



# Tim Marx

## Twin Cities headed toward unsheltered homeless challenges of Seattle or Los Angeles

A Minnesota Affordable Housing Policy Interview

*January 25, 2019*

Tim Marx of Catholic Charities discusses the reasons behind homelessness becoming a major social problem in the 1980s, the history of homelessness since then, the response of his agency to serving people experiencing homelessness and some possible solutions to the housing crisis. He says about 7,500 people in Minnesota experience homelessness each year and about 745 people are currently living unsheltered in the Twin Cities#on the streets, in their cars or in tents.

### Present

John Adams, Steve Anderson, Helen Baer, John Cairns (vice chair), Janis Clay (executive director), Matt Fulton, Amanda Horner, Tim Marx, Lee Munnich, Amanda Norman, Paul Ostrow (chair), Dana Schroeder (associate director), Clarence Shallbetter, T Williams. By phone: Randy Johnson.

### Summary

According to Catholic Charities CEO and President Tim Marx, homelessness was not a major social problem until the 1980s, when a confluence of three things changed that: (1) Deinstitutionalization of people with mental illnesses from state institutions; (2) Loss of naturally occurring affordable housing through urban renewal; and (3) Rapid disinvestment from housing at the federal level.

Catholic Charities, the largest multi-service social service nonprofit in the Twin Cities area, became involved in housing in the 1980s. The agency serves 22,000 people per year in three direct service areas: (1) housing; (2) children and families; and (3) older adults. It provides housing to 1,800 people on any given night, using permanent supportive housing, shelters, the Housing First Program and rental assistance.

Homelessness decreased in the country in the early to mid-2000s, Marx says, but increased dramatically when the Great Recession arrived. He says until this year, we were getting back on track and reducing veteran and family homelessness. But due to gentrifying housing markets, rent has outpaced increases in income, leading to a decline in housing affordability and people ending up on the streets. There are currently an estimated 7,500 people in Minnesota experiencing homelessness each year.

Marx says there are an increasing number of unsheltered people living on the streets, in cars or in tents. With an estimated 745 unsheltered people in the Twin Cities now, he says we're nowhere near the challenges facing Seattle or Los Angeles, but we're headed in that direction.

Marx discusses a number of possible solutions to the housing crisis, ranging from developing a public will for providing housing to non-build solutions, such as diversion-using a small infusion of cash to get someone into housing quickly. The agency is trying to bring that approach to scale.

## Biography

Tim Marx has been president and CEO of Catholic Charities since 2011. He works with the dedicated board of directors, talented executive leadership and hard-working staff to establish the strategic direction of Catholic Charities and to oversee its implementation. He works extensively with faith, civic, and public-policy leaders; community partners; donors; and volunteers to advance the vision of a community where there is poverty for no one and opportunity for everyone.

Marx has previous experience as a practicing lawyer, public official (city attorney and deputy mayor of Saint Paul and Minnesota Housing Finance Agency commissioner), nonprofit leadership (executive director of Breaking Ground in New York City), and significant civic involvement, including board service with Fairview Health Services, the Minneapolis Downtown Council, the National Alliance to End Homelessness, and the United Way Systems Change and Innovations Committee.

Marx is a graduate of St. John's University in Collegeville, Minn., the University of Minnesota Law School and the University of Minnesota's Humphrey School of Public Affairs.

## Background

The Civic Caucus is undertaking a review of the issue of affordable housing in Minnesota. The Caucus interviewed Tim Marx of Catholic Charities to learn about the causes and extent of homelessness in the Twin Cities and the organization's role in helping provide shelter, stable housing and services to people experiencing homelessness and the people most in need in the community.

## Discussion

### **1. The role of Catholic Charities in housing.**

**Catholic Charities of St. Paul and Minneapolis is in its 150th year of serving the poorest and most vulnerable members of the greater Twin Cities community.**

President and CEO Tim Marx said Catholic Charities is the largest multi-service social service nonprofit in the Twin Cities area. It seeks to prevent poverty before it takes hold, meet basic needs in times of crisis and create pathways out of poverty.

Marx said the agency serves 22,000 people per year in three direct service areas: (1) housing and emergency services and opportunities for people at risk of and currently experiencing homelessness; (2) children and families; and (3) older adults. He said serving older adults is the agency's fastest growing area. Catholic Charities provides its services through 36 different programs at over 17 locations.

Marx said Catholic Charities is a large and complicated agency. It operates with \$66 million in revenue each year and has 600-plus employees. He said three things distinguish Catholic Charities from other agencies:

1. Our market. "We serve those most in need in the area," he said, "including late-stage alcoholics and children most at risk."
2. We're a true private/public partnership. Marx said 40 percent of its funding comes from the public sector, 40 percent from the private sector and foundations, and the rest from investment earnings and fees paid by clients.
3. We are social-justice advocates, including using lobbyists in our advocacy efforts.

Marx said Catholic Charities has a core belief that we will have a healthy region if two things exist:

1. A healthy, vital economy that supports jobs. "That's why we stand up for our business community," Marx said.

## 2. Social justice and inclusion.

**What does the "Catholic" part of Catholic Charities mean?** Marx explained, "We are a Catholic organization. We're founded on the precepts of Catholic Social Teaching, including the tenets of Options for the Poor, Charity and Justice and Participation. We are not a church and are not controlled by a church." He said Catholic Charities serves, employs, is governed by and partners with anyone, regardless of faith, background or circumstance.

"Catholic Charities unites around its vision: poverty for no one, opportunity for everyone," he said.

**Catholic Charities provides shelter and housing to more than 1,800 people on any given night.** To do that, the organization uses permanent supportive housing, shelters, the Housing First Program and rental assistance.

"We want people to be comfortable in their emergency shelters, but not so comfortable that they stay," he said. "We want to move people out of shelters and into housing, but we don't have enough housing for them. We're part of a regional effort looking at solutions on a regional basis. We're calling on all communities to do work in this area."

**Catholic Charities' primary metric for measuring outcomes is how long someone is in stable housing after the organization provides it.** Marx said the organization wants 70 percent of people to be stably housed for six months or more.

## 2. The causes and extent of homelessness.

**Homelessness didn't used to be a major social problem, but in the 1980s, there was a confluence of three things that changed that:**

1. We deinstitutionalized people with mental illnesses from state institutions.
2. We had naturally affordable housing, such as hotels and rooming houses. Urban renewal wiped it out and we didn't replace it.
3. There was rapid disinvestment from housing at the national level, starting under President Ronald Reagan.

Because of these things, Marx said, homelessness became a problem in the 1980s. That's when Catholic Charities became involved in housing issues.

**In the mid to late 1990s, people who worked in the housing field began to say, "housing first."** Marx said before that, we used to tell people experiencing homelessness to get themselves clean and sober and to get jobs and *then* we'll work with you. But, he said, people can't do that without housing. We've realized that people are more likely to get

clean and sober if they have a home. "Housing stability is critically important to all of the things that make the rest of life go well," Marx said.

"We got smart and invested strategically and more smartly," he continued. Because of this approach, he said, homelessness decreased in the country in the early to mid-2000s. But when the Great Recession arrived, he said, people on the edge fell off and there was a dramatic increase in homelessness throughout the country. He said an estimated 7,500 people in Minnesota experience homelessness each year, although that is probably an undercount.

Marx said, though, that the increase in homelessness was greatly mitigated because of investments that were made in housing. "Until this year," he said, "we were getting back on track and reducing veteran homelessness and family homelessness. But we did not pay attention to the gentrifying housing markets. Incomes have not risen at a pace commensurate with rents. Housing affordability declines and people end up on the streets."

**NOTE:**A new report released on March 20, 2019, by Wilder Research, the research arm of the Amherst H. Wilder Foundation, reported the number of people in Minnesota experiencing homelessness was 10,233 in a one-night count on October 25, 2018. (The study says that figure should be considered a minimum.) That's a 10 percent increase since the one-night count in 2015. Wilder Research collects data on homelessness every three years by taking a one-night count of people sleeping outside and those in emergency shelters, domestic violence shelters and transitional housing programs. For more information, click [here](#) .

**Throughout the country, family and veteran homelessness is doing better, but an increasing number of unsheltered people are living on the streets, in their cars or in tents.** "We're nowhere near the challenges Seattle and Los Angeles are facing," Marx said, "but we are headed in that direction."

Between 2015 and 2018, he said, the unsheltered population doubled in the Twin Cities—an annual rate of increase of 25 percent, compared with the annual rate of five percent nationally. Currently, it's estimated that there are about 745 unsheltered people in the Twin Cities, although Marx said that is probably an undercount. Sheltered homeless people, in contrast, have a roof over their heads.

Many people in the unsheltered population have special challenges, he said, such as complex mental health problems, evictions or a criminal record.

**There is a large racial disparity in homelessness.** Marx said African Americans make up seven percent of the state's population, but 50 percent of the homeless population in the Twin Cities.

**People in Catholic Charities' Twin Cities shelters come from around the state.** Marx said people in the shelters come from 66 of Minnesota's 87 counties, noting that many come from Dakota County. He said people come to the Twin Cities looking for services.

**The region's largest homeless shelter behind Catholic Charities' Higher Ground St. Paul Shelter is the Metro Transit light-rail transit (LRT) system.** Marx said about 300 people per night seek shelter on the LRT system. "That's threatening the viability of our transit system," he said. "There are assaults and sexual assaults, with children witnessing them. People are losing faith in LRT because of that."

**The *number* of people in poverty is greater in the suburbs than in Minneapolis and Saint Paul, but it's a lower *incidence* in the suburbs.** Marx said poverty used to be concentrated in the city, but is now moving out to places like Burnsville and Bloomington.

**Homelessness in suburban communities is a hidden issue.** An interviewer made that statement and said the deinstitutionalization process has a direct impact on the quality of life in various communities. In one city, where the interviewer served as a city manager, he said the emergency dispatch cost went up \$800,000 over a five-year period. He said some were legitimate calls and some were not.

**Don't confuse panhandling with homelessness.** Marx said a lot of people who are panhandling might not be homeless.

### **3. Homelessness and education.**

**What are the obstacles to Minneapolis and Saint Paul getting the job done in terms of dealing with children and their learning?** An interviewer asked that question and Marx responded that these are wicked, multi-faceted problems with lots of historical underpinnings to them. "We can't just flip a switch and put things on a different trajectory," he said. "The problems are poverty, a multi-furcated government system, public will and more."

The interviewer commented that there are lots of people interacting with these families. "But we're not going to serve our way out of here," Marx responded.

**One-third of the families Catholic Charities works with at its Northside Child Development Center in Minneapolis are on the edge of homelessness.** "Family poverty is what's going on in our schools," Marx said. "It's a mess without stable housing. We're part of the efforts to address that."

### **4. Possible solutions to the housing crisis.**

**We must help develop the public will to provide housing.** "Unless we invest in affordable housing, the quality of life in this region won't be what it is now," Marx said. "We don't want to go there." He said the Metropolitan Council and the Minnesota Housing Finance Agency (MHFA) must look at the number of affordable units we need and provide the leadership to make it happen.

**If we over-subsidize the rest of the market, we won't have the resources for those most in need.** Marx said that is a critical component. The first call must be for those most in need, he said.

**We won't build our way out of the housing crisis;we need non-build solutions, like diversion.** Marx said one non-build solution Catholic Charities is working on is diversion-what can be done to get someone into housing quickly? "We take people where they are," he said. "Sometimes a small infusion of cash can make the difference. We're trying to bring that approach to scale."

He cited the example of a woman who could not afford her rent. She had an opportunity to get a promotion at work, but needed certification from a community college to do so. Paying for the certification allowed her to earn a raise to \$25 an hour and she was then able to afford the rent.

In another example, he said a family with four children was at risk of losing its housing. Catholic Charities found out the family was from Texas and contacted their relatives there. The relatives were happy to take the family in, so the organization bought bus tickets for the family.

**Having greater density, more accessible dwelling units and more "granny apartments" could achieve more affordability for many people.** Marx said those things would help people with an income level relatively higher than the very lowest-income people. If Minneapolis had the same number of granny apartments as Portland, Oregon, he said we'd have 11,000 more accessible housing units here.

**Some people experiencing homelessness double up with a relative, neighbor or friend.** Marx said that can be costly for the person putting them up. And some of the homeless people in that situation probably qualify for a subsidy but can't get it because they're not in a formal program.

**Are any of the three policies in the 1980s that increased homelessness-deinstitutionalization, loss of naturally affordable housing and disinvestment by the federal government-reversible?** An interviewer asked that question and Marx responded that as far as reversing deinstitutionalization of people with mental illnesses from the state hospitals, he hopes we wouldn't go back to the "Nurse Ratched" type of institutions we had

before. "But we don't have a mental health system in Minnesota that works," he said. "We need to come up with a smarter solution," he said.

He said the prison issue is a real challenge. "People get worse off while they're there," he said. "How do we prevent that cycle in the beginning? And how can we have a better support system when people come out of prison?"

Another possible solution, Marx said, is landlord mitigation-a mechanism to reimburse landlords if they rent to people who may be seen as potentially risky tenants who don't work out. He also said flophouses and hotels might provide a temporary solution to affordable housing.

**Elected officials are not focusing on poverty reduction.** An interviewer made that statement and referenced the War on Poverty in the 1960s. "We can't address the issues of housing in a vacuum," the interviewer said.

"We didn't lose the War on Poverty," Marx responded. "Poverty rates declined dramatically, but we just stopped." He noted the impact of the minimum wage increase across the country. "Although I think the minimum wage is not a panacea, if people make a decent living and can afford housing, their stress reduces and they can take care of themselves and their families," he said. "Making sure that people have the means to a decent income is good for them and good for the economy."

**How can nonprofit organizations partner with counties, cities and others to get things done that are too hard for government to get done?** An interviewer asked that question and Marx pointed out that Catholic Charities' new Dorothy Day Place in Saint Paul is a private/public partnership. Higher Ground St. Paul provides permanent housing for 193 men and women and shelter for more than 320 men and women. When completed, Saint Paul Opportunity Center and Dorothy Day Residence will provide 177 additional permanent homes to people who formerly experienced homelessness.

"You can't rely on private donors to do this alone," Marx said. "Part of it is educating the entire community about what they can do. Otherwise, it won't be to scale."

The interviewer asked if there was a partnership with the county and the city, why did Catholic Charities need to do the initiative? "Sometimes leadership emerges in different places," Marx responded. He noted that former Saint Paul Mayor Randy Kelly had an initiative to build 5,000 units of housing and provided proactive, strategic leadership to get that done.

**Could cities and counties pick up the slack on the housing voucher program, which is diminishing because of withdrawal of federal funding?** An interviewer asked that question and said that would supply more purchasing power on the housing demand side.

Marx said the Minnesota Housing Finance Agency does that through the Minnesota Housing Trust Fund and the Long-Term Homelessness Fund. But, he said, the state and localities don't have the capacity to fund vouchers to scale. That's a role for the federal government.

**The Minneapolis Downtown Council's 2011 *Intersections: Downtown 2025 Plan* lists ending street homelessness as one of its 10 major initiatives.** The report recommends that the community "extend housing and outreach efforts so that the 300 to 500 people who sleep outside or in inhumane places have shelter, treatment and job training that keep them off the streets."

**Landlord mitigation and opportunities for flexible zoning and flexible housing are key as cities struggle with providing housing.** An interviewer who has served as city manager in several communities made that statement and said the state shouldn't give money to cities without requirements on how it's spent.

Marx said it's a statewide issue when local control overrides human rights. Cities shouldn't get all the things they want, like transportation and sewers, unless they're welcoming to all.

**What are the opportunities at the Legislature?** An interviewer asked that question and Marx responded, "A house divided cannot stand. We must get our civic house in order to solve the housing problem."

On the other hand, Marx said the amount of collaboration on housing in the Twin Cities is number one in the country. "Housing has achieved bipartisan support and statewide support," he said. Record amounts of resources have been put into the Minnesota Housing Finance Agency's **Housing Infrastructure Bonds**, which started in the Pawlenty administration and were brought to scale during the Dayton administration.

"We've encouraged those steps," he said. "I have a degree of optimism about what's going on in Saint Paul."