allowing for more economical dependable maintenance. Finally, associations have been organized to create



and maintain local safety and aesthetic standards.

Largely such associations have been voluntary in nature though some have made membership mandatory upon moving into a particular neighborhood or development.

These associations have both strengths and weaknesses. Among the disadvantages which tend to develop are:

- a. Limited resources with which to affect large scale changes.
- b. Lack of consistent participation by members who may become inactive except in times of crisis.
- c. Possibilities of discrimination against various minorities within the neighborhood.
- d. Failure to consider the effects on the surrounding area or larger community.

Their advantages include:

- a. Ability to recognize local issues, problems and differences.
- b. Visible sources of responsibility and accountability.
- c. Potential for greater participation in planning and decision making by beneficiaries of programs.
- d. Opportunity to identify common problems, areas of agreement and areas of disagreement.
- e. Opportunity for joint or cooperative efforts for housing and neighborhood maintenance and servicing.
- f. Increased consumer knowledge of housing issues.
- g. Development of community among neighbors.

The Citizens League in its report, Building Confidence in Older Neighborhoods, June, 1973 deals with the effectiveness of such voluntary organizations in securing the stability of older city neighborhoods and suggests a system of neighborhood organizations to foster such values in Twin Cities Metropolitan area. Both in Minneapolis and St. Paul neighborhood associations are active in many neighborhoods with varying degrees of effectiveness. The Project Area Committees, required under federally assisted urban renewal programs and Model Cities Organization, have also had quite varied experience. The most successful continue to play a very significant role in the lives of their communities. They have been successful in neighborhood improvement activities, and in funnelling citizen concerns and neighborhood creativity into the development process. They have sponsored and managed housing developments. Their leadership has been effective and

they have become respected partners with city agencies and private developers.

### 3. Directions for the Future

There seems to be little question that the voluntary neighborhood organization in many forms is here for the foreseeable future. Whether there ought to be one in every neighborhood, urban and rural throughout the state, is probably not a useful question. In smaller municipalities the municipal government itself may have the advantages which neighborhood organization achieves in larger centers. In some places organizations originally established for quite different functions may take on housing and neighborhood concerns. In some situations competing organizations may develop. It seems important that they be open and voluntary. Mandating a single system of neighborhood organizations almost automatically suggests defining in detail their form and functions from a central point. It probably would ensure their ultimate standardization and stifle creativity.

A major function of the proposed State Housing Center would be to work with neighborhood organizations including neighborhood non-profit corporations established for housing purposes. It could provide them with information, technical assistance and encouragement. There should be a heavily supported option in all housing programs to work with these organizations wherever possible. The use that Minneapolis is making of interested organizations in its rehabilitation program is a case in point. The use by Housing and Redevelopment Authorities of Project Area Committees and other neighborhood groups as clearance points and sources of neighborhood input is another. Every effort can be made within the general framework of housing programs to adapt them to neighborhood desires wherever possible.

Local initiative, creativity and involvement in the planning, design and constructing of new housing and the rehabilitation of old housing should be built into every program both through legislative provision and administrative concern. This in itself may do much to meet the needs of specially

disadvantaged groups in the population. It should be noted, however, that it is rarely the disadvantaged in a neighborhood who are found playing a leading role in the neighborhood organization.

Returning to the issue as stated, given the desirability and possibility of working with and through local community and neighborhood organizations does there remain a need for programs specially legislated for particular groups, such as the elderly and the Indians and the rural poor. One direction would suggest special legislation limited to such special groups. Another would be to keep the umbrella of a general program but because of special needs to make allocation of funds for special groups. In other words the legislature might provide that out of a total a specific proportion should go to developments substantially or primarily serving elderly people or Indians or rural poor.

In any event, a great deal of attention needs to be given to three major interrelated problems.

a. As discussed under issue one in recommending the possibility of a State back-up housing production function, the program should not fall down because of the failure of the local delivery system. In terms of neighborhood organizations for example, the potential recipients of aid must not be excluded because there is no neighborhood organization or the existing association chooses to disregard them.

b. Administration is fallible and administrators vary greatly in their enthusiasm, competence and drive. An objective evaluation of almost any program, certainly including housing programs, will reveal a great deal of activity and success in one area of the state and virtually none in another. This will be true even though objective evaluation indicates that the need is similar in both places. Special efforts must continually be made to encourage an active local management. Channels of ready communication are needed between recipients and potential recipients of benefits and every

level of government involved from the top down and the bottom up. The less formal means are probably best, but it is useful to provide a more or less formal and on-going forum where beneficiaries and their representatives have the open and sympathetic ear of the responsible program managers. The banker and the leading citizen may not be the complete source of information as to the aspirations and desires of the poor and the disadvantaged. It is well to take the time, have the patience, and provide the effective vehicles for them to represent themselves.

c. Housing programs tend to become rigid and inflexible although in Minnesota we have many examples of imagination and creativity surviving against great odds. Minimum standards become universal practice. Developments take on the curse of projections. Mortgage programs can not adjust to the culturally based value of Indians not to alienate their land or the desire of others not to take on long term debt. The ghosts of broken treaties and old feudal arrangements still stalk the land. A shack of one's own may be far better than an apartment of someone else's. Housing aids and housing programs need to face up to these realities. Therefore, it is suggested that maximum flexibility be built into programs and room be made within them for a wide variety of differing circumstances. The urbanization of the world, as we have said before, brings with it a great many new options as well as exposure to a common culture. Housing programs should keep these options open.

APPENDIX B \*  
Alternative Futures

*"It is important not to limit oneself to the most plausible, conventional, or probable situations and behavior. History is likely to write scenarios that most observers would find implausible not only prospectively but sometimes, even, in retrospect. Many sequences of events seem plausible now only because they have actually occurred; a man who knew no history might not believe any. Future events may not be drawn from the restricted list of those we have learned are possible; we should expect to go on being surprised."* [THE YEAR 2000, Herman Kahn and Anthony Wiener, 1957]

The following scenarios represent a synthesis of readings in future-oriented studies, as well as the results of committee discussion. These scenarios of alternative futures describe three possible directions in which American society could be moving towards the year 2000, and some implications of such directions for settlement and migration patterns in the United States (especially the Upper Midwest). It is important to understand that *these are not predictions of the future*, but rather alternative possibilities for the purpose of discussion.

Scenarios help us to think about the future and reflect on the present. And the more we understand the present, the easier it will be to guide future changes.

In all probability, the future will not look exactly like any of the following scenarios. However, it is possible that the future will include elements from *one or more* of these sketches. The number of possible scenarios is infinite.

The first scenario presents a familiar situation. For the most part, it takes existing conditions and projects a future based upon their relatively unhindered continued development. Thus, there would be increased affluence, tolerance, leisure time and life expectancy. While energy supplies would be limited, exploitation of coal and other reserves, as well as improved energy management techniques, would avert a severe crisis. America would continue to be a major exporter of foodstuffs.

The second scenario is based upon a critical world-wide shortage of energy and raw materials, coupled with rapid inflation and population growth. Such a situation would have serious economic and social consequences. It is clear that this sort of crisis situation would impact heavily upon patterns of settlement and mobility.

The final scenario describes a revolution in the value systems of a significant number of Americans. There are historical precedents for such a situation, one of the more recent being the post-World War I Freudian revolution. Such a massive change would have important implications for, among other things, settlement and mobility patterns.

The following matrix shows what topics are treated in the following scenarios. Letters appearing after each topic indicate the scenarios in which the topic is, at least implicitly, addressed.

Agriculture	A	B	C
Communications Systems	A	B	C
Ecology		B	C
Economic Development	A	B	
Education	A	B	C
Energy Supplies	A	B	C
Equal Rights	A	B	C
Government Structure	A	B	C
Health Care	A	B	C
Housing	A	B	C
Human Resources	A	B	C
International Trade		B	C
International Relations			C
Labor	A	B	C
Land Use	A		
Mineral Extraction	A	B	
Patterns of Family Life	A	B	C
Population Growth		B	
Religion	A	B	C
Settlement Patterns	A	B	C
Taxes and Government Services	A	B	C
Transportation	A	B	
Water and Air Quality		B	C

## Scenario A

*"Americans are always moving on.  
It's an old Spanish custom gone astray,  
A sort of English fever, I believe,  
Or a mere desire to take French leave,  
I couldn't say. I couldn't really say."*

[Stephen Vincent Benet, WESTERN STAR, 1943]

As we approach the year 2000, most Americans continue to value changes which lead to the gradual improvement of the status quo. There is widespread affluence, especially in food-producing areas, although pockets of center-city and rural poverty remain. While birth rates have stabilized at replacement levels, population continues to grow (mainly as a result of the post-World War II "baby boom"). Population has spread throughout the nation, with the growth of some metropolitan and sub-metropolitan areas into major megalopoli such as Boston/Washington, Chicago/Pittsburgh and San Diego/San Francisco. Farm consolidation has continued in the Upper Midwest, with high prices and steady mechanization of production giving larger operators some advantages. This is especially true in the wheat and cattle areas of the Dakotas and Montana.

Relatively affluent, Americans are tolerant and open to a variety of life styles and value systems. "Self-discovery," through religion and psychotherapy, is an important American pastime. Some spiritual options include traditional organized religions, small ad hoc groups, and transcendental sects, all of which help the individual search for a sense of purpose in a fast-paced, complex society. Some religious groups gravitate towards "simpler, slower" rural life styles, while others attempt to create an intimate sense of community in urban settings.

Egalitarian movements have made continued progress. Racial and ethnic minorities, and women, have a much wider range of job possibilities than in the past. For instance, most jobs, including upper level managerial positions, are open to women as well as men. Couples who adhere to the new sexual equality tend to migrate less frequently than those in which the male remains the dominant, or only, wage earner. With many families having, in effect, two "primary" wage earners, the older "follow-the-husband" style of mobility has decreased significantly. Patterns of family development vary. Some couples have children early in married life, with one spouse staying home to care for the children. Other couples also have children early,

but depend upon child care centers to free both parents to work. Still other couples choose to have children much later in their marriage, or not at all. Many people prefer to remain unmarried. In general, couples tend to migrate less frequently after they have children, especially after the children are established in school.

Religious views, attitudes towards sex roles, and patterns of family development are factors contributing to decisions concerning where people will live. In general, cities serve as "staging areas", where many young adults congregate for several years in order to find jobs, meet people and live what many of them consider to be a glamorous and cosmopolitan life. While many of these people eventually leave the cities, young replacements are constantly taking their places. In addition, a significant number of older people elect to remain within the urban setting — including older single people, childless couples and some retired people.

Most married couples with young children choose suburban, small town or rural life styles. Where both parents hold jobs, access to employment opportunities and the availability of reasonably priced child care services are important factors in deciding where to live. Many transcendentalists and some retired persons choose rural and semi-rural areas for a variety of reasons, the paramount desire being for a simple, clean and quiet environment. In the Upper Midwest we have seen the development of a variety of communities of shared values and needs. A "retirement/rural commune belt" in the amenity areas of western Montana, northern Minnesota and northern Wisconsin is an example of two such communities existing side by side. Many people in addition to commune-dwellers and retirees desire to move from cities to more rural areas. However, there are not enough jobs to accommodate such movement. There has been, however, a trend towards the dispersal of business and industry throughout the region — partly to secure a high-quality work force, and partly to locate where their employees want to live. These trends are resulting in an increasing density of settlement in the amenity areas of the Upper Midwest.

Factors other than value systems also influence patterns of settlement and migration in the Upper Midwest — the availability of energy being one such factor. Although there exists a constant energy shortage, government, industry and labor work together to regulate energy allocation in order to insure the health of the total economy. While fuel supplies for recreation are limited, a crisis in this area is avoided by advances in mass transit and telecommunications systems, as well as

campaigns to convince people to "vacation economically" by travelling closer to home. While seasonal tourist trade has declined, there has been an increase in the number of year-around residents in rural amenity areas.

The rising cost of petroleum has led to the development of alternative energy sources (solar, geothermal, nuclear), especially coal deposits, with consequent improvement in employment prospects in parts of western North Dakota and eastern Montana. This has led to rapid in-migration into certain areas.

Heavy investment of money, time and personnel has led to advances in transportation and communication systems. Long distance communication is relatively inexpensive and efficient, due to the continued development of communications satellites, microwave systems and coaxial cable technology. The development of cable television and the videophone has led to a marked decrease in the need for business travel. This, coupled with improved mass transportation systems, has taken much strain off the highway system and decreased people's dependence upon the automobile. People can visit, shop, be entertained (and entertain others), "attend" school, participate in government and, in some cases, work without leaving their homes. Due to communications technology, the household has become a more viable social and economic unit, and people are free to spend more time at home and in their neighborhoods. One result is the rapidly expanding market for companies which supply home-oriented products.

These developments have had a significant impact upon commutation patterns. People who choose to reside in rural areas can remain, through the use of communications media, urban participants. This has facilitated the settlement of physical amenity areas at some distance from major cities. Businesses which are not energy-intensive have tended to disperse throughout the region in areas where there is an adequate labor supply, rather than restrict themselves to the major urban areas.

Domestic and world food requirements exert a constant strain on Upper Midwest agricultural production, and the region remains unable to satisfy all requests for food. Due to the heavy demand for food, large-scale family-type and corporate agriculture has grown, and most rural areas have prospered. The flow of population out of Upper Midwest farming areas has slowed considerably, and some rural counties

(particularly those near urban or scenic areas) have shown a net in-migration during the past two decades. While some of this increase reflects the growth of secondary and tertiary employment in these areas, much of it is due to an influx of part-time, retirement or "hobby" farmers. Industries able to conform to the seasonal nature of the rural labor force have located in areas near service centers in order to take advantage of the skilled, productive labor available there. Prime farmland has increased dramatically in value during the past two decades. Farm acreage near cities, large towns and amenity areas is protected by government land-use policies which discourage land developers from converting it into housing, industrial or private recreational developments.

Due to the increased use of computers and the continuing automation of production, the nature and definition of "work" has undergone considerable redefinition. Leisure-time and avocational activities have become more important, in some cases approaching that of more traditional careers. Fewer people are tied to the traditional eight hour day, and many workers choose an early retirement option. Few people do the same kind of work throughout their lifetimes, with industry and government operating job retraining and relocation programs. Interruptions in career patterns sometimes offer individuals the option to change their living environments.

The growing portion of the work force engaged in highly trained and specialized vocations is the most mobile, frequently moving great distances. However, they are not likely to change living environments, usually moving from suburb to suburb or city to city. While their locations vary widely, the nature of their communities changes little. These workers tend to form communities of shared interest and expertise, as opposed to the traditional communities of physical proximity.

The concept of lifelong education has been incorporated into the realms of both work and leisure-time activity. Videophones and computerized learning systems have decreased the need for centralized, mass learning facilities. Due to the need to find jobs for an expanding work force, more-people are paid for thinking about issues, doing research, making films, helping their neighbors, painting and other activities. These people have great flexibility in their choice of living environments, often choosing remote and scenic locations.

By the year 2000, Americans between the ages of 30 and 60 will comprise more than one-third of the population, making America

relatively "older" than many other nations. These people consume goods and services at a higher rate than other groups. In addition, people expect more from government than in the past. Improvements in medical technology and health-care delivery systems have extended quality health care to those who formerly lacked access to such care (the dispersed rural population, the urban poor and much of the middle class). Older rural residents are not forced to leave their homes to move closer to urban medical facilities as often as in the past.

The federal government has delegated more "functional" responsibilities to state and local units as it has assumed ever greater planning and research roles. Thus, its influence has increased, while appearing to lessen. The differing philosophies of "government by rationality" and "government by democratic consensus" continue to be debated by politicians and intellectuals, and there remains some concern over the proper way in which to operate a democratic society.

Government has undertaken a program of rejuvenating central cities through coordinated policies of migration counseling, urban and rural homesteading (fixing and living in dilapidated, abandoned property), and dispersed mass housing. The policy of dispersed mass housing is opposed by various groups, including conservationists (who oppose "urbanizing" suburban and exurban areas), racists and some urban poor (who fear moving into a hostile community). Central city population has "bottomed out" with families replacing the elderly in stable neighborhoods. There is a more diversified pattern of housing in such areas, with apartments and condominiums replacing some of the single-family units that had deteriorated beyond repair. First and second ring suburbs have become more densely settled.

There has also been a tendency towards "nucleated" development of towns within or near the sphere of influence of larger cities such as Minneapolis-St. Paul. Near these cities we have seen the development of self-contained centers for shopping, services and employment in areas that would formerly have been devoted almost solely to residential development. Many small, outlying towns within 100 miles of the Twin Cities (such as Cambridge, Buffalo and Glencoe) have become more self-contained, with an expansion of services and employment opportunities lessening their dependence upon the Twin Cities. Many small towns (formerly agricultural service areas) within areas of urban dispersal or amenity-related growth have experienced population increases and changes in their function. Throughout the Upper Midwest, there has been growth in the size and vitality of

diversified service centers such as Eau Claire, Mankato, Rapid City, Bismarck and Missoula, each experiencing a dispersal of population and an impact over an extended area of urban-rural interaction.

## Scenario B

*"At the core of the new situation is the interaction of increasing numbers of people, all using or seeking to make use of more energy and more materials, all tending to draw together in closer proximity in urban regions, all concentrating to a wholly new degree the by-products of their activities — their demands and consumption, their movements and noise, their wastes and effluents."* [Barbara Ward and Rene Dubos, *ONLY ONE EARTH*, 1972]

As the year 2000 draws near, the world is in a state of near chaos due to three major problems. There are severe shortages of energy and other vital natural resources. While population has stabilized in the more affluent nations, population in "have not" nations has increased at a rate much faster than the rate of increase of world food production. In addition, mankind has come to realize the growing threat of extinction due to the long-term abuse and destruction of the fragile ecosystem.

In the United States, a schism has developed between those who favor a revolutionary restructuring of the economic and social systems, and those who favor what might be called a "return to normalcy." While there is agreement that the situation is desperate and demands action, there is no consensus concerning the nature and direction of such action. Per capita income has been unable to keep pace with skyrocketing inflation. Mass fear, due to economic and ecological conditions, has led to a dramatic decrease in mobility rates, and the overcrowding of major urban areas. In effect, cities have become zones of captivity, as decreased social mobility has led to decreased geographic mobility. Farmers in marginally productive areas are faced with two unpleasant alternatives. They can leave their farms and move to the cities in search of work and assistance, or they can stay where they are and face a low level of subsistence.

The adventurousness of the 1960's and 1970's has disappeared. Families have turned inwards as the institution of the family has become a device for insulating its members against the harsh realities of the outside world. There has been a return to the extended, multi-generational family, for economic and psychological reasons. "Authoritarian, fatherly" religions provide their members with rules for living, as well as further insulation. Women's liberation and other



egalitarian movements have declined in visibility in a situation analagous to the Great Depression of the 1930's. Birth control methods are important, because many people now hesitate to bring children into a chaotic world.

There has been a rise in the number of extremist groups seeking to force the radical redistribution of wealth. Many people have little faith in government and business due to the fact that neither institution seems able to respond creatively to the enormous problems at hand.

Demand for energy far exceeds the supply, and severe rationing is in force. Power blackouts are common in major urban areas. Farmers experience difficulty both in production and in moving their products to market. There is no formal, long-range program for developing alternative patterns of energy usage, with government agencies and private enterprise struggling to develop crash programs to increase the output of energy — especially electricity. Despite the threat of serious accidents, there has been an intensive effort to boost nuclear power plant output. Solar and geothermal sources of energy remain underdeveloped and too costly for common usage. In the allocation of energy supplies, agriculture receives top priority, with industry a close second. There is little energy available for recreational and domestic use, and people depend upon sweaters, quilts and fireplaces to keep warm. Continued concentration of population in existing settled areas has led to a situation in which there is a strain on pure water resources, and plans have been formulated for water rationing in some areas.

Automobile travel is restricted to emergency and priority vehicles. There have been some advances in mass transit. The area commanding the most attention is communications technology, which has increased in importance as a possible means of replacing the need to travel. America possesses the technology to provide every home with its own videophone communications center. This would enable the household to become a center of work, education, communication and entertainment. However, the costs of securing and operating such facilities are far beyond the means of the average household. Due to the unstable energy situation, fertilizer and chemical shortages, soil depletion in some areas and the unsettled nature of the international trading community, American food production has failed to keep pace with the soaring demand for food products. Most of the Third World, much of Europe and Japan are engaged in intense bargaining competition for limited food supplies. World fisheries have been seriously depleted due to over-fishing during the last forty years. Farm prices and costs have

risen steadily, with the larger farm operators being better off economically than most other Americans. Farmers raising new high-yield strains of grain do well, while beef, pork and poultry raisers have suffered from the high cost of feed. In cases where smaller family farms are in danger of going out of business, the federal government buys the farm and pays the farmer to work it as usual in order to maintain production and help farm families stay on their farms. These families have the option of buying back their farms at favorable terms in the future.

Unemployment is high in most areas, with widespread dissatisfaction with earning levels. Economy-crippling strikes are frequent, as unions demand that the government do something about unemployment and inflation. There is little concern over the nature and meaning of one's work, and many people feel lucky to have any sort of job at all. Caught between steady inflation and the constant threat of a depression, the United States faces the prospect of economic collapse.

Government has remained influential in the areas of health, education and welfare. Feeding and housing people are the top priorities. There is a chronic shortage of housing, due to the increased number of households, as well as materials shortages. Educators, and others, wonder what the purpose of education should be in a confused and threatened world, and there is widespread disenchantment with traditional liberal education (considered by many to be an anachronism). Despite technological advances which have led to higher life expectancy, doctors debate the relative merits of keeping the old and sick alive. Suicide is no longer considered a crime. Care of the aged has become increasingly a responsibility of the family, as the state lacks the resources to assume this burden.

Tired and discouraged, Americans look to their government to help ease the crises that have befallen them. However, the structure of our governmental system seems inadequate to the tasks before it. Despite the efforts of political leaders to coordinate the functions of the several branches of government and provide for accountability and budgetary integrity, the pattern of agencies working in isolation from one another has continued. A federal task force on land use and resource allocation has recommended the abolition of private land holdings to be replaced by a system of land rental. Due to the need to react to crisis situations, government has become ever more authoritarian. In their struggle to survive, citizens lack the time and energy to participate in government.

Citizens in the Upper Midwest are tired, frightened and discouraged.

They are afraid to leave familiar homes and neighborhoods for the uncertainty of other parts of the country. There is little opportunity for upward economic mobility, and thus there is less geographic mobility than in the past. What little migration there is tends to be largely rural-to-urban movement within the region. Major cities have become ever more densely populated as people lack the resources and courage to leave them. Diversified urban service centers of 5,000 to 200,000 population have become social and economic enclaves — places of escape where the "good life" is somewhat easier to sustain. The interaction between these areas and larger cities has been drastically curtailed, as people try to satisfy their basic needs as close to home as possible. Areas such as northern Wisconsin, northern Minnesota and western Montana suffer from dramatically decreased tourism, and a slowing of the in-migration of retirees (whose pension checks have been hurt by inflation). People have very little latitude in the area of mobility decisions, as economic forces control their destinies.

### Scenario C

*"Blow up your T.V.  
Throw away the paper.  
Go to the country.  
Build you a home."  
[John Denver, 1973]*

Despite recent economic, ecological and social problems, the attitude of most Americans towards change remains positive as America draws near the year 2000. Energy and natural resource shortages of the 1970's (and the consequent economic dislocation), as well as growing evidence of a rapidly deteriorating environment, have led to sweeping changes in American values. These changes have been equivalent in magnitude to the great religious "awakenings" of the past, or the post-World War I Freudian revolution in values. Americans look at their world through different eyes than they did in the mid-twentieth century. Having measured success in terms of GNP, skyscraper height, per capita income or megatons, many Americans are now more "inner-oriented" — concerned with their own spiritual growth and achieving a sense of harmony with their environment. In a sense, there has been a return to the values of the first Americans.

"The unexamined life is not worth living" is the cardinal rule of American society. While many citizens still practice traditional marriage and family life, the nuclear family is no longer the norm.

"Term" marriages, in which partners expect eventually to separate, are widespread. In effect, most Americans practice serial monogamy. Others practice group marriage in its various forms. There are homosexual marriages. Essentially, individuals feel free to be whatever they are comfortable being.

Religion is an important strand in the fabric of American society. Like-minded individuals band together, choose leaders and consider themselves religious communities. There is little need for the older, organized "liberation" movements since all individuals are encouraged to "do their own thing," as long as they do not knowingly hurt others in the process. Many people hesitate to have children until well into their thirties so as not to interfere with their life-style experimentation.

Americans live in a highly mobile society. However, while people move around at least as much as in the past, their reasons for doing so are radically different. In the past, most movers travelled from job to job, hoping to find a tolerable living environment when they reached the site of their new job. Now many people move from place to place, hoping to find a tolerable job when they reach the site of their new life style. As a result, many of the aesthetically more attractive areas of the Upper Midwest have experienced a decade or two of net in-migration. While larger urban areas, such as Minneapolis-St. Paul, experience net out-migration, small cities and marginal farming/rural areas (such as the northern portions of Minnesota, Wisconsin and Michigan) attract settlers who seek an environment in which they are relatively free to design and live lives that are consistent with their philosophies.

America has become considerably less energy-intensive. Increasing world demand for fossil fuels, rising energy costs and a growing awareness of the environmental dangers of intensive energy consumption (air, water and thermal pollution, as well as the destruction of the landscape) forced Americans to reevaluate their patterns of energy use. With many people preferring a simpler, less materialistic life style, the demands on energy sources have slackened. There is far less consumption of "throw-away" plastic products than in the past. Business is geared more toward the production of goods and services that are practical, simple and not energy intensive. "Solar" houses provide an increasing amount of the energy needed for domestic use. Small, light cars that are battery-powered for local driving consume less than half the energy needed to power the average car of the 1960's.

Work is not regimented as strictly as in the past. In order to attract and

hold a work force, employers offer flexible work schedules which provide workers with more free time. In fact, free time has become more important to many people than income. With more people working shorter hours, there are enough jobs for all. A significant minority of the population is engaged in subsistence farming and cottage crafts.

There are two major types of agriculture in the Upper Midwest: large-scale, commercial family farms, increasingly incorporated; and small, semi-subsistence farms. Some small farmers do seasonal, part-time work in nearby communities to supplement their incomes. Even urban dwellers enjoy gardening and grow some of their own food, as municipalities have made small garden plots available for the use of their citizens. Marginal farming areas have witnessed a growth in the number of farms (and inhabitants), while prime farmland is extremely costly and increasingly consolidated in the hands of larger operators. The latter areas have experienced a steady, small loss of population.

Health care is localized, and many doctors (sharing in the new values) participate in rural-based, low-cost health maintenance organizations. Relatively inexpensive housing, such as geodesic domes and log cabins, is available to most people. Public education has adopted a type of voucher system, with parents and children being free to choose among a variety of educational alternatives. Advances in communications technology have made it possible to link rural and urban areas via videophone service. Much shopping for goods and services can now be accomplished by videophone, lessening the demands upon the automobile (and energy). Some rural residents are able to work for distant corporations, since their "brainwork" can be transmitted via videophone.

Clearly, this society requires a different system of government than in the past, as well as different expectations of government. The federal government is not expected to provide the vast range of social services that was expected of it earlier in the century. Areas which are national in scope, such as transportation systems, still come under federal control. However, in the area of social services, the Federal government acts as a disbursing agent (when it acts at all), with most policymaking power residing in state and local governments. In many cases, local areas decide for themselves what services they desire. In some cases, business has evolved to the point where it offers workers health and welfare services formerly assumed to be the responsibility of the government, in order to provide itself with a healthy, dedicated work

force. Generally, services are personalized and open to more careful scrutiny than were older, mass federal programs.

One area in which the federal government continues to play a vital role is that of international relations and national defense. Although America is no longer the predominant world power, it remains strong enough to discourage other nations from attempting to force it into compromising positions. The United States has been a leader in helping to foster a spirit of international cooperation in the areas of trade and monetary reform, monitoring the world community, and investment and technical aid to underdeveloped areas.

Local governments vary in form from anarchy to enlightened despotism, depending upon the values of the residents of each area. The United States can be described as a republic consisting of many disparate parts.

The Upper Midwest has experienced a dispersal of urban population, services and employment throughout the region. There has been a vigorous growth of diversified urban service centers of 5,000 to 200,000 population which act as service and distribution points for the spread of population. There is an emphasis on the "quality of life" in broad terms which are not restricted to economic measurement. Fewer people are trapped by traditional economic constraints due to this new way of defining the quality of life. In general, Americans are a mobile people whose mobility corresponds to the numerous life style options available to them.

\* Gustafson, Neil C. and Cohan, Mark E.; Population Mobility in the Upper Midwest: Trends, Prospects and Policies; Upper Midwest Council; July, 1974.