

# Addendum to the 2014 Regional AI

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Prepared for the  
Fair Housing Implementation Council

By



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# I. Introduction

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Equal access to housing choice is crucial to America's commitment to equality and opportunity for all. Title VIII of the United States Civil Rights Act of 1968, more commonly known as the Fair Housing Act, provides housing opportunity protection by prohibiting discrimination in the sale or rental of housing on the basis of race, color, religion, sex, and national origin. The Act was amended in 1988 to provide stiffer penalties, establish an administrative enforcement mechanism and to expand its coverage to prohibit discrimination on the basis of familial status and disability. The U.S. Department of Housing and Urban Development (HUD), specifically HUD's Office of Fair Housing and Equal Opportunity (FHEO), is responsible for the administration and enforcement of the Fair Housing Act and other civil rights laws.

Provisions to affirmatively further fair housing (AFFH) are basic long-standing components of HUD's housing and community development programs. The AFFH requirements are derived from Section 808(e) (5) of the Fair Housing Act which requires the Secretary of HUD to administer the Department's housing and urban development programs in a manner to affirmatively further fair housing.<sup>1</sup>

Local communities that receive grant funds from HUD through its entitlement process have been required to satisfy this obligation by performing an "Analysis of Impediments to Fair Housing Choice" (AI) within their communities and developing and implementing strategies and actions to overcome any impediments to fair housing choice based on their history, circumstances, and experiences. Though HUD issued a new regulation in 2015 that began a move toward an alternative process known as an Assessment of Fair Housing as the means by which grantees fulfill their AFFH obligations, this report updates and adds to a 2014 Regional Analysis of Impediments that predated the regulatory change. The 2014 AI was prepared for the Fair Housing Implementation Council (FHIC), an ad hoc group of local governments and other partners formed in 2002 to coordinate their efforts to affirmatively further fair housing in the Twin Cities region.

The FHIC's 2014 AI became the subject of a fair housing complaint filed with HUD in 2015 by the Metropolitan Interfaith Council on Affordable Housing (MICAHA), the Webber-Camden Neighborhood Organization, the Whittier Alliance, and the Folwell Neighborhood Association. In their complaint, these organizations alleged that, among other matters, the FHIC's AI was deficient in its analysis and findings related to fair housing impediments. As a result of negotiations stemming from the complaint, the cities of Minneapolis and Saint Paul

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<sup>1</sup> U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity. *Fair Housing Planning Guide: Volume 1 (Chapter 1: Fair Housing Planning Historical Overview, Page 13)*. March 1996.

entered into Voluntary Compliance Agreements with HUD and the complainants. Under the agreements, the cities were obligated to produce an addendum to the FHIC'2 2014 AI through a process advised by a committee of community stakeholders assembled by HUD and known as the Fair Housing Advisory Committee. Pursuant to the terms of the Voluntary Compliance Agreements, Mosaic Community Planning was contracted by the FHIC to produce this addendum, not to replace the 2014 AI, but to consider additional fair housing issues not covered in that document, update some of its data, and provide greater analysis of fair housing issues.

## Definitions

**Affirmatively Further Fair Housing** - The duty to Affirmatively Further Fair Housing means “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.”<sup>2</sup> Specifically, this means actions that:

- Address disparities in housing need and access to opportunity;
- Replace segregated living patterns with integrated and balanced living patterns;
- Improve access to opportunity in areas of concentrated poverty where a majority of residents are people of color; and
- Foster and maintain compliance with civil rights and fair housing laws.<sup>3</sup>

**Fair Housing Choice** - The ability of persons of similar income levels to have available to them the same housing choices regardless of race, color, religion, sex, national origin, familial status, or handicap.

**Impediments to Fair Housing Choice** - As adapted from the HUD *Fair Housing Planning Guide*, impediments to fair housing choice are understood to include: <sup>4</sup>

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices.

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<sup>2</sup> U.S. Department of Housing and Urban Development. *AFFH Fact Sheet: The Duty to Affirmatively Further Fair Housing*. July 2015.

<sup>3</sup> U.S. HUD. *AFFH Fact Sheet*.

<sup>4</sup> U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity. *Fair Housing Planning Guide: Volume 1 (Chapter 2: Preparing for Fair Housing Planning, Page 2-17)*. March 1996.



- Any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin.

**Protected Classes** - Title VIII of the Civil Rights Act of 1968 prohibits housing discrimination based on race, color, national origin or ancestry, sex, or religion. The 1988 Fair Housing Amendments Act added familial status and mental and physical handicap as protected classes.

**Affordable** - Though local definitions of the term may vary, the definition used throughout this analysis is congruent with HUD's definition:

- HUD defines as "affordable" housing that costs no more than 30% of a household's total monthly gross income. For rental housing, the 30% amount would be inclusive of any tenant-paid utility costs.
- For homeowners, the 30% amount would include the mortgage payment, property taxes, homeowners insurance, and any homeowners' association fees.

**Place-Based Strategies** - Investments to substantially improve physical and economic development to revitalize an area, particularly areas of concentrated poverty where more than 50% of the population are people of color. According to HUD's AFFH Rule Guidebook, place-based strategies may include, but are not limited to:

- Building rehabilitation as part of a community revitalization effort;
- New construction of mixed-income housing;
- Commercial redevelopment to attract jobs, financial services, grocery stores, or other businesses; and
- Government interagency coordination to address multiple needs (e.g., housing, schools, transit, criminal justice, healthcare, etc.) to reduce disparities in access to opportunity based on race, ethnicity, national origin, or other protected class characteristics.<sup>5</sup>

**Mobility Strategies** - Investments that expand opportunities for residents in areas of concentrated poverty and areas of concentrated poverty where more than 50% of the population are people of color to move to other parts of the region if they choose. According to HUD's AFFH Guidebook, mobility strategies include, but are not limited to:

- Section 8 Housing Choice Voucher strategies (mobility counseling, increased landlord participation, regional coordination, etc.) that enable residents to live in areas of opportunity;

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<sup>5</sup> U.S. Department of Housing and Urban Development. *AFFH Rule Guidebook*. Version 1. December 31, 2015.

- Increased availability of affordable and mixed-income housing in areas of opportunity through targeted siting, new construction, and removal of regulatory barriers;
- Increased stock of affordable housing in areas of opportunity; and
- Increased access to existing affordable housing in high opportunity areas for individuals with protected characteristics.<sup>6</sup>

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<sup>6</sup> U.S. Department of Housing and Urban Development. *AFFH Rule Guidebook*.

## II. Demographic Analysis

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This section of the Addendum presents a historical narrative, as well as demographic and economic information collected primarily from the U.S. Census Bureau and the Metropolitan Council. Data is presented here regarding a broad range of socioeconomic characteristics, including population growth and composition, household income distribution, and the degree to which population groups are segregated from one another. Ultimately, the information presented in this section helps illustrate the underlying conditions that have shaped housing, community, and social issues in the Twin Cities region.

### Historical Narrative

The state of Minnesota and the Twin Cities Region, in particular, have historically maintained a reputation as leading the charge for abolishing slavery and becoming a free state for slaves in the late 1800s, for being a domicile for war refugees in the early and mid-20<sup>th</sup> century, and for progressive residential and educational racial integration in the 1970s and 1980s. Minneapolis has been credited as being the first major city in the United States to enact a fair housing ordinance.<sup>7</sup> Similarly, Twin Cities' schools were the most integrated in the country through the mid-1900s as less than 3% of non-white students in the region attended schools that were more than 90% non-white. These efforts to lead the country in racial integration waned by the 1980s and 1990s, even as the area has become more racially diverse.<sup>8</sup> Despite its progressive history, the Twin Cities Region also has been home to policies and practices resulting in sustained patterns of residential racial segregation. Without specific safeguards in place, how do the different racial and ethnic groups fare in the Twin Cities Region?

#### African American Housing Experiences

African Americans<sup>9</sup> have a long history in the state of Minnesota, beginning with the explorations of the Bonga family in the early 1800s. The Dred Scott decision led to the state ultimately deciding to be a place where African Americans could freely settle. It was during the 1930s that an influx of African Americans arrived in the state, recruited to work in service jobs and on the railroads.<sup>10</sup> During this time, African American communities began to develop. In some areas like North Minneapolis, African Americans and Jewish immigrants, another group experiencing discriminatory housing practices, lived in racially and ethnically integrated neighborhoods.<sup>11</sup> This was the case until the mid-1900s when Jewish families moved out of these more diverse areas and into suburban, predominantly white communities. In some cases, this movement was escalated by increasing racial tensions in

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<sup>7</sup> <https://www.minnpost.com/sites/default/files/attachments/WhyAretheTwinCitiesSoSegregated22615.pdf>

<sup>8</sup> <https://metro council.org/Planning/Projects/Thrive-2040/Choice-Place-and-Opportunity.aspx>

<sup>9</sup> In this section, African American and black are used interchangeably referring to blacks who are descendants of American slaves.

<sup>10</sup> [http://www.mcgillreport.org/black\\_history.htm](http://www.mcgillreport.org/black_history.htm)

<sup>11</sup> <https://metro council.org/Planning/Projects/Thrive-2040/Choice-Place-and-Opportunity/FHEA/FHEA-Sect-5.aspx>

the 1960s, which also saw other groups of white residents leaving city centers. Ultimately, the result of this type of out-migration was whites living in predominantly white suburban communities, leaving African Americans and other non-white groups in communities that were indeed diverse, but not because of white occupants in those communities.

In many instances during the 1930s and beyond, African Americans lived in predominantly black communities. As was the case throughout the country, African Americans faced restrictive housing covenants and zoning restrictions<sup>12</sup> where they were not able to purchase homes in white communities – and in some cases where they did purchase, they were not welcomed into the community.<sup>13</sup> Further, limited access to the G.I. Bill, redlining, and other discriminatory lending practices led to African Americans' exclusion from white neighborhoods, and in some cases, their inability to purchase homes at all, even in predominantly African American neighborhoods.<sup>14</sup> Some African American communities were able to establish and support vibrant residential areas despite these racist policies. One such community was the Rondo community in Saint Paul. African Americans in Rondo demonstrated that black communities could successfully sustain businesses and strong property values.<sup>15</sup> It was the only predominantly black area in Saint Paul not generally described as a slum by the city's other residents.<sup>16</sup> However, this community was destroyed in the 1960s with the construction of I-94, which connected the downtowns of the Twin Cities. The interstate led to the demolition of 600 homes and 300 businesses,<sup>17</sup> 72% of those homes belonged to African Americans. The backbone of the community, Rondo Avenue, also was demolished.

In addition to the discriminatory housing and lending practices and the construction of I-94, black communities in the Twin Cities were targeted for the development of housing projects. The location of the largest housing projects in the region were in African American and immigrant communities, leading to high poverty concentrations in these diverse communities. Families unable to receive loans to purchase homes or prevented from moving into certain neighborhoods because of restrictive covenants, redlining (legal until 1968), exclusionary zoning, and other policies were left with few options other than taking up residence in one of the public housing developments. African Americans and non-white immigrant groups experienced discriminatory practices and policies that stymied their ability to live in communities of their choice.

The fair housing class action case of Hollman v. Cisneros highlights some of the region's historical issues with institutional discrimination in housing and the perpetuation of racial

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<sup>12</sup> <http://www.startribune.com/edina-s-racist-past-is-focus-of-wikipedia-edit-war/290835531/>

<sup>13</sup> <https://streets.mn/2016/01/11/the-lee-house-preserving-a-relic-of-racism/>

<sup>14</sup> <http://historyapolis.com/blog/2015/09/22/covenants-and-civil-rights-race-and-real-estate-in-minneapolis/>

<sup>15</sup> <http://www.aurorastanthonny.org/rondo-neighborhood-history.html>

<sup>16</sup> <https://metro council.org/Planning/Projects/Thrive-2040/Choice-Place-and-Opportunity/FHEA/FHEA-Sect-5.aspx>

<sup>17</sup> <https://rondoavenueinc.org/reconciliation/>

segregation and concentrations of poverty. In 1992, fourteen minority families and the NAACP filed suit on behalf of all minority households participating in or on the wait list for public housing and Section 8 voucher programs in Minneapolis against the city and federal and local housing agencies. The case specifically involved the concentration of low-income minority families living in a 73-acre housing project in north Minneapolis. The parties settled the case in 1995. The settlement called for the dispersal of the families living in the public housing projects to areas outside of minority concentrations; the demolition and redevelopment of the area and improvement of remaining public housing units; and more generally, for policies and actions to remove barriers to effective housing choice throughout the metropolitan area. There are mixed opinions about whether implementation of the Hollman Decree has been successful. Although Minneapolis demolished 770 public housing units, sought to relocate the 770 families at the center of the lawsuit, provided these families with an additional 900 Section 8 housing choice vouchers, and began construction of replacement housing units, various factors including the shortage of affordable rental housing, resistance from some communities to affirmatively support development of affordable units, and a shortage of landlords in suburban areas willing to accept housing choice vouchers have complicated relocation efforts and the goals of real choice, inclusion, and opportunity for all.<sup>18</sup>

Further compounding the historical record of discrimination and diminished opportunities available to people of color is controversy over a HUD program known as Section 3 designed to increase contracting opportunities for low-income residents of communities impacted by HUD-funded development projects. While Section 3 requirements should result in increased business and employment opportunities primarily benefiting communities of color, The Access Group, a St. Paul-based advocacy organization, has challenged the program's implementation, alleging that qualifying low-income business owners were not properly considered for award of federally-funded construction contracts. A lawsuit filed over the matter (Newell v. City of St. Paul) was eventually decided against the plaintiff by the federal circuit court and denied certiorari by the U.S. Supreme Court in 2014. The Access Group contends that, in 2012, the U.S. Department of Justice used its withholding of support for the Newell case as leverage to persuade the City of St. Paul to withdraw an important fair housing case (Magner v. Gallagher, described in the 2014 AI which this Addendum supplements) that was then before the U.S. Supreme Court. Withdrawal of Magner v. Gallagher is thought to have been key to the preservation of a fair housing doctrine known as disparate impact. While this had important national consequences that have furthered fair housing protection, it is little consolation to some local parties who feel their own civil rights have been sacrificed in the process.

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<sup>18</sup> See Goetz, Edward G., *Hollman v. Cisneros: Deconcentrating Poverty in Minneapolis*, Center for Urban and Regional Affairs University of Minnesota, 2002. Available at: <http://www.housinglink.org/Files/Hollman-Compilation.pdf>.

## Immigrant Housing Experiences

The Twin Cities region has a unique and rapidly changing population. Although it is one of the least diverse large metropolitan areas in the country, immigrant populations have tripled in the region since 1990.<sup>19</sup> By 2040, the forecasted populations of blacks and Latinos are forecast to double while Asian population groups are forecast to triple.<sup>20</sup> Currently over 400,000 residents are foreign-born representing more than 10 countries. The largest groups of immigrants are Mexicans, Indians, Laotians, Hmong, Somalians, Vietnamese, Chinese, Korean, Ethiopian, and Liberian.<sup>21</sup> Understanding how each of these groups arrived in the Twin Cities region is integral in understanding their housing experiences.

Refugees have been moving to Minnesota since the early twentieth century. Mexicans displaced by the Mexican Revolution in 1910 eventually settled in Minnesota to work in sugar beet fields. Initially, many were migrant workers who would return to Texas or other southern destinations during the winter when there was no work or harsh conditions in Minnesota. In an effort to save money, beet growers and sugar manufacturers began to establish a regular supply of laborers by keeping the migrant workers closer to Minnesota. Mexican migrant workers then established communities in Saint Paul and Minneapolis. In the Twin Cities, these migrants were not welcomed by the local community and resided in substandard housing. Work in meat-packing plants, on the railroad lines, or in domestic positions continued to attract more Latino immigrants to the area throughout the 1900s, including Puerto Ricans. Today, Latinos tend to be clustered in specific communities in the Twin Cities region, like Lake Street in South Minneapolis,<sup>22</sup> where there are organized efforts to ensure their political and cultural standing.<sup>23</sup>

Similar to the experience of Latinos, many Southeast Asian immigrants arrived in the Twin Cities region seeking refuge after the Vietnamese conflict spread to the Laotian-Vietnamese border.<sup>24</sup> Many Asian immigrants were able to find manufacturing work where English was not required. Once Hmong settled in the Twin Cities, their families would join them leading to the growth of the population. Also, political groups and organizations reached out to refugees from Vietnam, Cambodia, and the Hmong. In many cases the cultural traditions of these Southeast Asian immigrants and refugees have remained intact, as many continue to live in large multi-generational families and speak their native languages. Hmong residents have also opened several businesses along University Avenue and shopping center – Hmong Village in Dayton’s Bluff – in Saint Paul.<sup>25</sup>

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<sup>19</sup> <http://www.mncompass.org/immigration/overview>

<sup>20</sup> US Census Bureau, American Community Survey, five year estimates, 2010-2014.

<sup>21</sup> <http://www.mncompass.org/immigration/overview>

<sup>22</sup> <http://www.tcdailyplanet.net/latino-population-increases-minneapolis/>

<sup>23</sup> <http://www.mnopedia.org/minnesotanos-latino-journeys-minnesota>

<sup>24</sup> <https://sites.google.com/a/macalester.edu/refugees/hmong>

<sup>25</sup> <http://www.post-gazette.com/newimmigrants/2014/09/28/Pittsburghs-New-Immigrants-Minneapolis-St-Paul-diversified-with-influx-Hmong-Somali-refugees/stories/201409280003>

Somali refugees, who left their home country as a result of civil war in the 1990s are a third significant immigrant group arriving in the Twin Cities Region over the past century. Many resettled in the Twin Cities Region with very little, and have experienced racism, religious discrimination, and higher unemployment rates than the Twin Cities region overall. The center of the Somali community is now Riverside Plaza in the Cedar-Riverside neighborhood of Minneapolis, made up of six high-rise apartment buildings dating back to the 1970s and home to thousands of Somali immigrants. Although a number of Somali refugees, especially first-generation, were able to establish small businesses and, in some cases, move to other communities of their choosing, their children, newer immigrants, and many Somali with longer tenure in the region struggle with employment opportunities and thus have fewer options for seeking housing in other neighborhoods if they desire to move.<sup>26</sup>

Immigrant groups experienced similar systematic discrimination as experienced by African Americans in the Twin Cities region. As a result of white out-migration from the urban areas, the lasting impact of discriminatory housing policies and practices, and limited (and shrinking) affordable housing in the region, immigrants, African American populations, and Native Americans have been unable to access the same range of housing options as white residents or benefit from homeownership at similar levels. Although some of these communities are thriving, others face underfunded schools and public amenities because of lower property values. Systemic discrimination resulting in racial residential segregation in the Twin Cities region leads to unequal opportunities for these communities of color in many areas of life.

#### Current Trends

Currently, nearly 20% of foreign-born persons in the Twin Cities region live in an area of concentrated poverty. Further, in the region, blacks and American Indians have the highest poverty rates of 35% and 30%, respectively. Whites have a poverty rate of 6.4% as compared to the other racial and ethnic groups<sup>2, 14</sup>. An important observation, and often overlooked, is that whites are the most segregated group from all other racial and ethnic groups. Whites tend to live around whites whereas other racial and ethnic groups often live in more racially and ethnically diverse communities. Isolation indices indicate that overall in the region, whites live in neighborhoods that are, on average, 80% white. Other racial and ethnic groups live in much more diverse neighborhoods where the proportion of people who share their race/ethnicity is considerably lower, with averages ranging from 3% for American Indians to 22% for African Americans.

### Population Dynamics

The Twin Cities region is projected to grow to over 3.3 million residents by 2030, representing the addition of more than 383,000 people over the region's 2015 estimated population. This represents 12.8% growth between 2015 and 2030, a rate greater than that

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<sup>26</sup> <http://www.cura.umn.edu/sites/cura.advantagelabs.com/files/publications/40-1&2-Golden-Boyle-Jama.pdf>

of both the region's principal two cities (Minneapolis and Saint Paul) and their respective counties (Hennepin and Ramsey). Carver and Scott Counties, representing suburbs and exurbs in the southwest part of the region, are forecast to grow far more rapidly over the 15-year span, with projected growth rates of 37.6% and 28.6%, respectively.

**Table 2-1. Twin Cities Actual and Forecasted Population, 2000 to 2040**

	2000 (Actual)	2010 (Actual)	2015 (Estimate)	2020 (Forecast)	2030 (Forecast)	2040 (Forecast)
Population	2,642,056	2,849,567	3,005,419	3,127,660	3,388,950	3,652,060

Source: U.S. Census Bureau, Decennial Census, 2000 and 2010; Metropolitan Council, Population Estimates, 2015; Metropolitan Council Regional Forecast, July 2015

The table on the following page provides detail on population growth for each jurisdiction in the study area. Comparing the 2000-2015 growth rates with the projected 2015-2030 growth rates reveals a general slowing of growth for most jurisdictions. Those areas that grew most rapidly over the past fifteen years are all projected to continue growing, but at more moderate rates through 2030. Among the entitlement cities included in the study area, only Eden Prairie and Woodbury are projected to outpace the growth of the region as a whole between 2015 and 2030; among the region's counties, only Hennepin and Ramsey are projected to lag behind the regional growth rate.



**Table 2-2. Population Growth by Jurisdiction, 2000 to 2030**

Jurisdiction	2000 Population (Actual)	2015 Population (Estimate)	Estimated 2000-2015 Population Growth	2030 Population (Projected)	Projected 2015-2030 Population Growth
Region					
Twin Cities	2,642,056	3,005,419	13.8%	3,388,950	12.8%
Counties					
Anoka*	298,084	344,838	15.7%	399,750	15.9%
Carver	70,205	98,798	40.7%	135,960	37.6%
Dakota*	355,904	414,490	16.5%	474,670	14.5%
Hennepin*	1,116,200	1,221,703	9.5%	1,327,620	8.7%
Ramsey*	511,035	533,677	4.4%	570,610	6.9%
Scott	89,498	140,898	57.4%	181,210	28.6%
Washington*	201,130	251,015	24.8%	299,130	19.2%
Entitlement Cities					
Bloomington	85,172	87,224	2.4%	89,400	2.5%
Coon Rapids	61,607	62,527	1.5%	68,400	9.4%
Eden Prairie	54,901	63,187	15.1%	75,200	19.0%
Minneapolis	382,618	412,517	7.8%	439,100	6.4%
Minnetonka	51,301	51,647	0.7%	58,000	12.3%
Plymouth	65,894	74,592	13.2%	80,200	7.5%
Saint Paul	287,151	300,353	4.6%	329,200	9.6%
Woodbury	46,463	66,974	44.1%	80,500	20.2%
Subrecipient Cities					
Apple Valley	45,527	50,161	10.2%	59,200	18.0%
Blaine	44,942	63,180	40.6%	76,700	21.4%
Brooklyn Center	29,172	30,864	5.8%	33,000	6.9%
Brooklyn Park	67,388	80,215	19.0%	91,800	14.4%
Burnsville	60,220	61,908	2.8%	66,000	6.6%
Crystal	22,698	22,852	0.7%	23,200	1.5%
Eagan	63,557	67,509	6.2%	69,800	3.4%
Edina	47,425	50,766	7.0%	52,500	3.4%
Hopkins	17,145	19,227	12.1%	19,400	0.9%
Lakeville	43,128	59,991	39.1%	74,600	24.4%
Maple Grove	50,365	65,155	29.4%	80,500	23.6%
New Hope	20,873	21,225	1.7%	22,000	3.7%
Richfield	34,439	36,557	6.2%	35,600	-2.6%
St. Louis Park	44,126	48,354	9.6%	49,100	1.5%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, Decennial Census, 2000; Metropolitan Council, Population Estimates, 2015; Metropolitan Council Regional Forecast, July 2015

Tables 2-3 through 2-6 on the following pages detail the racial and ethnic composition of the jurisdictions in the study area and how those compositions have changed over time. For the Twin Cities region as a whole, the population is approximately three-quarters White (75.2%) and one-quarter (24.8%) people of color. Comparing jurisdictions throughout the region to these averages, some (e.g. Bloomington) closely mirror the regional averages while others diverge significantly. People of color make up 57.5% of the population of Brooklyn Center and 51.9% Brooklyn Park, whereas in Carver County, only 9.8% of residents are people of color. In the cases of Brooklyn Center and Brooklyn Park, these larger-than-average populations of people of color are predominately attributable to the cities' Black residents, who are 29.5% and 25.7% of their respective populations, compared with a regional average of 8.4%. In other areas, different minority groups stand out as being a considerable larger share of the local population than the average for the region. In Saint Paul, Asians made up 15.9% of the population compared to 6.8% for the region; the American Indian population in Minneapolis is 1.2%, more than double the region's 0.5%; and Richfield's Latino population of 19.4% is more than three times greater than the region's 6.0%.

As of the 2010-2014 ACS estimates, three in five people of color lived in suburban or rural areas outside Minneapolis and Saint Paul, as documented in Table 2-4. This represents a dramatic shift in population since 1990 when barely one-third (36%) of people of color lived outside these two principal cities. Black and American Indian residents were more likely to live in Minneapolis or Saint Paul than other people of color, while Latinos and Asians were more likely to live in suburban or rural areas. Less than one in five Whites in the Twin Cities was a resident of Minneapolis or Saint Paul, with 82% living in suburban or rural areas.

Table 2-5 shows that, while the suburban counties in the region all had larger-than-average White populations, the counties are diversifying: between 2000 and the 2010-2014 ACS estimates, the number of people of color in every suburban county in the study area at least doubled, Dakota County's 113.8% increase being the smallest. Blaine's Black population grew five-fold over the same time period, but other jurisdictions lost elements of racial and ethnic diversity. The American Indian population, for example, fell considerably in Lakeville and Brooklyn Park.

**Table 2-3. Race and Ethnicity as Percent of Total Population by Jurisdiction, 2010-2014**

Jurisdiction	White, non-Latino	People of color	Black, non-Latino	Asian, non-Latino	American Indian, non-Latino	Other or multiple races, non-Latino	Latino
Region							
Twin Cities	75.2%	24.8%	8.4%	6.8%	0.5%	3.0%	6.0%
Counties							
Anoka*	84.3%	15.7%	4.7%	4.0%	0.6%	2.6%	3.8%
Carver	90.2%	9.8%	1.1%	2.7%	0.2%	1.8%	4.0%
Dakota*	81.2%	18.8%	5.0%	4.5%	0.2%	2.7%	6.3%
Hennepin*	70.8%	29.2%	11.8%	6.6%	0.6%	3.5%	6.8%
Ramsey*	65.4%	34.6%	10.8%	12.7%	0.5%	3.3%	7.3%
Scott	83.7%	16.3%	2.8%	5.8%	0.7%	2.4%	4.6%
Washington*	84.8%	15.2%	3.6%	5.2%	0.3%	2.4%	3.6%
Entitlement Cities							
Bloomington	75.8%	24.2%	7.3%	6.4%	0.3%	3.1%	7.2%
Coon Rapids	84.3%	15.7%	5.1%	3.1%	0.7%	3.1%	3.7%
Eden Prairie	77.8%	22.2%	5.5%	10.6%	0.2%	2.7%	3.1%
Minneapolis	61.0%	39.0%	17.6%	5.9%	1.2%	4.6%	9.8%
Minnetonka	86.7%	13.3%	4.3%	3.6%	0.2%	2.8%	2.4%
Plymouth	80.7%	19.3%	4.9%	7.8%	0.4%	2.6%	3.6%
Saint Paul	54.8%	45.2%	15.1%	15.9%	0.7%	4.0%	9.5%
Woodbury	77.6%	22.4%	5.5%	9.0%	0.2%	3.1%	4.6%
Subrecipient Cities							
Apple Valley	80.6%	19.4%	5.8%	5.0%	0.2%	4.1%	4.2%
Blaine	81.2%	18.8%	4.0%	8.1%	0.7%	2.9%	3.1%
Brooklyn Center	42.5%	57.5%	29.5%	15.2%	0.5%	3.4%	8.9%
Brooklyn Park	48.1%	51.9%	25.7%	15.2%	0.2%	3.5%	7.4%
Burnsville	71.2%	28.8%	11.3%	4.9%	0.4%	3.2%	8.9%
Crystal	74.6%	25.4%	10.9%	4.3%	0.6%	2.7%	6.9%
Eagan	78.2%	21.8%	5.8%	8.3%	0.4%	2.6%	4.7%
Edina	85.2%	14.8%	2.1%	6.7%	0.6%	2.3%	3.2%
Hopkins	57.8%	42.2%	17.1%	7.9%	0.5%	5.0%	11.6%
Lakeville	88.0%	12.0%	1.7%	4.5%	0.0%	2.1%	3.6%
Maple Grove	85.3%	14.7%	3.8%	6.4%	0.1%	2.3%	2.1%
New Hope	66.3%	33.7%	17.9%	3.9%	0.4%	3.0%	8.5%
Richfield	59.3%	40.7%	10.3%	6.5%	0.7%	3.7%	19.4%
St. Louis Park	79.7%	20.3%	7.2%	3.9%	0.4%	4.4%	4.4%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

**Table 2-4. Population by Race and Ethnicity in 1990, 2000, and 2010-2014**

		1990		2000		2010-2014	
		#	%	#	%	#	%
White, non-Latino	Minneapolis & Saint Paul	504,159	24%	422,978	19%	400,310	18%
	Suburban and rural areas	1,572,779	76%	1,774,648	81%	1,797,054	82%
	Twin Cities region	2,076,938	100%	2,197,626	100%	2,197,364	100%
Black, non-Latino	Minneapolis and Saint Paul	66,739	76%	100,784	65%	113,433	46%
	Suburban and rural areas	21,005	24%	53,329	35%	132,099	54%
	Twin Cities region	87,744	100%	154,113	100%	245,532	100%
Latino	Minneapolis and Saint Paul	19,376	53%	51,890	54%	66,535	38%
	Suburban and rural areas	17,340	47%	44,012	46%	108,977	62%
	Twin Cities region	36,716	100%	95,902	100%	175,512	100%
Asian, non-Latino	Minneapolis and Saint Paul	34,043	54%	59,031	49%	69,597	35%
	Suburban and rural areas	29,165	46%	62,394	51%	129,120	65%
	Twin Cities region	63,208	100%	121,425	100%	198,717	100%
American Indian, non-Latino	Minneapolis and Saint Paul	15,171	69%	10,495	56%	6,785	46%
	Suburban and rural areas	6,957	31%	8,097	44%	7,967	54%
	Twin Cities region	22,128	100%	18,592	100%	14,752	100%
Other race, non-Latino	Minneapolis and Saint Paul	1,130	57%	24,591	45%	29,492	33%
	Suburban and rural areas	857	43%	29,807	55%	59,268	67%
	Twin Cities region	1,987	100%	54,398	100%	88,760	100%
People of color	Minneapolis and Saint Paul	136,459	64%	246,791	56%	285,842	40%
	Suburban and rural areas	75,324	36%	197,639	44%	437,431	60%
	Twin Cities region	211,783	100%	444,430	100%	723,273	100%
<b>Total Population</b>	<b>Minneapolis and Saint Paul</b>	<b>640,618</b>	<b>28%</b>	<b>669,769</b>	<b>25%</b>	<b>686,152</b>	<b>23%</b>
	<b>Suburban and rural areas</b>	<b>1,648,103</b>	<b>72%</b>	<b>1,972,287</b>	<b>75%</b>	<b>2,234,485</b>	<b>77%</b>
	<b>Twin Cities region</b>	<b>2,288,721</b>	<b>100%</b>	<b>2,642,056</b>	<b>100%</b>	<b>2,920,637</b>	<b>100%</b>

Source: U.S. Census Bureau, Decennial Census, 1990 and 2000; U.S. Census Bureau, American Community Survey Five-Year Estimates 2010-2014

**Table 2-5. Change in Population by Race and Ethnicity from 2000 to 2010-2014**

Jurisdiction		White, non-Latino	People of color	Black, non-Latino	Asian, non-Latino	American Indian, non-Latino	Other or multiple races, non-Latino	Latino
Region								
Twin Cities	#	-262	278,843	91,419	77,292	-3,840	34,362	79,610
	%	0.0%	62.7%	59.3%	63.7%	-20.7%	63.2%	83.0%
Counties								
Anoka*	#	7,063	31,169	11,175	8,300	-65	3,906	7,853
	%	2.6%	145.0%	238.6%	163.7%	-3.3%	81.1%	158.3%
Carver	#	18,717	5,290	611	1,441	39	1,185	2,014
	%	28.2%	134.4%	153.1%	131.7%	32.8%	221.9%	112.5%
Dakota*	#	9,049	40,568	12,399	7,985	-195	5,202	15,177
	%	2.8%	113.8%	156.1%	77.1%	-16.2%	91.2%	145.1%
Hennepin*	#	-42,416	110,307	40,609	23,863	-2,940	13,881	34,894
	%	-4.8%	46.9%	41.1%	44.4%	-28.8%	51.2%	76.8%
Ramsey*	#	-43,944	54,174	18,336	21,530	-935	4,372	10,871
	%	-11.4%	42.9%	48.3%	47.9%	-25.4%	34.1%	40.3%
Scott	#	30,343	15,288	3,021	5,889	235	2,320	3,823
	%	36.7%	226.0%	376.7%	302.6%	35.4%	238.7%	160.6%
Washington*	#	20,926	22,047	5,268	8,284	21	3,496	4,978
	%	11.2%	147.0%	145.8%	191.0%	2.8%	145.2%	127.9%
Entitlement Cities								
Bloomington	#	-9,497	9,461	3,335	1,076	-47	1,216	3,881
	%	-12.8%	84.7%	116.9%	24.8%	-17.7%	85.5%	169.5%
Coon Rapids	#	-4,830	5,032	1,806	944	56	890	1,336
	%	-8.5%	108.2%	136.1%	96.2%	14.1%	87.7%	143.2%
Eden Prairie	#	-893	8,088	2,153	3,915	48	882	1,090
	%	-1.8%	142.6%	173.9%	147.3%	47.5%	108.6%	126.5%
Minneapolis	#	1,395	10,411	1,404	-403	-2,924	2,790	9,544
	%	0.6%	7.3%	2.1%	-1.7%	-38.0%	18.4%	32.7%
Minnetonka	#	-3,915	3,511	1,420	654	-9	869	577
	%	-8.1%	108.6%	188.3%	55.4%	-9.9%	157.4%	87.8%
Plymouth	#	-779	7,753	1,792	3,207	106	1,068	1,580
	%	-1.3%	122.5%	102.3%	128.5%	53.8%	132.5%	146.4%
Saint Paul	#	-24,063	28,640	11,245	10,969	-786	2,111	5,101
	%	-13.1%	27.7%	34.3%	30.9%	-28.0%	22.4%	22.5%
Woodbury	#	8,819	9,262	2,391	3,499	30	1,359	1,983
	%	21.4%	177.3%	207.6%	150.6%	27.3%	211.0%	199.1%

**Table 2-6. Change in Population by Race and Ethnicity from 2000 to 2010-2014  
(continued)**

Jurisdiction		White, non- Latino	People of color	Black, non- Latino	Asian, non- Latino	American Indian, non- Latino	Other or multiple races, non- Latino	Latino
Subrecipient Cities								
Apple Valley	#	-1,120	5,504	2,031	971	-22	1,323	1,201
	%	-2.7%	132.5%	235.9%	63.0%	-18.2%	183.8%	131.7%
Blaine	#	6,541	7,812	1,964	3,669	154	971	1,054
	%	15.7%	235.7%	510.1%	319.3%	58.3%	130.7%	136.4%
Brooklyn Center	#	-7,546	8,923	4,935	2,092	-88	87	1,897
	%	-36.8%	103.3%	120.7%	81.9%	-38.4%	9.2%	230.5%
Brooklyn Park	#	-10,066	20,257	10,329	5,548	-203	815	3,768
	%	-21.3%	101.2%	107.8%	89.0%	-57.2%	42.8%	193.8%
Burnsville	#	-8,484	9,323	4,485	546	0	554	3,738
	%	-16.3%	112.8%	184.3%	22.1%	0.0%	39.8%	216.7%
Crystal	#	-3,048	2,809	1,514	189	20	103	983
	%	-15.4%	96.8%	160.9%	24.5%	16.9%	20.5%	172.5%
Eagan	#	-4,376	5,872	1,617	1,963	125	508	1,659
	%	-7.9%	70.4%	75.3%	57.2%	79.1%	43.1%	116.5%
Edina	#	-2,689	4,204	521	1,838	214	617	1,014
	%	-6.1%	137.5%	98.9%	129.5%	350.8%	120.5%	188.1%
Hopkins	#	-3,400	4,164	2,191	399	-24	464	1,134
	%	-24.7%	122.8%	250.7%	39.0%	-21.1%	107.9%	119.5%
Lakeville	#	10,542	4,045	457	1,726	-125	723	1,264
	%	26.2%	139.4%	84.0%	197.7%	-90.6%	141.2%	151.4%
Maple Grove	#	7,493	6,506	1,912	2,864	-73	967	836
	%	15.8%	219.9%	368.4%	223.2%	-65.8%	189.2%	156.6%
New Hope	#	-4,059	3,834	2,509	122	-4	178	1,029
	%	-22.9%	122.7%	211.2%	18.1%	-4.2%	39.9%	142.7%
Richfield	#	-5,838	7,276	1,446	506	43	463	4,818
	%	-21.5%	99.5%	64.1%	27.7%	20.3%	53.7%	223.3%
St. Louis Park	#	-1,543	3,883	1,436	375	6	1,308	758
	%	-4.0%	70.3%	75.9%	26.5%	3.3%	176.0%	58.6%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, Decennial Census, 2000; U.S. Census Bureau, American Community Survey Five-Year Estimates

**Table 2-7. Twin Cities Region Actual and Forecasted Population, 2010 to 2040**

	2010	2020	2030	2040
White, non-Latino	2,174,000	2,232,000	2,216,000	2,163,000
Black or African American, non-Latino	234,000	304,000	386,000	485,000
Asian and other race groups, non-Latino	274,000	370,000	490,000	625,000
Latino	168,000	222,000	297,000	379,000

*Source: U.S. Census Bureau, Decennial Census, 2010; Metropolitan Council Regional Forecast, July 2015*

In the Twin Cities region, 11% of residents were born outside the United States. Of these, the largest share (14.6%) were born in Mexico, followed by India (7.4%), Laos (7.0%), and 6.3% from various other Eastern African countries, including Somalia. As with the racial and ethnic composition, there is wide variation among the study area's individual jurisdictions with regard to their percentage of foreign-born population and how quickly those populations are growing.

Two immigrant groups of particular significance in the region are Hmong and Somalis. The Hmong people are an ethnic group from parts of Thailand, Laos, Vietnam, and China. Hmong refugees began arriving in the region in the 1970s and initially settled primarily in tight-knit communities in urban areas. As subsequent waves of Hmong immigrated to the Twin Cities region, their population has become more dispersed. Now numbering more than 60,000, the region's Hmong population is larger than that of any other metropolitan area in the nation. According to the Minnesota Council of Asian Pacific Minnesotans, other Southeast Asian populations prevalent in the Twin Cities region as of the 2010 Census include Vietnamese (22,746 persons), Cambodian (6,924 persons), Laotian (7,474), and Burmese (3,109) residents.<sup>27</sup>

The region's Somali population is similarly attributable to immigration by political refugees. Beginning in the 1990s, Somali refugees settled in the Twin Cities and the region's Somali population is estimated at 32,538 as of the 2011-2015 American Community Survey. The majority of the region's Somali population resides in Minneapolis (14,890 persons or 46% of the region's total) or Saint Paul (4,770 persons or 15%).

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<sup>27</sup> Council on Asian Pacific Minnesotans, *State of the Asian Pacific Minnesotans* (April 2012).

**Table 2-8. Place of Birth for Ten Largest Foreign-Born Population Segments, 2010-2014**

Country	Population	Share of Total Foreign-Born Population
Mexico	46,864	14.6%
India	23,624	7.4%
Laos	22,582	7.0%
Other Eastern Africa	20,365	6.3%
Vietnam	15,658	4.9%
Thailand	13,814	4.3%
Ethiopia	13,612	4.2%
China, excluding Hong Kong and Taiwan	12,746	4.0%
Liberia	10,909	3.4%
Korea	9,400	2.9%
<b>Total Foreign-Born Population</b>	<b>320,947</b>	<b>100.0%</b>

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014



**Table 2-9. Foreign-Born Population by Jurisdiction in 2000 and 2010-2014**

Jurisdiction	2000		2010-2014		% Change in Foreign-Born Population
	Foreign-Born Population	% Foreign-Born	Foreign-Born Population	% Foreign-Born	
Region					
Twin Cities	206,458	7.8%	320,947	11.0%	55.5%
Counties					
Anoka*	10,771	3.6%	23,232	6.9%	115.7%
Carver	2,399	3.4%	5,242	5.6%	118.5%
Dakota*	18,049	5.1%	34,820	8.6%	92.9%
Hennepin*	110,496	9.9%	155,004	13.1%	40.3%
Ramsey*	54,263	10.6%	76,034	14.6%	40.1%
Scott	3,620	4.0%	11,696	8.7%	223.1%
Washington*	6,860	3.4%	14,919	6.1%	117.5%
Entitlement Cities					
Bloomington	6,593	7.7%	9,801	11.5%	48.7%
Coon Rapids	2,281	3.7%	4,703	7.6%	106.2%
Eden Prairie	4,866	8.9%	8,649	13.9%	77.7%
Minneapolis	55,475	14.5%	59,557	15.1%	7.4%
Minnetonka	2,941	5.7%	4,328	8.5%	47.2%
Plymouth	4,856	7.4%	8,763	12.0%	80.5%
Saint Paul	41,138	14.3%	52,986	18.2%	28.8%
Woodbury	3,077	6.6%	6,809	10.5%	121.3%
Subrecipient Cities					
Apple Valley	2,474	5.4%	4,624	9.3%	86.9%
Blaine	1,544	3.4%	5,922	10.0%	283.5%
Brooklyn Center	3,284	11.3%	7,084	23.2%	115.7%
Brooklyn Park	8,951	13.3%	16,732	21.6%	86.9%
Burnsville	4,434	7.4%	8,189	13.4%	84.7%
Crystal	1,506	6.6%	2,244	10.0%	49.0%
Eagan	4,874	7.7%	7,760	11.9%	59.2%
Edina	2,874	6.0%	5,117	10.5%	78.0%
Hopkins	2,395	14.0%	3,462	19.3%	44.6%
Lakeville	1,295	3.0%	3,616	6.3%	179.2%
Maple Grove	2,182	4.3%	5,835	9.1%	167.4%
New Hope	1,653	7.9%	2,771	13.4%	67.6%
Richfield	3,917	11.4%	7,579	21.1%	93.5%
St. Louis Park	3,842	8.7%	4,694	10.1%	22.2%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, Decennial Census, 2000; Metropolitan Council, Population Estimates, 2015; Metropolitan Council Regional Forecast, July 2015

Among the jurisdictions making up the study area, median household income ranges from a low of \$45,198 in Brooklyn Park to a high of \$98,974 in Woodbury. Fast-growing Carver and Scott Counties, representing the region's outer-most suburbs, both have median incomes over \$86,000, more than 30% higher than the more urban Hennepin and Ramsey Counties. Likewise, Minneapolis and Saint Paul have lower medians than all but three of the 22 cities studied. The cities of Eden Prairie, Woodbury, Lakeville, and Maple Grove all had median incomes above \$90,000, nearly double that of Saint Paul, Brooklyn Center, Hopkins, and New Hope.

Figures 2-1 through 2-3 on the pages that follow illustrate the distribution of household income by race and ethnicity for various geographic groupings. Figure 2-1, accounting for the region as a whole, shows the most extreme disparities in distribution among Black, American Indian, White, and Asian households. The share of Black and American Indian households represented steadily declines with every incremental increase in income. The opposite is true of Whites and Asians. More than twice as many White households have incomes of \$150,000 or more than have incomes under \$15,000. Black households on the other hand are nine times more likely to have incomes under \$15,000 than to have incomes of \$150,000. Relative to these other groups, Latino household income was more evenly distributed between the income categories.

When isolating just Minneapolis and Saint Paul, as is done in Figure 2-2, some of the regional trends flatten while others become more pronounced. Household income for Whites is more evenly distributed: the share of White households with incomes under \$15,000 is almost exactly the same as the share with incomes of \$150,000 or more. Whereas Latino household income in the region was relatively evenly distributed, a downward trend becomes more apparent within the principal cities. The disparity in Black and American Indian household income distribution, however, stands out for becoming far more extreme. American Indian households in Minneapolis and Saint Paul are 12 times more likely to receive income of less than \$15,000 than they are an income of \$150,000 or more. For Black households, the difference is almost 20-fold. Put another way, there are more Black households in Minneapolis and Saint Paul with incomes under \$15,000 than there are with incomes of \$35,000 or more.

Households in suburban and rural areas (Figure 2-3) tend to be more affluent across the board, but significant disparities exist. White and Asian household incomes track closely together and make up a disproportionately large share of the highest-income households. In this geographic grouping, 37% of White households and 38% of Asian households have incomes of \$100,000 or more, compared with 19% of American Indian households and 14% of Black households. At the opposite end of the spectrum, just 10% of Asian and 12% of White households have incomes less than \$25,000 while 30% of Black and 23% of American Indian households fit into this category. Here again, Latino household income is relatively evenly distributed when compared to the other racial and ethnic groups.

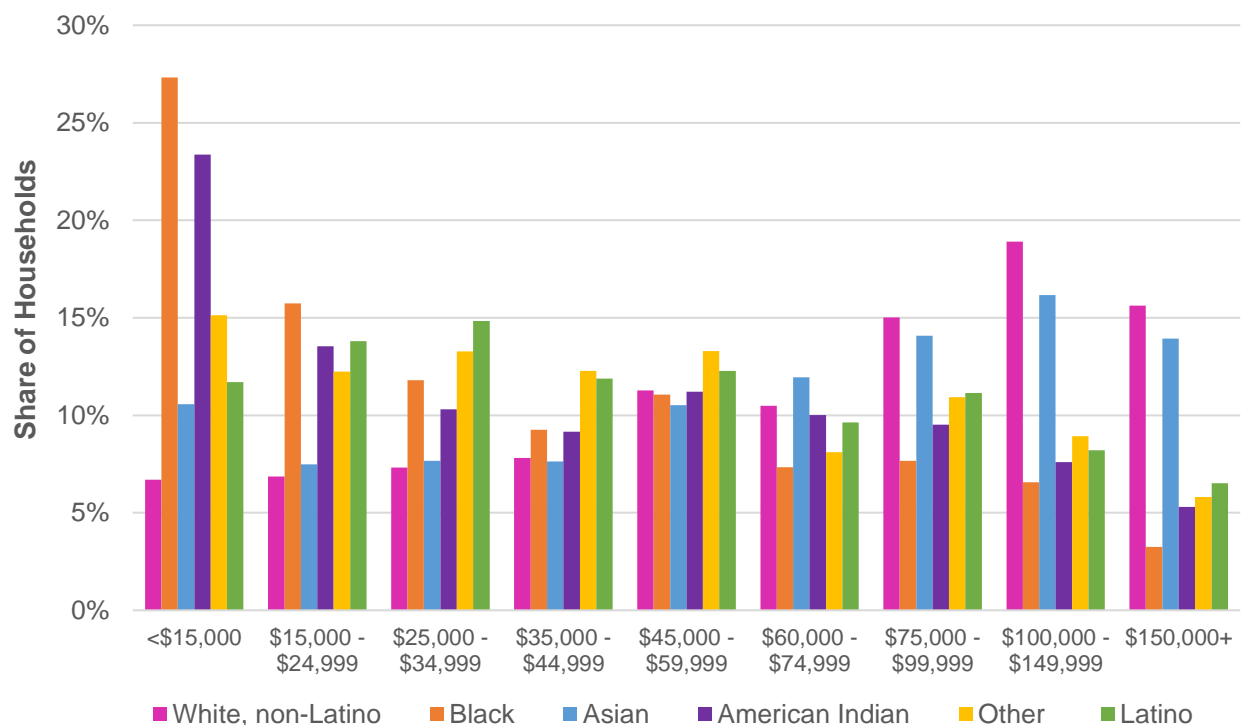
**Table 2-10. Median Household Income by Jurisdiction, 2010-2014**

Jurisdiction	Median Household Income	Jurisdiction	Median Household Income
Counties		Subrecipient Cities	
Anoka*	\$70,464	Apple Valley	\$80,609
Carver	\$86,391	Blaine	\$73,496
Dakota*	\$74,995	Brooklyn Center	\$45,198
Hennepin*	\$65,033	Brooklyn Park	\$62,656
Ramsey*	\$55,460	Burnsville	\$63,997
Scott	\$86,510	Crystal	\$59,860
Washington*	\$83,182	Eagan	\$80,247
Entitlement Cities		Edina	\$86,968
Bloomington	\$63,053	Hopkins	\$49,418
Coon Rapids	\$64,694	Lakeville	\$94,635
Eden Prairie	\$95,697	Maple Grove	\$92,267
Minneapolis	\$50,767	New Hope	\$47,755
Minnetonka	\$80,068	Richfield	\$52,484
Plymouth	\$84,321	St. Louis Park	\$65,151
Saint Paul	\$48,258		
Woodbury	\$98,974		

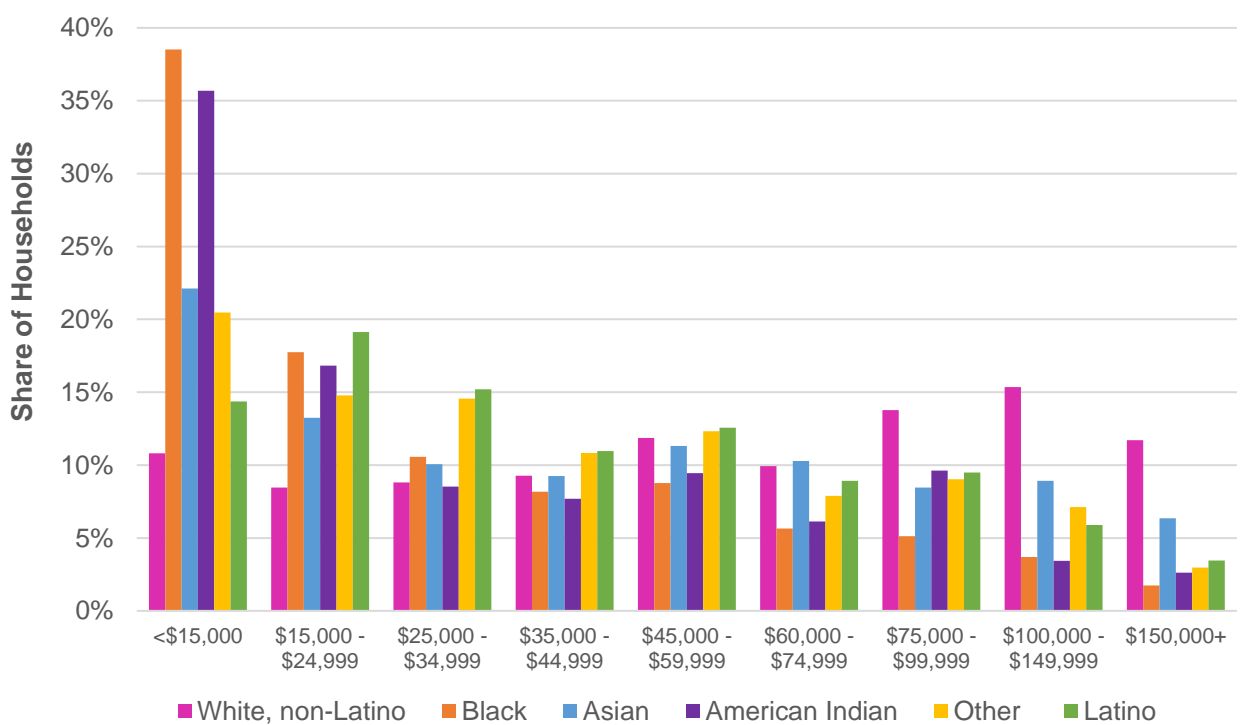
\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

**Figure 2-1. Household Income Distribution by Race and Ethnicity in the Twin Cities Region, 2010-2014**

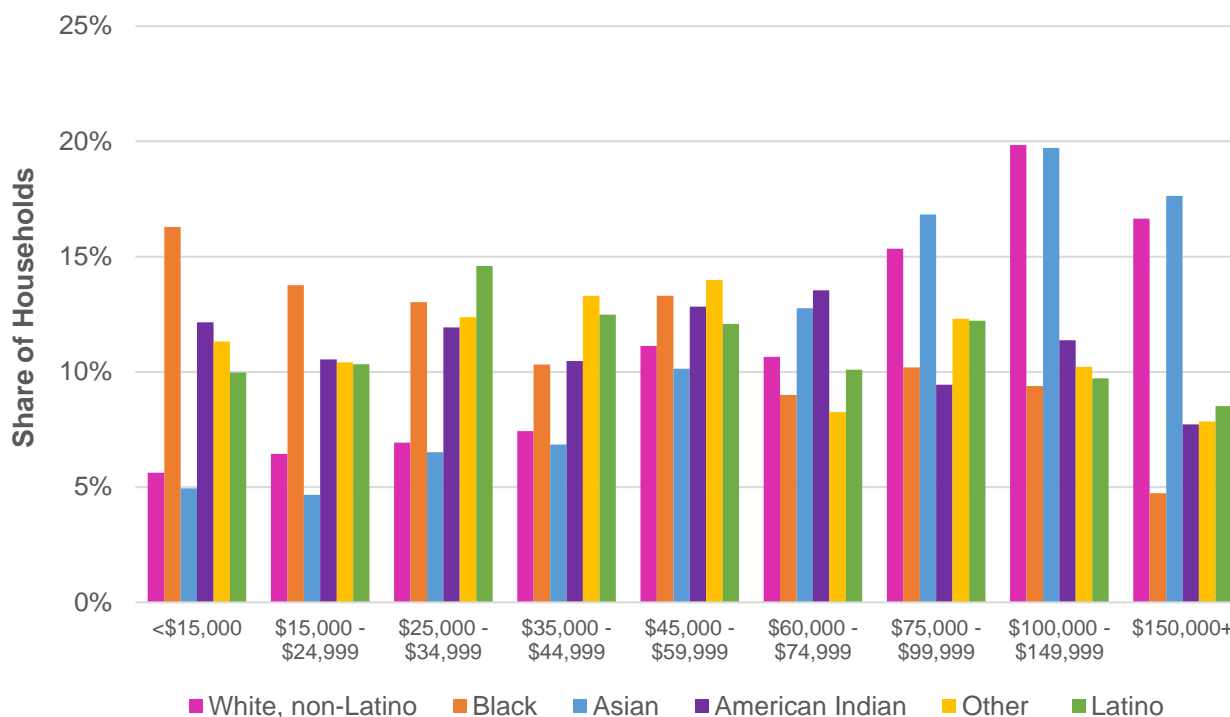


**Figure 2-2. Household Income Distribution by Race and Ethnicity in Minneapolis and Saint Paul, 2010-2014**



Source: U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014

**Figure 2-3. Household Income Distribution by Race and Ethnicity in Suburban and Rural Areas, 2010-2014**



Source: U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014

From the disparities observed in household income distribution by race and ethnicity, it follows that poverty rates would align with some of the same trends. In the Twin Cities region, 11.1% of all residents live in poverty, though there are significant differences in poverty rates between racial and ethnic groups. Only 6.4% of White residents are impoverished whereas the poverty rate for minority groups is at least double (and, for Blacks, more than five times) the rate for Whites.

The highest overall poverty rates for jurisdictions included in the study area are found in Minneapolis (22.6%) and Saint Paul (22.9%). The lowest is Woodbury at 3.5%. In Woodbury and in other areas with low overall poverty (e.g. Minnetonka and Blaine) poverty rates are generally low for all racial and ethnic groups. But in other low-poverty cities such as Edina, Maple Grove, and St. Louis Park, some minority groups have poverty rates much greater than the cities' average. With few exceptions, non-White population groups had greater rates of poverty than Whites.

As Table 2-11 demonstrates, nativity is another factor predictive of a higher poverty rate. Nearly twice as many of the region's foreign-born residents lived in poverty than did all residents as a whole.

**Table 2-11. Poverty Rate by Race and Ethnicity, 2010-2014**

Jurisdiction	All residents	White, non-Latino	Black	Asian	American Indian	Other or multiple races	Latino
Region							
Twin Cities	11.1%	6.4%	34.9%	16.8%	30.0%	22.7%	23.1%
Counties							
Anoka*	7.6%	5.9%	27.3%	5.0%	22.5%	17.4%	17.1%
Carver	4.4%	3.5%	4.5%	2.5%	31.7%	20.0%	21.0%
Dakota*	7.8%	5.0%	28.6%	10.2%	15.0%	21.3%	22.6%
Hennepin*	12.9%	7.3%	36.8%	13.6%	34.3%	22.5%	23.6%
Ramsey*	16.8%	8.8%	38.2%	29.1%	37.0%	29.7%	26.8%
Scott	5.7%	4.0%	24.6%	5.1%	20.6%	21.1%	20.9%
Washington*	5.7%	4.6%	18.5%	4.9%	8.8%	15.0%	16.1%
Entitlement Cities							
Bloomington	9.0%	6.0%	26.8%	7.4%	20.7%	18.1%	23.0%
Coon Rapids	8.9%	7.2%	25.2%	6.3%	44.6%	19.7%	13.7%
Eden Prairie	5.2%	3.9%	23.9%	4.0%	0.0%	10.4%	3.7%
Minneapolis	22.6%	13.0%	48.1%	29.4%	43.7%	25.6%	28.2%
Minnetonka	5.1%	4.0%	14.8%	5.9%	16.8%	15.6%	10.8%
Plymouth	6.2%	4.4%	25.3%	5.0%	30.2%	14.4%	15.1%
Saint Paul	22.9%	11.7%	42.9%	34.6%	39.4%	32.7%	28.4%
Woodbury	3.5%	3.1%	5.8%	1.6%	6.7%	3.3%	12.6%
Subrecipient Cities							
Apple Valley	6.9%	3.1%	34.0%	11.9%	33.3%	19.8%	27.7%
Blaine	5.1%	4.3%	10.7%	4.1%	6.7%	16.8%	5.5%
Brooklyn Center	20.1%	11.5%	31.8%	11.8%	21.9%	24.5%	31.0%
Brooklyn Park	12.8%	5.9%	22.1%	9.8%	37.1%	27.1%	25.8%
Burnsville	11.2%	5.7%	33.2%	6.7%	34.8%	21.6%	24.7%
Crystal	10.2%	6.8%	27.7%	13.2%	8.7%	12.7%	14.7%
Eagan	7.1%	4.6%	24.7%	5.5%	7.5%	29.8%	23.8%
Edina	4.2%	3.6%	30.0%	1.5%	1.9%	9.2%	7.0%
Hopkins	16.1%	9.9%	34.2%	4.5%	0.0%	26.7%	25.5%
Lakeville	6.2%	3.8%	34.1%	27.1%	0.0%	14.6%	23.5%
Maple Grove	5.1%	4.2%	30.2%	1.4%	0.0%	7.7%	3.5%
New Hope	12.8%	6.7%	22.1%	20.8%	0.0%	38.7%	27.9%
Richfield	13.8%	7.6%	24.2%	9.1%	4.7%	32.8%	27.8%
St. Louis Park	8.4%	5.3%	40.0%	9.8%	0.5%	14.1%	3.1%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

**Table 2-12. Poverty Rate by Nativity by Jurisdiction, 2010-2014**

Jurisdiction	Poverty rate, Foreign-born residents	Poverty rate, All residents	Jurisdiction	Poverty rate, Foreign-born residents	Poverty rate, All residents
Counties			Region		
Anoka*	10.8%	7.6%	Twin Cities	19.9%	11.1%
Carver	12.1%	4.4%	Subrecipient Cities		
Dakota*	14.1%	7.8%	Apple Valley	16.6%	6.9%
Hennepin*	20.9%	12.9%	Blaine	3.8%	5.1%
Ramsey*	28.1%	16.8%	Brooklyn Center	23.8%	20.1%
Scott	12.0%	5.7%	Brooklyn Park	15.1%	12.8%
Washington*	5.5%	5.7%	Burnsville	14.2%	11.2%
Entitlement Cities			Crystal	12.5%	10.2%
Bloomington	18.3%	9.0%	Eagan	11.2%	7.1%
Coon Rapids	14.5%	8.9%	Edina	4.9%	4.2%
Eden Prairie	6.5%	5.2%	Hopkins	17.0%	16.1%
Minneapolis	33.3%	22.6%	Lakeville	17.3%	6.2%
Minnetonka	9.1%	5.1%	Maple Grove	5.0%	5.1%
Plymouth	10.0%	6.2%	New Hope	20.1%	12.8%
Saint Paul	33.1%	22.9%	Richfield	19.8%	13.8%
Woodbury	3.8%	3.5%	St. Louis Park	11.8%	8.4%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

## Segregation and Integration

Segregation, or the degree to which two or more racial or ethnic groups live geographically separate from one another, can directly affect the quality of life in cities and neighborhoods. A study by the Federal Reserve Bank of Cleveland compared the economic growth of more than 100 areas in the U.S. between 1994 and 2004 and concluded that racial diversity and inclusion was “positively associated with a host of economic growth measures, including employment, output, productivity, and per capita income.”<sup>28</sup> In general, diverse communities have been found to benefit from greater innovation arising out of the varied perspectives within the community. Additionally, multilingual and multicultural regions are best positioned for success in the global marketplace.

Despite the economic and other advantages of diversity, patterns of racial and ethnic segregation remain prevalent in many regions and cities. Segregation is typically perceived of negatively, but it is important to note that it is not always due to overt housing discrimination. At least three reasons why patterns of segregation could exist include:

- personal preferences cause individuals to want to live in neighborhoods with others of a particular race and ethnicity;
- income differences across race and ethnic groups limit the selection of neighborhoods where persons of a particular race and ethnicity can live. Some of current income differences between racial and ethnic groups derive from historical and continuing discrimination in employment, education, and housing; and
- illegal discrimination in the housing market limits the selection of neighborhoods where persons of a particular race and ethnicity live.

Regardless of the causes of segregation, its effects can be detrimental. “Numerous studies have focused on the possible effects of residential neighborhoods on social and economic outcomes. Persistent economic and racial residential segregation is implicated in enduring racial and ethnic inequality.”<sup>29</sup> For example, research demonstrates that African American homeowners earn less equity in their non-rental homes because their incomes are lower and they reside in areas that are more segregated. “Individuals take account of the race-ethnic composition of neighborhoods when deciding if and where to move. These patterns may result from a number of underlying social processes. While race-ethnic prejudice may govern residential choices to some degree, the ethnic composition of a neighborhood is also

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<sup>28</sup> PolicyLink. 2011. “America’s Tomorrow: Equity is the Superior Growth Model.” [http://www.policylink.org/atf/cf/%7B97c6d565-bb43-406d-a6d5eca3bbf35af0%7D/SUMMIT\\_FRAMING\\_WEB\\_FINAL\\_20120127.PDF](http://www.policylink.org/atf/cf/%7B97c6d565-bb43-406d-a6d5eca3bbf35af0%7D/SUMMIT_FRAMING_WEB_FINAL_20120127.PDF)

<sup>29</sup> Bruch, E. 2005. “Residential Mobility, Income, Inequality, and Race/Ethnic Segregation in Los Angeles.” Princeton, NJ: Princeton, University, pp. 1.



correlated with other factors that determine neighborhood attractiveness. For example, neighborhoods vary in levels of crime, quality housing, and poverty.”<sup>30</sup>

The series of maps on the following pages depict census tracts within the region where people of color are concentrated. Comparing the three maps, the most obvious trend is the dispersion of people of color into suburban communities since 1990. However, at the same time that people of color were increasingly settling in the suburbs, these populations were also becoming more highly concentrated in the cities of Minneapolis and Saint Paul. By 2010, many tracts in Saint Paul, north Minneapolis, and Brooklyn Center were majority people of color.

Figures 2-7 through 2-20 portray population concentrations by race and ethnicity in the region and in Minneapolis and Saint Paul. As shown, African American residents are most heavily concentrated in Hennepin and Ramsey Counties, particularly in Brooklyn Park, Brooklyn Center, Robbinsdale, Fort Snelling, Bloomington, Minneapolis, and Saint Paul. Of the 198 census tracts where African Americans comprise over ten percent of the population, only 22 are located outside of Hennepin or Ramsey County. They include tracts in Fridley, Columbia Heights, Coon Rapids, Burnsville, Apple Valley, Oakdale, and Oak Park Heights. In Minneapolis, census tracts with the largest shares of African Americans cover the city’s central and northwestern neighborhoods. Black residents make up more than half of the population in census tracts in the Willard-Hay, Near North, Sumner-Glenwood, and Summit-University neighborhoods; population shares in these areas range from 50.9% to 72.0%.

Like African Americans, Latinos make up large shares of the population in Minneapolis, Saint Paul and Fort Snelling. However, their population concentrations are somewhat more dispersed than those of Black residents. Latinos constitute more than 10% of the population in parts of Scott and Dakota Counties, including tracts in Burnsville, Apple Valley, Chaska, and Jackson Township. Saint Paul’s West Side neighborhood and several neighborhoods in south central Minneapolis (Midtown Phillips, East Phillips, Powderhorn Park, Whittier, Central, and Bryant) are more than one-quarter Latino. No areas in the region or cities have Latino population shares above 50%.

Asian residents are the third largest population segment in the Twin Cities region, making up 6.8% of the seven-county area. They make up more than ten percent of the population in several tracts in Minneapolis, Saint Paul, and the contiguous areas of Brooklyn Center, Brooklyn Park, Maplewood, and Little Canada. Other concentrations are in Plymouth, Maple Grove, Eden Prairie, Shakopee, Eagan, and Woodbury. In the cities, Asian residents are heavily concentrated in several Saint Paul neighborhoods (Greater East Side, Payne-Phalen, North End, and Thomas-Dale/Frogtown), where they make up a least one-quarter of the

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<sup>30</sup> Bruch, 2005.

population in several tracts. Only two tracts in central and southern Minneapolis have an Asian population over 5%.

While Native Americans make up a small portion of the region's total population at 0.5%, there are several census tracts where they constitute much larger shares. American Indians make up more than 5% of two adjoining tracts in Bayport and Bayport Township and three adjoining areas in Minneapolis – the Ventura Village, Midtown Phillips, and East Phillips neighborhoods. In Ventura Village, 9.1% of residents are American Indians, as are 18.2% in East Phillips.

White residents make up the largest share of the population regionwide (75.2%) and even larger shares of most suburban and rural communities (over 85%). In Minneapolis, they constitute 61.0% of total population and make up significant shares (80% or more) of tracts in the city's southwest neighborhoods along the border with St. Louis Park and Edina, it's southeast border with Saint Paul, and a few tracts in the northeastern corner. In Saint Paul, white residents make up 54.8% of the total population, but over 80% of Macalester-Groveland and portions of Highland Park, Union Park, Como, and Summit Hill.

The largest share of foreign-born residents reside in Minneapolis or Saint Paul. In Minneapolis, other Eastern Africans (which includes Somalis) live predominately in Elliot Park, Ventura Village, Phillips, Lyndale, and Whittier. Mexican-born immigrants also tend to reside in some of these areas, along with neighborhoods further south (Central, Powderhorn Park, Bryant, and Bancroft). Immigrants born in Thailand, of which a large share are Hmong, live predominately in the Saint Paul neighborhoods of Near North, Payne-Phalen, Dayton's Bluff, and Greater East Side. Most of the Minneapolis Thai-born population is in North Minneapolis.

Regionally, Mexican immigrants are heavily settled in Richfield and north Bloomington. Persons born in Laos, Thailand, and Vietnam live in Brooklyn Park and Brooklyn Center. Clusters of Indian immigrants live in Edina, Eden Prairie, Maple Grove, Plymouth, Eagan, and Woodberry. Overall, Minneapolis and Saint Paul and their inner ring suburbs are home to the majority of the region's foreign-born population; few reside in exurbs and rural areas.

The final set of maps display residential locations for persons of Hmong ancestry (including immigrants and US-born Hmong persons). Residential patterns show heavy settlement in central and northeast Saint Paul, northeastern Minneapolis, Brooklyn Center, and Brooklyn Park. Smaller populations also reside in Oakdale, North Saint Paul, Woodbury, Cottage Gove, Coon Rapids, and Blaine.

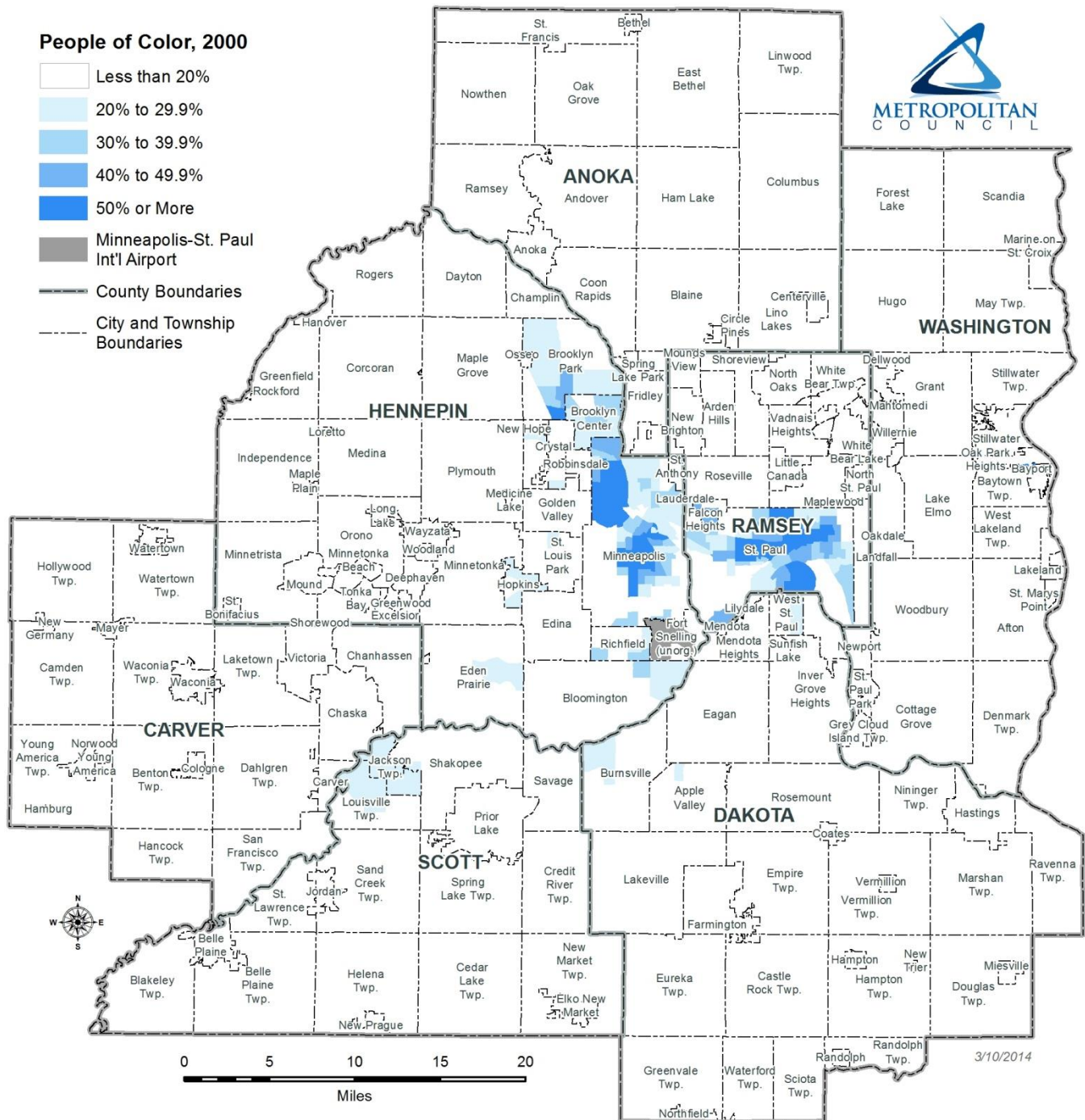
These maps create a lens through which other features and conditions mapped and discussed in this report may be viewed. For example, maps of subsidized housing units or land available for multifamily development (all appearing later in this report) can be

compared with the maps in this section to determine the degree to which these factors impact areas of minority concentration. Additionally, changes in the racial and ethnic composition of Minneapolis and Saint Paul neighborhoods in relationship to changes in rental rates and home value will be analyzed in a discussion of gentrification.

## People of Color, 1990



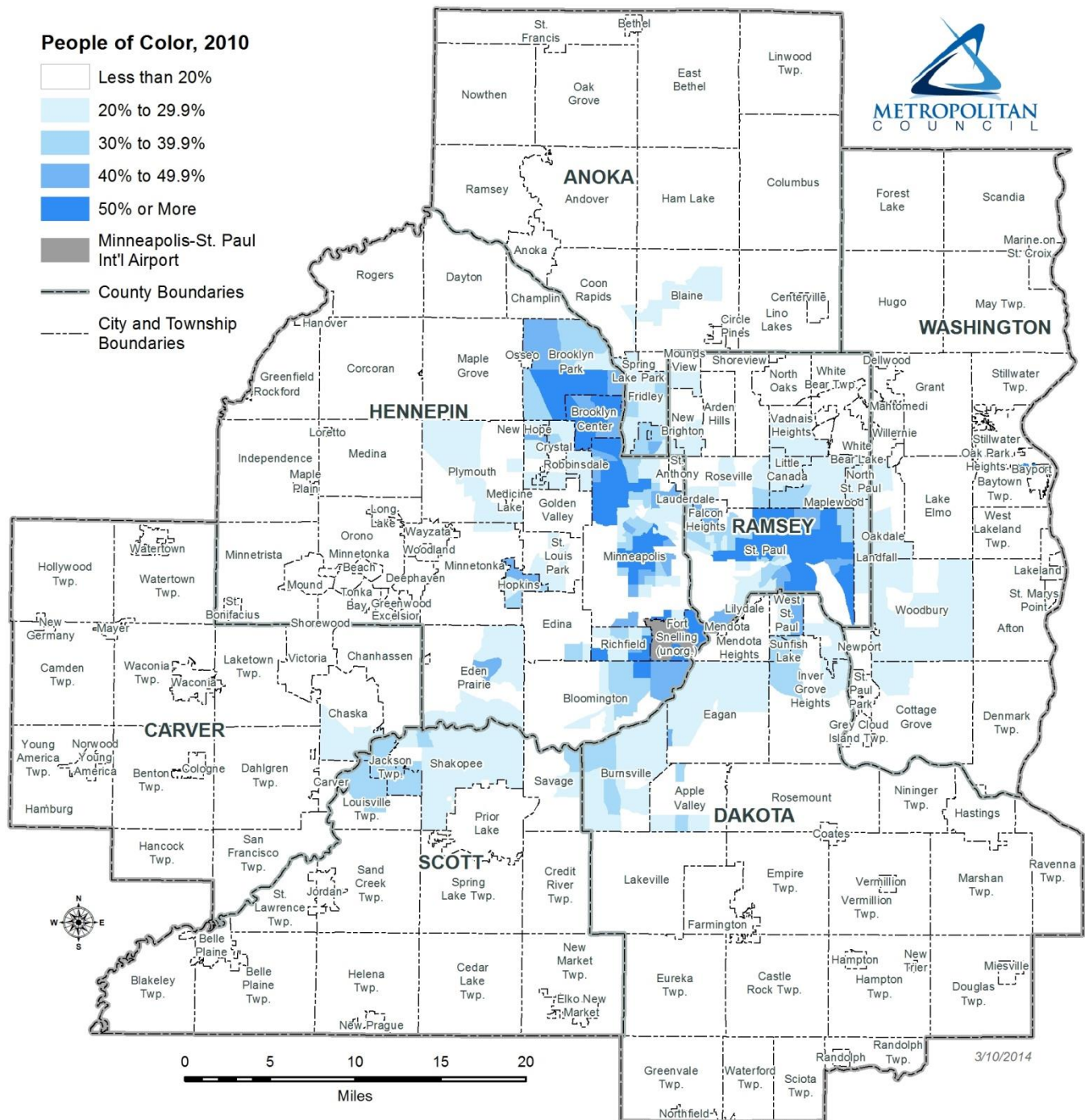
Figure 2-5. Percentage of persons of color by census tract, 2000



Source: U.S. Census Bureau, Decennial Census, 2000.

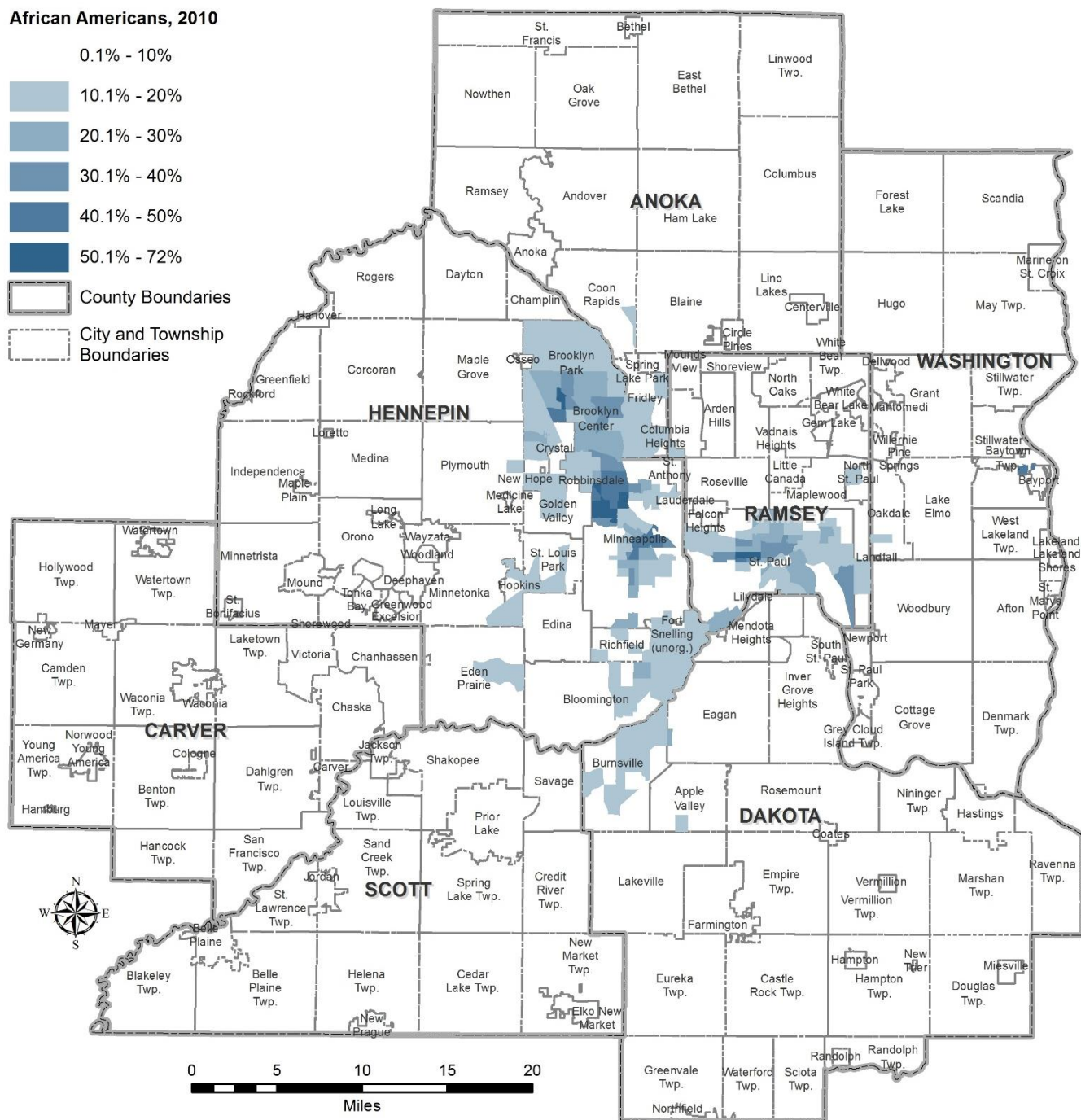


Figure 2-6. Percentage of persons of color by census tract, 2010



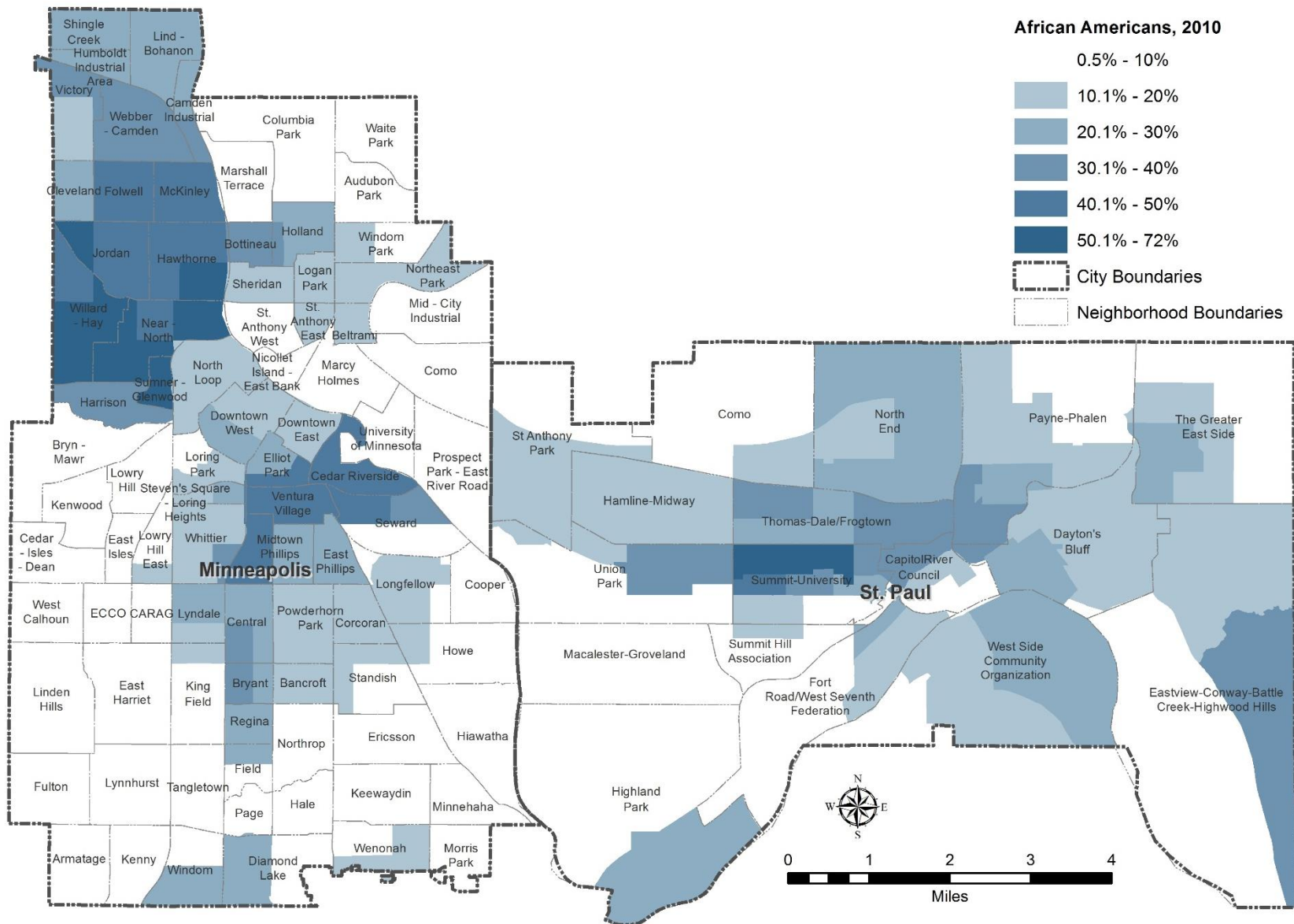
Source: U.S. Census Bureau, Decennial Census, 2010.

**Figure 2-7. Percentage of African American persons by census tract, 2010**



Source: U.S. Census Bureau, Decennial Census, 2010

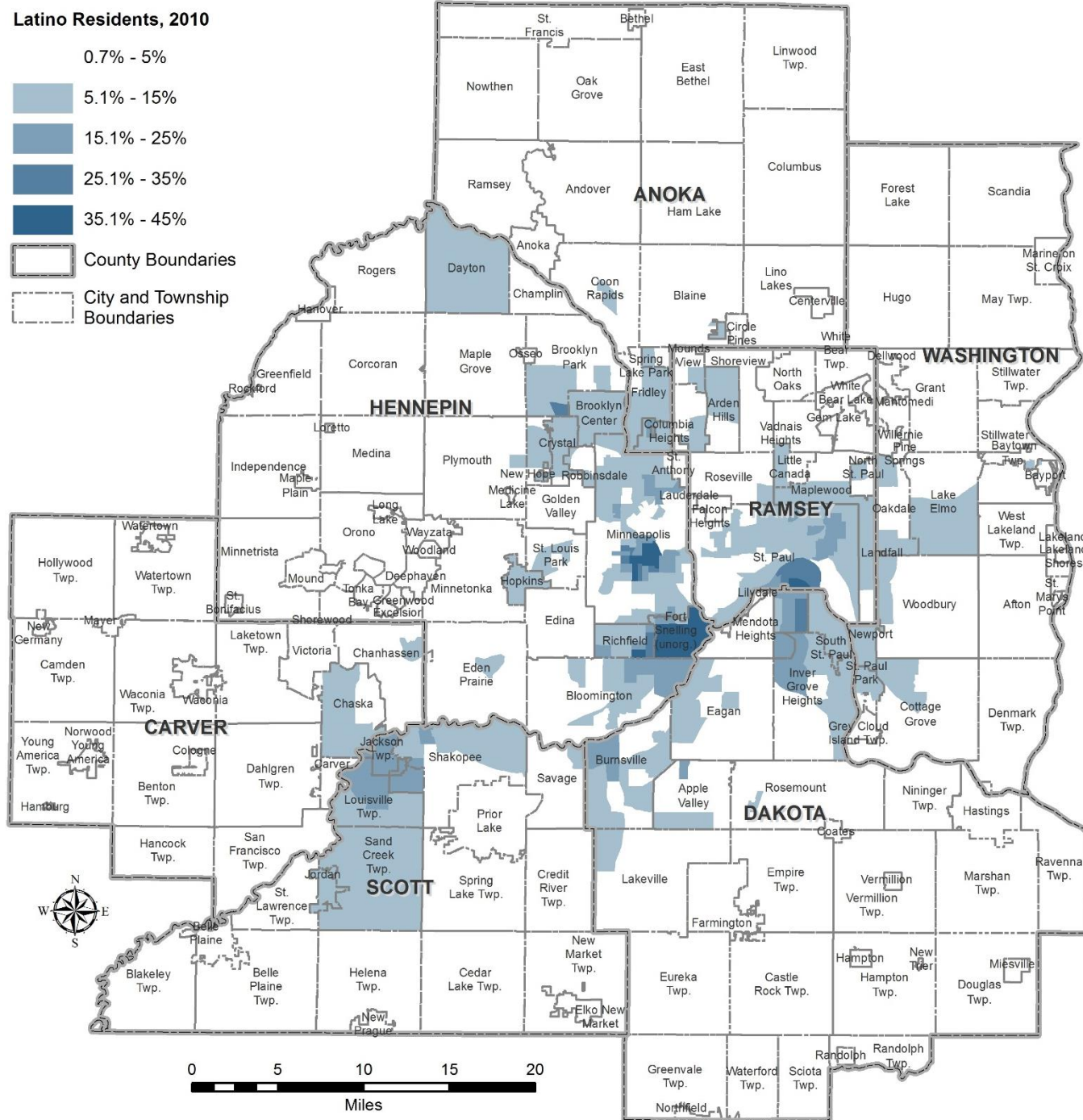
**Figure 2-8. Percentage of African American persons by census tract, 2010**



Source: U.S. Census Bureau, Decennial Census, 2010.



**Figure 2-9. Percentage of Latino persons by census tract, 2010**



Source: U.S. Census Bureau, Decennial Census, 2010

**Latino Residents, 2010**

- 1.4% - 5%
- 5.1% - 15%
- 15.1% - 25%
- 25.1% - 35%
- 35.1% - 44.9%

City Boundaries  
Neighborhood Boundaries

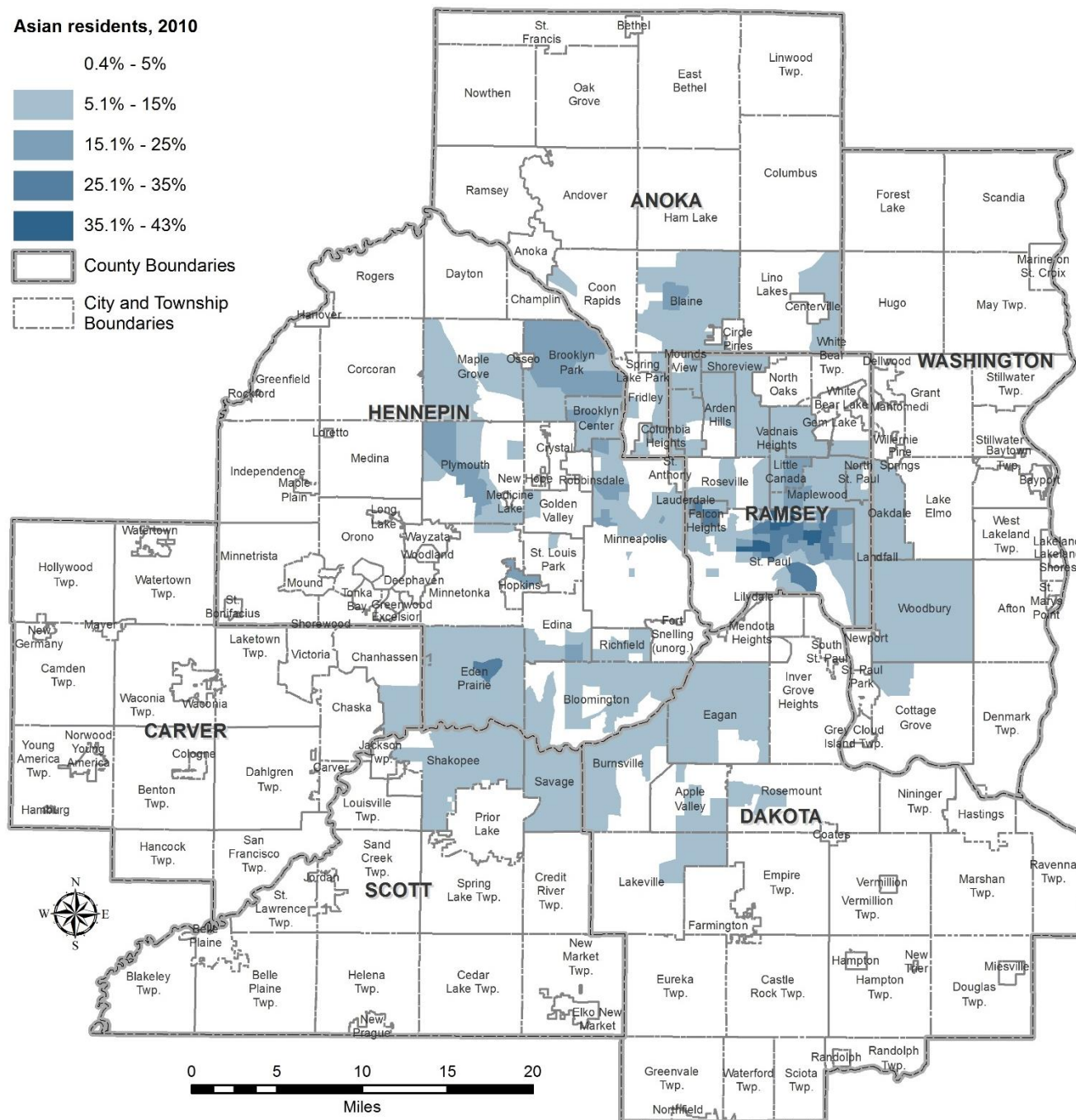
**Minneapolis**

**St. Paul**

0 1 2 3 4  
Miles

38

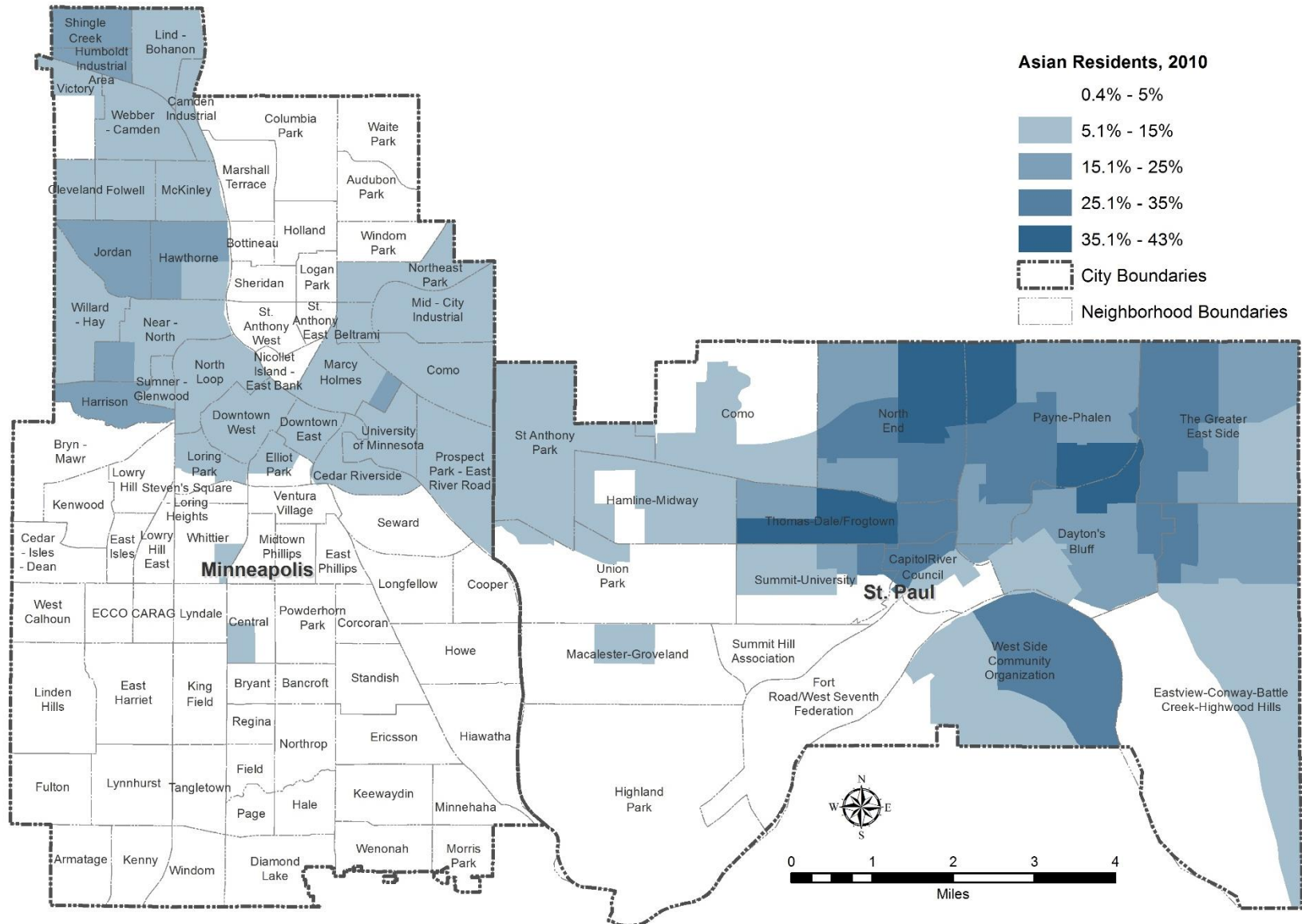
**Figure 2-11. Percentage of Asian persons by census tract, 2010**



Source: U.S. Census Bureau, Decennial Census, 2010

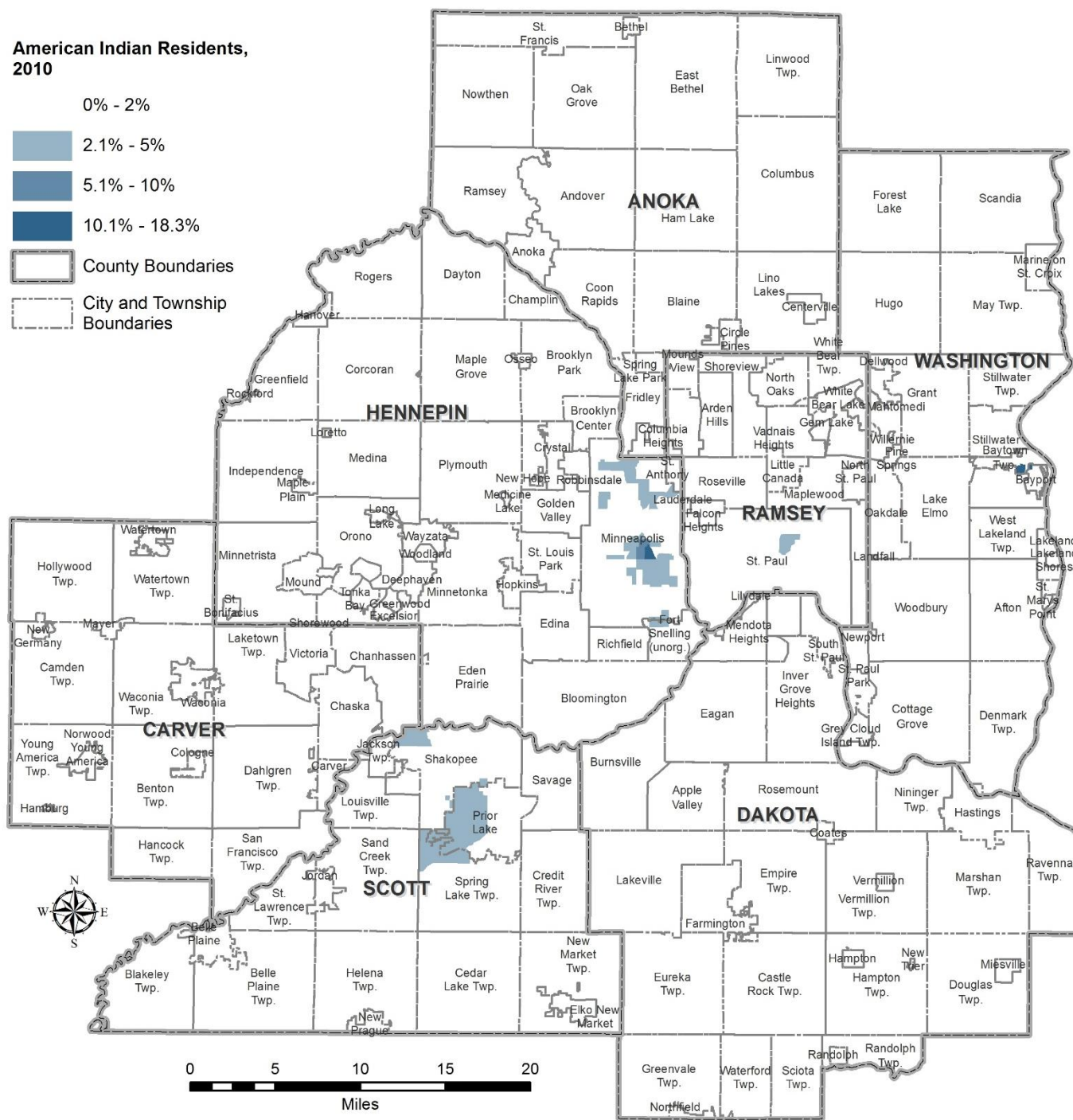


Figure 2-12. Percentage of Asian persons by census tract, 2010



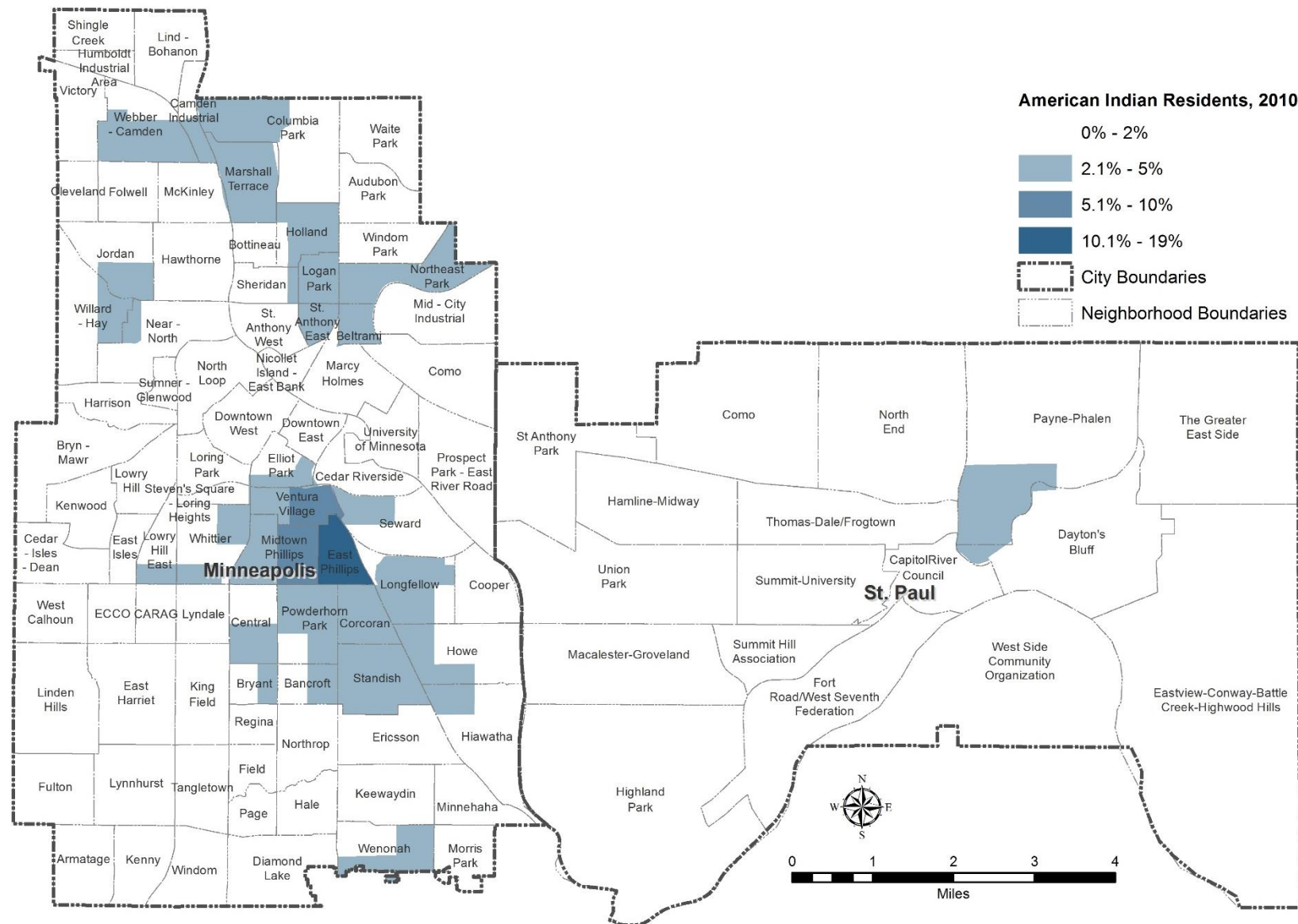
Source: U.S. Census Bureau, Decennial Census, 2010.

Figure 2-13. Percentage of American Indian persons by census tract, 2010



Source: U.S. Census Bureau, Decennial Census, 2010

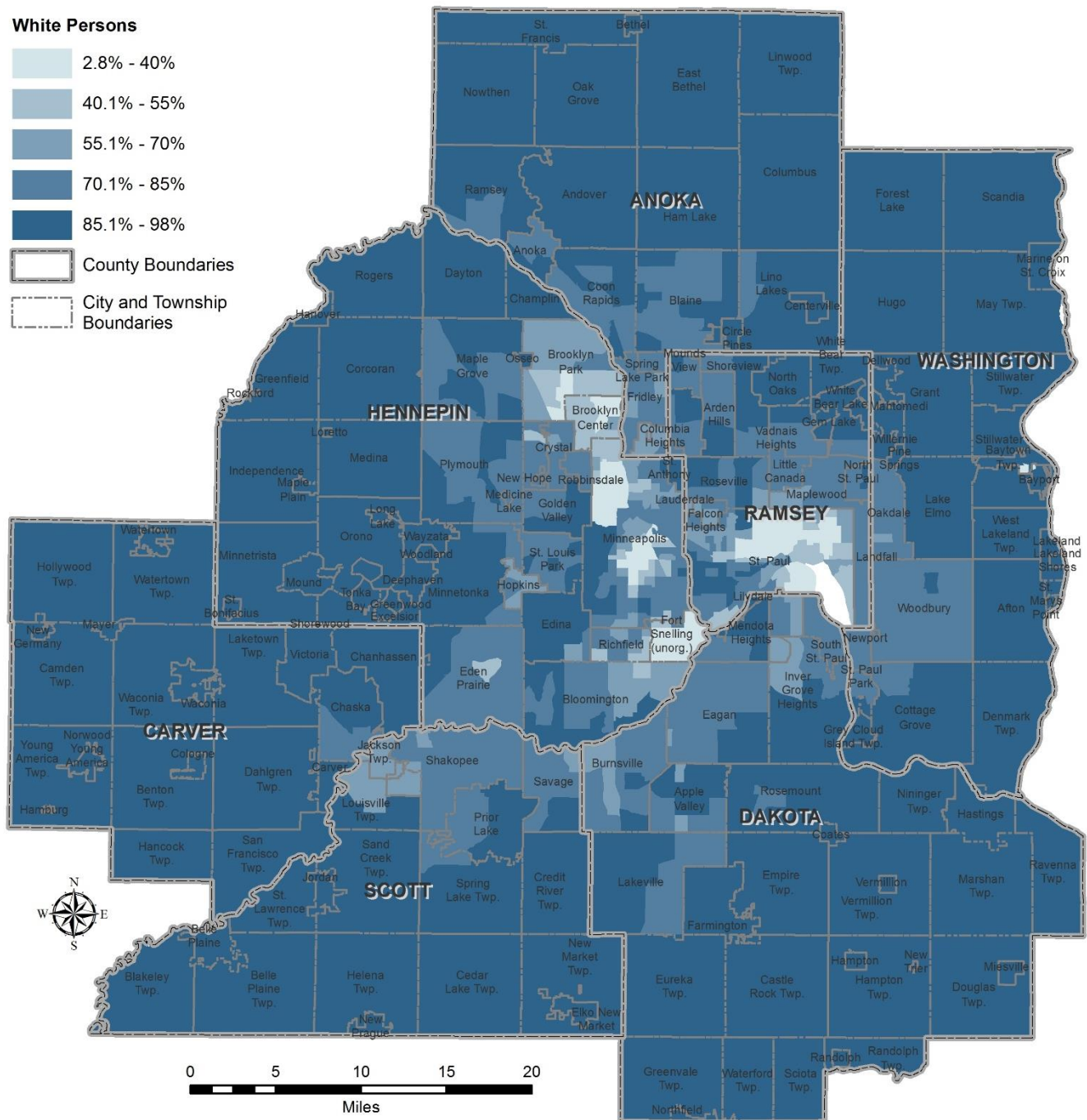
**Figure 2-14. Percentage of American Indian persons by census tract, 2010**



Source: U.S. Census Bureau, Decennial Census, 2010.

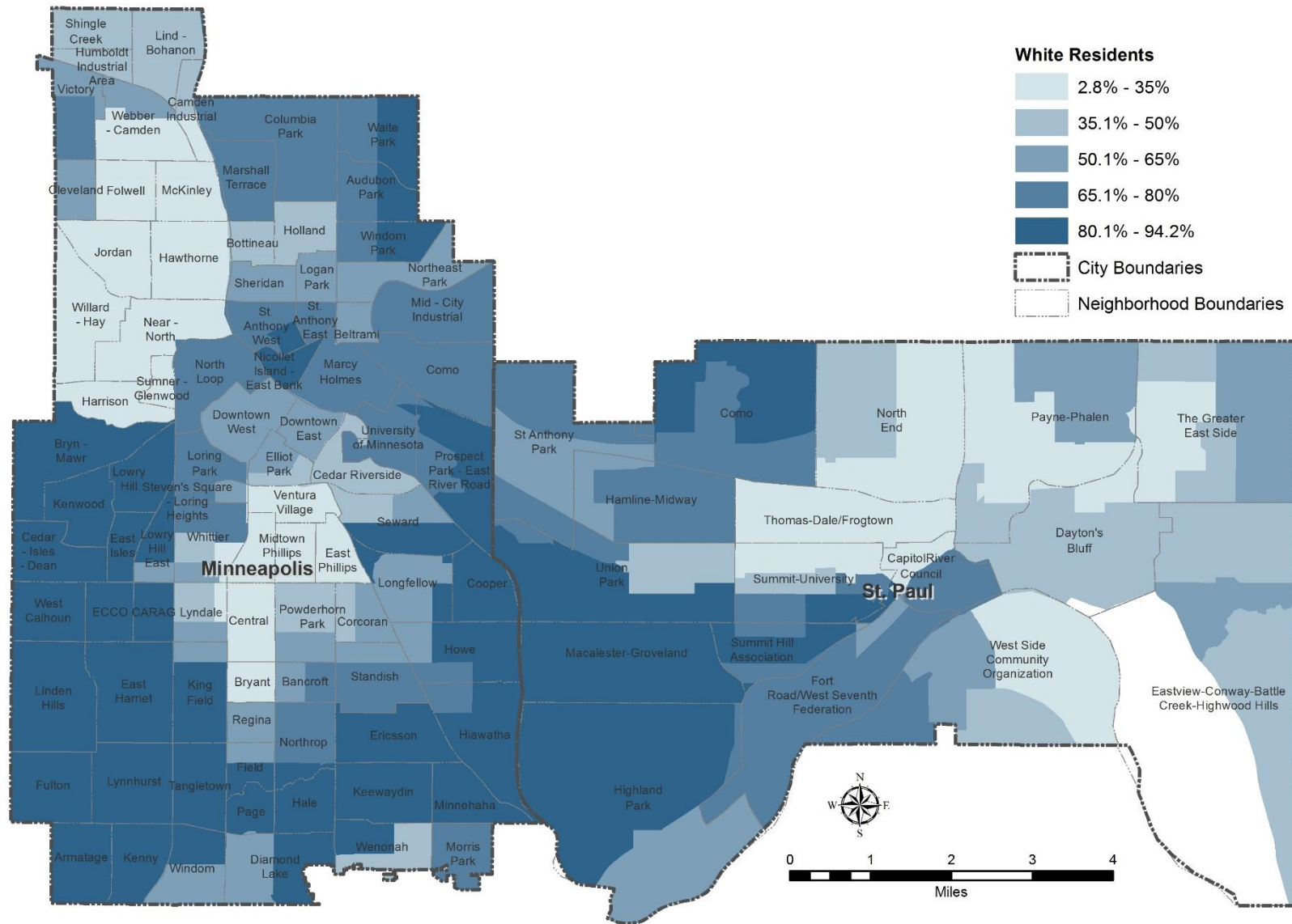


Figure 2-15. Percentage of White persons by census tract, 2010



Source: U.S. Census Bureau, Decennial Census, 2010

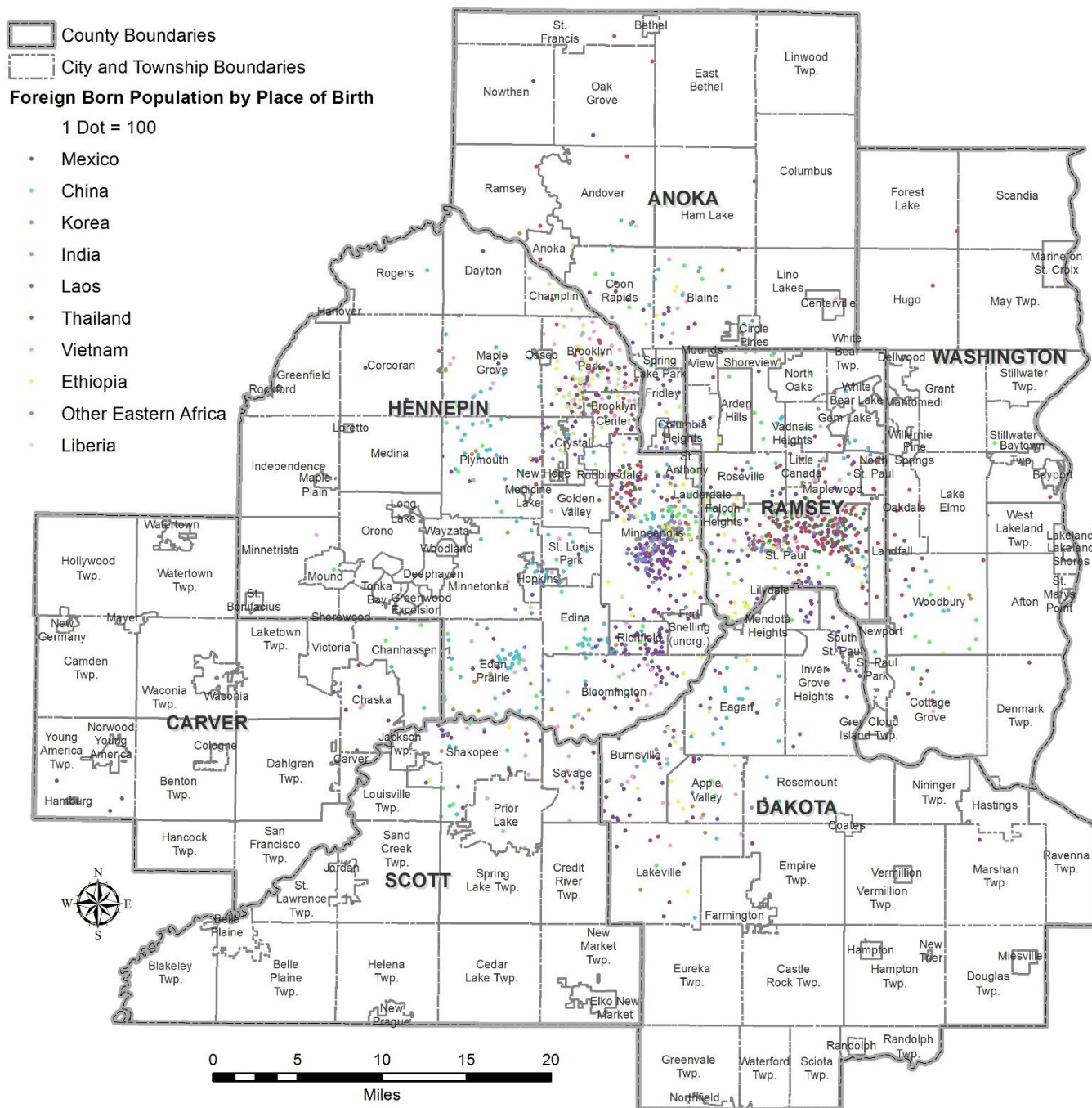
Figure 2-16. Percentage of White persons by census tract, 2010



Source: U.S. Census Bureau, Decennial Census, 2010.

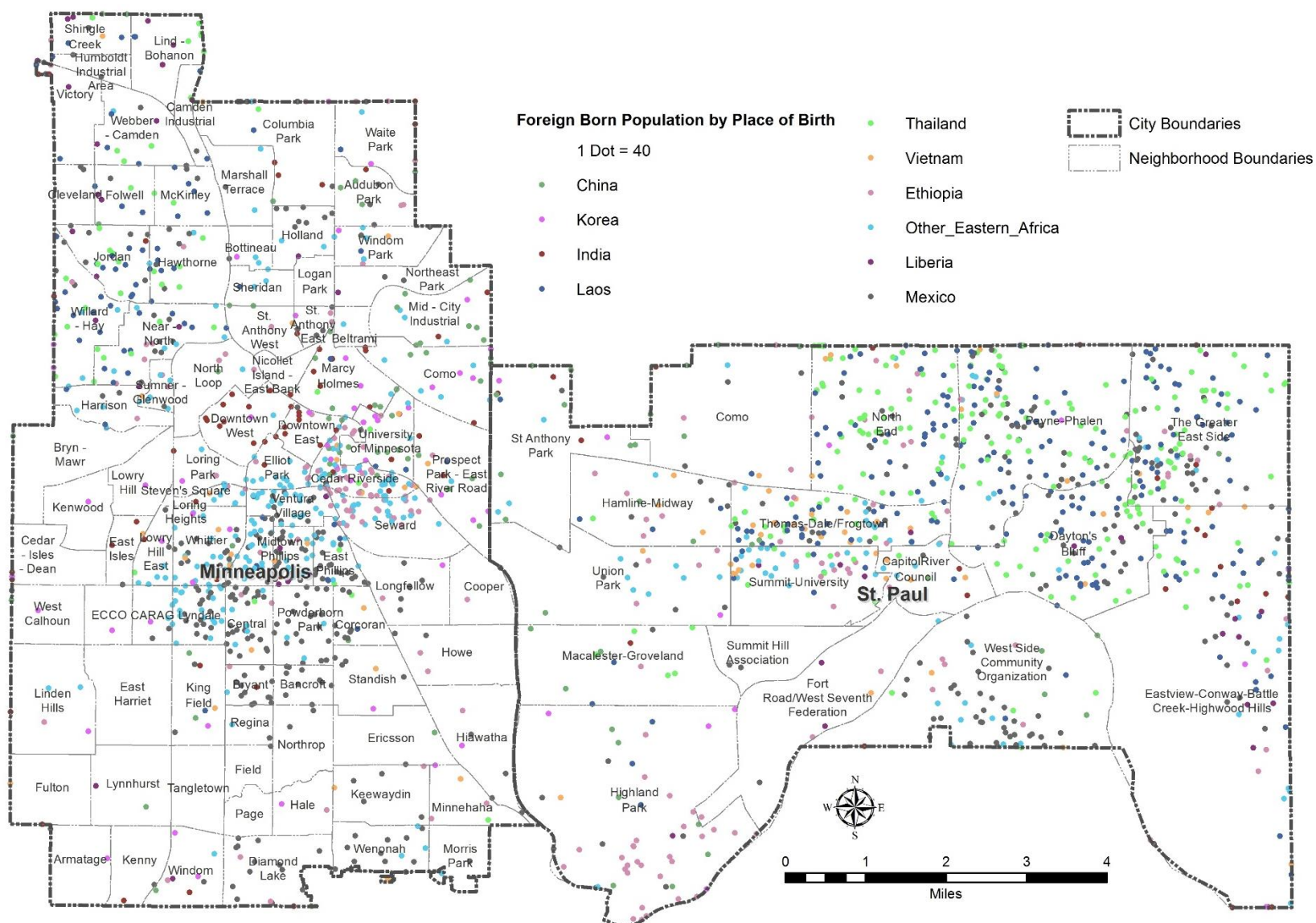


**Figure 2-16. Foreign-born persons by census tract for 10 largest foreign-born population segments, 2010-2014**



Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014.

Figure 2-17. Foreign-born persons by census tract for 10 largest foreign-born population segments, 2010-2014



Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014.

1 Dot = 50  
Among Residents

County Boundaries

City and Township Boundaries

**HENNEPIN**

**ANOKA**

**RAMSEY**

**WASHINGTON**

**CARVER**

**DAKOTA**

**SCOTT**

0 5 10 15 20  
Miles

47



This map illustrates the distribution of 1,000 randomly placed dots representing the population of Minneapolis and St. Paul. The dots are concentrated in the urban centers of both cities, with a higher density in St. Paul. The map includes neighborhood names, city boundaries, and a legend.

**Legend:**

- 1 Dot = 50
- Among Persons
- City Boundaries
- Neighborhood Boundaries

**Neighborhoods shown in Minneapolis:** Shingle Creek, Humboldt, Industrial, Victory, Linden, Bohannon, Webb, Camden, Columbia Park, Waite Park, Marshall Terrace, Audubon Park, Cleveland, Fowler, McKinley, Bottineau, Holland, Windom Park, Logan Park, Northeast Park, Mid-City Industrial, St. Anthony West, St. Anthony East, Beltrami, Marcy Holmes, Como, North Loop, Nicollet Island - East Bank, Summer - Glenwood, Hamson, Bryn Mawr, Lowry Hill, Steven's Square, Loring Heights, Kenwood, Cedar - Isles - Dean, East Isles, Lowry Hill East, Whittier, Midtown Phillips, East Phillips, Seward, Longfellow, Cooper, West Calhoun, ECCO CARAG, Lyndale, Central, Powderhorn Park, Corcoran, Howe, Standish, Ericsson, Hiawatha, Minnehaha, Morris Park, Wenonah, Diamond Lake, Armatage, Kenny, Windom, Tangletown, Field, Page, Hale, Keewaydin, Northrop, Regina, Bryant, Bancroft, King Field, East Harriet, Linden Hills, Fulton, Lynn Hurst.

**Neighborhoods shown in St. Paul:** Como, North End, Payne's Phenix, The Greater East Side, Dayton's Bluff, Capitol River Council, Summit-University, Thomas-Dale/Frogtown, Hamline-Midway, Union Park, St. Anthony Park, Prospect Park - East River Road, Cedar Riverside, Elliot Park, Ventura Village, Seward, Longfellow, Cooper, Howe, Macalester-Groveland, Summit Hill Association, Fort Road/West Seventh Federation, West Side Community Organization, Eastview-Conway-Battle Creek-Highwood Hills, Highland Park.

**Scale:** 0 to 4 Miles

**Compass Rose:** N, S, E, W

48

The variables of race or ethnicity and income are often closely correlated, as some of the data previously presented on household income and poverty have demonstrated. This correlation can make it difficult to determine if members of minority groups with low average incomes live (or do not live) where they do because of housing costs or some other factor. The income variable can be effectively controlled by calculating the number of people of a minority group expected to live in a particular place based on the overall income distribution of that group across the region. This predicted population can then be compared with the actual population of the group to determine if the group is over- or under-represented. A ratio greater than 1 indicates that a group is concentrated in an area at a level beyond what would be expected based on income alone; a ratio of less than 1 suggests that a group is under-represented.

The actual-to-predicted ratios presented in Table 2-12 show that Carver County, Washington County, Coon Rapids, and Minnetonka have less than their predicted share of each racial and ethnic group studied. Despite the relative financial ability of people of color to afford to live in these communities, there is some factor keeping them from doing so. As a result these communities all have greater-than-predicted White populations. Black households were most over-represented in Hennepin County, Minneapolis, and Saint Paul; Asians in Ramsey County, Eden Prairie, and Saint Paul; American Indians in Scott County and Minneapolis; and Latinos in Minneapolis and Saint Paul.

**Table 2-13. Actual-to-Predicted Ratios by Race and Ethnicity by Jurisdiction, 2010-2014**

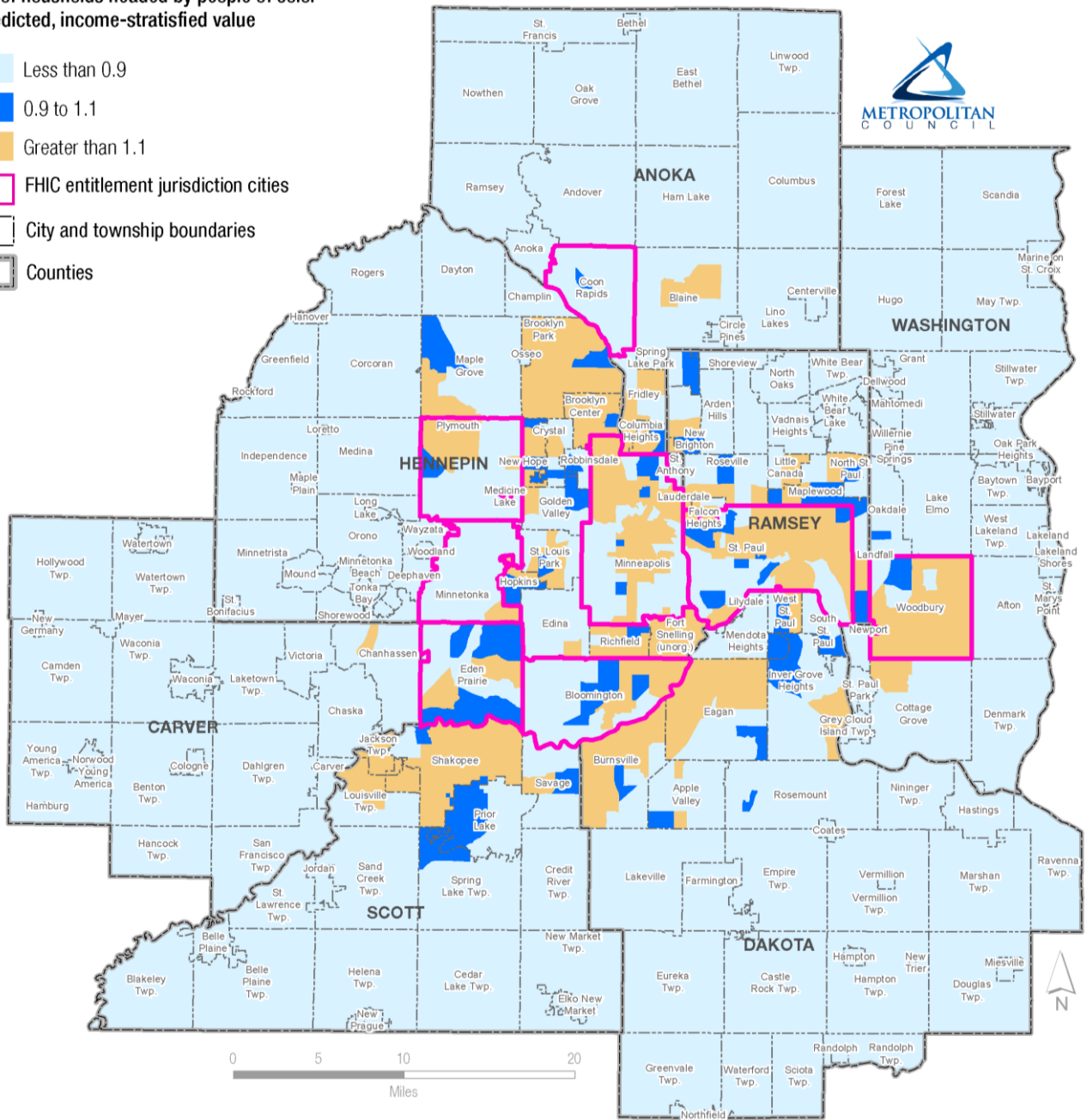
Jurisdiction	White, non-Latino Households	Black Households	Asian Households	American Indian Households	Other or Multiracial Households	Latino Households
Counties						
Anoka*	1.09	0.49	0.61	1.22	0.82	0.60
Carver	1.12	0.15	0.43	0.25	0.69	0.63
Dakota*	1.04	0.64	0.74	0.51	1.10	1.22
Hennepin*	0.96	1.32	1.02	1.16	1.13	1.07
Ramsey*	0.94	1.14	1.58	0.98	0.98	1.12
Scott	1.06	0.33	0.99	1.62	0.78	0.74
Washington*	1.07	0.46	0.78	0.56	0.61	0.68
Entitlement Cities						
Bloomington	1.02	0.88	0.89	0.99	0.92	1.13
Coon Rapids	1.10	0.53	0.50	0.78	0.76	0.50
Eden Prairie	0.99	0.76	1.75	0.57	0.80	0.66
Minneapolis	0.89	1.63	0.93	1.82	1.58	1.41
Minnetonka	1.08	0.60	0.60	0.65	0.58	0.46
Plymouth	1.03	0.65	1.29	0.56	0.49	0.67
Saint Paul	0.85	1.47	1.90	1.21	1.30	1.45
Woodbury	0.97	0.96	1.58	0.55	0.76	0.93

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014

**Figure 2-19. Ratio of actual to predicted households of color by census tract, 2010-2014**

Ratio of households headed by people of color  
to predicted, income-stratified value



The Dissimilarity Index (DI) (Tables 2-13 and 2-14) indicates the degree to which a minority group is segregated from a majority group residing in the same general area because the two groups are not evenly distributed geographically. The DI is based on a pair-wise calculation between the racial and ethnic groups in the region. Evenness, and the DI, are maximized and segregation minimized when all small areas (census tracts in this analysis) have the same proportion of minority and majority members as the larger area in which they live (here, the Twin Cities region). Evenness is not measured in an absolute sense, but is scaled relative to some other group. Conceptually, the DI ranges from 0.0 (complete integration) to 1.00 (complete segregation). HUD identifies a DI value under 0.40 as low segregation, between 0.41 and 0.54 as a moderate level of segregation, and 0.55 or above as a high level of segregation.

Segregation is maximized when no minority and majority members occupy a common area. When calculated from population data broken down by race or ethnicity, the DI represents the proportion of members of one group that would have to change their area of residence to achieve an even distribution.

According to this measure, in 2010, three of the four ethnic and racial minority groups identified by the Census in the region were “moderately segregated” relative to the non-Latino white population (Table 2-13). Within HUD’s classification of moderate in 2010, Black households were the most segregated (DI = 0.50) and Latinos were the least segregated (DI = 0.42). American Indians fell between these two (DI = 0.44). Asians showed a low level of segregation relative to whites with a DI of 0.40, the least segregated of the four primary groups. As the ancestry and foreign-born population maps show, however, Southeast Asian populations and other Asian populations including Chinese and Indians tend to live in different parts of the region and likely experience differing level of segregation relative to whites. The DI between non-Latino whites and all people of color is 0.38.

#### Changes in the Regional Black and White Dissimilarity Index

Levels of and changes in segregation in part reflect majoritarian attitudes and biases compared with responses and preferences of minority population groups. But other types of factor also affect levels of separation. Two of these that are important to recognize are demographic and geographic changes in housing demand. Both contribute to current levels of and changes in separation and both are reflected in the changes in dissimilarity indices that measure segregation. At the broadest level, two sets of geographic changes drive the continuing decline in the African American/white dissimilarity. First, an increase in Black suburbanization. Different segments of the Black population seek housing in other areas, but demand for suburban housing has increased for a large portion of the African-American community. Second, white resistance to racially integrated housing has declined. Discriminatory attitudes regarding race and socioeconomic class are still held by some white



households, but these negative perceptions more frequently affect in-migrant groups through local zoning than they do suburbanization.

Another portion of the decline in the black/white dissimilarity index is the temporary integration produced by predominately-white gentrification of neighborhoods occupied by African Americans. But, we should recognize that racially integrated gentrifying neighborhoods are usually only temporarily integrated. The relentless upward class pressure generally drives most of the original residents out.

#### Changes in the Regional American Indian and White Dissimilarity Index

The other minority group that experienced declining dissimilarity indices relative to whites is American Indians, but, unlike the African American population, these consistent reductions were substantially driven by declines in the Indian population. Their DI declined from 0.52 in 1990 to 0.47 in 2000 to 0.44 in 2010. American Indians lost nearly one-sixth of their population in each decade.<sup>31</sup> These losses were concentrated in Minneapolis and Saint Paul, where losses were one-fifth (20%) or more each decade. Suburban and rural areas grew in the 1990s by 1,140 people (16.4%) and stabilized at approximately 8,000 people in the 2000s. The larger losses in Minneapolis-Saint Paul and the region reduced the regional DI from 0.52 to 0.47 in the 1990s simply because there were fewer American Indians in, as far as we can tell, essentially stable residential patterns by the year 2000. The reduction in the Indian population in Minneapolis and Saint Paul and the stability of rural and suburban populations combined to further reduce the DI by 0.03 points in the 2000s.

Compared to other people of color, the population of American Indians is quite small – fewer than 15,000 people in 2000. Consequently, declines of three or four thousand people in each decade have had pronounced effect on the DI.

#### Changes in the Regional Latino and White Dissimilarity Index

Over the 1990s, the regional Latino population grew from 36,716 to 95,902, a 162.0% increase. The additional 59,186 people more than doubled the regional presence of Latinos from 1.6% to 3.6%. We know that this increase did not substantially alter the relative distribution of the Latino population between Minneapolis-Saint Paul and rural/suburban areas. Minneapolis and Saint Paul held 53% of the Latino population in 1990 and 54% in 2000 and the rural/suburban areas reduced their share only from 47% to 46% (Table 2-4).

If Latino immigrants behaved as many growing minority groups do, they would have moved into areas predominately settled by people of their own ethnicity. The present data strongly suggests that the adoption of 1.6 times as many Latino immigrants as the then current population occurred in proximate areas. The expansion of existing Latino settlements was the primary force increasing the dissimilarity index from 0.35 to 0.46. This conclusion does

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<sup>31</sup> The losses were  $22,128 - 3,536 = 18,592$  from 1990 to 2000 and  $18,592 - 3,840 = 14,752$  from 2000 to 2010.

not mean that there was no housing discrimination against Latinos; no metropolitan area in the country was discrimination-free. But, the fact that the population grew so substantially masks less visible discriminatory dynamics.

Growth of the Latino population between 2000 and 2010-2014 was proportionally one-half of the preceding decade's rate (83.0% versus 162.0%). Recent immigrant tendencies to settle in previously ethnically established areas likely continued for the 79,610 new Latino residents, but their smaller proportion of existing population meant that the 2010-2014 DI was less affected by population growth and that longer-term residents' mobility was substantially more reflected in the decline of the DI from 0.46 to 0.42.

#### [Changes in the Regional Asian and White Dissimilarity Index](#)

The Asian population experienced similar but less pronounced changes in levels of integration relative to the white population as Latinos did. Their DI increased from 0.40 in 1990 to 0.43 in 2000, indicating greater segregation, then improved back to 0.40 in 2010. While the 1990-2000 shift was small (0.03 on the DI scale), it moved the Asian population from the "low" to "moderate" segregation category because it crossed the lower boundary of HUD's classification.

**Table 2-14. Dissimilarity Index by Race and Ethnicity for the Twin Cities Region in 1990, 2000 and 2010**

	Year	Black, non-Latino	Latino	Asian, non-Latino	American Indian, non-Latino	Other or multiple races, non-Latino	All people of color
White, non-Latino	1990	0.61	0.35	0.40	0.52	0.48	0.46
	2000	0.58	0.46	0.43	0.47	0.33	0.45
	2010	0.50	0.42	0.40	0.44	0.24	0.38
Black, non-Latino	1990		0.48	0.46	0.44	0.42	
	2000		0.38	0.39	0.40	0.31	
	2010		0.33	0.38	0.37	0.31	
Latino	1990			0.34	0.40	0.42	
	2000			0.39	0.31	0.28	
	2010			0.39	0.31	0.27	
Asian, non-Latino	1990				0.49	0.45	
	2000				0.45	0.28	
	2010				0.45	0.30	
American Indian, non-Latino	1990					0.44	
	2000					0.28	
	2010					0.31	

Source: Metropolitan Council's analysis of U.S. Census Bureau, Decennial Census, 1990, 2000, and 2010

Note: Cell entries show the value of the dissimilarity index calculated for the row group and the column group. For example, the values in the White, non-Latino row and the Black, non-Latino column show that the dissimilarity index for White, non-Latino residents and Black, non-Latino residents was 0.50 in 2010. The dissimilarity index is symmetrical so the values for black, non-Latino residents and the white, non-Latino residents would be identical.

#### Dissimilarity Indices by Jurisdiction

Table 2-14 provides the DI values for each of the entitlement jurisdictions in the study area comparing Whites to minority racial and ethnic groups. Each of the five entitlement counties displays a moderate level of segregation between White and Black residents and a high level of segregation between Whites and American Indians. In Hennepin and Ramsey Counties, there is a moderate amount of segregation between Whites and people of color as a group; segregation levels for this pairing were lower in all the remaining counties.

The Black population in the cities of Minneapolis and Saint Paul grew by 126% (or 12,649 people) between 2000 and 2010-2014 to reach 113,422. At the same time the cities' share of the African American population declined from 65.4% to 46.1%, an 86.1% increase (78,770 people) occurred outside the central cities. Both Anoka and Dakota Counties gained over 10,000 Black residents. Each of the suburban counties had lower DIs than either

Minneapolis or Saint Paul. While the region and each of its core counties were in HUD's moderately segregated category, it is notable that Anoka and Dakota are in the lower portions of the bracket while Hennepin and Ramsey are in the upper portion, meaning that Anoka and Dakota are less segregated.

**Table 2-15. Dissimilarity Index with White, non-Latino residents by Race and Ethnicity by Jurisdiction, 2010-2014**

Jurisdiction	Black, non-Latino	Latino	Asian, non-Latino	American Indian, non-Latino	Other or multiple races, non-Latino	All people of color
Counties						
Anoka*	0.47	0.42	0.36	0.54	0.26	0.30
Dakota*	0.43	0.38	0.32	0.64	0.27	0.27
Hennepin*	0.54	0.49	0.43	0.57	0.31	0.41
Ramsey*	0.50	0.43	0.50	0.58	0.37	0.43
Washington*	0.46	0.28	0.38	0.59	0.26	0.30
Entitlement Cities						
Bloomington	0.38	0.35	0.21	0.49	0.20	0.26
Coon Rapids	0.24	0.32	0.18	0.46	0.18	0.14
Eden Prairie	0.39	0.29	0.37	0.55	0.22	0.23
Minneapolis	0.55	0.49	0.52	0.52	0.30	0.44
Minnetonka	0.61	0.28	0.22	0.67	0.30	0.29
Plymouth	0.22	0.27	0.30	0.60	0.30	0.18
Saint Paul	0.47	0.43	0.57	0.61	0.38	0.46
Woodbury	0.21	0.17	0.14	0.51	0.14	0.10

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014

With one important exception, entitlement cities exhibit lower DIs than either Minneapolis or Saint Paul. There arc of African American suburban expansion into Plymouth, (DI = 0.22), Minnetonka (DI = 0.61), Eden Prairie (DI = 0.39), and Bloomington (DI = 0.38) has three cities with DIs that reflect low levels of segregation. Only Minnetonka exhibits more severe segregation, but that measure is high and is the most segregated jurisdiction in the region.

Both Minneapolis and Saint Paul's Latino populations increased during the 2000 to 2010-2014 periods, Minneapolis' by 9,544 (32.7%) and Saint Paul's by 5,101 (22.1%). The two central cities contained 66,535 of the region's Latino population at the end of this period but that population was only 38% of the region's total Latino population. Both Minneapolis (DI=0.49) and Saint Paul (DI=0.43) exhibit higher Latino/white dissimilarly indices that the

metropolitan area (DI=0.42). While all areas are in the moderately segregated category, the figure for Minneapolis is 9.7% (0.07 points) higher than the region.

It is important to recall that the earlier discussion of metropolitan dissimilarity indices attributed much of the increase in the Latino-white DI between 1990 and 2000 ( $0.35 + 0.11 = 0.46$ ) to the region's 162.0% increase in the Latino population, and further argued that the 0.04-point decline between 2000 and 2010 reflected both a more modest but still substantial proportional growth in Latino immigration and gradual movement of the preceding decade's triple digit expansion. The extensive suburbanization of the Latino population has produced lower DIs than the regional figure in all six of the suburban entitlement cities (Table 2-14): Bloomington, Coon Rapids, Eden Prairie, Minnetonka, Plymouth, and Woodbury. Only one of those six cities (Bloomington) has a proportion of Latino residents that is greater than the regional proportion of 6.0%. Bloomington is slightly greater at 7.2% (Table 2-3).

The Latino population is more geographically dispersed than the African American population, not only in the sense that the regional DI is lower (0.42 versus 0.50) but also in the sense that segments of the Latino population live farther into the suburbs from both Minneapolis and Saint Paul. The farthest west that African Americans make up at least a 10% share of a census tract is eastern Eden Prairie (Figure 2-7). Latinos live both further west and further south, making up between 15 and 25% of Louisville and Jackson Townships in Scott County (Figure 2-9). On the north side the farthest location comprised of at least 10% is Brooklyn Park, while Latinos have moved into the northernmost tract (Dayton) in Hennepin County. On the east side, Latinos make up 5-15% of Lake Elmo in Washington County, while make up at least 40% of at least one tract in Baytown Township along Washington County's eastern edge.

Acknowledging the distinct and unique cultural, class, and nationality differences within the broad Asian category, but working with the available data, Asians were the least segregated of the minorities in the Twin Cities with a dissimilarity index of 0.40 in 2010, just into HUD's low segregation classification. As with other minorities, the DIs were substantially higher than the regional figure in the cores cities. In Minneapolis, the DI was 0.52 and in Saint Paul it was highest at 0.57. Saint Paul's figure places the city in the "high" level of segregation and Minneapolis' places it in the upper of the moderate range.

Suburban and rural areas became the location for a majority of the Asian population during the 1990s. By 2000, 51% of Asians lived outside the core cities and by 2010-2014, 65% did. None of the non-core entitlement cities have a DI above the low classification. In fact, three cities – Eden Prairie (0.285), Plymouth (0.286), and Minnetonka (0.279), have DIs less than 0.30.

All the entitlement cities have a moderate or high degree of segregation between White and American Indian residents. Most other pairings for the cities display low levels of segregation

except for Minneapolis, Saint Paul, and Minnetonka where moderate or high levels of segregation are present in a handful of cases, most notably with the White/Black pairing.

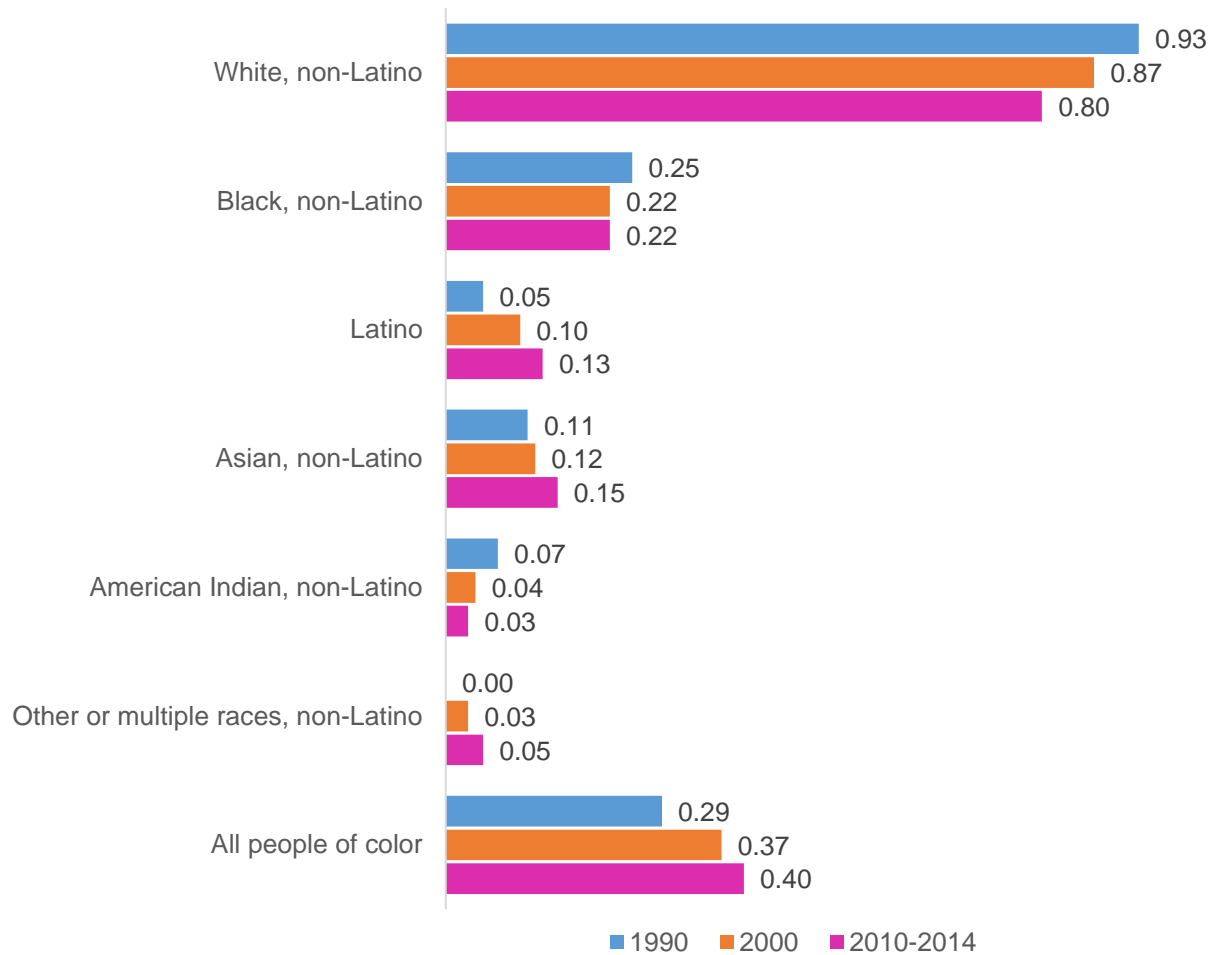
#### Isolation and Exposure Indices

Two basic, and related, measures of racial and ethnic interaction are isolation and exposure indices. These two indices, respectively, reflect the possibility that a minority person shares a census tract with another minority person (Isolation Index, II) or with a majority person (Exposure Index, EI).

The Isolation Index (II), measures “the extent to which minority members are exposed only to one another” (Massey and Denton, p. 288). Not a measure of segregation in a strict sense, the II is a measure of the probability that a member of one group will meet or interact with a member of the same group. The II can be viewed more as a measure of sociological isolation. The II is a region-level measure for each race/ethnicity summed up from tracts within the region. The II can be interpreted as a probability that has a lower bound of 0.0 (low segregation corresponding to a small dispersed group) to 1.0 (high segregation implying that group members are entirely separate from other groups).

The Isolation Index values for the Twin Cities region show Whites to be the most isolated, in effect segregated, from other racial and ethnic groups. This can largely be attributed to the fact that Whites make up the majority of the region’s population. Based on the 2010-2014 data, the region’s average White resident lived in a tract that was 80% White, down from 93% in 1990. Isolation for Blacks and American Indians also declined over time, but the isolation of Latinos, Asians, and people of color as a group increased.

**Figure 2-20. Isolation Index by Race and Ethnicity in the Twin Cities Region in 1990, 2000, and 2010-2014**



Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014

**Table 2-16. Isolation Indices by Jurisdiction, 2010-2014**

Jurisdiction	White, non-Latino	Black, non-Latino	Latino	Asian, non-Latino	American Indian, non-Latino	Other or multiple races, non-Latino	All people of color
Region							
Twin Cities	0.80	0.22	0.13	0.15	0.03	0.05	0.40
Counties							
Anoka*	0.86	0.12	0.08	0.07	0.02	0.04	0.22
Carver	0.91	0.02	0.08	0.05	0.00	0.03	0.13
Dakota*	0.83	0.10	0.11	0.07	0.01	0.04	0.24
Hennepin*	0.77	0.27	0.16	0.13	0.03	0.05	0.44
Ramsey*	0.74	0.21	0.12	0.23	0.02	0.05	0.50
Scott	0.85	0.04	0.10	0.10	0.02	0.04	0.23
Washington*	0.86	0.09	0.05	0.08	0.04	0.03	0.21
Entitlement Cities							
Bloomington	0.78	0.12	0.12	0.08	0.01	0.04	0.30
Coon Rapids	0.85	0.07	0.05	0.04	0.02	0.04	0.17
Eden Prairie	0.80	0.12	0.05	0.21	0.01	0.04	0.29
Minneapolis	0.71	0.33	0.20	0.13	0.05	0.06	0.54
Minnetonka	0.88	0.16	0.03	0.05	0.01	0.04	0.19
Plymouth	0.81	0.06	0.06	0.11	0.01	0.04	0.22
Saint Paul	0.66	0.25	0.15	0.28	0.02	0.06	0.59
Woodbury	0.78	0.07	0.06	0.10	0.01	0.04	0.23

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014

The final analysis of segregation, the Exposure Index (EI), measures “the degree of potential contact between minority and majority group members.”<sup>32</sup> Exposure is a measure of the extent two groups share common residential areas and so it reflects the degree to which the average minority group member experiences segregation. The EI can be interpreted as the probability that a minority resident will come in contact with a majority resident, and ranges in value from 0.0 to 1.0, where higher values represent lower segregation.

The EI is not “symmetrical” so the probability of a typical Latino person meeting a White person in a tract is not the same as the probability of a typical White person meeting a Latino person in that tract. An illustrative example of this asymmetry is to imagine a census tract with many White residents and a single Latino resident. The Latino resident would see all

<sup>32</sup> Massey and Denton, 1988.



White people, but the White residents would see only one Latino person. Each would see a much different world with respect to group identification.

The maximum value of the EI depends both on the distribution of racial and ethnic groups and on the proportion of minorities in the area studied. Generally, the value of this index will be highest when the two groups have equal numbers and are spread evenly among tracts (low segregation). If a minority is a small proportion of a region's population, that group tends to experience high levels of exposure to the majority regardless of the level of evenness.<sup>33</sup>

Table 16 on the following page shows that all minority groups have a high level of exposure to Whites, a function of the region's much larger White population relative to its individual minority populations. Although the level of exposure is high, it is important to note that, for every minority group, exposure to Whites is declining. As the region's racial and ethnic diversity has increased dramatically since 1990 and as people of color have dispersed into suburban communities, White residents have become more likely to encounter people of color in their neighborhoods. However, a converse phenomenon is also occurring wherein neighborhoods inhabited by people of color are becoming less White.

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<sup>33</sup> John Iceland, Weinberg D.H., and Steinmetz, E. 2002. "Racial and Ethnic Residential Segregation in the United States: 1980-2000." U.S. Census Bureau. Paper presented at the annual meetings of the Population Association of America, Atlanta, Georgia.

**Table 2-17. Exposure Indices between Race and Ethnic Groups in the Twin Cities Region in 1990, 2000, and 2010-2014**

		To column group							
		Year	White, non-Latino	Black, non-Latino	Latino	Asian, non-Latino	American Indian, non-Latino	Other or multiple races, non-Latino	All people of color
Exposure of row group...	White, non-Latino	1990		0.03	0.01	0.02	0.01	0.00	0.07
		2000		0.04	0.03	0.04	0.01	0.02	0.13
		2010-14		0.06	0.05	0.06	0.00	0.03	0.20
	Black, non-Latino	1990	0.63		0.03	0.07	0.03	0.00	
		2000	0.56		0.07	0.09	0.02	0.04	
		2010-14	0.54		0.09	0.10	0.01	0.04	
	Latino	1990	0.82	0.06		0.05	0.02	0.00	
		2000	0.66	0.11		0.07	0.02	0.03	
		2010-14	0.62	0.13		0.08	0.01	0.04	
	Asian, non-Latino	1990	0.75	0.09	0.03		0.02	0.00	
		2000	0.67	0.12	0.06		0.01	0.03	
		2010-14	0.62	0.12	0.07		0.01	0.04	
	American Indian, non-Latino	1990	0.74	0.11	0.03	0.04		0.00	
		2000	0.66	0.13	0.08	0.05		0.03	
		2010-14	0.63	0.14	0.10	0.08		0.04	
	Other or multiple races, non-Latino	1990	0.80	0.11	0.02	0.05	0.02		
		2000	0.72	0.11	0.06	0.07	0.01		
		2010-14	0.69	0.11	0.07	0.08	0.01		
	All people of color	1990	0.71						
		2000	0.63						
		2010-14	0.60						

Source: Metropolitan Council staff calculations based on U.S. Census Bureau, Decennial Census, 1990, 2000 and 2010.

Note: Cell entries show the value of the index measuring the exposure of the row group to the column group. For example, the values in the white, non-Latino row and the black, non-Latino column shows that the proportion of black, non-Latino people in the census tract of the average white, non-Latino person was 0.03 in 1990, 0.04 in 2000, and 0.06 in 2010-2014. The values in the black, non-Latino row and the white, non-Latino column show that the proportion of white, non-Latino people in the census tract of the average black, non-Latino person was 0.63 in 1990, 0.56 in 2000, and 0.54 in 2010-2014.

### III. Housing Market Analysis

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This housing market analysis profiles the Twin Cities' regional housing market, with a focus on housing affordability. It contains information on historical housing production, tenure (renter/owner), vacancy rates, unit sizes, condition, overcrowding and housing cost.

#### Housing Profile

Between the 2000 Census and the 2010-2014 American Community Survey estimates, the region's total housing stock grew by 14.6% to 1,199,635 units, roughly two-thirds of which are owner-occupied and 5.0% are vacant. As was the case with the analysis of population growth, the region's fastest growth in housing units has occurred in suburban Scott and Carver counties as well as in Lakeville. The more urban areas have all experienced growth in housing units well below the average for the region.

The vacancy data in Table 3-1 also indicates a tight market with vacancy rates under 5% in 19 of the 29 jurisdictions in the study area. In Coon Rapids, Apple Valley, Blaine, Eagan, and Lakeville (which added nearly 6,000 new units since 2000), vacancy rates were under 3%. Figure 3-1 shows the vacancy rate by rent level for the region, which illustrates that the market for lower priced units (rent under \$1,000/month) is even tighter. As of the fourth quarter of 2015, regional vacancy for units renting for less than \$1,000 was 1.7%, compared to 2.9% for those priced over \$1,000. Low vacancy rates make mobility within the region difficult as the selection of vacant and available housing units is limited, reducing choice. In a market such as this, households may find themselves paying more for housing than they can afford or remaining in housing that is too small or substandard because of the scarcity of other options.

The availability of rental housing varies significantly between jurisdictions in the region, from a low of 11.9% in Lakeville to a high of 66.3% in Hopkins. The proportion of renter-occupied units is greater in the urban areas than in the suburbs and rural areas. Hennepin and Ramsey counties, Minneapolis, Saint Paul, Brooklyn Center, Burnsville, Hopkins, New Hope, Richfield, and St. Louis Park all have higher-than-average rental housing stocks.

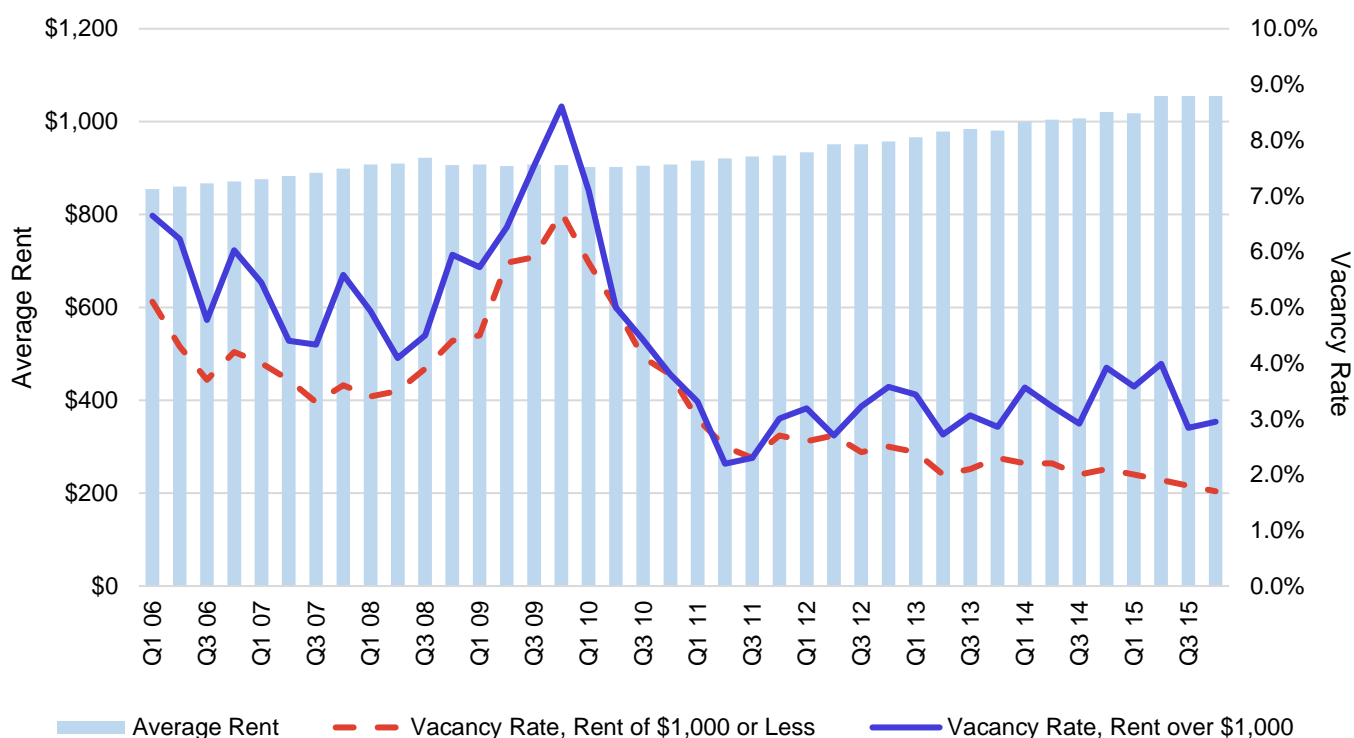
**Table 3-1. Housing Units, Vacancy, and Tenure by Jurisdiction, 2000 to 2010-2014**

Jurisdiction	Total Housing Units		% Increase in Housing Units	2010-2014 Vacancy Rate	2010-2014 Occupied Units	
	2000	2010-2014			% Owner Occupied	% Renter Occupied
Region						
Twin Cities	1,047,240	1,199,635	14.6%	5.0%	68.8%	31.2%
Counties						
Anoka*	108,091	128,093	18.5%	3.6%	80.9%	19.1%
Carver	24,883	35,356	42.1%	4.4%	81.2%	18.8%
Dakota*	133,750	161,179	20.5%	3.7%	75.3%	24.7%
Hennepin*	468,824	514,913	9.8%	5.8%	63.2%	36.8%
Ramsey*	206,448	217,733	5.5%	5.3%	59.3%	40.7%
Scott	31,609	48,173	52.4%	4.1%	83.9%	16.1%
Washington*	73,635	94,188	27.9%	4.6%	80.7%	19.3%
Entitlement Cities						
Bloomington	37,104	38,375	3.4%	4.6%	68.9%	31.1%
Coon Rapids	22,828	24,444	7.1%	2.9%	77.4%	22.6%
Eden Prairie	21,026	24,886	18.4%	3.2%	73.7%	26.3%
Minneapolis	168,606	180,737	7.2%	7.7%	48.6%	51.4%
Minnetonka	22,228	23,565	6.0%	5.3%	72.2%	27.8%
Plymouth	25,258	31,031	22.9%	4.6%	72.1%	27.9%
Saint Paul	115,713	120,058	3.8%	6.4%	49.4%	50.6%
Woodbury	17,541	24,500	39.7%	3.4%	77.9%	22.1%
Subrecipient Cities						
Apple Valley	16,536	19,836	20.0%	2.8%	79.5%	20.5%
Blaine	16,169	22,448	38.8%	2.5%	86.4%	13.6%
Brooklyn Center	11,598	12,011	3.6%	7.3%	61.6%	38.4%
Brooklyn Park	24,846	27,719	11.6%	5.0%	70.0%	30.0%
Burnsville	24,261	25,688	5.9%	4.8%	65.4%	34.6%
Crystal	9,481	9,628	1.6%	4.1%	71.9%	28.1%
Eagan	24,390	26,690	9.4%	2.9%	70.4%	29.6%
Edina	21,669	22,353	3.2%	6.8%	73.1%	26.9%
Hopkins	8,390	8,293	-1.2%	4.1%	33.7%	66.3%
Lakeville	13,799	19,778	43.3%	2.3%	88.1%	11.9%
Maple Grove	17,745	25,206	42.0%	3.2%	85.0%	15.0%
New Hope	8,746	8,927	2.1%	2.8%	53.4%	46.6%
Richfield	15,357	15,518	1.0%	5.3%	63.5%	36.5%
St. Louis Park	21,140	23,416	10.8%	5.8%	57.2%	42.8%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, Decennial Census, 2000 and U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

**Figure 3-1. Vacancy Rate by Rent and Average Rent in the Twin Cities Region, 2006-2015**



Source: Minnesota Housing Partnership analysis of GVA Marquette data.

Homeownership rates, explored in Table 3-2, reveal substantial gaps in the numbers of White homeowner households and households of color who own their homes. On average, the gap is 37.8 percentage points, but this gap ranges as high as 47.7 in Richfield (where 77.0% of White households own their home compared to just 29.3% of households of color). In suburban communities with higher rates of homeownership overall, the homeownership gaps tended to be smaller. This is especially the case in Carver, Scott, and Washington counties and in the cities of Woodbury, Blaine, Lakeville, and Maple Grove. Based on an extensive review of literature and a series of focus groups, the Minnesota Homeownership Center identified five factors that contribute to this gap: familiarity with and treatment during the buying and lending processes; generational wealth and familial support; the age at which buyers purchase homes; financial vulnerability of single-income households; and foreclosure rates.<sup>34</sup>

In terms of access to mortgage loans, data reveals that socioeconomic status does not shield people of color from mortgage lending discrimination. Lenders are substantially more likely to deny loans to people of color across income levels. For example, high-income Black, Latino,

<sup>34</sup> Minnesota Homeownership Center, *The State of Homeownership*.

and Asian applicants have higher denial rates for home purchase and loans than low-income white applicants.<sup>35</sup>

Applicants of color across income levels, especially Black and Latino applicants, are more likely to submit loan applications to subprime lenders than whites.<sup>1</sup> Due to more applications, high and very high income black and Hispanic borrowers are more likely to receive subprime loans than in any white income group. Although income does not perfectly predict risk, it is clear that race is still a stronger factor in determining the quality and cost of loans that borrowers receive than income.<sup>36</sup>

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<sup>35</sup> Bayer, Patrick, Fernando Ferreira, and Stephen Ross. "Race, Ethnicity and High-Cost Mortgage Lending." (2014): Institute on Race and Poverty.

<sup>36</sup> "Racial Disparities in Homeownership." Minneapolis Urban League, 2011.

**Table 3-2. Homeownership Rates by Race by Jurisdiction, 2010-2014**

Jurisdiction	Share of White, non-Latino households who own their home	Share of households of color who own their home	Homeownership Gap (difference)
Region			
Twin Cities	75.6%	37.8%	37.8
Counties			
Anoka*	83.7%	56.2%	27.5
Carver	82.0%	68.8%	13.2
Dakota*	79.5%	48.6%	30.9
Hennepin*	71.6%	32.8%	38.8
Ramsey*	68.7%	30.2%	38.5
Scott	85.9%	67.2%	18.7
Washington*	82.5%	64.3%	18.2
Entitlement Cities			
Bloomington	74.8%	39.7%	35.1
Coon Rapids	80.2%	52.8%	27.4
Eden Prairie	80.4%	39.5%	40.9
Minneapolis	59.3%	23.7%	35.6
Minnetonka	75.6%	39.2%	36.4
Plymouth	75.1%	52.6%	22.5
Saint Paul	60.8%	26.1%	34.7
Woodbury	80.5%	64.9%	15.6
Subrecipient Cities			
Apple Valley	82.7%	58.0%	24.7
Blaine	87.4%	79.6%	7.8
Brooklyn Center	79.2%	39.5%	39.6
Brooklyn Park	85.2%	48.9%	36.3
Burnsville	71.4%	41.3%	30.1
Crystal	78.7%	40.1%	38.5
Eagan	75.4%	46.9%	28.5
Edina	76.9%	38.9%	38.0
Hopkins	43.5%	8.7%	34.7
Lakeville	89.5%	73.3%	16.2
Maple Grove	86.9%	69.7%	17.2
New Hope	63.6%	22.6%	41.0
Richfield	77.0%	29.3%	47.7
St. Louis Park	63.4%	24.8%	38.6

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's and Mosaic Community Planning's analysis of U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

Tables 3-3, 3-4, and 3-5 contain data related to housing structure types, their relative availability by jurisdiction, and occupancy by race and ethnicity. By far, single-unit, detached housing units are the most common owner-occupied housing type. This is true in the region's principal cities of Minneapolis and Saint Paul as well as in the suburban and rural communities. A little over 10% of the housing units in the suburban and rural communities are owner-occupied single-unit attached structures, a housing type much less common in the region's principal cities. Renter-occupied multifamily structures of five or more units comprised 32.1% of Minneapolis and Saint Paul's housing stock, but only 16.1% of the housing in the outlying communities.

Single family units are the predominant housing type for each racial and ethnic group studied, according to the data in Table 3-4. Although Black households are least likely to reside in this type of housing (and almost as likely to live in large multifamily structures of 20 or more units), it remains the choice of 38.6% of the households in this group. By contrast, more than three in four White households live in single family units.

A majority of the housing stock in nearly every jurisdiction in the study area is single family (the exceptions being Minneapolis and Hopkins, where 51.4% and 61.9% of the housing stock is multifamily, respectively). In Lakeville, single family units comprise 89% of the city's housing, but the average across the region is just under 70%. In addition to Minneapolis and Hopkins, the city of Saint Paul and the inner-ring suburbs of Burnsville, Edina, New Hope, Richfield, and St. Louis Park also had large stocks of multifamily housing units.

Figures 3-2 and 3-4 show the distribution of rental housing with three or more bedrooms across the region and in Minneapolis and Saint Paul. Community members who provided input for this Addendum noted a lack of available affordable three bedroom units as a limiting factor in housing choice for many families with children. As Figure 3-4 indicates, most three bedroom units are in North Minneapolis, South Minneapolis, and the Marcy Holmes/Como/University of Minnesota area. Three bedroom rentals are more evenly dispersed throughout Saint Paul, although there are fewer in the Highland Park and Eastview neighborhoods.



**Table 3-3. Housing Units by Structure Type and Tenure in the Twin Cities Region, 2010-2014**

Units in Structure	Minneapolis and Saint Paul		Suburban and Rural Areas	
	Number of Units	% of Total	Number of Units	% of Total
<b>Owner Occupied</b>				
1, detached	113,183	40.5%	516,437	60.0%
1, attached	4,873	1.7%	89,146	10.4%
2-4	6,224	2.2%	6,248	0.7%
5-19	2,531	0.9%	6,437	0.7%
20-49	2,665	1.0%	5,252	0.6%
50 or more	6,946	2.5%	11,353	1.3%
Mobile home	268	0.1%	12,384	1.4%
Other	9	0.0%	89	0.0%
<b>Renter Occupied</b>				
1, detached	18,363	6.6%	29,583	3.4%
1, attached	6,757	2.4%	29,376	3.4%
2-4	27,447	9.8%	13,425	1.6%
5-19	31,356	11.2%	33,815	3.9%
20-49	22,020	7.9%	39,611	4.6%
50 or more	36,268	13.0%	65,516	7.6%
Mobile home	240	0.1%	1,573	0.2%
Other	81	0.0%	139	0.0%
<b>Total Units</b>	<b>279,231</b>	<b>100.0%</b>	<b>860,384</b>	<b>100.0%</b>

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

**Table 3-4. Structure Type for Occupied Units by Householder Race and Ethnicity in the Twin Cities Region, 2010-2014**

Householder Race and Ethnicity	Single Family Units	Small Multifamily (2-19 units)	Large Multifamily (20+ units)	Mobile Home Units
White, non-Latino	75.9%	8.9%	14.0%	1.2%
Black	38.6%	25.1%	35.9%	0.4%
Asian	60.9%	14.6%	23.3%	1.2%
American Indian	54.1%	25.9%	17.0%	3.0%
Other or multiple races	48.1%	24.2%	23.8%	3.9%
Latino	46.5%	24.7%	24.2%	4.5%
All people of color	48.6%	21.3%	28.3%	1.7%

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

**Table 3-5. Structure Type for Occupied Housing Units by Jurisdiction, 2010-2014**

Jurisdiction	Single Family Units	Small Multifamily (2-19 units)	Large Multifamily (20+ units)	Mobile Home Units
Region				
Twin Cities	69.9%	11.6%	17.2%	1.3%
Counties				
Anoka*	83.4%	5.6%	7.8%	3.1%
Carver	82.9%	5.3%	8.8%	3.0%
Dakota*	76.1%	7.2%	14.3%	2.4%
Hennepin*	63.2%	14.0%	22.4%	0.3%
Ramsey*	60.4%	17.5%	20.6%	1.5%
Scott	88.9%	4.0%	5.6%	1.5%
Washington*	84.4%	6.7%	7.5%	1.4%
Entitlement Cities				
Bloomington	66.9%	7.7%	24.8%	0.6%
Coon Rapids	82.5%	6.0%	10.5%	1.0%
Eden Prairie	75.9%	7.2%	16.8%	0.1%
Minneapolis	48.3%	25.0%	26.4%	0.2%
Mnetonka	68.0%	4.2%	27.6%	0.2%
Plymouth	72.3%	5.3%	22.3%	0.1%
Saint Paul	53.5%	24.5%	21.7%	0.2%
Woodbury	83.1%	7.9%	8.9%	0.1%
Subrecipient Cities				
Apple Valley	82.0%	4.5%	11.2%	2.3%
Blaine	83.9%	3.1%	4.9%	8.2%
Brooklyn Center	70.7%	13.8%	15.3%	0.3%
Brooklyn Park	74.6%	7.2%	18.1%	0.2%
Burnsville	63.7%	6.9%	26.7%	2.8%
Crystal	77.7%	6.8%	15.2%	0.3%
Eagan	72.4%	7.9%	19.5%	0.1%
Edina	62.8%	7.0%	29.8%	0.4%
Hopkins	37.9%	21.6%	40.3%	0.2%
Lakeville	89.0%	3.9%	2.8%	4.3%
Maple Grove	88.6%	5.5%	5.8%	0.0%
New Hope	53.3%	14.3%	32.4%	0.0%
Richfield	62.9%	12.9%	23.7%	0.5%
St. Louis Park	54.6%	15.0%	30.3%	0.1%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

**County Boundaries**

**City and Township Boundaries**

**Unit Size**

- 1 Dot = 25
- Rental Units with 3+ Bedrooms

**HENNEPIN**

**ANOKA**

**RAMSEY**

**WASHINGTON**

**CARVER**

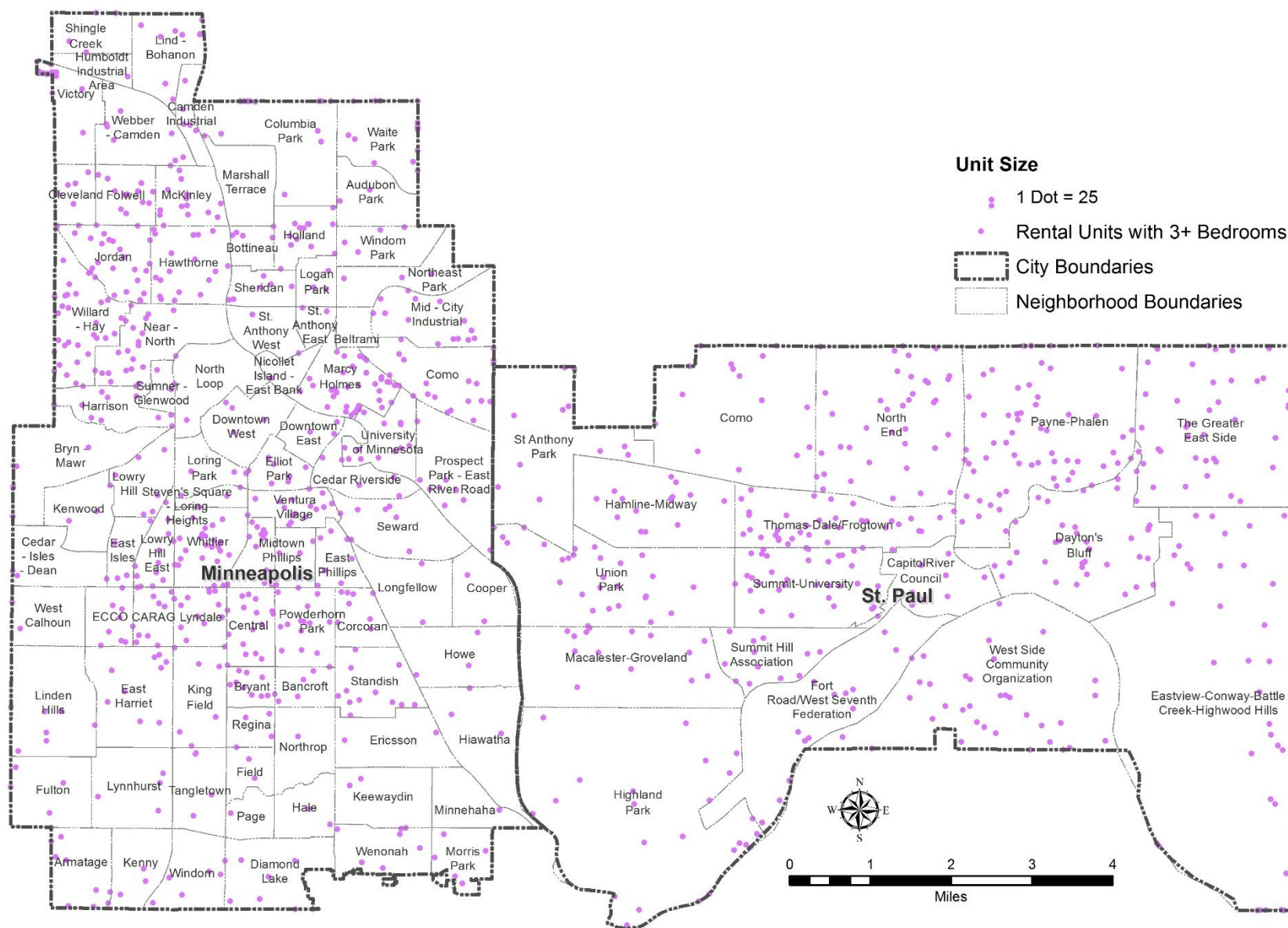
**DAKOTA**

**SCOTT**

0 5 10 15 20 Miles

71

**Figure 3-3. Rental units with three or more bedroom, 2010-2014**



Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014.



## Housing Affordability

Housing affordability becomes a fair housing issue when it interacts with other factors covered under the fair housing laws, such as household type, composition, and race/ethnicity, resulting in a disparate impact on classes protected by the Fair Housing Act. Using HUD's definition, housing is affordable when it requires a household to spend no more than 30% of its income on housing-related costs. Under this definition there is no single dollar amount at which housing can be considered affordable; rather affordability is scalable relative to household income.

Currently in the Twin Cities region, there are 139,999 households with incomes less than 30% of the region's median (Area Median Income, or AMI), as documented in Table 22. Given the low level of household income, there are only 79,286 potential housing units in the region that would be affordable to these households. That crucial stock of housing affordable to those with the lowest incomes meets less than 60% of the need and leaves a gap of over 60,000 units that would need to be created in order to affordably house this population. More than 33,000 of those additional units serving households at or below 30% AMI are needed in Minneapolis and Saint Paul alone, however, these cities fare better than most in terms of the percentage of affordable housing need met by currently existing units (45% and 58%, respectively). Eden Prairie and Woodbury have relatively small numbers of households at or below 30% AMI, however, affordable housing units available in these jurisdictions are far too scarce to meet the needs of these households. Eden Prairie has enough affordable units to meet just 25% and Woodbury 23% of their residents' needs.

In Table 23, the number of bedrooms in housing units available to households with income up to 50% of the AMI is compared between entitlement jurisdictions. Most of the region's units affordable to households within that income range are zero- or one-bedroom units. Households with incomes of 50% AMI or less who require three or more bedrooms will generally find those larger units either unaffordable or not available. The jurisdictions most likely to have larger housing units affordable to this population tend to be the outer-ring suburbs in Carver, Scott, and Washington counties.

**Table 3-6. Households and Housing Units by Area Median Income (AMI) by Jurisdiction**

Jurisdiction	Number of Households			Affordability of Housing Units		
	With income at or below 30% of Area Median Income	With income 31-50% of Area Median Income	With income 51-80% of Area Median Income	To households with income at or below 30% of Area Median Income	To households with income 31-50% of Area Median Income	To households with income 51-80% of Area Median Income
Region						
Twin Cities	139,999	127,436	170,716	79,286	216,427	485,647
Counties						
Anoka*	8,036	13,964	21,951	6,749	21,869	66,694
Carver	2,746	3,117	4,423	2,037	4,258	10,408
Dakota*	11,743	15,412	22,492	8,216	21,808	67,151
Hennepin*	71,227	52,184	72,140	34,151	92,672	207,413
Ramsey*	35,615	30,529	33,028	22,056	62,022	83,667
Scott	3,718	4,232	6,022	2,174	5,429	16,950
Washington*	6,914	7,998	10,660	3,903	8,369	33,364
Entitlement Cities						
Bloomington	3,862	4,641	6,403	2,137	5,102	19,110
Coon Rapids	1,829	2,717	4,752	803	5,991	14,768
Eden Prairie	1,478	1,624	2,318	371	1,935	7,320
Minneapolis	40,542	17,646	28,984	18,063	45,251	74,081
Minnetonka	1,568	2,022	2,474	1,131	1,415	6,864
Plymouth	2,316	2,270	3,162	878	2,610	9,325
Saint Paul	26,153	17,226	17,971	15,187	44,708	42,333
Woodbury	1,165	1,420	2,265	272	1,376	7,768

\*Denotes FHIC entitlement county.

Source: Metropolitan Council estimates for 2014 based on: MetroGIS Regional Parcel Datasets; U.S. Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy (CHAS) data, 2008-2012; and Metropolitan Council's survey of manufactured home parks. Numbers include both publicly financed (e.g. "subsidized") units and private market affordable units.

Note: Area Median Income for the Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area is determined by the U.S. Department of Housing and Urban Development. [Read more about Area Median Income definitions here.](#)

**Table 3-7. Housing Units Affordable to Households with Income up to 50% Area Median Income by Bedroom Size by Jurisdiction**

Jurisdiction	Share of units with zero or 1 bedrooms	Share of units with 2 bedrooms	Share of units with 3 or more bedrooms
Region			
Twin Cities	50.3%	34.5%	15.3%
Counties			
Anoka*	38.8%	42.0%	19.2%
Carver	31.9%	42.1%	26.0%
Dakota*	38.9%	44.8%	16.2%
Hennepin*	56.6%	29.5%	13.9%
Ramsey*	50.9%	35.6%	13.5%
Scott	37.7%	35.8%	26.5%
Washington*	32.6%	42.4%	25.0%
Entitlement Cities			
Bloomington	51.9%	33.8%	14.4%
Coon Rapids	29.2%	51.2%	19.6%
Eden Prairie	26.1%	44.9%	29.0%
Minneapolis	62.9%	23.2%	13.9%
Mnetonka	33.7%	42.0%	24.3%
Plymouth	34.6%	46.8%	18.6%
Saint Paul	53.0%	31.8%	15.1%
Woodbury	15.5%	62.0%	22.5%

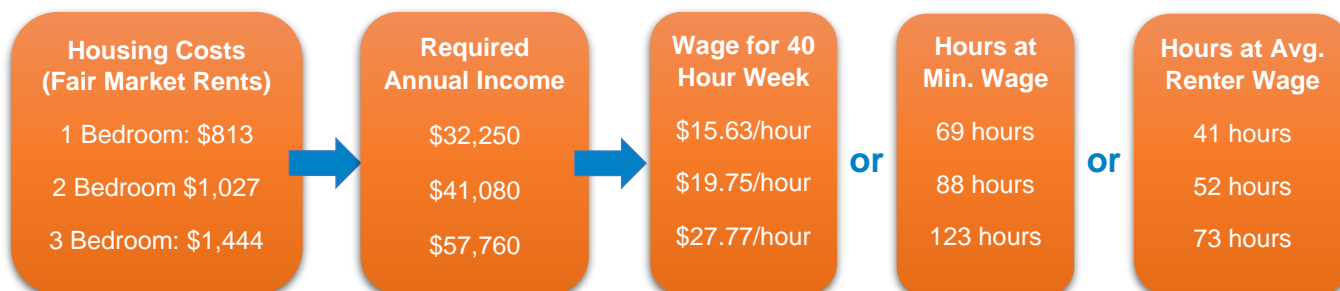
\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy (CHAS) data, 2009-2013. Numbers include both publicly financed (e.g. "subsidized") units and private market affordable units. Note: Area Median Income for the Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area is determined by the U.S. Department of Housing and Urban Development. [Read more about Area Median Income definitions here.](#)

The National Low Income Housing Coalition's annual *Out of Reach* report examines rental housing rates relative to income levels for areas throughout the U.S. Figures 3-5 and 3-5 show annual household income and hourly wages needed to afford Fair Market Rents (FMRs) in the Twin Cities region for one, two, and three bedroom rental units. The maps that follow identify rental housing affordable to households at the median renter wage (annual income of \$36,393 and affordable housing price of \$910) and owned housing affordable to households at 80% of area median income (annual income of \$68,640 and affordable housing cost of \$1,716).



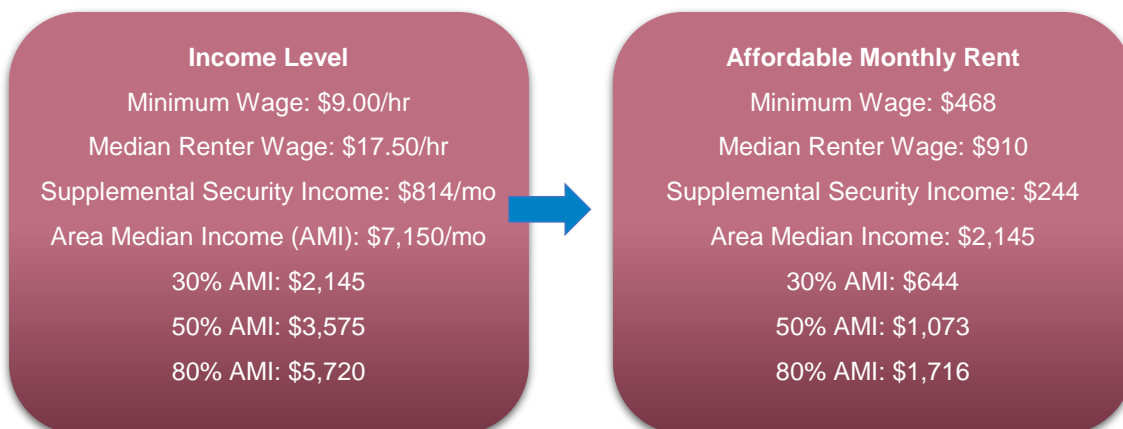
**Figure 3-4. Required Income, Wages, and Hours to Afford Fair Market Rents in the Minneapolis-Saint Paul-Bloomington MSA, 2016**



Note: Required income is the annual income needed to afford Fair Market Rents without spending more than 30% of household income on rent. Minimum wage in the Minneapolis-Saint Paul-Bloomington MSA is \$9.00; average renter wage is \$15.26.

Source: National Low Income Housing Coalition Out of Reach, 2016

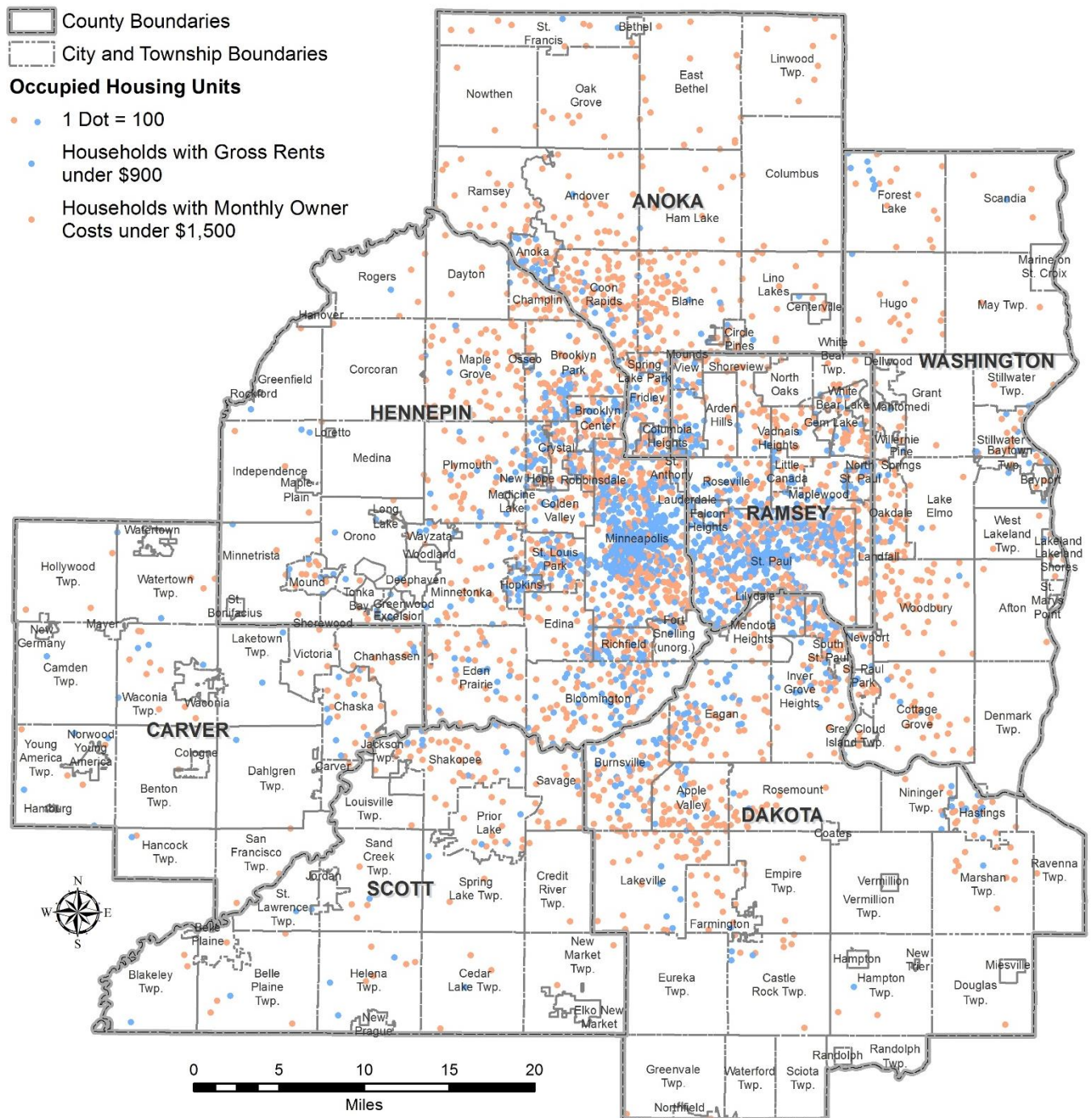
**Figure 3-5. Affordable Monthly Rent by Income Level in the Minneapolis-Saint Paul-Bloomington MSA, 2016**



Source: National Low Income Housing Coalition Out of Reach, 2016

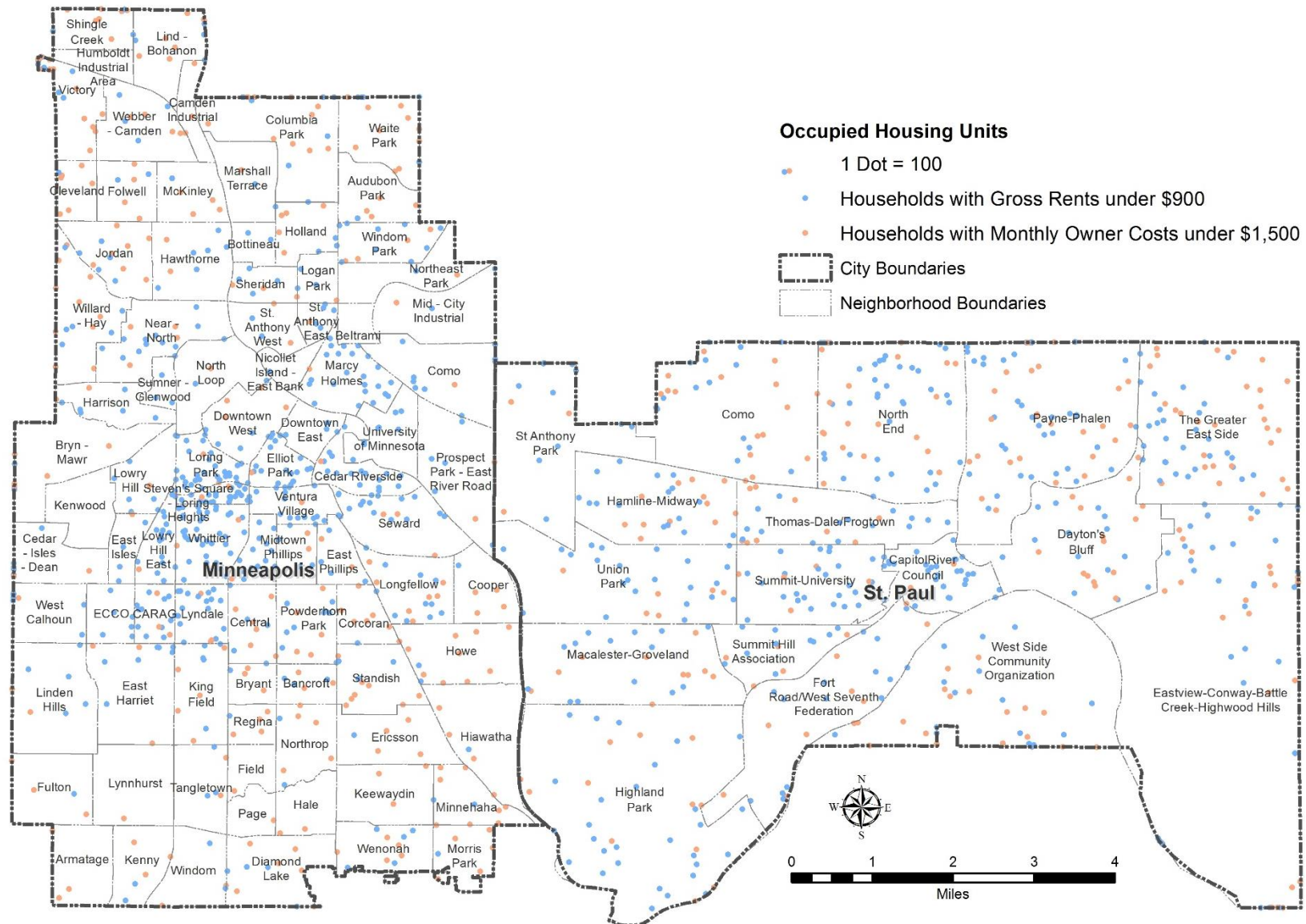
To afford a one bedroom rental unit at the FMR of \$813 without being cost burdened would require an annual income of at least \$32,250. This amount translates to a 40-hour work week at an hourly wage of \$15.63 or a 69-hour work week at the minimum wage of \$9.00. The two bedroom FMR of \$1,027 translates to an hourly wage of \$19.75, an 88-hour work week at minimum wage, or a 52-hour work week at the average renter wage. Figure 9, also generated based on *Out of Reach* data, identifies affordable monthly rents given a range of incomes. Income levels at which the one bedroom FMR of \$813 is affordable include the area median income (AMI), and the 50% and 80% AMI levels. Even the average renter wage is insufficient to afford a one bedroom FMR without spending more than 30% of the household's income.

**Figure 3-6. Monthly housing costs by census tract, 2010-2014**



Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014.

Figure 3-7. Monthly housing costs by census tract, 2010-2014



Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014.

To assess affordability and other types of housing needs, HUD identifies four housing problems:

1. A household is cost burdened if monthly housing costs (including property taxes, insurance, energy payments, water/sewer service, and trash collection for owners and utilities for renters) exceed 30% of monthly household income. A severe cost burden occurs when more than 50% of monthly household income is spent on monthly housing costs.
2. A household is overcrowded if there is more than 1.0 persons per room, not including kitchens and bathrooms. A household is severely overcrowded if there are more than 1.5 persons per room, not including kitchens or bathrooms.
3. A housing unit lacks complete kitchen facilities if it lacks one or more of the following facilities: cooking facilities, a refrigerator, or a sink with piped water.
4. A housing unit lacks complete plumbing facilities if it lacks one or more of the following facilities: hot and cold piped water, a flush toilet, and a bathtub or shower.

Data on overcrowding is presented in Table 3-8 and is broken out for housing units within areas of concentrated poverty (ACPs) and areas of concentrated poverty where 50% or more of the residents are people of color (ACP50s). These two designations are important and will be the subject of extensive analysis on their own in future research related to the AI Addendum.

Although somewhat more prevalent in Saint Paul, homeowners living in overcrowded units is relatively unusual in the region's entitlement jurisdictions. Overcrowding among renters is a more frequent housing problem. Here again, Saint Paul and, to a lesser extent, Ramsey County lead their peers with the highest rates of overcrowded renter-occupied units. In all cases, overcrowding is more prevalent in ACPs and ACP50s.

Tables 3-9 and 3-10 are concerned with the prevalence of housing units lacking complete plumbing and kitchen facilities. Instances of housing lacking plumbing or kitchen facilities are exceedingly rare in the Twin Cities region, found in less than half of one percent of most jurisdictions' housing units. These substandard conditions appear more frequently in Minneapolis than in other areas and, as with overcrowding, are more prevalent in ACPs and ACP50s, but generally do not affect a significant number of housing units.



**Table 3-8. Overcrowding in Housing Units by Jurisdiction**

Jurisdiction	Housing Units		Housing Units within ACPs		Housing units within ACP50s	
	Share of renter-occupied units that are overcrowded	Share of owner-occupied units that are overcrowded	Share of renter-occupied units that are overcrowded	Share of owner-occupied units that are overcrowded	Share of renter-occupied units that are overcrowded	Share of owner-occupied units that are overcrowded
Region						
Twin Cities	5.4%	1.1%	11.5%	4.5%	13.7%	5.6%
Counties						
Anoka*	5.5%	1.2%	8.6%	1.9%	No ACP50s	No ACP50s
Carver	4.2%	0.6%	No ACPs	No ACPs	No ACP50s	No ACP50s
Dakota*	4.0%	0.8%	11.9%	3.3%	No ACP50s	No ACP50s
Hennepin*	5.0%	1.0%	10.3%	3.7%	12.9%	4.5%
Ramsey*	7.4%	1.9%	14.2%	6.1%	14.9%	6.7%
Scott	4.8%	0.8%	No ACPs	No ACPs	No ACP50s	No ACP50s
Washington*	3.0%	0.9%	No ACPs	No ACPs	No ACP50s	No ACP50s
Entitlement Cities						
Bloomington	4.5%	0.8%	10.4%	8.6%	10.4%	8.6%
Coon Rapids	5.5%	1.0%	14.1%	0.7%	No ACP50s	No ACP50s
Eden Prairie	4.3%	0.3%	No ACPs	No ACPs	No ACP50s	No ACP50s
Minneapolis	5.6%	1.4%	9.4%	3.3%	12.1%	4.2%
Minnetonka	1.1%	0.3%	No ACPs	No ACPs	No ACP50s	No ACP50s
Plymouth	2.0%	0.1%	No ACPs	No ACPs	No ACP50s	No ACP50s
Saint Paul	8.6%	3.0%	14.2%	6.1%	14.9%	6.7%
Woodbury	3.1%	0.3%	No ACPs	No ACPs	No ACP50s	No ACP50s

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.  
Notes: 1) Areas of Concentrated Poverty are defined by the Metropolitan Council as census tracts where 40% or more of residents have incomes below 185% of the federal poverty threshold. [Read more about Areas of Concentrated Poverty in Appendix F of Choice, Place, and Opportunity: An Equity Assessment of the Twin Cities Region](#); 2) One census tract identified as an Area of Concentrated Poverty is split between the City of Minneapolis and Fort Snelling. However, as the residential housing within this census tract falls solely in Minneapolis, it is included in the Minneapolis total throughout this packet; and 3) "Overcrowding" refers to a housing unit having more occupants than rooms.

**Table 3-9. Housing Units with Incomplete Plumbing Facilities by Jurisdiction**

Jurisdiction	Share of all housing units with incomplete plumbing facilities	Share of housing units in an ACP with incomplete plumbing facilities	Share of housing units in an ACP50 with incomplete plumbing facilities
Region			
Twin Cities	0.3%	0.6%	0.6%
Counties			
Anoka*	0.2%	0.3%	No ACP50s
Carver	0.2%	No ACPs	No ACP50s
Dakota*	0.2%	0.0%	No ACP50s
Hennepin*	0.4%	0.9%	0.7%
Ramsey*	0.2%	0.3%	0.3%
Scott	0.1%	No ACPs	No ACP50s
Washington*	0.2%	No ACPs	No ACP50s
Entitlement Cities			
Bloomington	0.2%	0.0%	0.0%
Coon Rapids	0.1%	0.0%	No ACP50s
Eden Prairie	0.4%	No ACPs	No ACP50s
Minneapolis	0.7%	1.0%	0.8%
Minnetonka	0.3%	No ACPs	No ACP50s
Plymouth	0.0%	No ACPs	No ACP50s
Saint Paul	0.2%	0.3%	0.3%
Woodbury	0.2%	No ACPs	No ACP50s

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.  
 Note: 1) Areas of Concentrated Poverty are defined by the Metropolitan Council as census tracts where 40% or more of residents have incomes below 185% of the federal poverty threshold. [Read more about Areas of Concentrated Poverty in Appendix F of Choice, Place, and Opportunity: An Equity Assessment of the Twin Cities Region](#); and 2) One census tract identified as an Area of Concentrated Poverty is split between the City of Minneapolis and Fort Snelling. However, as the residential housing within this census tract falls solely in Minneapolis, it is included in the Minneapolis total throughout this packet.

**Table 3-10. Housing Units with Incomplete Kitchen Facilities by Jurisdiction**

Jurisdiction	Share of all housing units with incomplete kitchen facilities	Share of housing units in an ACP with incomplete kitchen facilities	Share of housing units in an ACP50 with incomplete kitchen facilities
Region			
Twin Cities	0.5%	0.8%	0.9%
Counties			
Anoka*	0.3%	0.0%	No ACP50s
Carver	0.4%	No ACPs	No ACP50s
Dakota*	0.3%	0.2%	No ACP50s
Hennepin*	0.6%	1.1%	1.2%
Ramsey*	0.4%	0.5%	0.6%
Scott	0.1%	No ACPs	No ACP50s
Washington*	0.4%	No ACPs	No ACP50s
Entitlement Cities			
Bloomington	0.4%	0.0%	0.0%
Coon Rapids	0.2%	0.0%	No ACP50s
Eden Prairie	0.5%	No ACPs	No ACP50s
Minneapolis	0.8%	1.1%	1.1%
Minnetonka	0.6%	No ACPs	No ACP50s
Plymouth	0.1%	No ACPs	No ACP50s
Saint Paul	0.4%	0.5%	0.6%
Woodbury	0.1%	No ACPs	No ACP50s

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.  
 Note: 1) Areas of Concentrated Poverty are defined by the Metropolitan Council as census tracts where 40% or more of residents have incomes below 185% of the federal poverty threshold. [Read more about Areas of Concentrated Poverty in Appendix F of Choice, Place, and Opportunity: An Equity Assessment of the Twin Cities Region](#); and 2) One census tract identified as an Area of Concentrated Poverty is split between the City of Minneapolis and Fort Snelling. However, as the residential housing within this census tract falls solely in Minneapolis, it is included in the Minneapolis total throughout this packet.

The final of the four housing problems assessed here is cost burden. Tables 3-11, 3-12, and 3-13 present data on cost burden for the region's entitlement communities. In the Twin Cities region, 28.3% of homeowner households and 49.3% of renter households face cost burden of some degree, spending more than 30% of their income on housing expenses. Cost burdens are highest in those jurisdictions where household incomes tend to be lowest: Hennepin and Ramsey counties, and in Minneapolis and Saint Paul. Jurisdictions such as Eden Prairie and Woodbury where housing is less affordable have relatively low levels of cost burden.



**Table 3-11. Households Experiencing Moderate and Severe Cost Burden by Tenure by Jurisdiction**

Jurisdiction	Renter households		Homeowner households	
	Moderate cost burden (Spend 30% - 49% on housing costs)	Severe cost burden (Spend at least 50% on housing costs)	Moderate cost burden (Spend 30% - 49% on housing costs)	Severe cost burden (Spend at least 50% on housing costs)
Region				
Twin Cities	83,328	85,068	123,750	67,067
Counties				
Anoka*	5,820	5,990	16,295	7,884
Carver	1,696	1,160	4,321	2,117
Dakota*	9,371	7,839	18,484	8,980
Hennepin*	40,816	43,125	48,642	28,820
Ramsey*	20,255	21,597	18,821	10,703
Scott	1,688	1,416	6,512	2,922
Washington*	3,682	3,941	10,675	5,641
Entitlement Cities				
Bloomington	3,111	2,287	3,629	2,061
Coon Rapids	1,257	1,452	3,086	1,402
Eden Prairie	1,121	1,135	2,374	1,387
Minneapolis	18,754	22,672	14,538	8,475
Minnetonka	1,102	1,178	2,586	1,583
Plymouth	1,983	1,630	2,619	1,904
Saint Paul	13,718	15,318	8,871	5,429
Woodbury	860	895	2,531	1,116

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey Five-Year Estimates, 2010-2014

**Table 3-12. Homeowners (with a mortgage) Experiencing Cost Burden by Jurisdiction**

Jurisdiction	Homeowners		Homeowners within ACPs		Homeowners within ACP50s	
	Share moderately cost burdened	Share severely cost burdened	Share moderately cost burdened	Share severely cost burdened	Share moderately cost burdened	Share severely cost burdened
Region						
Twin Cities	18.6%	9.7%	22.8%	14.0%	22.8%	14.9%
Counties						
Anoka*	19.3%	8.9%	24.8%	10.2%	No ACP50s	No ACP50s
Carver	18.5%	8.1%	No ACPs	No ACPs	No ACP50s	No ACP50s
Dakota*	18.4%	8.6%	20.1%	8.6%	No ACP50s	No ACP50s
Hennepin*	18.5%	10.7%	23.4%	15.5%	23.0%	17.0%
Ramsey*	19.4%	10.2%	21.9%	12.9%	22.5%	12.7%
Scott	18.6%	8.2%	No ACPs	No ACPs	No ACP50s	No ACP50s
Washington*	17.7%	8.8%	No ACPs	No ACPs	No ACP50s	No ACP50s
Entitlement Cities						
Bloomington	18.5%	10.1%	20.1%	7.5%	20.1%	7.5%
Coon Rapids	20.1%	8.3%	20.9%	6.8%	No ACP50s	No ACP50s
Eden Prairie	15.9%	9.0%	No ACPs	No ACPs	No ACP50s	No ACP50s
Minneapolis	20.0%	11.5%	24.1%	16.2%	24.5%	19.0%
Minnetonka	19.9%	11.0%	No ACPs	No ACPs	No ACP50s	No ACP50s
Plymouth	15.0%	10.6%	No ACPs	No ACPs	No ACP50s	No ACP50s
Saint Paul	19.5%	11.1%	21.9%	12.9%	22.5%	12.7%
Woodbury	15.8%	6.4%	No ACPs	No ACPs	No ACP50s	No ACP50s

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.  
 Notes: 1) Areas of Concentrated Poverty are defined by the Metropolitan Council as census tracts where 40% or more of residents have incomes below 185% of the federal poverty threshold. [Read more about Areas of Concentrated Poverty in Appendix F of Choice, Place, and Opportunity: An Equity Assessment of the Twin Cities Region](#); and 2) One census tract identified as an Area of Concentrated Poverty is split between the City of Minneapolis and Fort Snelling. However, as the residential housing within this census tract falls solely in Minneapolis, it is included in the Minneapolis total throughout this packet.

**Table 3-13. Renters Experiencing Cost Burden by Jurisdiction**

Jurisdiction	Renters		Renters within ACPs		Renters within ACP50s	
	Share moderately cost burdened	Share severely cost burdened	Share moderately cost burdened	Share severely cost burdened	Share moderately cost burdened	Share severely cost burdened
Region						
Twin Cities	24.4%	24.9%	27.9%	30.4%	28.1%	32.2%
Counties						
Anoka*	25.9%	26.6%	23.0%	34.6%	No ACP50s	No ACP50s
Carver	28.3%	19.4%	No ACPs	No ACPs	No ACP50s	No ACP50s
Dakota*	25.4%	21.3%	29.6%	28.9%	No ACP50s	No ACP50s
Hennepin*	23.7%	25.1%	28.9%	29.1%	29.6%	31.6%
Ramsey*	25.2%	26.8%	26.3%	32.6%	26.1%	33.2%
Scott	23.9%	20.1%	No ACPs	No ACPs	No ACP50s	No ACP50s
Washington*	22.6%	24.2%	No ACPs	No ACPs	No ACP50s	No ACP50s
Entitlement Cities						
Bloomington	28.0%	20.6%	33.1%	35.8%	33.1%	35.8%
Coon Rapids	24.0%	27.7%	30.7%	31.0%	No ACP50s	No ACP50s
Eden Prairie	18.1%	18.3%	No ACPs	No ACPs	No ACP50s	No ACP50s
Minneapolis	22.8%	27.6%	27.7%	29.4%	28.5%	33.1%
Minnetonka	18.4%	19.6%	No ACPs	No ACPs	No ACP50s	No ACP50s
Plymouth	24.8%	20.3%	No ACPs	No ACPs	No ACP50s	No ACP50s
Saint Paul	25.1%	28.1%	26.3%	32.6%	26.1%	33.2%
Woodbury	16.9%	17.6%	No ACPs	No ACPs	No ACP50s	No ACP50s

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.  
 Notes: 1) Areas of Concentrated Poverty are defined by the Metropolitan Council as census tracts where 40% or more of residents have incomes below 185% of the federal poverty threshold. [Read more about Areas of Concentrated Poverty in Appendix F of Choice, Place, and Opportunity: An Equity Assessment of the Twin Cities Region](#); and 2) One census tract identified as an Area of Concentrated Poverty is split between the City of Minneapolis and Fort Snelling. However, as the residential housing within this census tract falls solely in Minneapolis, it is included in the Minneapolis total throughout this packet.

Cost burdened households, especially renters, may be least able to cope with unforeseen financial setbacks such as a job loss or reduction in hours, temporary illness, or divorce. These constraints may force a choice between covering housing costs, purchasing food, or paying for healthcare, potentially putting households at risk for foreclosure, bankruptcy, or eviction.

According to HUD, a disproportionate housing need exists when members of a racial or ethnic group at a given income level experience housing problems at a greater rate (10 percentage points or more) than the income level as a whole. Table 3-14 identifies the share of households experiencing any of the four housing problems by householder race and ethnicity.

**Table 3-14. Disproportionate Housing Needs by Jurisdiction**

Jurisdiction	Share of Households Experiencing Any of Four Housing Problems						
	All	White, non-Latino	Black, non-Latino	Asian, non-Latino	American Indian, non-Latino	Other or multiple races, non-Latino	Latino
Region							
Twin Cities	32.3%	28.6%	55.5%	39.7%	43.9%	46.7%	53.3%
Counties							
Anoka*	31.6%	29.9%	57.8%	37.2%	44.2%	40.7%	50.9%
Carver	28.7%	27.5%	40.1%	32.7%	100.0%	54.5%	55.1%
Dakota*	30.1%	28.0%	50.0%	33.2%	36.5%	44.2%	49.5%
Hennepin*	33.4%	29.5%	58.0%	36.6%	40.9%	42.3%	56.6%
Ramsey*	31.3%	29.1%	59.0%	35.5%	20.4%	46.6%	50.2%
Scott	28.2%	27.0%	40.8%	29.4%	29.3%	48.9%	53.4%
Washington*	30.4%	28.9%	67.9%	45.4%	37.1%	44.6%	40.9%
Entitlement Cities							
Bloomington	32.9%	29.7%	64.4%	35.3%	13.4%	42.9%	48.0%
Coon Rapids	31.0%	29.2%	61.7%	35.6%	49.6%	33.3%	49.8%
Eden Prairie	26.7%	24.6%	60.8%	23.3%	27.3%	34.0%	41.0%
Minneapolis	41.4%	35.0%	59.5%	49.4%	50.4%	50.0%	58.5%
Mnetonka	29.5%	28.8%	47.9%	20.5%	28.6%	56.5%	34.5%
Plymouth	26.2%	24.6%	52.2%	24.4%	70.0%	28.1%	45.6%
Saint Paul	41.0%	32.9%	57.9%	60.2%	64.9%	52.5%	56.8%
Woodbury	25.8%	23.8%	43.6%	30.9%	0.0%	34.8%	43.9%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, Comprehensive Housing Affordability Strategy data, 2009-2013 retrieved from HUD Assessment of Fair Housing Tool

Table 3-15 examines severe housing need by householder race and ethnicity. Like the preceding table, this section uses HUD's definition of disproportionately greater need, which occurs when members of a racial or ethnic group at a given income experience housing problems at a greater rate (10 percentage points or more) than the income level as a whole. The four severe housing problems include: (1) severe cost burden (paying more than 50% of income for housing); (2) severe overcrowding (more than 1.5 persons per room); (3) lacking complete kitchen facilities; and (4) lacking complete plumbing facilities.

**Table 3-15. Disproportionate Severe Housing Needs by Jurisdiction**

Jurisdiction	Share of Households Experiencing Any of Four Severe Housing Problems						
	All	White, non-Latino	Black, non-Latino	Asian, non-Latino	American Indian, non-Latino	Other or multiple races, non-Latino	Latino
Region							
Twin Cities	15.4%	12.3%	32.1%	24.3%	23.1%	25.2%	34.1%
Counties							
Anoka*	13.2%	11.9%	35.4%	19.8%	10.9%	17.9%	29.0%
Carver	10.9%	10.1%	10.0%	8.5%	21.1%	36.2%	33.7%
Dakota*	12.5%	10.8%	26.4%	19.6%	23.5%	18.5%	28.4%
Hennepin*	15.6%	12.7%	32.4%	19.2%	16.1%	22.5%	36.3%
Ramsey*	14.1%	12.3%	33.9%	20.7%	10.9%	18.5%	29.7%
Scott	10.7%	9.3%	25.7%	13.2%	21.1%	23.7%	39.6%
Washington*	12.9%	11.6%	43.3%	26.2%	22.9%	23.5%	27.6%
Entitlement Cities							
Bloomington	14.0%	11.9%	34.0%	17.3%	0.0%	14.1%	23.7%
Coon Rapids	13.6%	12.4%	25.6%	21.6%	28.6%	33.3%	23.9%
Eden Prairie	11.5%	9.8%	31.9%	11.9%	18.2%	4.0%	30.3%
Minneapolis	22.1%	16.5%	35.8%	29.0%	33.4%	32.9%	41.5%
Mnetonka	12.4%	11.7%	24.3%	11.1%	28.6%	32.3%	17.2%
Plymouth	11.3%	10.0%	31.7%	12.8%	20.0%	8.4%	27.2%
Saint Paul	21.7%	15.0%	33.1%	44.4%	43.1%	26.2%	33.0%
Woodbury	10.4%	9.3%	14.7%	16.8%	0.0%	29.0%	19.1%

\*Denotes FHIC entitlement county.

Source: U.S. Census Bureau, Comprehensive Housing Affordability Strategy data, 2009-2013 retrieved from HUD Assessment of Fair Housing Tool

## Subsidized Housing

Housing subsidized using federal, state, and local funds is an important part of the housing stock in the Twin Cities region, and includes a mix of single-family, multifamily, rental, and for-sale units. This focus of this discussion is on subsidized rental housing, including public housing units, Housing Choice Vouchers, Low-Income Housing Tax Credits (LIHTCs) units, and multifamily rental developments that use other federal programs such as Section 8 project-based rental assistance, the Section 236 housing preservation program, and the Section 811 program for supportive housing for persons with disabilities. Though each program's structure varies considerably, they all generally reduce a tenant's cost burden through the application of some form of subsidy.

As the discussion of income and poverty rates in the Demographic Analysis shows, people of color tend to have lower incomes and higher poverty rates than Whites in the Twin Cities region. While 14% of White householders have annual household incomes under \$25,000, 43% of African Americans, 37% of American Indians, and 26% of Latinos have incomes below that level. Further, people of color are considerably more likely than Whites to be poor. In comparison to White households, Blacks are 5.5 times more likely to live in poverty, American Indians are 4.7 times more likely, Latinos are 3.6 times more likely, and Asians are 2.6 times more likely. Given that their more constrained incomes, these households are also more likely to have difficulty affording housing and, thus, to need affordable housing.

The table on the following page shares the racial and ethnic composition of federally subsidized housing by county and program type. Of households living in public housing (a subset of all federally subsidized housing), the majority in Hennepin and Ramsey Counties are racial and ethnic minorities, at 81% and 72%, respectively. In comparison, people of color make up only 29% and 35% of the total population in these counties. Voucher holders in Hennepin and Ramsey Counties are also disproportionately likely to be racial and ethnic minorities – 77% and 71%, respectively, of voucher holders are households of color.

Similar trends hold for public housing residents, voucher holders, and residents of project based Section 8 units in Anoka, Carver, Dakota, Scott, and Washington Counties. People of color, particularly African Americans, make up greater shares of subsidized housing residents than they do of the population overall, with the exception of project based Section 8 units in Carver County, where the racial composition roughly approximates that of the county. In contrast, residents of Section 811 housing (supportive housing for persons with disabilities) are disproportionately White in all counties except Dakota. These units, however, make up a relatively small share of the region's subsidized housing with only 427 units in the seven-county area.

As income data, poverty rates, and the racial and ethnic composition of households living in subsidized units lay out, communities of color are disproportionately affected by programs and policies that directly or indirectly influence the availability, accessibility, and location of affordable housing. Additional chapters of this Addendum will consider land use, zoning, public housing, and other public-sector policies and their impact on housing affordability and choice throughout the Twin Cities region. Locations of subsidized housing and housing choice voucher use will also be analyzed relative to areas of concentrated poverty (ACPs), areas of concentrated poverty where more than half of residents are people of color (ACP50s), and access to community resources and opportunity.

**Table 3-16. Race and Ethnicity of Tenants by Affordable Housing Program**

Jurisdiction	White, non-Latino	All people of color	Black, non-Latino	Asian, non-Latino	American Indian, non-Latino	Other or multiple races, non-Latino	Latino
Public Housing Units							
Anoka*	NA	NA	NA	NA	NA	NA	NA
Carver	58%	42%	33%	4%	2%	1%	2%
Dakota*	65%	35%	24%	4%	0%	1%	6%
Hennepin*	19%	81%	72%	6%	1%	0%	2%
Ramsey*	28%	72%	36%	31%	1%	0%	4%
Scott	80%	20%	5%	10%	0%	0%	5%
Washington*	66%	34%	32%	0%	1%	0%	1%
Housing Choice Vouchers							
Anoka*	51%	49%	44%	1%	2%	1%	2%
Carver	49%	51%	47%	2%	2%	2%	1%
Dakota*	52%	48%	40%	2%	1%	1%	5%
Hennepin*	23%	77%	72%	1%	2%	2%	2%
Ramsey*	29%	71%	60%	6%	2%	1%	4%
Scott	40%	60%	54%	2%	2%	0%	2%
Washington*	50%	50%	44%	3%	1%	0%	2%
Project Based Section 8 Units							
Anoka*	78%	17%	14%	1%	1%	1%	2%
Carver	90%	9%	4%	0%	2%	2%	3%
Dakota*	55%	44%	36%	2%	1%	2%	5%
Hennepin*	40%	58%	48%	5%	4%	1%	2%
Ramsey*	38%	60%	49%	5%	1%	2%	5%
Scott	80%	17%	9%	5%	1%	1%	2%
Washington*	74%	25%	17%	4%	1%	3%	3%
Section 811 Supportive Housing for Persons with Disabilities							
Anoka*	100%	0%	0%	0%	0%	0%	0%
Carver	--	--	--	--	--	--	--
Dakota*	71%	29%	23%	4%	0%	0%	2%
Hennepin*	81%	15%	11%	2%	1%	1%	0%
Ramsey*	74%	16%	12%	4%	0%	0%	0%
Scott	87%	13%	3%	3%	3%	3%	3%
Saint Paul	86%	14%	9%	5%	0%	0%	0%

\*Denotes FHIC entitlement county.

Source: HUD Picture of Subsidized Households, 2016.



Tables 3-17 and 3-18 identify the number of vouchers and publicly subsidized units in the Twin Cities region by jurisdiction. Overall, the region offers a total of 55,974 rental units affordable to households with incomes at or below 60% of area median income (AMI).

Hennepin County has the majority of publicly subsidized housing with 28,861 units; most of these (20,642) are located in Minneapolis. Ramsey County, including Saint Paul, provides an additional 16,135 units. Taken together, nearly 60% of the region's subsidized housing units are in Minneapolis and Saint Paul, compared to 25.1% of the region's total housing.

Looking at affordability levels, the largest share (47.5%) of units are affordable to households making less than 30% AMI, although levels vary by jurisdiction. Of the entitlement cities, Bloomington has the highest share of units affordable to households under 30% AMI at 61.0%, while Woodbury has the lowest at 11.2% (or 22 of 196 total subsidized units).

In addition to affordable units, housing choice vouchers also work to reduce a household's monthly rental costs. Housing agencies in the Twin Cities region administer a total of 20,733 rental vouchers, the largest share of which are used in Minneapolis and Saint Paul (44.6%). Following the cities, the third largest share of vouchers are used in Hennepin County outside of Minneapolis (22.3%).

Combined, there are a total of 76,707 subsidized units and housing choice vouchers in the region, or an average of about one subsidy for every 16 housing units (1,199,635 housing units divided by 76,707 subsidized units/vouchers). This average is lowest in Minneapolis and Saint Paul at about one subsidy for every 7 units, and highest in Woodbury at about one subsidy for every 88 units.

**Table 3-17. Publicly Subsidized Rental Units by Affordability Level by Jurisdiction**

Jurisdiction	To households with income under 30% of Area Median Income	To households with income 30-50% of Area Median Income	To households with income 51-60% of Area Median Income	Total Affordable Rental Units (incomes at or below 60% AMI)
Region				
Twin Cities	26,566	12,224	17,184	55,974
Counties				
Anoka*	1,014	448	1,055	2,517
Carver	375	193	773	1,341
Dakota*	1,414	1,158	1,203	3,775
Hennepin*	15,069	6,550	7,242	28,861
Ramsey*	7,540	3,145	5,450	16,135
Scott	480	276	456	1,212
Washington*	674	454	1,005	2,133
Entitlement Cities				
Bloomington	589	220	157	966
Coon Rapids	272	135	497	904
Eden Prairie	371	236	190	797
Minneapolis	10,756	4,824	5,062	20,642
Minnetonka	317	287	0	604
Plymouth	139	296	63	498
Saint Paul	6,243	2,053	4,103	12,399
Woodbury	22	75	99	196

\*Denotes FHIC entitlement county.

Source: [HousingLink Streams data](#) (includes all projects that closed before December 31, 2014.) Note: Area Median Income for the Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area is determined by the U.S. Department of Housing and Urban Development. [Read more about Area Median Income definitions here.](#)

**Table 3-18. Number of Housing Choice Vouchers in Use by Jurisdiction**

County	Number of Vouchers	Entitlement City	Number of Vouchers
Anoka*	1,539	Bloomington	508
Carver	195	Coon Rapids	443
Dakota*	2,644	Eden Prairie	273
Hennepin*	9,595	Minneapolis	4,974
Ramsey*	5,741	Minnetonka	156
Scott	562	Plymouth	368
Washington*	457	Saint Paul	4,265
		Woodbury	83

\*Denotes FHIC entitlement county.

Source: U.S. Department of Housing and Urban Development, "A Picture of Subsidized Households," 2015

## IV. Public Sector Policy Analysis

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A variety of public policies have bearing on fair housing choice and affordable housing in the Twin Cities region. In this section, the zoning codes adopted by local municipalities are scrutinized for their impacts on fair housing along with some research into these municipalities' comprehensive plans. The policies used by the Minnesota Housing Finance Authority and local suballocators of Low Income Housing Tax credits are analyzed as well as the policies of public housing authorities related to their housing and voucher programs.

### Local Zoning Codes

Comprehensive land use planning is a critical process by which communities address a myriad of public policy issues such as housing, transportation, health, recreation, environmental protection, commercial and retail services, and land values, and address how the interconnection and complexity of these issues can ultimately have effects beyond municipal boundaries to an entire region. "The land use decisions made by a community shape its very character – what it's like to walk through, what it's like to drive through, who lives in it, what kinds of jobs and businesses exist in it, how well the natural environment survives, and whether the community is an attractive one or an ugly one."<sup>37</sup> Likewise, decisions regarding land use and zoning have a direct and profound impact on affordable housing and fair housing choice, shaping a community or region's potential diversity, growth, and opportunity for all.

From a regulatory standpoint, local government measures to control land use typically rely upon zoning codes, subdivision codes, and housing and building codes in conjunction with comprehensive plans. Courts have long recognized the power of local governments to control land use, and Minnesota authorizes local cities, counties, and townships to regulate land use and zoning within their respective jurisdictions through the zoning enabling statutes and other state statutes. (MINN. STAT. § 462.351 et seq. (for cities); § 394.21 et seq. (for counties); and § 466.10 et seq. (for townships)). The enabling laws related to the Metropolitan Council and the Twin Cities metropolitan area are referred to as the Metropolitan Land Planning Act (MLPA, MINN. STAT. § 473 et seq.). The MLPA requires that applicable municipalities adopt long-range comprehensive plans. Comprehensive plans must reflect regional policies as well as local goals, and must discuss elements related to land use and housing, including implementation strategies for meeting the jurisdiction's allotted fair share of regional affordable housing units, i.e. the "Allocation of Affordable Housing Need." Communities that do not guide an adequate supply of land at appropriate densities to meet their statutory "Allocation of Affordable Housing Need" will not be eligible to participate in, and receive funding from, the Livable Communities Act programs. Official controls (i.e. zoning ordinances) must not conflict with the jurisdiction's comprehensive plan; and if there

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<sup>37</sup> John M. Levy. *Contemporary Urban Planning, Eighth Edition*. Upper Saddle River, NJ: Pearson Prentice Hall, 2009.

is a conflict, the zoning ordinance must be amended so that codified regulations are consistent with the planning guide.

One goal of zoning is to balance individual property rights with the power of government to promote and protect the health, safety, and general welfare of the overall community. Local governments may divide their jurisdictions into zoning districts by adopting a zoning map consistent with the comprehensive plan; define categories of permitted and special/conditional uses for those districts; and establish design or performance standards for those uses. Zoning may regulate the height, shape, and placement of structures and lot sizes or shapes. Jurisdictions also can expressly prohibit certain types of uses within zoning districts. Zoning determines where housing can be built, the type of housing that is allowed (i.e. single-family detached or attached, multifamily, accessory dwellings, manufactured housing, etc.), and the amount and density of housing that can be provided. Although zoning restrictions may be aimed toward protecting important public interests such as housing quality, health and safety, environmental quality, and traffic control, zoning also can directly or indirectly affect the cost of developing housing, making it harder or easier to accommodate affordable housing.

Federal and state fair housing laws do not preempt local zoning laws, but do apply to municipalities and local government units and prohibit them from making zoning or land use decisions or implementing land use policies that exclude or otherwise discriminate against protected persons. In addition to the seven protected classes covered by the federal FHA (race, color, religion, sex, national origin, disability, and familial status), the Minnesota Human Rights Act (MINN. STAT. § 363A.01 et seq.) also protects persons from discrimination in housing on the basis of sexual orientation, marital status, status with regard to public assistance, and creed (§ 363A.09). And even where a specific zoning or land use decision does not violate a fair housing law, HUD entitlement communities must certify annually that they will set and implement standards and policies that protect and advance fair housing choice for all, i.e. affirmatively further fair housing.

Although comprehensive plans and zoning and land use codes play an important role in regulating the health and safety of the structural environment, overly restrictive codes can negatively impact housing affordability and fair housing choice within a jurisdiction. Examples of zoning provisions that most commonly result in barriers to fair housing choice include:

- Restrictive forms of land use that exclude any specific form of housing, particularly multi-family housing, or that require large lot sizes or low-density that deter affordable housing development by limiting its economic feasibility;
- Restrictive definitions of family that impede unrelated individuals from sharing a dwelling unit;
- Placing administrative and siting constraints on group homes for persons with disabilities;

- Restrictions making it difficult for residents with disabilities to locate housing in certain neighborhoods or to modify their housing;
- Restrictions on occupancy of alternative sources of affordable housing such as accessory dwellings, mobile homes, and mixed-use structures.

Because zoning codes and land use policies present a crucial area of analysis for a study of impediments to fair housing choice, the zoning ordinances of 22 Twin Cities entitlement and subrecipient jurisdictions were individually reviewed and evaluated against a set of six common fair housing issues (see Table 4-1 below for the list of issues). This analysis is designed to look at zoning from the perspective of how it affects housing affordability, how and whether the zoning ordinance either preserves the racial and socioeconomic homogeneity of a given community and intensifies concentrations of poverty or rather removes the “barriers to entry” and promotes racial and socioeconomic integration.

Each of the jurisdictions were assigned a risk score of either 1, 2, or 3 for each issue and were then given an aggregate score calculated by averaging the individual scores, with the possible scores defined as follows:

1 = low risk – the provision poses little risk for discrimination or limitation of fair housing choice, or is an affirmative action that intentionally promotes and/or protects affordable housing and fair housing choice;

2 = medium risk – the provision is neither among the most permissive nor most restrictive; while it could complicate fair housing choice, its effect is not likely to be widespread;

3 = high risk – the provision causes or has potential to result in systematic and widespread housing discrimination or the limitation of fair housing choice, or is an issue where the jurisdiction could take affirmative action to further affordable housing or fair housing choice but has not.

The zoning analysis table is designed as a tool for analyzing whether, in what areas, and to what degree a municipality’s zoning and land use regulations restrict fair housing choice. It is not meant to conclusively show whether a municipality’s code creates a per se violation of the FHA or other fair housing laws. Restricting housing choice for certain historically/socio-economically disadvantaged groups and protected classes can happen as a matter of degree and on a continuum. This section of the report may point out areas where there is a case for finding a violation of current housing law or HUD standards, but the goal also is to answer whether a municipality’s regulations may violate the spirit of fair housing protections and HUD’s goals and standards for its entitlement communities. The results and general recommendations are explored and evaluated in the tables and narrative below, with the aim of highlighting areas where the Twin Cities’ municipalities may not necessarily be in legal jeopardy, but nevertheless could make improvements toward the mandate to affirmatively further fair housing choice.

The six individual issue scores were averaged for each municipality reviewed, yielding a composite score, between 1 and 3, indicative of the risk of the municipality's zoning ordinance, in general, limiting fair housing choice. The complete reports, including citations to relevant code sections and explanatory comments, for the individual municipalities are included as an appendix to this document. However, the composite scores lend themselves to comparative analysis here.

The issues surveyed and the average risk score of all jurisdictions reviewed for each issue are shown in the following table:

<b>Table 4-1: Zoning Analysis Risk Scores</b>	
<b>Issue</b>	<b>Average Risk Score</b>
1a. Does the jurisdiction's definition of "family" have the effect of preventing unrelated individuals from sharing the same residence? Is the definition unreasonably restrictive? 1b. Does the definition of "family" discriminate against or treat differently unrelated individuals with disabilities (or members of any other protected class)?	<b>1.68</b>
2. Do the jurisdiction's zoning and land use rules constitute exclusionary zoning that precludes development of affordable or low-income housing by imposing unreasonable residential design regulations (such as high minimum lot sizes, wide street frontages, large setbacks, low FARs, large minimum building square footage, and/or low maximum building heights)?	<b>1.82</b>
3a. Does the jurisdiction allow for a mixture of housing types? Does the zoning ordinance fail to provide residential districts where multi-family housing is permitted as of right? 3b. Do multi-family districts restrict development only to low-density housing types?	<b>1.55</b>
4a. Are unreasonable restrictions placed on the construction, rental, or occupancy of alternative types of affordable or low-income housing (for example, accessory dwellings or mobile/manufactured homes)? 4b. Are there any regulations requiring that rental units or accessory dwellings only be occupied by blood relatives of the owner?	<b>1.68</b>
5a. Do the jurisdiction's design and construction guidelines create unreasonable or arbitrary barriers to affordable housing, i.e. required building or façade materials, landscape requirements, parking, architectural requirements? 5b. Are the jurisdiction's preservation or environmental protection guidelines arbitrary, antiquated, or unreasonable so as to limit development of affordable housing?	<b>1.86</b>

6a. Does the zoning ordinance include an inclusionary zoning provision or provide any incentives for the development of affordable housing or housing for protected classes? 6b. If so, do the regulations also include mechanisms for maintaining that affordability long term, i.e. deed restrictions, monitoring, etc.? 6c. If so, are the development incentives available in high-opportunity neighborhoods, mixed-income, integrated zoning districts (or limited to low-income, low-opportunity, or historically segregated areas)?	<b>2.41</b>
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The average risk scores per issue ranged from the lowest average score of 1.55 for Issue No. 3 to the highest average score of 2.41 for Issue No. 6. The following table shows how each municipality scored individually on each issue and the respective city's or county's average score.

**Table 4-2: Zoning Analysis - Individual and Average Scores by Issue**

	Issue 1	Issue 2	Issue 3	Issue 4	Issue 5	Issue 6	
Jurisdiction	"Family" Definition	Exclusionary Zoning	Multi-Family Units	Alternative Housing Types	Design & Performance Guidelines	Inclusionary Zoning Incentives	Avg. Score
Apple Valley	1	3	1	2	1	3	<b>1.83</b>
Blaine	2	3	2	2	2	3	<b>2.33</b>
Bloomington	2	2	1	1	2	1	<b>1.50</b>
Brooklyn Center	1	1	2	2	1	3	<b>1.67</b>
Brooklyn Park	2	2	2	2	3	3	<b>2.33</b>
Burnsville	2	3	2	2	2	3	<b>2.33</b>
Coon Rapids	1	2	2	1	2	3	<b>1.83</b>
Crystal	3	1	1	2	2	3	<b>2.00</b>
Eagan	1	3	2	1	2	3	<b>2.00</b>
Eden Prairie	1	3	1	2	1	3	<b>1.83</b>
Edina	1	1	1	2	2	1	<b>1.33</b>
Hopkins	2	1	1	2	1	3	<b>1.67</b>
Lakeville	2	2	3	3	2	1	<b>2.17</b>
Maple Grove	1	2	2	2	1	1	<b>1.50</b>
Minneapolis	3	1	1	1	3	2	<b>1.83</b>
Minnetonka	2	3	2	1	2	3	<b>2.17</b>
New Hope	2	1	1	2	2	2	<b>1.67</b>
Plymouth	1	1	2	1	2	3	<b>1.67</b>
Richfield	2	1	1	1	2	3	<b>1.67</b>
St. Louis Park	2	1	1	2	2	1	<b>1.50</b>
St. Paul	2	1	1	1	2	3	<b>1.67</b>



Woodbury	1	2	2	2	2	2	<b>1.83</b>
<b>Average Score</b>	<b>1.68</b>	<b>1.82</b>	<b>1.55</b>	<b>1.68</b>	<b>1.86</b>	<b>2.41</b>	<b>1.83</b>

Again, an analysis of zoning codes alone cannot definitively answer whether or not a jurisdiction is in violation of the spirit of the FHA or HUD regulations nor whether the jurisdiction is adequately supporting the development and retention of fair and affordable housing. Many of the jurisdictions whose codes were reviewed here have adopted land use policies and practices, or affordable housing programs in documents separate from their zoning ordinances. Many of them are able to provide numerous examples of successful affordable housing developments within their jurisdictions and cite local policies as having been key to the feasibility of such developments. These examples notwithstanding, this Addendum relies on a limited analysis only of the jurisdictions' zoning codes. Understanding that a variety of mitigating factors may also be present, a jurisdiction's adopted zoning code provides a singular and objective basis for analysis across a spectrum of municipalities in the region. Accordingly, a particular jurisdiction's score above may indicate that its zoning and land use policies are at a higher risk of impeding affordable housing than another jurisdiction in the region that has a lower risk score, and yet data may actually show that the higher risk jurisdiction has a greater percentage of housing units that are affordable than the neighbor with a lower risk score.

For example, Brooklyn Park's average risk score is 2.33, which is one of the highest risk scores, yet according to data provided by the Met Council for the City of Brooklyn Park, 79% of existing housing units there are affordable to low- and moderate-income households (those with incomes up to 80% of AMI).<sup>38</sup> By comparison, the city of Edina had the best/lowest zoning risk review score at 1.33, but Met Council's data shows that it has a relatively low percentage of housing units affordable to moderate income households at just 33%.<sup>39</sup> For other jurisdictions, there is a closer correlation between the zoning review score and the percentage of existing affordable housing units. For example, the cities of New Hope and Richfield have a zoning review score of 1.67 and a percentage of affordable housing units for low- and moderate-income households of approximately 87% per Met Council data.<sup>40</sup> This illustrates that there are other factors at work which influence the development and retention of affordable housing even where there are favorable zoning codes and land use policies, some of which the local government has little or no control over such as raw land

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<sup>38</sup> See Existing Housing Assessment, available at [https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02393429\\_BrooklynPark\\_ExistingHsg.aspx](https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02393429_BrooklynPark_ExistingHsg.aspx).

<sup>39</sup> See Existing Housing Assessment, available at: [https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02394621\\_Edina\\_ExistingHsg.aspx](https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02394621_Edina_ExistingHsg.aspx).

<sup>40</sup> See [https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02395201\\_NewHope\\_ExistingHsg.aspx](https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02395201_NewHope_ExistingHsg.aspx); [https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02396362\\_Richfield\\_ExistingHsg.aspx](https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02396362_Richfield_ExistingHsg.aspx).

costs, labor costs, resident support or opposition to development, income levels, and other market forces.

Zoning and land-use laws should accommodate housing and uses that are based on regional needs, and not simply maintain the status quo within an individual jurisdiction. The following discussion illustrates opportunities for the surveyed municipalities to more completely uphold their commitments to furthering fair housing. The issues highlighted below show where zoning ordinances and policies could go further to protect fair housing choice for protected and disadvantaged classes, and still fulfill the zoning objective of protecting the public's health, safety, and general welfare.

#### Issue #1: Definition of "Family"

Often one of the most scrutinized provisions of a municipality's zoning code is its definition of "family." Local governments use this provision to limit the number of unrelated persons who may live together in a single dwelling. Unreasonably restrictive definitions may have the intended or unintended (depending on the motivations behind the drafting of the jurisdiction's definition) consequence of limiting housing for nontraditional families and for persons with disabilities who reside together in congregate living situations. While the Supreme Court has recognized a local government's right to limit the number of unrelated individuals who may live together as constitutionally permissible, the restriction must be reasonable and not exclude a household which in every sense but a biological one is a single family. An unreasonably, or arbitrarily, restrictive definition could violate state due process and/or the federal FHA as it may have a disproportionate impact on people with disabilities, people of color, and families with children.

As a region, the average score was 1.68 on this issue. The jurisdictions that received a 1 (low risk score) either have family definitions that allow five or more unrelated persons to reside together as a single housekeeping unit, as in the case of Apple Valley and Plymouth, or were even more permissive and do not specifically define "family" or the number of unrelated persons who may reside together, as in the case of Edina, instead leaving maximum occupancy per dwelling as a matter of safety regulated by the building code. Cities such as Hopkins and Saint Paul, which limit the number of unrelated persons who may reside together as a single "family" to no more than four, were given a 2 (medium risk score) for having neither the most permissive nor most restrictive definitions.

Crystal and Minneapolis were the only two jurisdictions in the region to score a 3 (high risk score) for having the most restrictive definitions in the region. Crystal's zoning ordinance limits the number of unrelated persons who may reside together as a common household to no more than three. In light of current jurisprudence on the matter and more modern acceptance of nontraditional family structures, this restrictive definition could be open to challenge as being arbitrary and discriminatory.

Minneapolis also received a 3 (high risk score) on Issue 1. The City's definition of family only includes persons related by blood, marriage, domestic partnership, and adoption/foster care, and excludes unrelated persons even if they reside together as a functionally equivalent household. However, occupancy is regulated by both the Zoning Code and the Housing Maintenance Code. Taken together, up to three unrelated persons may reside together in the lower density districts (mostly single family), and up to five unrelated persons may reside together in some of the higher density districts. This is somewhat arbitrary as many of the lower density areas support large homes which could safely accommodate more than 3 residents.

On Dec. 9, 2016, the Minneapolis City Council approved an ordinance which seeks to ameliorate some of the disconnect between the zoning code and housing maintenance code's occupancy limits and allow more flexibility. The new "Intentional Community" ordinance offers a path to legalizing previously illegal groups of unrelated persons, but critics argue that it also places onerous and arbitrary burdens both on the residents and the City. The regulations require groups wishing to reside together as an intentional community to register with the City, and to include an interior floor plan, and if applicable, legal documentation establishing the existence of the intentional community and/or lease agreement. (*See* Code of Ordinances, Sec. 244.820.) This use category still creates barriers to group living for persons without the time, resources, or sophistication to organize themselves and meet the regulatory requirements of an "intentional community."

Minnetonka's family definition was scored a 2 (medium risk), however, the definition is significant as an illustration of differential treatment of family size for the general population compared with people living in group homes. The City's definition does not limit the number of unrelated persons who may reside together as a single housekeeping unit except in the case of residents of a licensed residential care facility or community-based residential facility for persons with disabilities. Minnetonka's definition is problematic because group living arrangements for people with disabilities are singled out and treated less favorably under the zoning ordinance based on the disability status of the residents, which may violate fair housing laws.<sup>41</sup> Under state law, a state-licensed residential facility or a "housing with services" establishment registered under chapter 144D serving six or fewer persons must be considered a permitted single family residential use of property under local zoning controls. (MINN. STAT. § 462.357). However, if a home for persons with disabilities otherwise meets the definition of family—here, "[a]ny number of individuals living together on the premises as a single housekeeping unit"—it should not be treated differently than other similarly situated dwellings. (*See* Minnetonka Zoning Ordinance, Sec. 300.02(43)).

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<sup>41</sup> *See* Joint Statement of the Department of Justice and the Department of Housing and Urban Development: *Group Homes, Local Land Use, and The Fair Housing Act*, available at <https://www.justice.gov/crt/joint-statement-department-justice-and-department-housing-and-urban-development-1>.

It is recommended for those jurisdictions with a more restrictive definition of family, that they amend their codes to either (1) have the definition of “family” more closely correlate to neutral maximum occupancy restrictions found in safety and building codes; (2) increase the number of unrelated persons who may reside together to better allow for nontraditional family types; or (3) create an administrative process that allows for a case-by-case approach to determining whether a group that does not meet the code’s definition of family or housekeeping unit is nonetheless a functionally equivalent family. These methods are more in line with recent court decisions on the issue of functionally equivalent families.

#### Issue #2: Exclusionary Zoning

The Met Council forecasts that between the years 2010 and 2040, roughly 146,800 households with incomes less than 80% AMI will be added to the region’s population. Between the years 2020 and 2030, the Twin Cities region will add 37,400 low- and moderate-income households that will need additional affordable housing.<sup>42</sup> The need for affordable housing extends beyond persons experiencing homelessness and very low-income households. Exclusionary zoning only exacerbates the lack of affordable housing supply and the means to address it.

Zoning codes often are used to impose unreasonable residential design regulations (such as high minimum lot sizes, large minimum building square footage, large setbacks, and/or low maximum density allowances) that are not congruent with the actual standards necessary to protect the health and safety of current average household sizes and prevent overcrowding. These regulations may not be in direct violation of fair housing laws, but may nonetheless contribute to exclusionary zoning and have the effect of disproportionately reducing housing choice for moderate to low-income families (public service workers, teachers, entry level workers, etc.), persons of color, persons with disabilities on fixed incomes, families with children, and other protected classes by making the development of affordable housing cost-prohibitive. Legitimate public objectives, such as environmental protection or public health, must be balanced with housing needs and availability.

There are jurisdictions in the region where single-family districts allow minimum lot sizes and minimum floor areas that meet general conditions approximating affordability (10,000 sq. ft. or less minimum lot sizes and 1,200 sq. ft. or less minimum floor area requirements). But as a region, the jurisdictions surveyed scored an average 1.82 (medium risk) on Issue 2, with six of the jurisdictions studied receiving a 3 (high risk score) on this issue. Those that scored a 1 (low risk score), generally have single family and two family districts which have reasonable minimum lot size requirements to support more density and infill development and eliminate minimum livable floor area requirements (besides what is required by the safety and building codes). For example, in Brooklyn Center, the zoning code and map

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<sup>42</sup> See Met Council 2040 Housing Policy Plan, available at: <https://metro council.org/Housing/Planning/2040-Housing-Policy-Plan.aspx>.

provide for two primarily single-family districts (R1 and R2). The minimum lot size in the R1 district is 9,500 sq. ft. In the R2 district, the minimum lot size for a single-family dwelling is 7,600 sq. ft., and for a two-family dwelling is 6,200 sq. ft. In Minneapolis, minimum lot sizes for single family detached and two-family dwellings range from 6,000 sq. ft. with 50-foot wide dimensions to minimum 5,000 sq. ft. and 40-foot wide dimensions. Minimum floor areas are small at 300 sq. ft. for accessory dwellings, 350 sq. ft. for efficiency units, and 500 sq. ft. for all other units. In Richfield, minimum lot sizes range from 6,700 sq. ft. in the R district, 10,000 sq. ft. in the R-1 district, and 6,700 sq. ft. in the MR-1 district. Two-family dwellings are a permitted use in the MR-1 district and a conditional use in the R district. Cluster housing is a conditional use in the R and MR-1 districts, with minimum lot sizes ranging from 2,900 to 4,000 sq. ft. per unit when the density of the development does not exceed the density recommended in the comprehensive plan. The minimum floor area for dwellings in these districts is 960 sq. ft. in the R and MR-1 districts and 1,100 sq. ft. in the R-1 district. Compared to jurisdictions that received a score of 2 or 3 on this issue, those jurisdictions receiving a 1 (low risk score) support minimum lot and design standards that overall should not be a barrier to greater density and affordability of single family and two-family/duplex housing.

The jurisdictions that scored a 2, such as Brooklyn Park, Coon Rapids, Lakeville, and Woodbury, generally have zoning districts (reflected in the zoning map and zoning ordinance) with large estate-size minimum lots, low density, and/or onerous minimum design standards in addition to some districts with smaller minimum lot sizes and no or reasonable minimum livable floor area requirements. Overall, the minimum standards in these jurisdictions could be a barrier to greater density and affordability of detached single family and two-family housing.

For the jurisdictions that received a 3 (high risk score) on the issue of exclusionary zoning, overall the areas zoned for single- and two-family dwellings limit density through large minimum lot sizes and may impose other restrictive design criteria such as unreasonably large minimum floor areas, large setbacks, or large minimum lot dimensions, which likely impact the feasibility of developing affordable single family and two-family housing and may exacerbate segregation along racial and socioeconomic lines. For example, in Minnetonka, the zoning code and map provide for two primarily single-family districts (R-1 and R-1A) at low densities. Low-density two-family dwellings are permitted in the R-2 district. The minimum lot size in R-1 is 22,000 sq. ft. with a maximum density of 4 units per acre. The minimum lot size in R-1A is 15,000 sq. ft., with a maximum density of 3 units per acre. The minimum lot size in R-2 is 12,000 sq. ft., with a maximum density of 3 units per acre.

In many jurisdictions, rezoning approval to a Planned Unit Development may allow for greater density and more flexibility in terms of lot area, lot dimensions, yards, setbacks, or location of parking areas than allowed by the underlying zoning in residential and mixed-

use districts. In some cases, such as Woodbury, the PUD regulations are designed to intentionally facilitate development of affordable housing. In Woodbury, the maximum number of dwelling units allowed should not exceed the base density except that density bonuses may be given if the project meets objectives in the Comprehensive Plan, including but not limited to provision of affordable housing.

Without more supply of detached and attached single-family units to meet the forecasted rise in low- and moderate income households, housing prices will continue to increase and the affordability gap will increase as well. Recommendations include amending zoning maps to rezone large-lot single-family zones to higher density/lower minimum lot area standards and allow for infill development or conversion of large single-family dwellings to two-family and triplex units to allow more density on the same footprint or minimum lot size. Municipalities could also lower the administrative barriers to PUD and cluster development approvals that support affordable housing.

### Issue #3: Multifamily Units

As a region, the Twin Cities scored reasonably well on Issue #3 related to permitting by right a mixture of housing types including multifamily housing at medium to high densities. As part of its review of local comprehensive plans, the Metropolitan Council has reviewed the land use maps in 2030 Comprehensive Plans for all jurisdictions covered by this Addendum and has determined that there is adequate land guided to meet forecasted demand for multifamily housing. The average score for this issue is 1.55; however, one jurisdiction, Lakeville, received a 3 (high risk score) in this analysis of zoning codes.

The Met Council sets a somewhat low bar for the minimum densities that local zoning and comprehensive plans should mandate to address the growing need for affordable multifamily housing units. For the 2021-2030 period, the region's planning authorities are instructed to either (1) guide sufficient land at a minimum density of 8 units/acre to meet the community's total allocated need or (2) guide sufficient land at a minimum density of 12 units/acre to meet the allocated need at 50% or less of AMI and a minimum density of 6 units/acre to meet need at 51%-80% AMI.<sup>43</sup> However, the Housing Policy Plan also recognizes that, of the multifamily affordable units built between 2003 and 2013 in developments with at least four units affordable at 60% AMI or less, the average project density was more than 39 units per acre, significantly higher than the minimum densities suggested. The previous Met Council guidance based on a minimum density of 6 units/acre is being updated for the 2040 comprehensive planning processes now underway across the region. The *2040 Housing Policy Plan* language around minimum residential densities to

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<sup>43</sup> Met Council 2040 Housing Policy Plan, pp. 112, available at: <https://metro council.org/Housing/Planning/2040-Housing-Policy-Plan.aspx>.



address the regional need for affordable housing will instead inform the minimum density standards.

Crystal, New Hope, and Richfield, which have some of the highest percentages of existing affordable housing units for low- and moderate-income households compared to the total number of existing housing units in each jurisdiction, approximately 87-93% per Met Council data, also all scored a 1 (low risk score) on Issue 3. Under Crystal's zoning ordinance, multifamily is permitted by right in the R-2 district up to eight units per building and permitted by right in the R-3 district without the unit restriction. The zoning code imposes minimum and maximum densities in these districts—minimum 5 units per acre to maximum 12 units per acre in the R-2 district, and minimum 12 u/a to maximum 22 u/a in the R-3 district. Under the guidelines of the Comprehensive Plan, areas designated for high density residential should have not less than 10 units per acre and up to a maximum of 22 units per acre. These standards generally permit development of medium to high densities relative to other jurisdictions. In New Hope, multifamily housing up to 12 units and 3 stories is permitted in the R-3 district with a minimum lot size of 3,000 sq. ft. / unit. In the R-4, R-O (residential office) and R-B (residential business) districts, multifamily housing is permitted up to 6 stories and minimum lot areas of 2,200 sq. ft. /unit in R-4 and 2,000 sq. ft. / unit in R-O and R-B districts. The base minimum parcel size is lower compared to many jurisdictions in the region at 15,000 sq. ft. Live-work units and multifamily housing of 10-50 units per acre are conditional uses in the City Center mixed-use district. In Richfield, multifamily is permitted by right in the MR-2 and in the three mixed-use sub-districts (MU-R, MU-C, MU-N). The Land Use Plan guides the high density residential and high density residential/office categories for at least 24 units per acre, while the mixed-use category is guided for at least 50 units per acre.

Other jurisdictions that similarly permit multifamily housing by right at high densities include Minneapolis, Saint Paul, Apple Valley, Bloomington, and others. These jurisdictions also allow for increased density and land use flexibility via conditional use permits or planned unit development approvals.

By contrast, in Lakeville, although multifamily housing is permitted by right in the RH-1 and RH-2 districts, and a conditional use in the O-R district, potential density is limited by a 35 foot height maximum in the RH-1 district and 45 foot maximum in RH-2 on a minimum parcel size of 20,000 sq. ft. Further, the code limits the number of efficiency apartments in multiple-family dwellings, except for senior housing, to not exceed one unit or 10% of the total number of dwelling units in the building, whichever is greater. In Woodbury, all apartments and other multiple-family dwellings require a conditional use permit subject to the zoning review procedures and standards. Minimum lot sizes per unit are based on the number of bedrooms per multifamily housing unit and height is limited to 3-6 stories generally. These standards result in a base zoning of 2-3.5 units per acre in low density mixed-use

residential areas; 4.5-8 units per acre in medium density residential areas; 8-10 units per acre in the Urban Village; and 10-15 units per acre in the so-called high density mixed-use areas. These standards generally permit development of low to medium densities relative to other jurisdictions and because they also require the CUP approval process which increases development costs, may impede the potential for developing affordable housing within the city. Indeed, Lakeville and Woodbury have some of the lowest percentages of existing affordable housing units for low- and moderate-income households compared to the total number of existing housing units in each jurisdiction at just 41% and 36%, respectively.<sup>44</sup>

To facilitate the development of affordable multifamily housing, zoning codes should be updated and amended to reflect more flexible and modern lot design standards such as increasing maximum height allowances, increasing minimum density or floor area ratios, increasing maximum floor area ratios (FAR), decreasing minimum parcel sizes, and decreasing minimum livable floor areas of individual dwelling units. Because rezoning requests add time and expense, invite neighborhood/community opposition, and provide site design review officials with leverage to reduce density or impose costly conditions, cities should be proactive in rezoning or up-zoning appropriate areas, especially near transit nodes and city/town centers, for denser residential or mixed-use zoning districts, with updated comprehensive plans designating specific sites that may be under local government control as appropriate for affordable housing development.<sup>45</sup>

Finally, multifamily housing does not necessarily mean affordable as the region has seen a boom in luxury multifamily developments. Development incentives such as density bonuses and expedited permitting processes or fee waivers for voluntary inclusion of affordable units or mandatory set asides in cases where local government funding or approvals are provided, should be adopted across all jurisdictions to encourage or require mixed-income, affordable units. Planners caution that if density is increased as of right, the price of land may also increase to reflect the more intensive permitted use, thereby reducing the potential development savings for housing costs. Effective density bonuses are limited then to situations where the developer seeks to build at densities greater than what is available as of right. Before up-zoning or increasing density as of right, the potential for inclusionary zoning policies should be calculated and codified as well so that developers are still incentivized to seek density bonuses and other allowances in exchange for providing affordable units.<sup>46</sup>

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<sup>44</sup> See Existing Housing Assessment, available at: [https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02395614\\_Lakeville\\_ExistingHsg.aspx](https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02395614_Lakeville_ExistingHsg.aspx); [https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02397369\\_Woodbury\\_ExistingHsg.aspx](https://metro council.org/Handbook/Files/Existing-Housing-Assessment/02397369_Woodbury_ExistingHsg.aspx).

<sup>45</sup> See Housing Justice Center, St. Paul, *Best Practices to Reduce the Cost of Affordable Housing* (Oct. 2015), available at: [http://hjc mn.org/\\_docs/reducing\\_costs.pdf](http://hjc mn.org/_docs/reducing_costs.pdf).

<sup>46</sup> *Id.*

#### Issue #4: Alternative Types of Affordable Housing

The Twin Cities region received an average score of 1.68 on Issue #4 regarding zoning allowances for alternative types of affordable or low-income housing such as accessory dwelling units or mobile/manufactured homes. The use of attached or detached accessory dwellings in low-density single-family residential districts provides private market opportunities to incorporate smaller, more affordable housing units with a very low impact on the district's infrastructure or traffic in neighborhoods of opportunity that otherwise may be expensive places to live.

Most jurisdictions that do not allow any type of accessory dwelling unit in any single-family districts received a 2 (medium risk score) on this issue (e.g., Blaine, Burnsville, and St. Louis Park). Nine of the 22 reviewed jurisdictions do allow accessory dwellings within some single-family districts and without unreasonably restrictive administrative or off-street parking burdens, and these received a 1 (low risk score) on this issue (e.g., Eagan and Saint Paul). The Minneapolis City Council passed one of the more permissive accessory dwelling ordinances through a zoning code text amendment on December 5, 2014, which allows accessory dwelling units (interior, detached, and attached) citywide on lots with single or two-family homes. The owner of the property must occupy one of the dwellings.

Under the Minnesota Planning Act, local zoning regulations may not prohibit or limit location of manufactured homes that are built in conformance with the manufactured home building code and comply with all other zoning ordinances. (MINN. STAT. § 462.357 et seq.) The MPA also mandates that a manufactured home park is by law a conditional use in any zoning district that allows the construction or placement of a building used or intended to be used by two or more families. Standards for granting the conditional use should be explicitly stated in the city ordinance. (Minn. Stat. § 462.357, subds. 1a, 1b.) For most jurisdictions in the region, there are few specific regulations related to mobile, manufactured, or modular homes in their respective zoning ordinance (other than regulations found in their floodplain ordinance), as most defer to state law. Some zoning codes, however, restrict manufactured home parks to specific zoning districts, and these ordinances may be out of date and in conflict with state law regarding siting of manufactured home parks as a conditional use in two-family and multifamily zoning districts.<sup>47</sup> For example, Apple Valley specifically limits manufactured homes parks to the M7 zoning district although townhomes and/or multifamily housing are permitted in at least seven other zoning districts. In Burnsville, manufactured homes are a permitted by right use in R-3D districts. Manufactured home parks are a conditional use in R-3D districts only, although the jurisdiction has other two-family and multifamily zoning districts.

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<sup>47</sup> For reference, see League of Minnesota Cities, *Information Memo: Manufactured Homes and Zoning*, with supporting citations to relevant state law. Available at: <https://www.lmnc.org/media/document/1/manufacturedhomesandzoning.pdf?inline=true>.

Met Council identifies manufactured home parks as an underutilized form of affordable housing for the region, especially for very low- and extremely low-income households.<sup>48</sup> Manufactured housing can often enable homeownership opportunities for economically disadvantaged families who would otherwise not be able to afford homeownership. According to Met Council data, as of June 2016, nearly 39,000 people lived in manufactured home parks within the Twin Cities region. Since 1991, at least ten parks have closed due to redevelopment pressures, aging sewer infrastructure, and highway expansions, and no new parks have been built since that year. However, the number of available pads in the region has remained mostly consistent, suggesting that demand for manufactured homes has not declined and remaining home parks have expanded in response to other parks closing.

As an important source of low-income housing, manufactured and modular homes should be incorporated by more communities as part of the planning strategy for meeting their fair share allotment of affordable housing units. Zoning codes should be reviewed and updated for consistency with the state Planning Act. Conditional permit use criteria and inclusionary zoning provisions should be drafted in ways that support and encourage this type of alternative affordable housing.

#### Issue #5: Design and Performance Guidelines

Issue #5 evaluates whether design and construction guidelines create unreasonable or arbitrary barriers to developing affordable housing by increasing construction costs beyond what is required for the health, safety, and welfare of the community. Some of the most common examples are required premium building or façade materials, landscape requirements, off-street parking, and other architectural requirements. While all of these site and design criteria may add aesthetic and quality of life value, these requirements also increase development costs and accordingly impact the ability to keep housing costs affordable.

The “Housing Development Toolkit” published by the White House in September 2016 cited a study by the Urban Land Institute which found that minimum parking requirements were the most noted barrier to housing development.<sup>49</sup> Off-street parking requirements have a disproportionate impact on housing for low-income households because these families typically have fewer vehicles, relying more on public transportation, but are burdened by the trickle-down costs of required minimum parking. The cost of off-street parking ranges from \$5,000 per surface parking spot to \$60,000 for underground spaces. This cost is

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<sup>48</sup> See Manufactured Home Park Preservation Project, June 2016, available at: [https://metro council.org/Council-Meetings/Committees/Metropolitan-Council/2016/6-8-16/0608\\_2016\\_Manufactured-Home-Park-Equity-Grant-Repo.aspx](https://metro council.org/Council-Meetings/Committees/Metropolitan-Council/2016/6-8-16/0608_2016_Manufactured-Home-Park-Equity-Grant-Repo.aspx).

<sup>49</sup> *Housing Development Toolkit*, September 2016, available at: [https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Housing\\_Development\\_Toolkit%20f.2.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Housing_Development_Toolkit%20f.2.pdf).

incorporated into the overall development costs and can be a barrier to affordable construction.

Many of the jurisdictions surveyed not only have minimum off-street parking requirements for residential uses, but a significant portion also require that all or a portion of those be in an enclosed garage for single-family detached and townhome units or an underground deck for multifamily. For example, Brooklyn Park which scored a 3 (high risk score) on Issue #5, requires all dwellings to include a basement and garage parking. Single family and two-family units require a minimum of 480 sq. ft. of garage space; dwellings in the R-2A/R-2B districts must provide a minimum of 576 sq. ft. of garage space; each townhouse must be constructed with a minimum 480 sq. ft. garage; and a minimum of half of the required spaces for multifamily housing must be in an enclosed garage or underground parking. Bloomington is another example of onerous off-street parking minimums. Single-family and two-family dwellings require four off-street parking spaces per dwelling, two of which must be in a garage. For townhomes, the minimum off-street parking ranges from 2.2 spaces per unit for a one-bedroom to 3.4 spaces per unit for a three-bedroom. At least one space per unit must be in an enclosed garage. For multifamily dwellings, minimum spaces range from 1.8 spaces per unit for a one-bedroom to 3 spaces per unit for a four-bedroom unit, with at least one space per unit in an enclosed garage. Additional guest parking also may be required. However, Bloomington received a 2 (medium risk score) for this issue because the zoning code provides a process for requesting reduced or flexible parking minimums for housing other than single or two-family, where the applicant can demonstrate that parking demand will likely be less than required by the ordinance or where shared parking for multiple use developments may be feasible.

Like Bloomington, some other jurisdictions have made efforts to reduce the cost-related burden of off-street parking by allowing potential reductions where shared parking, bike parking, or access to public transportation may reduce the actual need or demand for off-street vehicle parking. Minneapolis reduced off-street parking requirements near transit stops, and similar reductions could be made in other jurisdictions and for affordable or low-income housing developments in general, for those near public transportation stops and in pedestrian-oriented, mixed-use neighborhoods.<sup>50</sup> Maximum off-street parking restrictions also could be adopted.

#### Issue #6: Inclusionary Zoning

Zoning and land use regulations and policies can serve as a means for the local government to go beyond just meeting the minimum FHA standards, Zoning can be a tool to affirmatively further and protect fair and affordable housing. Under Issue #6, the region's codes were reviewed for development incentives that encourage or mandate construction of affordable

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<sup>50</sup> See also, Housing Justice Center, St. Paul, *Best Practices to Reduce the Cost of Affordable Housing* (Oct. 2015), page 22-23, available at: [http://hjcmmn.org/\\_docs/reducing\\_costs.pdf](http://hjcmmn.org/_docs/reducing_costs.pdf).

housing units. The goal of inclusionary zoning provisions is to incentivize the production of affordable housing in private market developments so that the total supply of affordable housing will increase. The best inclusionary zoning policies should help to disperse affordable units throughout a municipality or region in mixed-income and high-opportunity communities rather than concentrating these units in one area. Inclusionary zoning may be voluntary or mandatory, and may include a mixture of development allowances such as reduced minimum lot sizes for single-family lots; higher density allowances for multifamily units; waivers of or reduced permitting/development fees; administrative variances for other development or design standards; voluntary or mandatory set-asides; reduced parking requirements; and other relaxed development standards to reduce construction costs and increase efficiencies in the development of multifamily units in exchange for building mixed-income elements into development plans or a certain number of affordable units for families who meet moderate to low-income criteria.

To ensure long-term affordability of these units, legal mechanisms such as deed covenants, the preemptive right to purchase, the right to cure a foreclosure, the right to purchase a home entering foreclosure, and requirements of notice of default or delinquency; resale formulas; and monitoring and stewardship partnerships with local housing authorities and nonprofit housing advocacy organizations should be included. To promote integration and equal opportunity, and to avoid segregating housing that meets affordability guidelines for low-income households into only low-income, historically segregated, or low-opportunity areas (and facing a potential disparate impact challenge), it is important that development incentives for affordable housing be made available across the jurisdiction or region and include mixed-income, integrated, and high-opportunity neighborhoods.

Nearly 64% of the jurisdictions surveyed do not currently provide any inclusionary zoning incentives for development of affordable or low-income housing. These jurisdictions received a 3 (high risk score) because the jurisdiction could take such affirmative action in this area to further affordable housing or fair housing choice but has not done so. Three of the 22 jurisdictions received a 2 (medium risk score) on this issue for providing a small or limited voluntary zoning incentive. These jurisdictions did not receive a 1 on this issue because either the incentive is too minimal to noticeably impact the affordable housing stock; or is only applicable in very limited zoning districts or neighborhoods rather than balanced across all residential and mixed-use zones; or does not include effective mechanisms for maintaining affordable housing long-term. For example, Minneapolis, which received a 2 on this issue, allows for a 20% increase in floor area ratio (FAR) or number of dwelling units for certain residential and mixed-use developments where at least 20% of the units are affordable. However, a criticism among planners is that although the city offers a density bonus in exchange for affordable units, it is underutilized because developers can also obtain the bonus for structured parking – something they typically would be doing anyway. The regulations fall short of spelling out desired objectives such as income levels or expected terms of affordability, and do not require any enforceable agreements assuring

compliance with affordability commitments. In Woodbury, the zoning ordinance in conjunction with the Comprehensive Plan may provide a small density bonus incentive for the development of affordable housing as part of a Planned Unit Development rezoning, but at most it would mean an additional 3 units per acre in the “High Density Residential and Mixed Use” areas for a maximum allowable density of 18 units per acre. The zoning code, however, lacks specificity as to objective criteria which triggers a density bonus and lacks a means of ensuring that affordable units remain affordable. Accordingly, Woodbury also received a score of 2 on this issue.

In Minnesota, voluntary inclusionary housing policies are specifically permitted by state law (MINN. STAT. § 462.358 subdivision 11) in the context of city land use approvals. Mandatory set-asides and other voluntary incentives should be incorporated into local zoning codes and comprehensive plan strategies, especially for developments requiring city funding, site location assistance, or planning approvals.<sup>51</sup>

As stated above, detailed reports on the zoning provisions and risk scores for each of the 22 surveyed municipalities are included in the Appendix. It is important to view the analysis presented here as an overall sense of the zoning rights and requirements for the diverse urban, suburban, and rural areas, but not to assume the region-wide average scores correctly characterize each individual jurisdiction.

## Tax Credit Allocation Policies

The Low Income Housing Tax Credit (LIHTC) program is the primary source of subsidy for development of affordable housing. Created by the Federal Tax Reform Act of 1986, the LIHTC program makes available an indirect federal subsidy for investors in affordable rental housing. The value of the tax credits awarded to a project may be syndicated by the recipient to generate equity investment, offsetting a portion of the development cost. As a condition of the LIHTC subsidy received, the resulting housing must meet certain affordability conditions. The Internal Revenue Service allocates LIHTCs annually to each state’s housing finance agency, which then awards them on a competitive basis to project applicants within the state. Minnesota’s system for awarding LIHTCs is unique in that Minnesota Housing Finance Agency sets aside portions of its tax credits on a formula basis for jurisdictions known as suballocators. Minnesota’s LIHTC suballocators include the cities of Minneapolis and Saint Paul (jointly represented by the Minneapolis/Saint Paul Housing Finance Board), Dakota County, and Washington County as well as three other local government jurisdictions outside the Twin Cities area.

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<sup>51</sup> The Mixed Income Housing Calculator, available online at <http://mncalculator.housingcounts.org/> provides a tangible way of calculating the potential of inclusionary housing policies.



The Minnesota Housing Finance Agency (MHFA) and its suballocators each use a unique set of criteria and local preferences, known as a Qualified Allocation Plan (QAP), to prioritize LIHTC proposals for award of tax credits. Using the QAP as a rubric, points are awarded for a variety of criteria totaling to an overall score by which proposed projects are ranked for award of tax credits. The QAPs for MHFA and its suballocators are divided into three basic parts: threshold criteria, which are essentially eligibility minimums set by state statute; selection priorities representing discretionary criteria individually established by each respective allocator; and preference priorities, additional discretionary criteria that are often used as tie-breakers. The role of the QAP and its criteria in determining which proposed affordable housing developments will receive the subsidies necessary for viability and, thus, where affordable housing will be located, make them central to an analysis of public policies related to fair and affordable housing.

#### [The City of Minneapolis](#)

The City of Minneapolis' 2017 QAP contains 15 selection criteria. The most heavily weighted selection criteria (allowing up to 15 points each), are structured to favor projects where 20% or more of the units developed will house homeless persons, projects located in "non-impacted areas", projects with commitments of non-City funds covering more than 15% of the development cost, and projects where no more than 15% of total costs are for intermediaries. Of these, the most significant with regard to housing choice is the criterion related to non-impacted areas. These areas are defined as census tracts with fewer than 50% of their households at 60% or less of the area median income or tracts with poverty rates of under 25%. In short, the intent of this selection priority is to encourage development of LIHTC projects in low-poverty areas where household incomes are generally greater than those of the expected tax credit tenants.

A similar priority, worth up to 10 points, promotes the economic integration of housing by awarding maximum points for projects located in non-impacted areas where 90% or more of the development's total units will be tax credit units. Because they are not as successful at providing affordable units in low-poverty areas, projects in non-impacted areas where fewer than 20% of the project's total units will be subsidized by tax credits receive no points for this criterion. This point scale works in reverse for higher-poverty, impacted areas. Developments with relatively few tax credit units receive maximum points because they ostensibly bring more middle income renters into tracts with lower average incomes thereby increasing economic diversity. Minneapolis also awards up to 10 points for projects within a half-mile of "high service" transit and 5 points to proposals including a written letter of support from a relevant community or neighborhood group. While buy-in from neighborhood stakeholders is valuable, the points assigned to this selection priority may disadvantage projects sited in desirable neighborhoods if existing residents are well-organized and express strong "not in my backyard" sentiments.

The City's other selection priorities address such issues as green building practices, non-smoking policies, and supportive services for residents. Additionally, a maximum of 17 preference priority points may be awarded for projects that extend their commitments to keep the LIHTC-subsidized units affordable for longer than the minimum 20-year duration and for projects that will serve the lowest-income tenants.

#### The City of Saint Paul

Although Minneapolis and Saint Paul participate together in the Minneapolis/Saint Paul Housing Finance Board to administer LIHTCs, there are significant differences in the cities' QAPs, reflecting diverging priorities for affordable housing in the two jurisdictions. If Minneapolis' QAP can be said to generally favor new construction proposals that maximize the number of affordable units built in low-poverty areas, Saint Paul's preference is to preserve the long-term affordability of existing low-income housing units while encouraging the provision of amenities to boost the appeal of the project site.

The single most valuable selection priority in Saint Paul's 2017 QAP is an item that awards 15 points to projects proposing substantial rehabilitation of existing units so as to preserve affordable housing for low-income tenants. With this selection priority, the City sets a policy preference favoring the retention of long-term affordability for existing units, rather than construction of new units. Other criteria allow for the award of up to 7 points for projects including specified supportive services and amenities for residents (e.g. after-school programming, a community center, a playground, job skills training, etc.) and another awards 3 points for projects within a quarter-mile of public transit. While Saint Paul prioritizes projects that result in extended affordable housing in locations where it already exists, the City's QAP also rewards those projects that bring to the project site programs and amenities that increase the opportunity of residents living there.

Like Minneapolis, Saint Paul's selection priorities also include preferences for projects that serve homeless persons, have low intermediary costs, require no other major subsidy beyond the tax credits, and foster economic integration, however these are all weighted less in Saint Paul's QAP. Whereas Minneapolis awarded 5 points to projects delivering a letter of support from a community organization, Saint Paul allows only 1 point for this item, diluting the impact of supportive neighbors, but also protecting proposed projects from being derailed by strong "not in my backyard" sentiments. Saint Paul does not have point-based preference priorities, but in the event of a scores within 2 points of one another, the City's Housing and Redevelopment Authority will choose the winner based on the City's overall housing priorities.

#### Dakota County

Representing a suburban county in the southeast portion of the Twin Cities region, Dakota County's QAP reflects several different priorities as compared with the urban centers of Minneapolis and Saint Paul. Dakota County awards 10 points for any project proposal including new construction that will increase the county's supply of affordable housing;

however, an even more generous 20 points are available to projects that will preserve existing federally-subsidized affordable units nearing the end of their affordability restrictions. Additionally, another 5 points are available to rehabilitation projects when they take place as part of a broader community revitalization plan. Like other suballocators, Dakota County's selection priorities allow points for projects that include significant funding commitments from other government entities (up to 15 points), projects with low intermediary costs (6 points), proximity to transit (up to 5 points), and institution of a smoke-free building policy (1 point).

Where Dakota County's QAP diverges most notably is in the area of design. Projects may claim 10 points when designed such that each unit has its own exterior entrance. Projects with 25% or more of their units designed to be accessible to people with disabilities may claim another 5 points, and another 1 point when unit design features include the provision of wireless internet access in each unit. Dakota County's tie-breaking preference priorities are for projects that will serve the lowest income tenants and those located in high-poverty census tracts as part of a community revitalization plan.

#### Washington County

Suburban Washington County, on the east side of the region, expresses through its QAP a high priority for projects that incorporate federal project-based rental assistance and those projects that are ready to quickly proceed to construction. Each of these criteria is worth up to 18 points. In the case of rental assistance, maximum points are available to projects that set aside 20% or more of their units for project-based rental assistance, commit to a minimum 10-year term for those units, and also incorporate other rental assistance programs (such as Section 8) into the development. The maximum 18 points for readiness to proceed are awarded to projects that have secured at least 70% of their financing, possess all needed land use and zoning approvals, and have in place all infrastructure needed to serve the project site.

Among those criteria most likely to impact the location of LIHTC projects are selection priorities for economic integration and proximity to public transit. As with some of the other suballocators' QAPs, Washington County awards points for projects located in higher-income communities that have good access to jobs. The QAP awards 10 points to projects located in specified census tracts determined by Washington County to have these characteristics. Further, access to transit is emphasized with an available 7 points for projects within a half-mile of transit that also incorporate some principles of transit-oriented development. So as not to penalize projects in communities that offer no public transportation, the full value of the transit access points may be claimed by projects located in a municipality not served by public transit; this provision provides equal incentive to developers locating a project in a remote location without public transportation as it does those locating instead in proximity to transit options. The only disadvantaged applicants would be those proposing a project in a city served by transit but where the project site is further than a half-mile from the nearest transit connection.

In addition to these selection priorities, Washington County's preference priorities are figured into the applicant's total score rather than reserved as tie-breaking criteria. Among these preference priorities are criteria valued at 20 points each for the preservation of existing affordable housing and the provision of units for elderly or assisted housing in certain cities. Up to 10 points are available based on the city the project is located in, with maximum points for Woodbury locations based on that city's affordable housing needs as described in the County's Comprehensive Housing Needs Assessment. At the other end of the spectrum, proposed sites in Lakeland, Afton, and Lake Elmo could claim only 1-2 points based on findings from the needs assessment. However, basing a preference priority on the needs of current residents of those communities for affordable housing could serve to perpetuate the unaffordability of these cities.

Similar to other QAPs discussed, Washington County's selection priorities also favor projects with more than 20% of the development cost shouldered by other non-LIHTC sources (10 points), low intermediary costs (6 points), high speed internet access (1 point), and smoke-free housing policies (1 point). Like Minneapolis, Washington County's QAP also awards points for projects that house people who have experienced homelessness; up to 10 points are available to applicants that set aside 50% or more of their LIHTC-funded units for this population.

#### [Minnesota Housing Finance Agency](#)

The Minnesota Housing Finance Agency (MHFA) allocates LIHTCs in the balance of the state not covered by suballocators. In the study area for this project, that would include Anoka County, Carver County, Hennepin County (outside Minneapolis), Ramsey County (outside Saint Paul), and Scott County. Tax credit developers in these areas apply for LIHTCs from the state. MHFA's QAP is complex due to the variety of communities it must cover: urbanized portions of the Twin Cities region, suburbs, exurbs, and remote rural areas. Beyond the statutory threshold requirements, the QAP criteria are broken down into six areas. The first, and also the richest in available points, is a group of criteria focused on tenant and affordability targeting. Up to 163 points are possible in this area, 114 of them for projects that provide permanent supportive housing for households experiencing homelessness., however, once 25% of MHFA's annual tax credit authority has been awarded, points in this category are no longer awarded. This mechanism essentially guarantees that the first 25% of all annual tax credits awarded go to projects including permanent supportive housing components.

The second category of criteria, worth a combined 28 points, is related to areas of opportunity and is perhaps the most likely to affect developers' siting decisions. Economic integration, as has been seen in other suballocator QAPs encourages development in higher income areas with available jobs. Up to 9 points are available to applicants whose projects are located in such areas. Projects are also eligible to receive 4 points for proximity to high-performing schools, 6 points for areas of job growth, and up to 9 points for access to transit, walkability, and transit oriented development planning principles.

Another 28 points are possible for projects that contribute to planned community and economic development efforts in some way; 30 points are available to projects that extend the affordability of existing subsidized units whose affordability restrictions are expiring; and 26 points are possible for various measures of project efficiency in terms of financial readiness to proceed and low intermediary costs. Certain building characteristics such as universal design, internet access, and smoke-free housing policies are worth a collective 5 points. In the event of tied total scores, MHFA prioritizes those projects that serve the lowest-income tenants, include project based rental assistance, are located in a qualified census tract, and whose development costs are lowest.

## Public Housing Policies

Federal housing funds, administered by HUD, are allocated to local housing agencies for the operation of a variety of low-income housing programs. In the study area covered by this Addendum, there are 10 local agencies represented, most commonly known as public housing authorities (PHAs) or housing and redevelopment authorities (HRAs). Some cities and counties have their own authority while the Metropolitan Council's HRA covers a larger service area encompassing Anoka, Carver, and most of suburban Hennepin and Ramsey Counties. The programs offered by these authorities vary, but most commonly include administration of Housing Choice Voucher programs (often referred to as Section 8) and traditional public housing, owned and operated by the authority. Particularly in the case of the HRAs, other HUD and non-HUD funded housing programs are typically part of the organization's portfolio. Additionally, not all HRAs administer a Housing Choice Voucher program.

The PHAs and HRAs are required to administer their public housing and voucher programs according to plans and policies they set individually. These plans and policies are heavily regulated, but allow the local agencies some limited flexibility in the design and operation of their programs in order to best respond to local market conditions and the unique needs of residents. Notably, the Minneapolis Public Housing Authority participates in a HUD demonstration program known as Moving to Work. As a participating Moving to Work agency, the Minneapolis Public Housing Authority is allowed greater regulatory flexibility in order to test strategies that make more efficient use of the Authority's funds and assets and lead to better outcomes for tenants.

Four different types of housing authority policies are examined here: tenant selection, local preferences, tenant screening, and subsidy standards. These four policy types all allow some degree of local determination and are believed to be among the most central to matters of fair housing choice.

## Tenant Selection

Public housing assistance is generally competitive and housing authorities maintain lengthy waiting lists of potential tenants. Once a waiting list becomes so long that the households listed on it are not likely to rise to the top and be considered for housing within a reasonable timeframe (three years is often the standard), the waiting list is closed to new applicants until the list is diminished. The process by which applicants are ranked on and selected from these waiting lists is guided by a tenant selection policy. Housing authorities are not permitted to use criteria such as household size or unit size requirements to organize their waiting lists. For example, a large family at the top of the list cannot be passed over for a smaller household requiring a smaller unit even if the PHA does not have resources at the time with which to place the larger family. Selection of tenants from a waiting list is generally determined by either the order in which the prospective tenant's application was received or through a lottery that randomizes applications for selection. Prior to applying one of these methods, however, PHAs may apply certain preferences to the wait-listed applications. Nine of the 10 housing authorities in the region apply local preferences to their waiting lists, the Met Council HRA being the exception. After the application of local preferences, about half of the housing authorities then use the date and time of the application as the basis for ordering their waiting list while the others use a lottery or some other random sort of the applications. Random tenant selection processes may be somewhat more equitable than ordering applications by the date and time of receipt as the latter process favors applicants who are the first to apply during an open application window, something hourly workers or those with transportation limitations or childcare needs may find difficult. Far more consequential for fair housing choice than either of these alternatives, however, is the application of local preferences.

## Local Preferences

HUD allows PHAs to, within narrow boundaries, set preferences for the applicants who will be selected first from their waiting lists. Local preferences must be constructed carefully to avoid discrimination against protected classes, but can be helpful tools to strategically adapt public housing programs to local housing needs and priorities as determined through data-driven planning processes.

Some local housing authorities have simple residency preferences for applicants who, as it is typically formulated, live, work, or attend school in the jurisdiction whose housing authority is administering the program. Such preferences have the effect of limiting housing choice on a regional basis. A common argument in favor of residency preferences is that demand for public housing and vouchers is high and that the jurisdiction in question has more of its own residents in need of the programs than can be served, so opening the program up to applicants from other areas is not fair to the low-income residents who live there already. The argument is often an accurate point, and HUD does permit residency preferences, however residency preferences create barriers to fair housing choice and mobility and the policies should be reviewed to demonstrate that they are not used to



exclude households that do not meet residential preferences. Particularly when used by housing authorities in areas with good access to jobs and greater school proficiency, a residency preference can work to exclude low-income households who may wish to move there from other parts of the region.

The Plymouth HRA employs a residency preference, but applies it to all Hennepin County residents rather than existing residents of the city alone. This is a positive step toward expanding housing choice for Hennepin County residents and, in a county like Hennepin that includes core urban areas as well as outer-ring suburbs, the expanded county-wide residency preference could present a model for others to follow. The Met Council HRA goes further and has declined to assert any residency preferences and instead works to market its programs “to all racial and ethnic groups accomplishing a wait list and program participation that represents all populations residing in the metropolitan area.”<sup>52</sup>

In addition to residency preferences, many other types of local preferences are employed by agencies in the region. The Plymouth HRA, for example, uses a tiered point system to represent local preferences for a variety of conditions including households involuntarily displaced due to natural disaster, homeless families living in shelters, households experiencing severe cost burden, and households headed by someone with a disability. These conditions each come with different amounts of points attached to them allowing applicants to claim multiple preferences. The Minneapolis PHA recognizes many of these same preferences but adds preference for victims of domestic violence and veterans. Scott County’s PHA preferences participants in several other types of local housing programs and households with a member working in Scott County.

#### Tenant Screening

Affordable housing for those with criminal records can pose an extreme challenge. Statistically, people with criminal histories face obstacles to employment and, when employed, tend to earn lower wages than people without criminal backgrounds. Add to the affordability challenge the unwillingness of many landlords and property managers to rent to ex-offenders out of fear they may present a danger to the safety of other residents, and the housing needs for this population are magnified. Recognizing that people of color are disproportionately more likely to have experienced an encounter with the criminal justice system and to have arrest records or criminal convictions, HUD issued guidance in 2016 warning that blanket policies of refusal to rent to people with criminal records could be discriminatory. Although criminal history is not a protected class, under the Fair Housing Act, restricting housing access on the basis of criminal history could be unlawful if it results in a disparate impact on people of a specific race or ethnicity. Rather than blanket policies, exclusions of persons with criminal histories must be tailored to the housing provider’s

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<sup>52</sup> Metro HRA Housing Choice Voucher Administrative Plan, Exhibit 2-2. Last amended September 28, 2016.



legitimate interests, be applied consistently to all applicants, and take into account the type of crime, time since conviction, and other factors.

Housing authorities are required to consider an applicant's criminal background as part of their screening process for public housing occupancy, but must conduct the screening so as not to violate the prospective tenant's fair housing rights. For Housing Choice Voucher (HCV) programs, tenant screening is optional for the housing authority. Most of the housing authorities in the region choose not to screen HCV applicants, leaving the screening decision and standards up to the individual landlords participating in the voucher program. For example, neither Dakota, Scott, nor Washington County screen applicants and no screening information, to include residency history, names, and addresses is provided to owners of rental properties where HCV recipients attempt to place their voucher. Saint Paul's PHA similarly does not screen HCV applicants, but its policy is to also disclose to property owners that it has not conducted any screening of its applicants. Richfield's HRA informs property owners of their responsibility to screen potential tenants and provides information for the purpose of screening such as the tenant's known name and address.

HUD regulations specify several criminal offenses that automatically disqualify someone from being issued a voucher. These include offenses that require lifetime registration as a sex offender and the manufacture of methamphetamines in any federally-subsidized housing. Other less serious offenses are sometimes used to deny tenants from being issued a voucher, which could have the effect of limiting housing choice for certain protected classes. But since most housing authorities in the region do not screen their HCV households, the effect of criminal background checks – at least at the level of the housing authorities – is minimal.

### Subsidy Standards

Individual housing authorities are required to include in their policies the criteria by which they determine the number of bedrooms needed to house families of various sizes and compositions; these are known as subsidy standards. HCV families are not required to actually seek or rent dwellings with the number of bedrooms determined by the subsidy standard, but rather the standards determine the amount of the subsidy the family qualifies for based on its size.

Bloomington, Richfield, St. Louis Park, and most of the region's housing authorities' subsidy standards are based on a maximum of six people in a three-bedroom unit and eight people in a four-bedroom unit. The housing authorities in Minneapolis and Saint Paul, apply a standard of higher maximum occupancies: a maximum of eight people in a three-bedroom unit and a maximum of 10 people in a four-bedroom unit. A household of eight in one of the core cities could qualify for a voucher consistent with the cost of a three-bedroom unit, whereas the same household in most other parts of the region could qualify for a subsidy for

a larger, four-bedroom unit instead. These policies in Minneapolis and Saint Paul have the effect of spreading HCV subsidies thinner but also recognize the larger household structures that are more common among some of refugee and immigrant cultures in their respective jurisdictions.

## V. Geography of Opportunity

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This section begins by examining the intersection of poverty, race, and ethnicity in the Twin Cities region by identifying areas with high poverty rates, including those where a majority of residents are people of color. It then discusses the geographic distribution of opportunity indicators, before turning to look at how the location of affordable housing and changing levels of affordability impact housing choice.

### Areas of Concentrated Poverty

To assist communities assess fair housing, U.S. HUD developed a methodology for discussing areas within a region where poverty rates are high and where more than half of residents are people of color. HUD's approach combines demographic and economic indicators to identify census tracts it terms "racially (or ethnically) concentrated areas of poverty" (RCAP/ECAPs). These areas are defined by HUD as tracts with an individual poverty rate of 40% or more (or an individual poverty rate at least 3 times that of the tract average for the metropolitan area, whichever is lower) and a non-white population of 50% or more.

In their research on poverty, Metropolitan Council adapted HUD's definition to look at two sets of tracts. The first, Areas of Concentrated Poverty (ACPs), are census tracts where at least 40% of residents have family incomes below 185% of the federal poverty threshold.<sup>53</sup> The second is a subset of ACPs: Areas of Concentrated Poverty where at least 50% of residents are persons of color (ACP50s).<sup>54</sup>

Research presented in Met Council's *Choice, Place, and Opportunity* describes several ways living in high poverty areas can affect people, including higher exposure to crime, compromised physical and mental health, and lower graduation rates. Over generations, living in concentrated poverty has been shown to reduce children's cognitive abilities and income potential, impeding economic mobility. The degree to which persons of color are more likely to live in areas of concentrated poverty than white residents means that they are disproportionately affected by these harms. As Met Council's report describes, historical institutional racism contributed to disproportionate rates of poverty by race and ethnicity.<sup>55</sup> Employment discrimination, reduced access to mortgage and banking services, reduced educational opportunities, and disproportionate incarceration rates all inhibit wealth creation for households of color. Several local neighborhood leaders point out that differing levels of public and private resources and investments throughout Minneapolis, Saint Paul,

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<sup>53</sup> Metropolitan Council. *Choice, Place and Opportunity: An Equity Assessment of the Twin Cities Region*. (March 2014)

<sup>54</sup> Note that Met Council's ACP50 definition and HUD's Racially Concentrated Area of Poverty (RCAP) definition vary in how they define concentrated poverty. Met Council considers areas where 40% of residents have family incomes below 185% of the federal poverty line as a concentration of poverty, whereas HUD's definition looks at areas where 40% of residents have family incomes below the federal poverty line.

<sup>55</sup> Metropolitan Council.

and the region also contributed to and perpetuated poverty in communities of color. Further, development activities, such as construction of I-94 through Rondo, were often planned without regard to communities of color or potential effects on their neighborhoods.

Race-specific barriers also impact residential choices. *Choice, Place, and Opportunity* identified several such barriers, including differing race-based residential preferences of whites and persons of color, federal rental housing policy, locations of subsidized rental units, barriers to the development of affordable housing and the use of housing vouchers, and discrimination in private housing and lending markets.<sup>56</sup> Other sections of this report will discuss these and other race-related barriers in more detail.

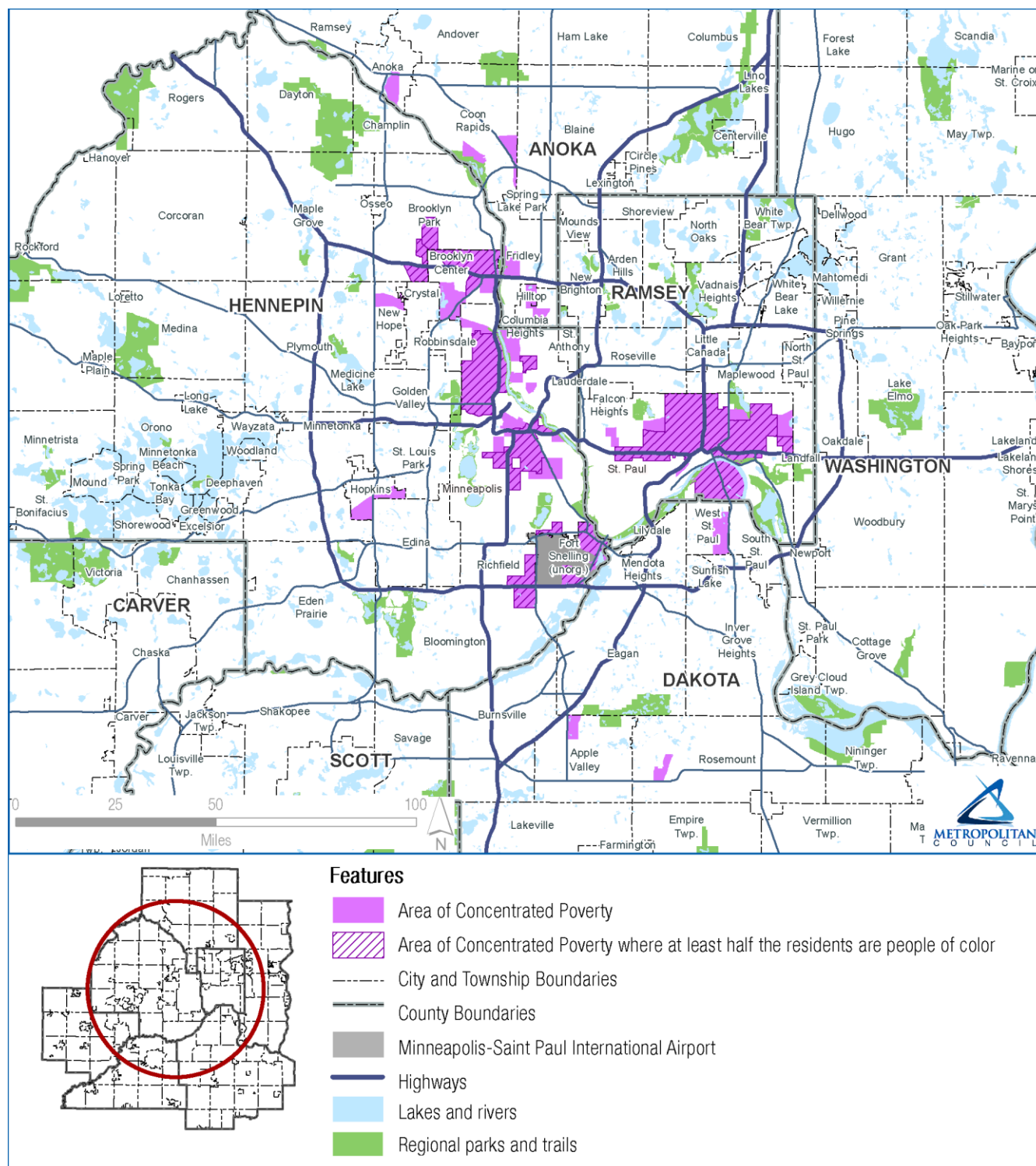
Figure 5-1 identifies tracts in the region, the city of Minneapolis, and the city of Saint Paul that meet Met Council's ACP and ACP50 definitions according to 2010-2014 Five-Year American Community Survey data. There are 112 ACPs in the region, most of which are in Minneapolis (50) or Saint Paul (40). Other areas with ACPs include Hennepin County cities south of Minneapolis (Bloomington, Richfield, and Fort Snelling), northwest of Minneapolis (Brooklyn Park, Brooklyn Center, New Hope, and Crystal), and west of Minneapolis (Hopkins). In Anoka County, five areas contain ACPs: Anoka, Coon Rapids, Fridley, Hilltop, and Columbia Heights. Dakota County has three ACP tracts, one in each of West Saint Paul, Apple Valley, and Rosemount. No tracts in Scott, Washington, or Carver Counties or Ramsey County outside of Saint Paul show a concentration of families in poverty.

Note that ACPs and ACP50s are fluid and can change over time. Met Council updates ACP and ACP50 maps as new data is available, and has prepared maps reflecting 2011-2015 American Community Survey data.

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<sup>56</sup> Metropolitan Council.

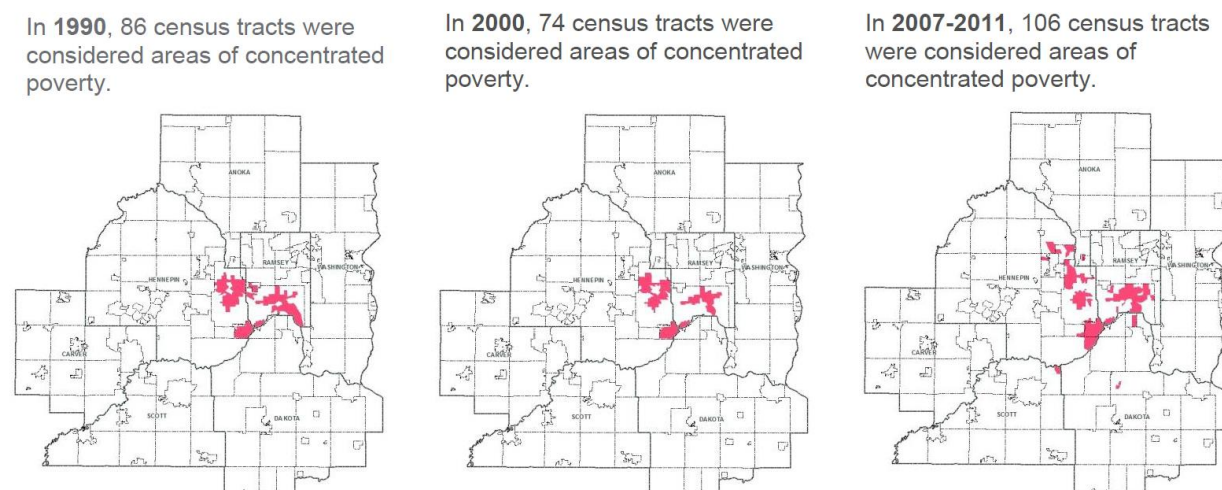
**Figure 5-1. Areas of Concentrated Poverty in the Twin Cities Region**



Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.

Figure 5-2 from Met Council's *Choice, Place, and Opportunity* report shows the expansion of areas of concentrated poverty since 1990. The number of ACP census tracts dropped from 86 in 1990 to 74 in 2000, reflecting favorable economic conditions during the 1990s. By 2011, the number rose to 106 and included more suburban areas than the previous decades, an increase due, in part, to the nationwide housing crash and resulting recession. The most recent ACP locations shows a similar geographic distribution to those in 2007-2011.

**Figure 5-2. Areas of Concentrated Poverty in 1990, 2000, and 2007-2011 (from *Choice, Place, and Opportunity*)**



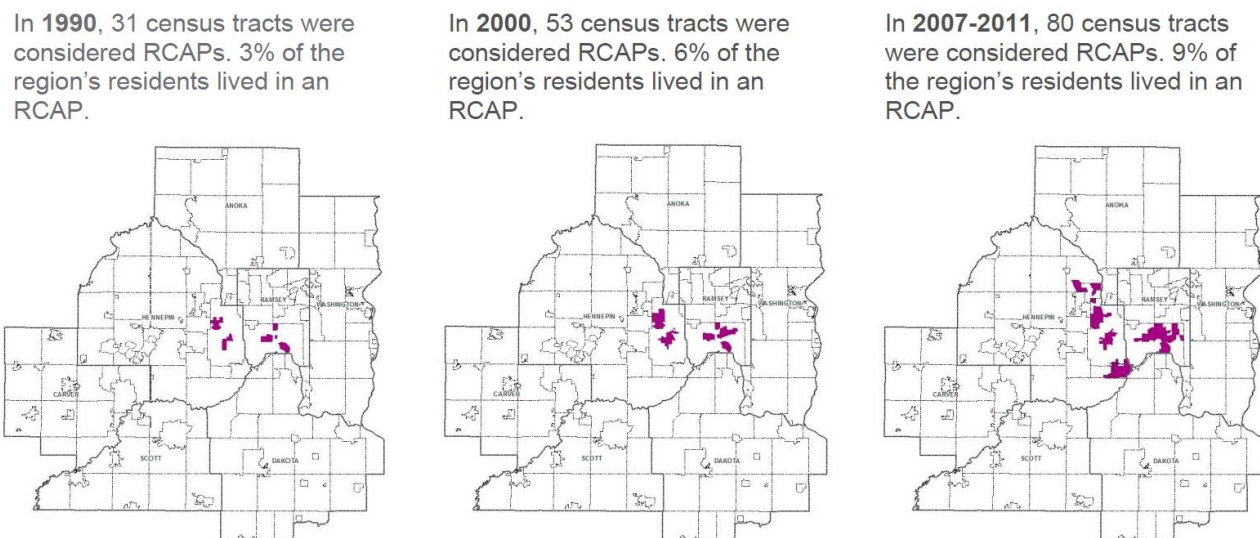
Source: U.S. Census Bureau, Decennial Census, 1990, 2000; American Community Survey five-year data, 2007-2011.

Areas of Concentrated Poverty where at least half of residents are people of color show more concentration in urban areas than do ACPs generally. According to 2010-2014 five-year data, there are 80 tracts qualifying as ACP50s in the region. Minneapolis and Saint Paul each contain 35 of these tracts. The remaining ten are just south of Minneapolis (in Fort Snelling, Richfield, and Bloomington) or to its northwest in Brooklyn Park and Brooklyn Center.

As of 2007-2011, there were 80 ACP50 census tracts in the region, all located in Minneapolis, Saint Paul, Fort Snelling, Richfield, Brooklyn Park, and Brooklyn Center (see Figure 5-3). No tracts in Carver, Scott, Dakota, Washington, or Anoka Counties were ACP50. Since 1990, the region added 49 ACP50 tracts. Over the 1990s, the number grew from 31 tracts to 53 tracts even as poverty regionwide was reduced. Between 2000 and 2007-2011, an additional 27 tracts were added, including several in suburban locations. Note that Figure 5-3, taken from *Choice, Place, and Opportunity*, uses Met Council's ACP50 definition (which relies on a poverty threshold of 40% of residents with family incomes below 185% of the federal poverty line) but uses "RCAP" terminology. Met Council subsequently changes this terminology to ACP50.



**Figure 5-3. Areas of Concentrated Poverty where at Least Half of Resident are People of Color in 1990, 2000, and 2007-2011 (from *Choice, Place, and Opportunity*)**



Source: U.S. Census Bureau, Decennial Census, 1990, 2000; American Community Survey five-year data, 2007-2011.

Tables 5-1 and 5-2 provide shares of the population living in ACP50s by race, ethnicity, and place of birth for counties and entitlement cities in the Twin Cities region. Nearly one-tenth of the region's population lives in an ACP50, including 3.8% of white residents and 26.8% of persons of color. Saint Paul has the greatest share of residents living in an ACP50: About one-quarter of white people (24.2%) and two-thirds of people of color (66.9%). Minneapolis follows, where about half of people of color live in an ACP50 (51.6%) and one-eighth of whites (12.8%). Bloomington is the only suburban entitlement with an ACP50, which is home to 13.8% of the city's residents of color and 4.0% of its white residents.

Persons born outside of the U.S. are more likely to live in Areas of Concentrated Poverty than are natural-born citizens. Table 5-2 shows that 13.0% of the entire regional population lives in an ACP versus 19.3% of foreign-born residents. Thus, people born outside the U.S. are 1.5 times more likely to live in high poverty tracts than the population generally. This difference is more pronounced in Anoka and Dakota Counties, where people born outside the U.S. are 2.2 times more likely to live in concentrated poverty. On a municipal level, Bloomington and Coon Rapids show the most disparity in exposure to poverty based on place of birth. Foreign-born residents in each of these cities are about twice as likely to live in a high poverty tract as are residents overall.



**Table 5-1. Share of population living in areas of concentrated poverty where more than 50% of residents are people of color (ACP50)**

Jurisdiction	Share of total population	Share of White, non-Latino residents	Share of residents of color
Region			
Twin Cities	9.5%	3.8%	26.8%
Counties			
Anoka*	No ACP50s	---	---
Carver	No ACP50s	---	---
Dakota*	No ACP50s	---	---
Hennepin*	12.8%	5.3%	30.9%
Ramsey*	24.4%	11.4%	48.9%
Scott	No ACP50s	---	---
Washington*	No ACP50s	---	---
Entitlement Cities			
Bloomington	6.2%	4.0%	13.2%
Coon Rapids	No ACP50s	---	---
Eden Prairie	No ACP50s	---	---
Minneapolis	27.9%	12.8%	51.6%
Minnetonka	No ACP50s	---	---
Plymouth	No ACP50s	---	---
Saint Paul	43.5%	24.2%	66.9%
Woodbury	No ACP50s	---	---

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.

Note: Areas of Concentrated Poverty are defined by the Metropolitan Council as census tracts where 40% or more of residents have incomes below 185% of the federal poverty threshold. ACP50s are Areas of Concentrated Poverty where more than 50% of the residents within the census tract are people of color, and 2) One census tract identified as an Area of Concentrated Poverty is split between the City of Minneapolis and Fort Snelling. However, as the residential housing within this census tract falls solely in Minneapolis, it is included in the Minneapolis total throughout this report.

**Table 5-2. Share of persons born outside the U.S. living in ACPs**

Jurisdiction	Population born outside the U.S. (as a share of total population)	Share of total population living in an Area of Concentrated Poverty (ACP)	Share of foreign-born population living in an Area of Concentrated Poverty (ACP)
Region			
Twin Cities	11.0%	13.0%	19.3%
Counties			
Anoka*	6.9%	5.7%	12.4%
Carver	5.6%	No ACPs	---
Dakota*	8.6%	2.7%	6.0%
Hennepin*	13.1%	17.5%	31.2%
Ramsey*	14.6%	27.1%	47.0%
Scott	8.7%	No ACPs	---
Washington*	6.1%	No ACPs	---
Entitlement Cities			
Bloomington	11.5%	6.2%	12.1%
Coon Rapids	7.6%	9.5%	18.5%
Eden Prairie	13.9%	No ACPs	---
Minneapolis	15.1%	38.1%	56.3%
Minnetonka	8.5%	No ACPs	---
Plymouth	12.0%	No ACPs	---
Saint Paul	18.2%	48.5%	67.4%
Woodbury	10.5%	No ACPs	---

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.

Note: Areas of Concentrated Poverty are defined by the Metropolitan Council as census tracts where 40% or more of residents have incomes below 185% of the federal poverty threshold. ACP50s are Areas of Concentrated Poverty where more than 50% of the residents within the census tract are people of color, and 2) One census tract identified as an Area of Concentrated Poverty is split between the City of Minneapolis and Fort Snelling. However, as the residential housing within this census tract falls solely in Minneapolis, it is included in the Minneapolis total throughout this report.

Table 5-3 shows how homeownership rates vary in Area of Concentrated Poverty and Areas of Concentrated Poverty where more than half of residents are people of color. Regionally, 68.8% of households own their home; this rate drops considerably, to 39.2%, for ACPs and slightly further, to 38.1%, for ACP50s. Of jurisdictions with an ACP, homeownership rates are highest in Anoka County, Dakota County, Bloomington, and Coon Rapids, ranging from 68.9% to 80.9%. Bloomington shows the smallest decline in homeownership rates when looking at ACPs at 52.0% or 16.9 percentage points. Other suburban communities saw rates drop by about 30 percentage points in ACPs.

Homeownership rates were lowest in Minneapolis ACPs and ACP50s at 32.2%, compared to 48.6% citywide. Finally, Saint Paul showed the least drop in homeownership rates between the city (49.4%), its ACPs (44.5%), and its ACP50s (42.1%). Overall, these findings show that purchasing a home is typically more difficult for households in areas of concentrated poverty, not surprising given that, by definition, many families in these areas have constricted incomes. A limited supply of single-family homes and higher share of rental apartments in some ACPs and ACP50s also contributes to lower homeownership rates.

**Table 5-3. Housing units by tenure**

Jurisdiction	All housing units		Housing units in Areas of Concentrated Poverty		Housing units in Areas of Concentrated Poverty where at least 50% of the residents are people of color	
	Share renter-occupied	Share owner-occupied	Share renter-occupied	Share owner-occupied	Share renter-occupied	Share owner-occupied
Region						
Twin Cities	31.2%	68.8%	60.8%	39.2%	61.9%	38.1%
Counties						
Anoka*	19.1%	80.9%	51.2%	48.8%	No ACP50s	No ACP50s
Carver	18.8%	81.2%	No ACPs	No ACPs	No ACP50s	No ACP50s
Dakota*	24.7%	75.3%	60.0%	40.0%	No ACP50s	No ACP50s
Hennepin*	36.8%	63.2%	64.9%	35.1%	65.0%	35.0%
Ramsey*	40.7%	59.3%	55.5%	44.5%	57.9%	42.1%
Scott	16.1%	83.9%	No ACPs	No ACPs	No ACP50s	No ACP50s
Washington*	19.3%	80.7%	No ACPs	No ACPs	No ACP50s	No ACP50s
Entitlement Cities						
Bloomington	31.1%	68.9%	48.0%	52.0%	48.0%	52.0%
Coon Rapids	22.6%	77.4%	52.5%	47.5%	No ACP50s	No ACP50s
Eden Prairie	26.3%	73.7%	No ACPs	No ACPs	No ACP50s	No ACP50s
Minneapolis	51.4%	48.6%	67.8%	32.2%	67.8%	32.2%
Minnetonka	27.8%	72.2%	No ACPs	No ACPs	No ACP50s	No ACP50s
Plymouth	27.9%	72.1%	No ACPs	No ACPs	No ACP50s	No ACP50s
Saint Paul	50.6%	49.4%	55.5%	44.5%	57.9%	42.1%
Woodbury	22.1%	77.9%	No ACPs	No ACPs	No ACP50s	No ACP50s

\*Denotes FHIC entitlement county.

Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.

Note: Areas of Concentrated Poverty are defined by the Metropolitan Council as census tracts where 40% or more of residents have incomes below 185% of the federal poverty threshold. ACP50s are Areas of Concentrated Poverty where more than 50% of the residents within the census tract are people of color, and 2) One census tract identified as an Area of Concentrated Poverty is split between the City of Minneapolis and Fort Snelling. However, as the residential housing within this census tract falls solely in Minneapolis, it is included in the Minneapolis total throughout this report.

## Areas of Concentrated Poverty in Minneapolis and Saint Paul

Figures 5-4 and 5-5 look at Areas of Concentrated Poverty and Areas of Concentrated Poverty where at least 50% of residents are persons of color in the cities of Minneapolis and Saint Paul. In Minneapolis, the majority of these tracts form two large, contiguous clusters in the city's northeast and south central neighborhoods. Saint Paul's ACP50s cover much of the central city, surrounding downtown in every direction except the southwest.

In *Choice, Place, and Opportunity*, Met Council provides historical context on the formation of these areas and trends that shaped low-income households' and people of color's settlement there. This section provides a summary of that perspective, which focuses on three factors: "large-scale public housing and highway investments, the region's built environment, and historic immigration patterns."<sup>57</sup> Maps dating back to the 1930s show that present-day ACP50s are located in communities that were home to Black and diverse immigrant neighborhoods 80 years ago. Near North, Phillips, Central, and Rondo (now Thomas-Dale and Summit-University) were home to the region's African American residents, while South Minneapolis, West Side, and North End included a diverse mix of immigrant and Black residents. When white immigrants moved to the Twin Cities region, they typically moved into these neighborhoods but eventually moved out as their economic prospects expanded; immigrants of color, in contrast, often remained.

As mills and warehouses closed during the 1940s, neighborhoods were hurt by job losses. Some were eventually razed by slum clearance programs, essentially "displaced out of existence," while others were targets for urban revitalization efforts. In the 1950s through the 1970s, public housing construction brought a significant number of units to Near North, South Minneapolis, Cedar-Riverside, and Seward in Minneapolis and North End, Thomas-Dale, and Summit-University in Saint Paul.

Federal highway construction also heavily impacted communities of color. The building of I-94 in Saint Paul split the African American community of Rondo in half in the 1960s, while construction of I-94 and I-394 in the 1980s affected Near North, and I-35W impacted Central and Lyndale in Minneapolis. Highway development cut many neighborhoods off from surrounding resources and reduced property values, eventually depressing the homeownership rate.<sup>58</sup>

Today, a cluster of ACP50s in northern Minneapolis includes the Webber-Camden, Folwell, McKinley, Jordan, Hawthorne, Holland, Willard-Hay, Near North, Sumner-Glenwood, and Harrison neighborhoods. These tracts have a diverse population including African Americans (who make up the largest share of most tracts), Latinos, Asians, and whites. This area is also home to the largest cluster of residents with Hmong ancestry in Minneapolis (see maps of population by race, ethnicity, and ancestry in Section 2).

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<sup>57</sup> Metropolitan Council.

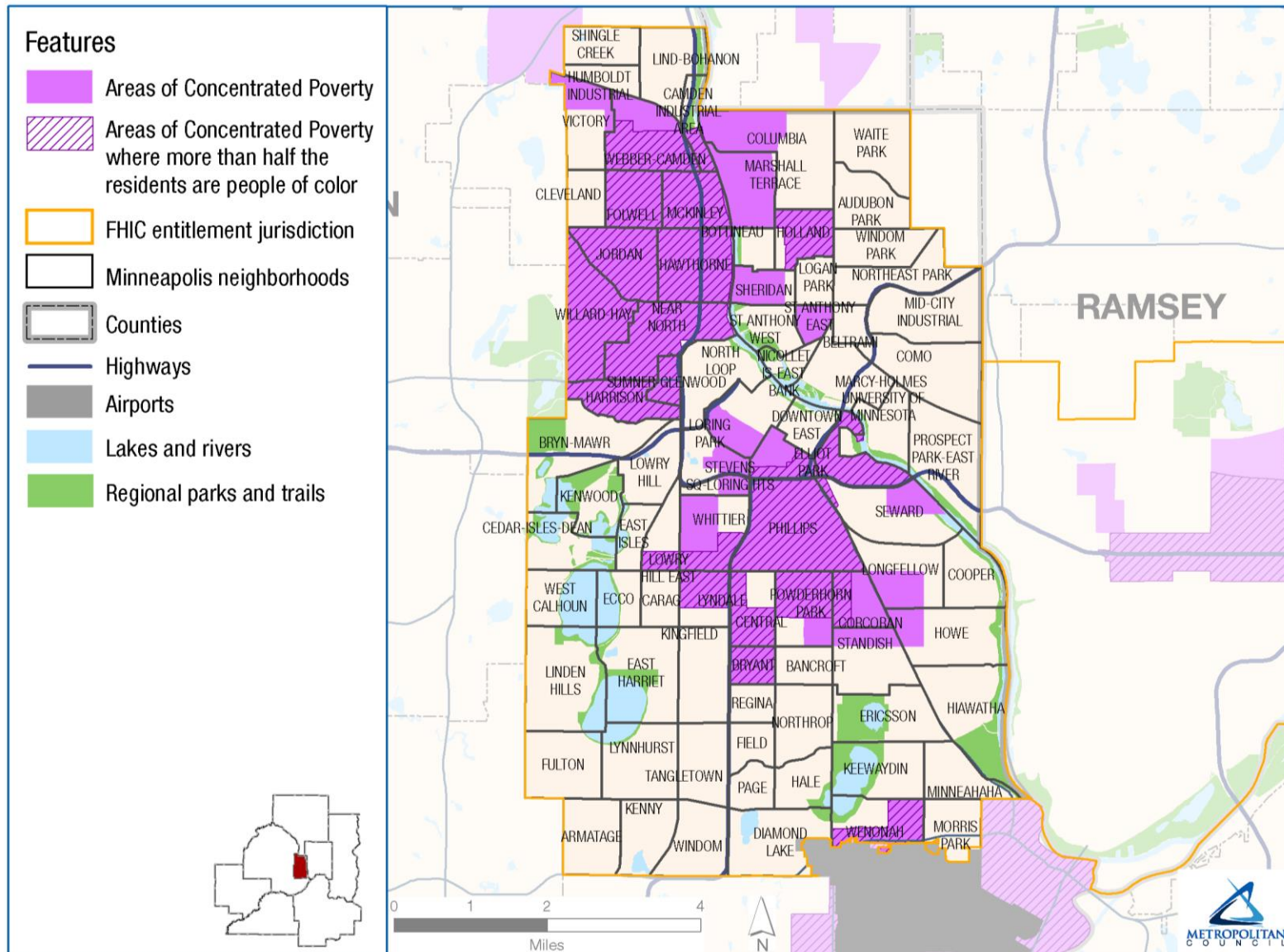
<sup>58</sup> Metropolitan Council.

Just south of downtown Minneapolis the second cluster of ACP50 census tracts begins. It includes all or parts of the Phillips, Elliot Park, Powderhorn Park, Lyndale, Central, Lowry Hill East, and Bryant neighborhoods. Like the northern ACP50s, this area is diverse. Latinos make up the largest share of most tracts in this cluster, but African Americans and whites also constitute large shares. East Phillips and the surrounding neighborhoods are home to the region's largest population of American Indians, who make up about 19% of one tract there. Immigrants from Mexico and Somalia also live in this area.

In Saint Paul, ACP50s exist in parts of or all of Merriam Park, Summit-University, Thomas Dale, North End, Payne-Phalen, Dayton's Bluff, West Side, and Greater East Side. As mentioned previously, the Thomas Dale and Summit-University neighborhoods are each home to portions of the historic African American Rondo community and in the latter neighborhood, Black residents make up the majority of one tract. Asian residents constitute the largest share of several tracts in Thomas Dale, North End, Payne-Phalen, and Dayton's Bluff, with the region's largest number of Hmong residents living in these neighborhoods. White residents make up more than a quarter of the population in several Merriam Park, North End, Payne-Phalen, and Dayton's Bluff ACP50 tracts. Latinos comprise moderate shares of most neighborhoods (under 15%), with the exception of the West Side ACP50s, where they constitute between 25 and 44%.

The remainder of this section will look at opportunity indicators, housing locations, and recent changes in housing market dynamics for the region and its areas of concentrated poverty.

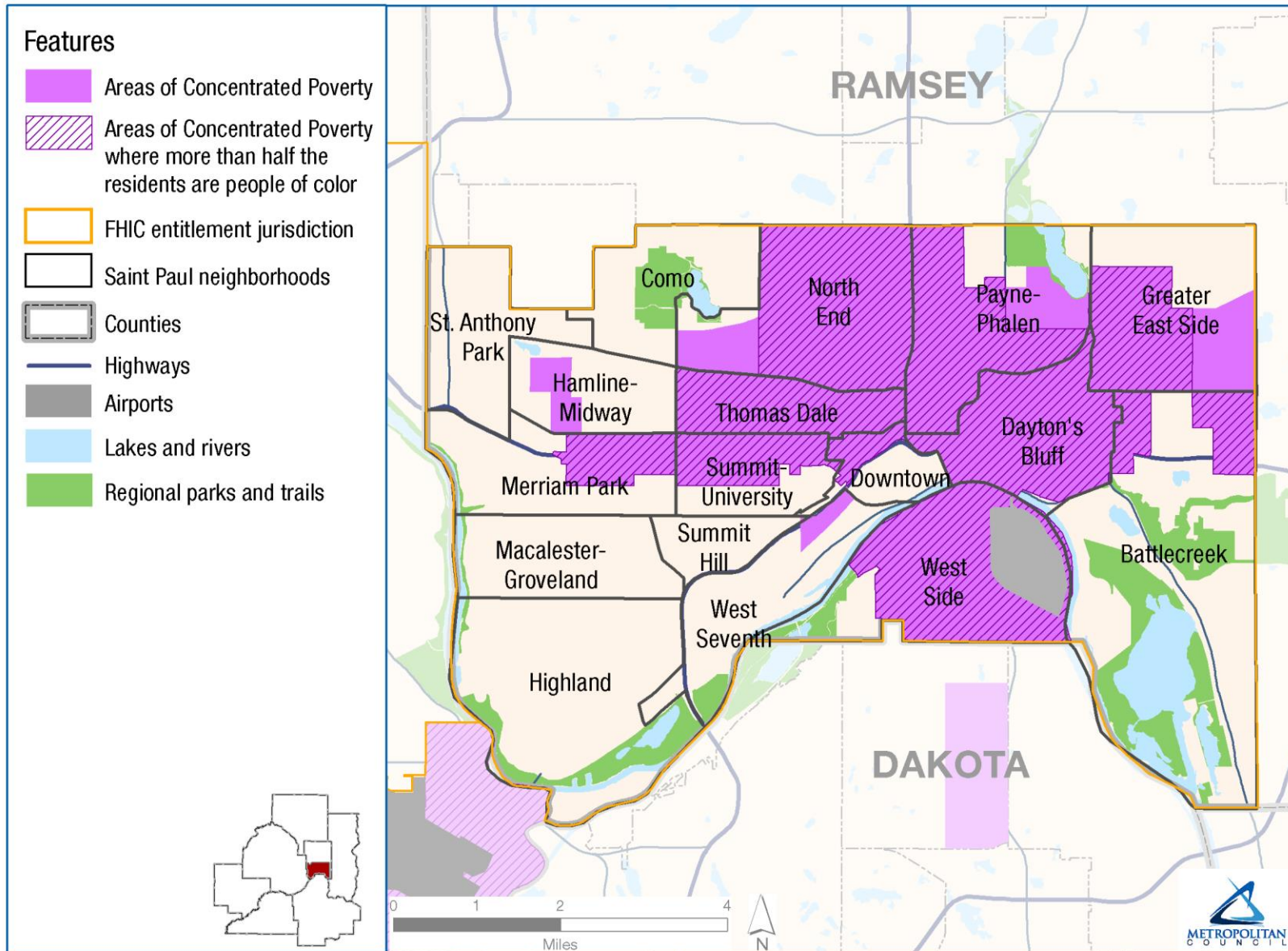
Figure 5-4. Areas of Concentrated Poverty in the City of Minneapolis



Source: Metropolitan Council's analysis of U.S. Census Bureau, American Community Survey five-year estimates, 2010-2014.



**Figure 5-5. Areas of Concentrated Poverty in the City of Saint Paul**





## Opportunity Indicators

A person's choice of housing is inevitably linked to the neighborhood where that home is located. For many people, the character of the neighborhood and the resources it offers are as much a component of deciding where to live as the housing unit they are considering. Quality schools and childcare, transit options, commute times, community centers and social services, proximity to friends and family, outdoor recreation, shopping and dining opportunities, and a sense of safety are just some of the neighborhood features that may affect a household's choice of where to live. When housing choice is restricted for persons of color and other protected classes, access to a full range of neighborhoods, and their related range of amenities, is as well. Conversely, fair housing barriers may also exist when opportunity in areas where persons of color make up a large share of the population is restricted in ways it is not in other, predominately white areas of the community.

This section looks at five opportunity factors in the Twin Cities region, examining the level to which each exists across the 7-county area and in the Areas of Concentrated Poverty where at least 50% of residents are people of color. While other forms of opportunity and neighborhood assets certainly exist within the region and affect where people want to live, Metropolitan Council identified the following five indicators as some of the most important components of opportunity in the region:

- Quality education;
- Proximity to jobs;
- Safety;
- Environmentally healthy neighborhoods; and
- Access to social services and basic necessities.<sup>59</sup>

The maps on the following pages display results of Met Council's opportunity analysis for the Twin Cities region. Discussions of each look at access throughout the region and in ACP50 neighborhoods. In some cases, they also discuss potential needs or other considerations that may be specific to different racial or ethnic groups. For example, while access to quality education is important for all children throughout the region, some African American community members who provided input for this Addendum noted teacher diversity and/or

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<sup>59</sup> Metropolitan Council developed these indicators after surveying similar spatial analyses of opportunity in Atlanta; Austin; Boston; Hartford; Denver; Detroit; King County, WA; Portland, OR; Puget Sound, Seattle; Sacramento; and Washington County, Oregon. From this survey, Met Council developed a list of indicators that included school proficiency, unemployment rates, public assistance rates, housing stability, poverty rates, job access, neighborhood health, transit access, hazard exposure, health care, crime, affordable housing, healthy food options, recreational services, voter turnout rates, and arts and culture. Through consultation with local stakeholders and other partners, these five dimensions emerged as most important opportunity factors in the Twin Cities. The team then worked over several months to choose metrics to measure each of the dimensions. A complete list of the specific metrics and data sources used for each opportunity indicator is available in Appendix H of Metropolitan Council's *Choice, Place, and Opportunity* document.

diversity training in predominately white suburban high schools as an additional factor in evaluating schools.

Note that the analysis of access to opportunity was performed for the *Choice, Place, and Opportunity* document, which was published in 2014; more recent trends and distributions may be different. The ACP and ACP50s shown in the following maps were current as of 2010-2014 American Community Survey data.

### Access to Quality Schools

Metropolitan Council measured school quality using three factors: (1) the percent of third graders meeting or exceeding reading proficiency levels; (2) the percent of eighth graders meeting or exceeding math proficiency levels; and (3) four-year high school graduation rates. Figure 5-4 shows index values for the region.

According to these indicators, access to quality school is highest in the suburbs. Nearly all areas of Washington County offer high levels of access to quality schools; Oakdale and Forest Lake both show medium levels of access. Portions of Ramsey County north of I-694 and eastern Anoka County also have high or very high access, as does much of western Hennepin County, all of Carver County, and most of southern Scott and Dakota Counties. White residents make up the vast majority of the population in these areas; no location with high or very high access is less than 70% white, and most are over 80%.

In general, the areas with the best access to high quality schools form a ring around Minneapolis, Saint Paul, and the adjacent cities. One exception is along the Hennepin and Anoka County line, where index values in Fridley, Brooklyn Center, Brooklyn Park, Coon Rapids, Champlin, Anoka, Ramsey, and Dayton are medium or low. A second exception is along the Dakota, Scott, and Hennepin County lines, where index values in Shakopee, Savage, Burnsville, east Bloomington, and west Eagan are also low to medium.

In most areas, the city of Saint Paul provides residents with low or very low access to quality schools. Saint Paul ACP50s in the North End, Payne-Phalen, Greater East Side, Dayton's Bluff, and West Side neighborhoods all show very low levels of access to quality schools; ACP50s in parts of Thomas Dale and Summit-University show low access; and Merriam Park has average access.

In Minneapolis, quality school access is low or very low for all ACP50s, except for one partial tract near Fort Snelling. Most of the city has low or very low access, apart from neighborhoods on its southwestern border with Edina. Suburban ACP50s in Richfield, Bloomington, Brooklyn Center, and Brooklyn Park also have low or very low access.

As *Choice, Place, and Opportunity* explains, the effects of attending a high performing school can be significant, especially for children from low-income households who often rely on education attainment to break a cycle of generational poverty. Poor primary and secondary school educations can limit a student's options for employment and/or college attendance, and reduce their lifetime earning potential.

A 2012 survey of low- and moderate-income households by the Minnesota Housing Finance Agency asked respondents how important 11 different factors were in a decision about where to live. High quality schools was the number two factor that both renters and homeowners consider in making housing decisions. Overall, 72.5% of survey participants said schools were a critical factor when choosing where to live.<sup>60</sup>

In addition to a rigorous curriculum and high-quality education, community members who provided input for this Addendum noted that diversity and resources to provide a quality education to students from a variety of cultural backgrounds is important. Several stakeholders discussed difficulties their children face being African American or Muslim in predominately white school districts. Others noted the importance of diverse faculty and diversity training for faculty to ensure schools are using classroom management techniques that support learning and participation by all students.

For Hmong and Karen students who may come from households that use oral rather than written languages, quality English-language learning resources are of particular importance. Additionally, Southeast Asian community outreach participants explained that, for many immigrants and refugees, attending schools with a diverse student body allows their children to meet other children whose parents have a variety of educational and occupational backgrounds. This exposure gives children a broader understanding of community structure and occupational opportunities than they would otherwise see and allows them to share this understanding with other members of their ethnic communities. Affordable housing opportunities throughout the region would better allow Southeast Asian students this opportunity. Additionally, some children of Southeast Asian ancestry attend ethnic charter schools, which are not included in the indicator values presented in Figure 5-4.

#### *School Segregation*

Public education systems are often helpful mirrors, sometimes magnifiers, of racial and ethnic disparities and segregation in a community. In this sense, the history of the Minneapolis Public School system (MPS) provides an illustrative example. In the early 1970s, levels of segregation in MPS schools were increasing, driven largely by a public sentiment against school integration. In a lawsuit filed against MPS in 1971, Booker v. Special School District No.1, the Court found that MPS was segregated on the basis of race due to intentional acts of the MPS in violation of the Constitution. The Court identified instances where school sizes, employment and student transfer practices, and “optional attendance zones” which allowed white students to “escape” schools with heavy minority enrollment, all had the effect of increasing segregation.

The court found in favor of the plaintiffs and permanently enjoined the school district from discrimination in assignment of students, teachers, and administrators, and ordered the district to implement a court-approved desegregation/integration plan, which included the

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<sup>60</sup> Minnesota Housing Finance Agency Planning, Analysis & Evaluation Unit, *Housing Location Preferences of Minnesotans* (February 2012).

requirement that no more than 35% of a school's enrollment could be minority. The case led to changes in school assignments from neighborhood schools to ones that drew students from many parts of the city; an increase in student busing; and the creation of alternative programs, including magnet schools. The 35% rule of the Booker decision has since been replaced by the state's 15% rule, which requires school districts to limit the minority student enrollment in every school building to no more than 15% above the district-wide minority student percentage for the grade level served in each building.

Even so, a quick glance at two of the districts in the Twin Cities region illustrates the contrast in proficiency that exists between schools and impacts education outcomes for their different student bodies. Saint Paul Public School District, according to the 2016 Minnesota State Report Card, is 22% white, 27% Black, 31% Asian, 14% Hispanic, and 1% Native American. Since 2013, when new reading standards were implemented, the district has seen very modest gains in reading proficiency, reaching 39% proficiency in 2015. The reading proficiency rate is higher than science (32.2%) and math (36.9%). These low proficiency scores still resulted in graduation rate of 75% in 2015. The Saint Paul Public School District is racially diverse and majority students of color, and has low rates of proficiency.

By comparison, the Anoka-Hennepin public school district is 73% white, 10% Black, 7% Asian, 5% Hispanic, and 1% Native American. This district, measuring medium to high on all indicators of access to quality schools, demonstrates proficiency levels that have generally remained stable, with 63% proficiency in science, 63.6% in reading, and 65.5% in math. Graduation rates in 2015 were 85.8% in the Anoka-Hennepin district. The majority white district has much higher rates of proficiency.

As a state, Minnesota is 68.6% white, 10.3% Black, 6.5% Asian, 8.8% Hispanic, and 1.7% Native American. On average, the state has proficiency rates of 55.0% in science, 59.9% in reading, and 59.5% in math. Overall, the state of Minnesota had an 81.9% 2015 graduation rate. The Anoka-Hennepin District mirrors more closely the pattern of state educational standing than the Saint Paul District, which has a greater percentage of students of color and less access to quality schools.<sup>61</sup>

Early education correlates with later achievement levels. In 2008, the University of Minnesota Law School's Institute on Race and Poverty found that 23% of Twin Cities elementary schools (or 108 schools) were non-white segregated.<sup>62</sup> According to a Wilder Foundation report, third grade reading scores in Minneapolis show a gap of over 50 points between white students – who are only 33% of the third-grade population – and students of color. The report also showed that between 2006 and 2010, overall third grade reading scores in Minneapolis dropped from 65% to 54%.

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<sup>61</sup> All proficiency scores from the Minnesota Department of Education's Minnesota Report Card, accessed via <http://rc.education.state.mn.us/>.

<sup>62</sup> Orfield, M., Luce, T., Gumus-Dawes, T., Finn, G., Myott, E., *A Comprehensive Strategy to Integrate Twin Cities Schools and Neighborhoods*, University of Minnesota Law School Institute on Race and Poverty (2009).

Metropolitan Council's *Choice, Place, and Opportunity* report found that by 2010 the number of schools made up of more than 90 percent non-white students had increased more than seven times (from 11 to 83). The number of students of color in those highly segregated environments had risen by more than 10 times (from 2,000 to 25,400), a percentage increase from 2.5 percent to 16 percent.

Some experts say the decrease in test scores following the increase in segregation is not coincidental. The resegregation of urban schools has been cited by the Institute on Race and Poverty as one reason students of color trail their white peers in test scores, graduation rates and other measures of progress. All students can benefit from racially-integrated schools. In fact, students who attend integrated schools tend to have higher average test scores according to The Century Foundation. On the 2011 National Assessment of Educational Progress (NAEP) given to fourth graders in math, low-income students attending more affluent schools scored around two years of learning ahead of low-income students in high-poverty, segregated schools.

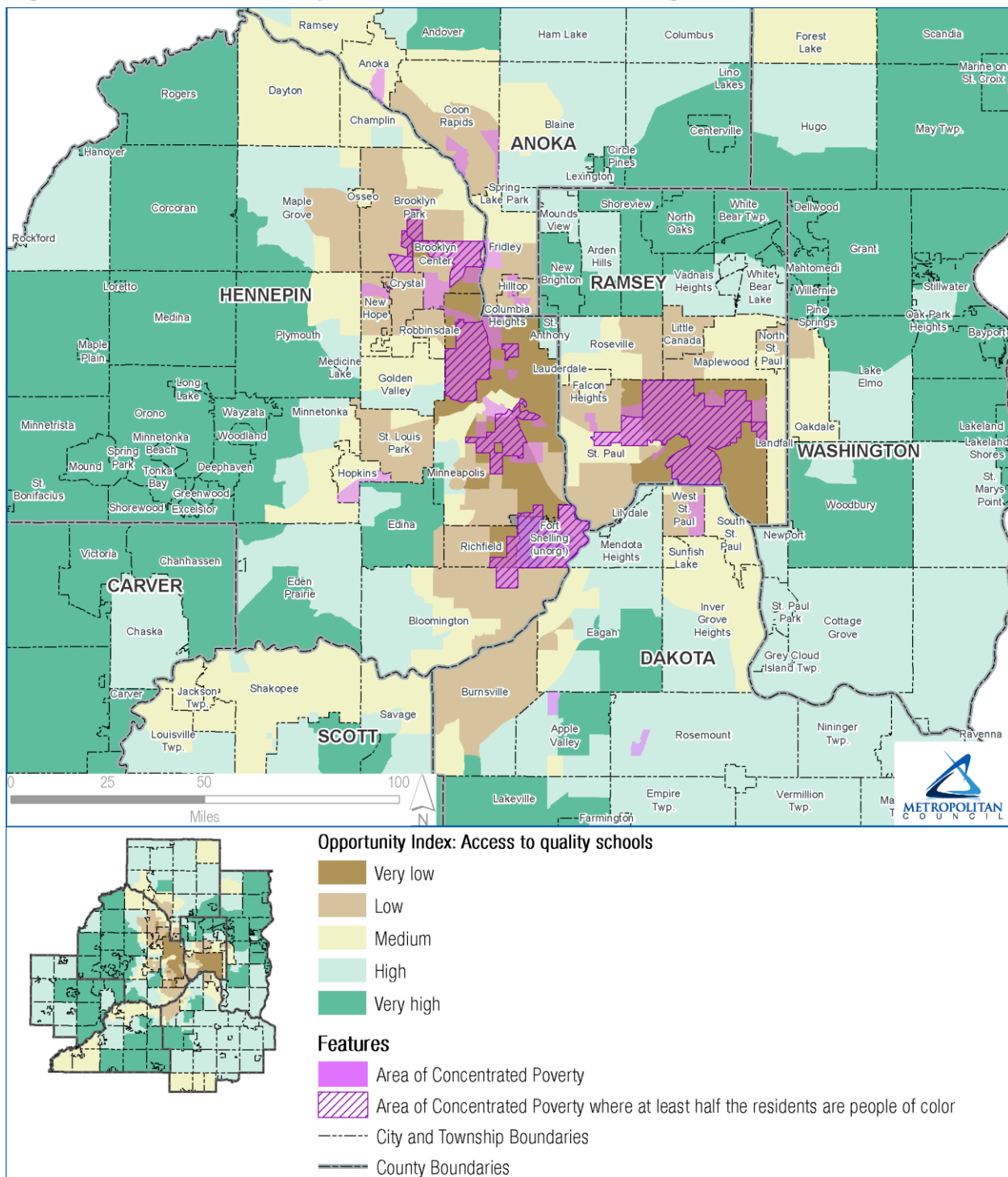
Racial achievement gaps are reduced for students attending integrated schools. Black and Latino students had smaller achievement gaps with white students on the 2007 and 2009 NAEP when they were in integrated school environments. The gap in SAT scores between Black and white students continues to be larger in segregated districts. One study showed that change from complete segregation to complete integration in a district could reduce as much as one quarter of the current SAT score disparity.<sup>63</sup>

Students attending integrated schools are also less likely to drop out before graduation. The Century Foundation found that dropout rates of students attending segregated, high-poverty schools were significantly higher than those attending racially integrated schools.

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<sup>63</sup> D. Card and J. Rothstein, "Racial Segregation and the Black-White Test Score Gap," working paper, The National Bureau of Economic Research, Cambridge, MA, 2006.

**Figure 5-4. Access to Quality Schools in the Twin Cities Region**





## Proximity to Jobs

Employment is crucially important for families and individuals to afford housing, build wealth, and access other opportunities. To evaluate proximity to jobs in the Twin Cities region, Met Council looked at the number of jobs located within a 20-minute drive during morning rush hour and the number of jobs accessible within a 45-minute transit commute during midday. Figure 5-5 below shows that proximity to jobs is highest in Minneapolis and western Saint Paul and the cities that adjoin it. Proximity to jobs declines moving out from the central cities. Beginning in the northwest, the cities of Brooklyn Park, Plymouth, Minnetonka, Eden Prairie, Bloomington, Eagan, Inner Grove Heights, Maplewood, Vadnais Heights, Shoreview, Blaine, and Coon Rapids form a ring that serves as a border between medium and poor proximity to jobs. Every area outside of this ring, all of which are at least 70% white, has very low proximity to jobs (most of Washington, Carver, and Scott Counties; northern Anoka County; south Dakota County; and western Hennepin County).

Areas of concentrated poverty where at least 50% of residents are people of color generally have high or very high proximity to jobs. Two exceptions are in the Greater East Side neighborhood of Saint Paul and in Brooklyn Park and the northeast portion of Brooklyn Center; these areas have medium proximity to jobs.

While Figure 5-5 speaks to proximity to existing jobs, an understanding of where job growth is occurring is also important. According to Met Council's analysis of Quarterly Census of Employment and Wage data, from 2000 to 2014, the Twin Cities region added 40,593 jobs for a growth rate of 3%. However, within the region, growth varies significantly by jurisdiction. Dakota and Washington Counties added the most jobs: Dakota added 27,523 (18% growth rate) and Washington added 9,813 (15% growth rate). While not adding as many positions, Carver and Scott Counties had the highest job growth rates, both at about 26%. Anoka County showed modest job growth with 7,621 new positions (7% growth).

In contrast, employment levels in Minneapolis remained relatively constant (+573 or <1% growth) while the number of jobs in suburban Hennepin County fell by 11,188 or 2%. An opposite trend occurred in Ramsey County, where employment in Saint Paul fell by 11,114 positions and suburban Ramsey gained only 424 jobs (<1% growth).<sup>64</sup>

Additionally, a recent study by researchers at the University of Minnesota's Humphrey School of Public Affairs found that job vacancies and unemployment show a spatial mismatch. Areas with concentrations of unemployed workers are found in ACP50s in Minneapolis and Saint Paul, while concentrations of job openings are in downtown Minneapolis and Saint Paul along with locations throughout the metro, including along I-494 south and southwest of Minneapolis and in the Roseville and Coon Rapids areas.<sup>65</sup>

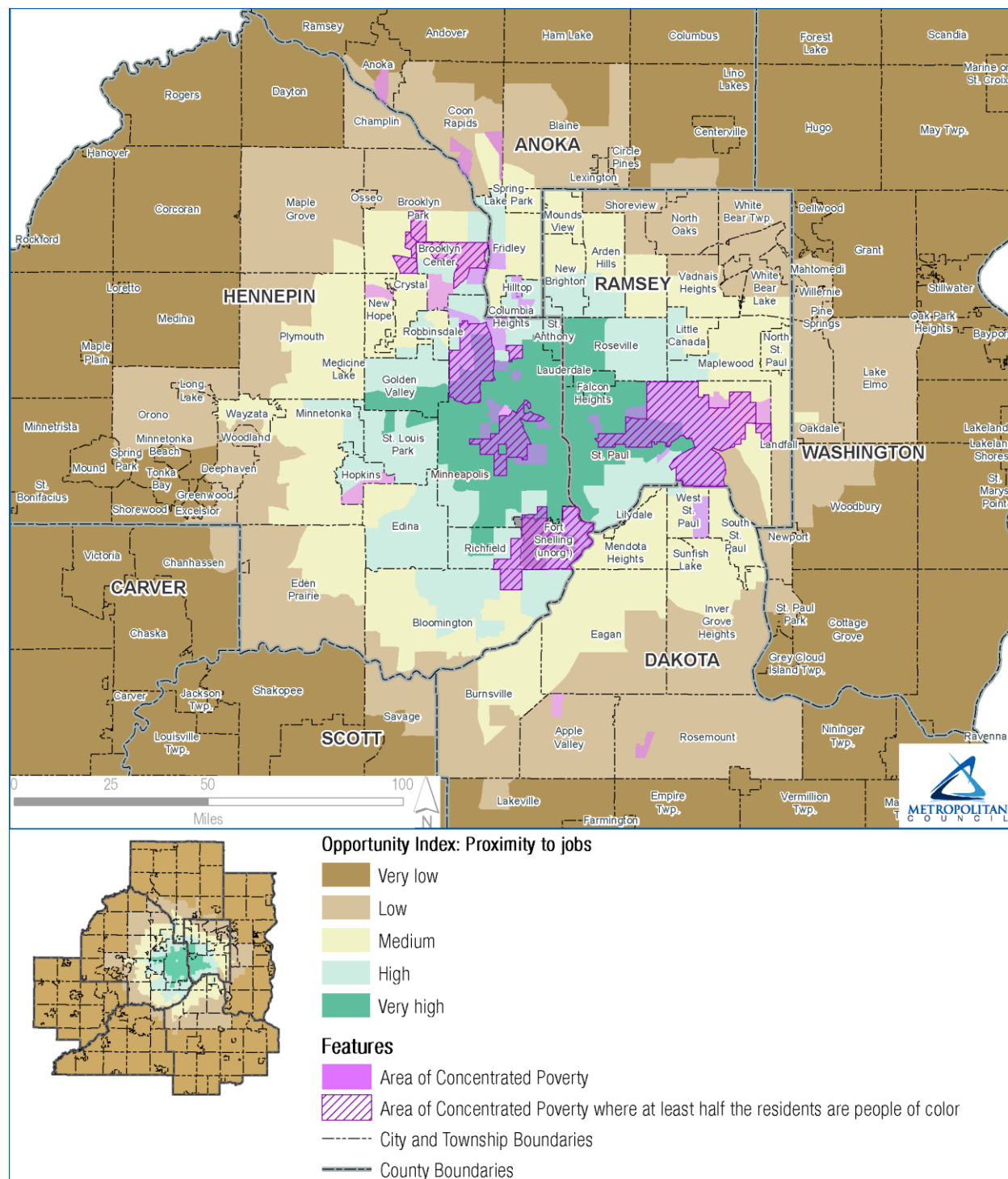
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<sup>64</sup> Metropolitan Council, *Metro Stats: The Economic Competitiveness of the Twin Cities Region*. March 2015.

<sup>65</sup> Fan, Yingling, Guthrie, Andrew, and Vardhan Das, Kirti, *Spatial and Skills Mismatch of Unemployment and Job Vacancies*, University of Minnesota Center for Transportation Studies. May 2016. Accessed via file:///C:/Users/Temp/Downloads/CTS16-05.pdf

As suburban job expansion continues, access to these areas for low- and moderate-income households in Minneapolis and Saint Paul will become increasingly important and likely fuel additional demand for affordable housing near growing employment centers.

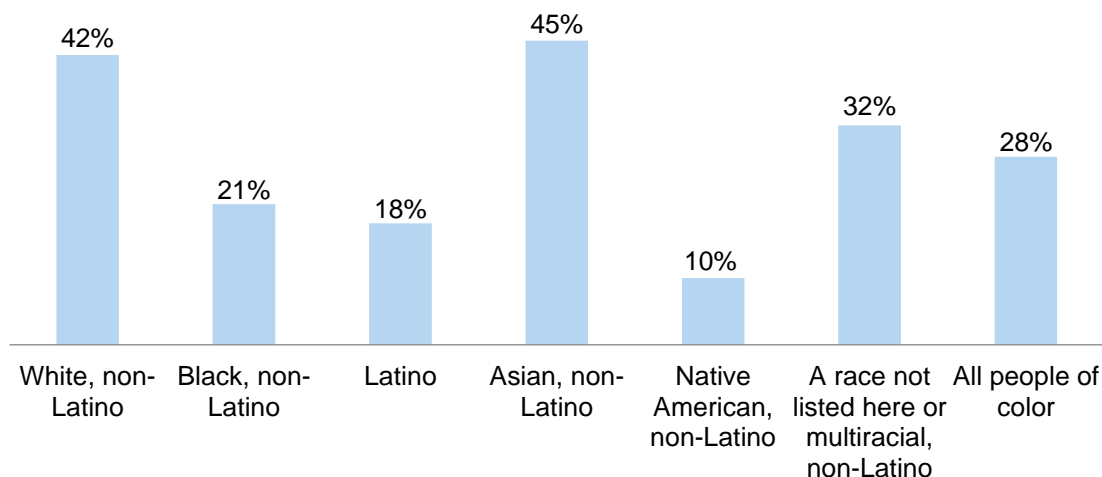
**Figure 5-5. Proximity to Jobs in the Twin Cities Region**



Source: Metropolitan Council.

While residents in areas of concentrated poverty generally live within close proximity to a large share of the region's jobs, living near jobs does not necessarily equate with being able to access them or earn enough to cover living expenses. Educational attainment data shows disparity by race and ethnicity, which may impact residents' abilities to obtain employment. Non-Latino whites are twice as likely as African Americans to hold a four-year degree, 2.3 times as likely as Latinos, and 4.2 times as likely as Native Americans.

**Figure 5-6. Percent of residents age 25+ with a bachelor's degree in the Twin Cities region**



Source: U.S. Census Bureau, American Community Survey, Public Use Microdata Sample, 2007-2011, as presented by Met Council in *Choice, Place, and Opportunity: An Equity Assessment of the Twin Cities Region*

While Asian adults are, on average, more likely to hold a bachelor's degree than whites, levels of attainment likely vary within that group. Stakeholder input indicates that many immigrants and refugees from Southeast Asian have limited or no English language skills; while those who arrived in the U.S. when they were school-aged would have attended public school with English-language class until age 18, or an ethnic charter school until age 22, many end their formal education after that if they do not drop out first. As mentioned in the analysis of schools access, limited exposure to a wide range of occupations may also limit the types of jobs Southeast Asian immigrants, refugees, and their children chose to apply to.

In addition to disparity in educational attainment, *Choice, Place, and Opportunity* identified additional obstacles that low-income residents may face when looking for a job:

- Structure and funding of workforce development, education, and summer job programs;
- Limited exposure to the working world among youth of color;
- Discriminatory practices and racial bias among employers; and
- Location of jobs that match the educational attainment levels of people of color.<sup>66</sup>

<sup>66</sup> Metropolitan Council.

## Access to Social Services

This opportunity dimension reflects levels of access to a variety of amenities and services that impact quality of life on a daily basis. A social service is considered “accessible” if it is within reach via a drive of 20 minutes or less or a transit trip of 30 minutes or less. Destinations included in the social service access index include child care facilities; grocery stores; libraries; hospitals and health care clinics; social service and supports; workforce centers and job training locations; pharmacies, places of worship, and shopping centers; and parks, trails, and open space.<sup>67</sup>

Levels of access to social services closely mirror those of job proximity. Minneapolis, Saint Paul, and Richfield are the only areas that offer very high access to social services. Cities adjacent to Minneapolis generally have high access to service, at least in tracts closest to the city. Access is high in the cities to the north of Saint Paul, but generally average in its neighbors to the south and east. The ring of cities identified in the job proximity discussion also forms the border between areas of high and low access to social services. The majority white rural and suburban communities outside this loop all have very low access (most of Washington and Scott Counties, all of Carver County, northern Anoka County, south Dakota County, and western Hennepin County).

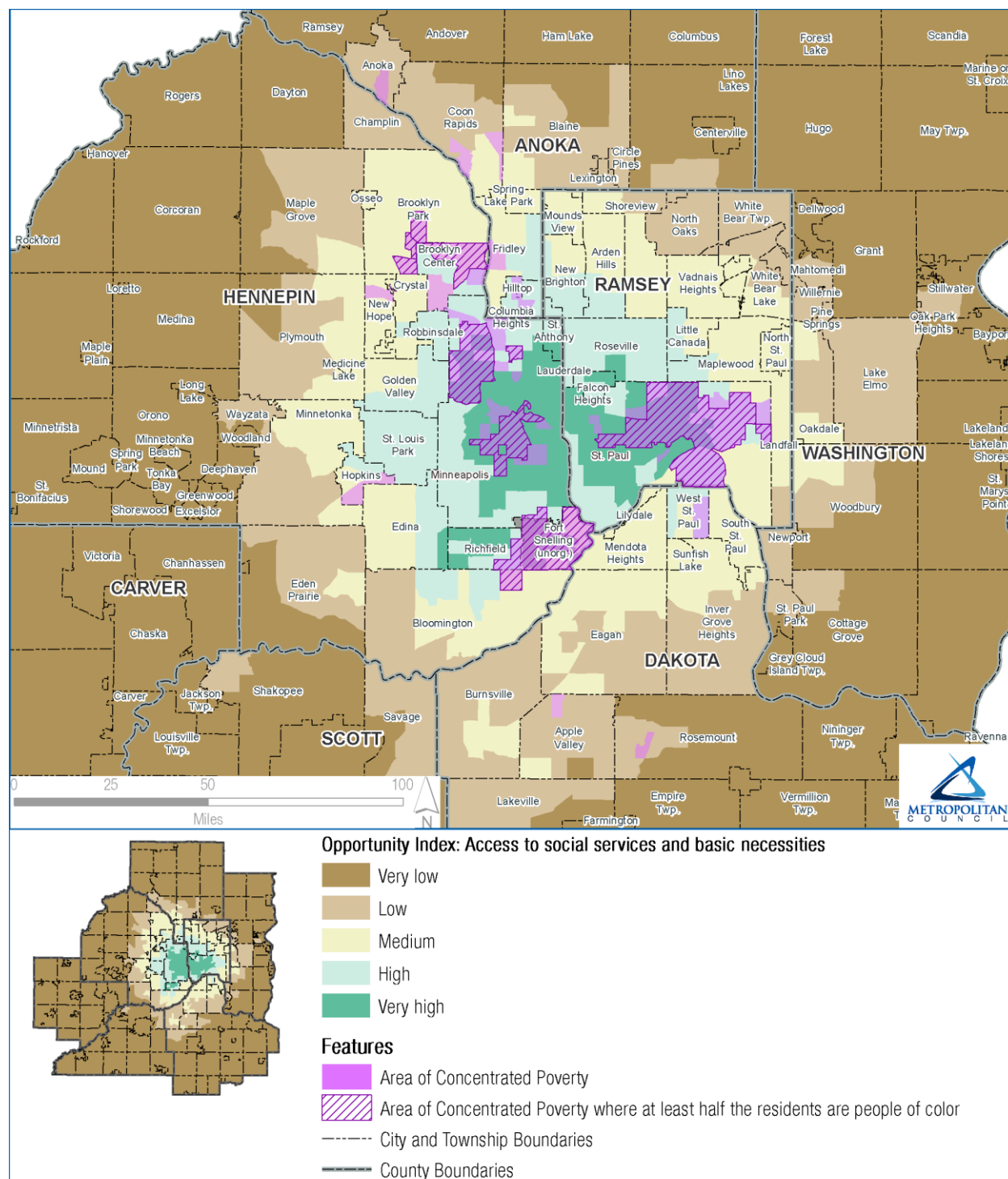
Looking at Areas of Concentrated Poverty where at least 50% of residents are people of color, most have high or very high access to social services. The entire cluster of ACP50 tracts in south Minneapolis shows very high access, as does most of the tracts in the north Minneapolis cluster. In Saint Paul, Merriam Park, Summit-University, Thomas Dale, and North End all have very high access. Neighborhoods to the east (Payne-Phalen, Dayton’s Bluff, West Side, and Greater East Side) have high access.

In the suburban ACP50s, social service access ranges from medium to high. Brooklyn Center offers high access while the slightly further out community of Brooklyn Park is ranked as having medium access. Similarly, the ACP50 in Richfield has high access to social services while the one just south of it in Bloomington has medium access.

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<sup>67</sup> Metropolitan Council.

**Figure 5-7. Access to Social Services in the Twin Cities Region**



Source: Metropolitan Council.

## Exposure to Crime

In the public outreach conducted for this Addendum, residents of some communities indicated that high levels of crime were a concern in their neighborhood. Others mentioned that changes over the last several years lowered incidence of crime, and gave them an improved sense of safety. Minnesota Housing Finance Agency's survey showed that a low crime rate was the most critical factor for renters and homeowners in deciding where to live. Overall, 85.3% of participants said it was a critically important in their choice.

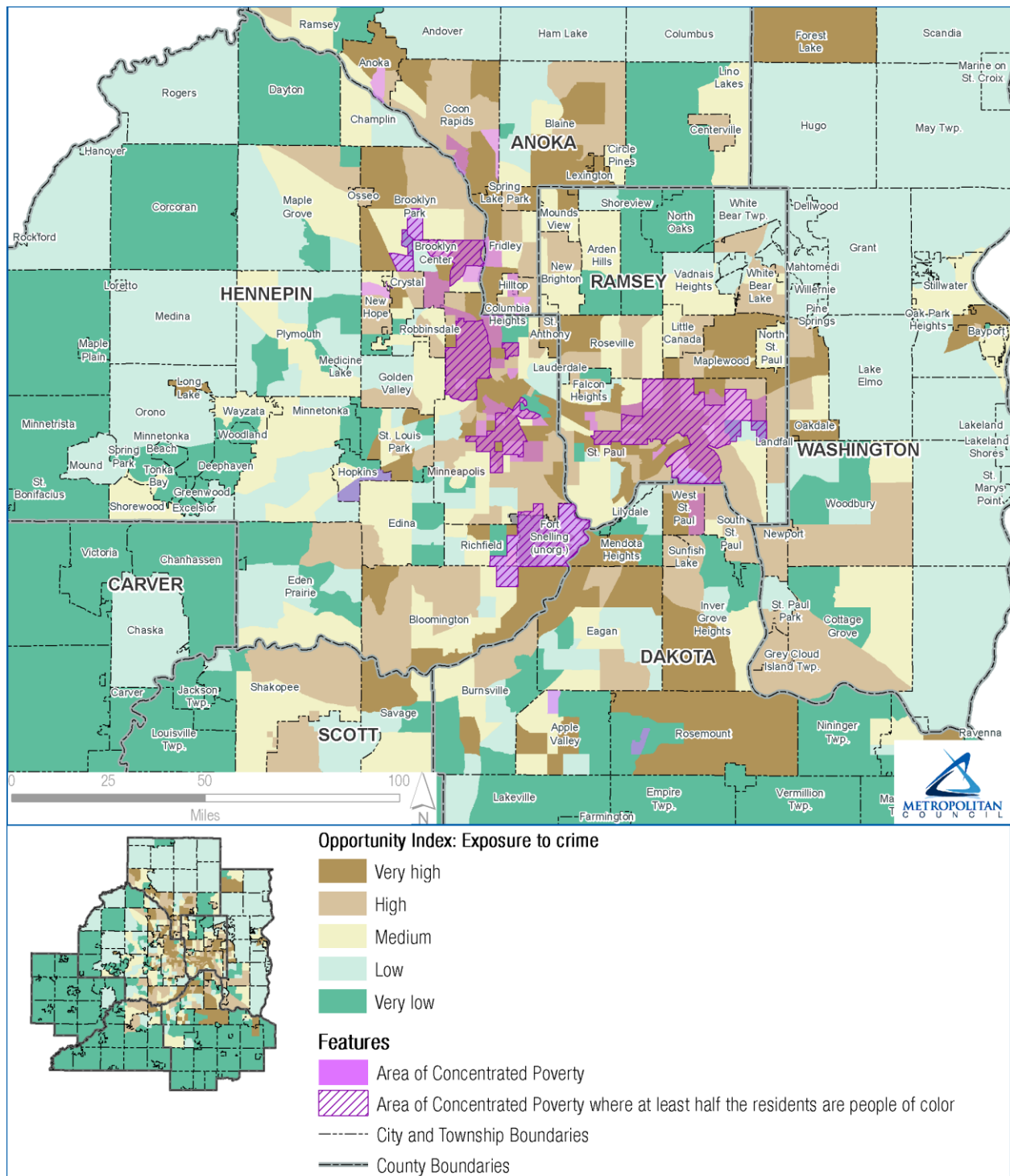
To evaluate exposure to crime, Met Council staff gathered crime statistics related to homicide, robbery, aggravated assault, burglary, larceny theft, motor vehicle theft, and arson, and then calculated crime rates per capita. As Figure 5-8 shows, exposure to crime does not follow as clear a pattern as other opportunity indicators discussed thus far. In general, areas closer to the center of the region had higher exposure to crime in comparison to more suburban or rural locations. However, there are areas of Minneapolis and Saint Paul with very low exposure to crime (University of Minnesota, Linden Hills, Fulton, Columbia, and parts of Merriam Park) and suburban communities with very high exposure (Forest Lake, Bayport, Long Lake, and others). Northern Anoka County, western Hennepin County, southern Scott and Dakota Counties, eastern Washington County, and all of Carver County have low or very low exposure to crime.

Looking at Areas of Concentrated Poverty where at least 50% of residents are persons of color shows that most of these areas in Minneapolis and Saint Paul have medium to very high levels of exposure to crime. With the exception of a small portion of Saint Paul's ACP50 cluster in Battle Creek, no ACP50s in the Twin City have low or very low exposure to crime.

The ACP50 tract in Brooklyn Center has high exposure to crime, while the cluster to its north in Brooklyn Park has medium to low exposure. The Richfield/Bloomington ACP50s south of Minneapolis also have medium to low exposure.



**Figure 5-8. Exposure to Crime in the Twin Cities Region**



Source: Metropolitan Council.



## Exposure to Environmental Hazards

The final opportunity dimension examines exposure to environmental hazards including toxic industrial releases, contaminated sites, landfills, and land uses identified by Met Council as disamenities (airports, extractive uses, industrial and utility uses, major highways, and railways). As Figure 5-9 shows, areas closer to Minneapolis and Saint Paul generally have higher exposure levels, although areas of high and very high exposure do expand beyond inner-ring suburbs. Rural parts of the region have very low exposure to environmental hazards, which is not surprising given the considerably lower amount of development there.

In both ACP50 clusters in the city of Minneapolis, exposure to environmental hazards ranges from medium to very high. Saint Paul shows more variety: several tracts scattered throughout the ACP50 have low exposure to environmental hazards, others range from medium to very high. The highest risk of exposure to environmental hazards is in West Side and portions of Dayton's Bluff and Payne-Phalen.

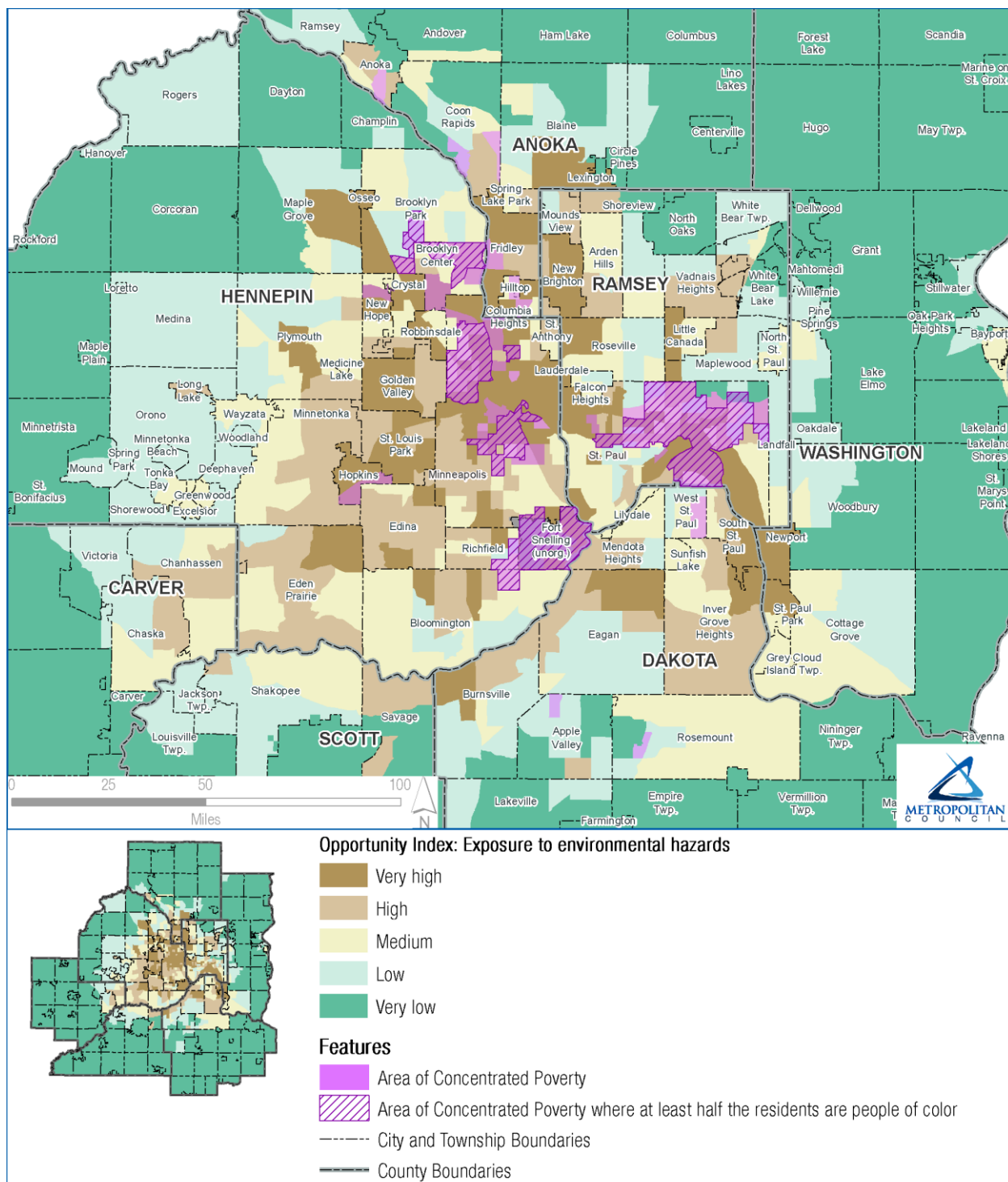
Brooklyn Center's ACP50s is located in an area of medium exposure to hazards, while two of Brooklyn Parks' have low exposure and the other has high exposure. Finally, the ACP50 in Richfield and Bloomington has low to medium levels of exposure.

## Summary

Overall, Areas of Concentrated Poverty where at least 50% of residents are people of color have superior access to jobs and social services. However, they also provide residents with very low access to quality schools, a crucial factor in helping students toward greater educational attainment and job opportunities. Proximity to areas of job growth is also diminished in most ACP50s. These areas also tend to have greater exposure to crime and environmental hazards, although these levels of exposure are also found in many other communities throughout the metro region.

The next section of this report looks at the geographic distribution of subsidized housing and its relation to areas of concentrated poverty and opportunity indicators.

**Figure 5-9. Exposure to Environmental Hazards in the Twin Cities Region**



Source: Metropolitan Council.

## Locations of Subsidized Housing

This section examines the location of housing subsidies in the Twin Cities region for two specific subsidy types – Low Income Housing Tax Credits (LIHTCs) and Section 8 Housing Choice Vouchers.

### Low Income Housing Tax Credits

The Low-Income Housing Tax Credit (LIHTC) program was created by the Tax Reform Act of 1986 and allows states and local allocating agencies to issue federal tax credits for the construction, acquisition, or rehabilitation of rental housing for low-income households. The LIHTC program gives allocating agencies the equivalent of nearly \$8 billion in annual budget authority to issue credits. Since its inception, it has produced or preserved more than 2 million affordable units, which is more than the public housing stock at any time in its history.<sup>68</sup>

In the Twin Cities, five organizations allocate LIHTCs, including the Minnesota Housing Finance Agency (which works throughout the state), the City of Minneapolis, the City of Saint Paul, Dakota County, and Washington County. Each agency develops a Qualified Allocation Plan (QAP) that outlines their priorities for the program and scoring criteria upon which they base decisions how to allocate credits. The state agency and the local suballocators can allocate two different types of credits to a project. Nine percent (9%) tax credits cover 70% of the low-income unit costs in a project, and are distributed competitively using scoring criteria. Four percent (4%) tax credits, meanwhile, subsidize only 30% of the low-income unit costs, are typically used in conjunction with other subsidies, and have historically not been allocated on a competitive basis in the Twin Cities. The suballocators had enough 4% credits available that meet the pipeline of development demand for them. Recently, however, demand for 4% credits has increased, prompting some suballocators to consider developing competitive scoring for these applications. Doing so could allow them to better direct the location and features of affordable housing projects.

The proceeding discussion presents data regarding locations of affordable housing constructed using Low Income Housing Tax Credits in the Twin Cities region. It relies on a database of LIHTC properties developed by the Housing Justice Center, with assistance from each of the region's allocators. The database includes information about each project to which credits were allocated since the program's inception. While complete data was not available for every project, this source represents the most complete dataset at this time. The analysis that follows looks at use of the use of LIHTCs by activity (new construction or acquisition/rehabilitation), credit type (9% or 4%), allocator, and year the credit was first used. Maps present the data geographically by property census tract.

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<sup>68</sup> U.S. Department of Housing and Urban Development. *What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond?* (August 2012)

The database provided by the Housing Justice Center contains information for a total of 516 properties. However, complete information about credit type and activity were available for only 387 properties; 128 were missing one or both of these data points; and one property appeared to have been included as part of another project.

Figures 5-10 and 5-11 illustrate the distribution of affordable units in all properties developed or preserved using LIHTC funding since 1987 by census tract. This data includes 32,705 affordable units at 515 properties. Included on the maps are current areas of concentrated poverty where at least 50% of residents are people of color. While the Areas of Concentrated Poverty discussion that began this report section described Minneapolis and Saint Paul's ACP50s as having a long history as communities of color, the maps that follow present current demographic data, which is likely to have changed somewhat as allocation decisions were made during the 1980s, 90s, and 00s. The maps also display the distribution of all rental housing units (subsidized and unsubsidized) throughout the metro area by census tract as of the 2010-2014 five-year American Community Survey.

Over the last 30 years, LIHTCs have been used to construct and preserve affordable rental units in all seven counties. The largest shares of units constructed or preserved with tax credits are in Minneapolis and Saint Paul. Of suburban communities, inner ring suburbs including Oakdale, Maplewood, Brooklyn Center, Brooklyn Park, and Coon Rapids made the most use of LIHTCs since 1987. Their use has not been restricted to areas near Minneapolis and Saint Paul though. Forest Lake, Stillwater, Chaska, and Hastings also benefitted from the program.

Overall, LIHTC units in were roughly evenly split between Minneapolis and Saint Paul and the remainder of the region. LIHTCs supported a total of 32,684 units since 1987 – 18,125 of these (55.5%) were in Minneapolis or Saint Paul and the remaining 14,559 were in the suburbs (44.5%). In comparison, 40.1% of renter households in the region live in Minneapolis or Saint Paul and 59.9% live in the suburbs.

In Minneapolis, most LIHTC units have been in or around the downtown. Marcy Holmes, Cedar-Riverside, Seward, Elliot Park, Loring Park and Downtown West all added or preserved housing using these subsidies over the last 30 years. In general, the grouping of LIHTC units in and around downtown Minneapolis mirrors the overall distribution of rental housing. Some neighborhoods (Como, West Calhoun, ECCO, and CARAG), however, had relatively higher high shares of regional rental housing but few or no LIHTC units. Fewer affordable LIHTC units were located in most of the city's northern and southern neighborhoods where there is also less rental housing overall.

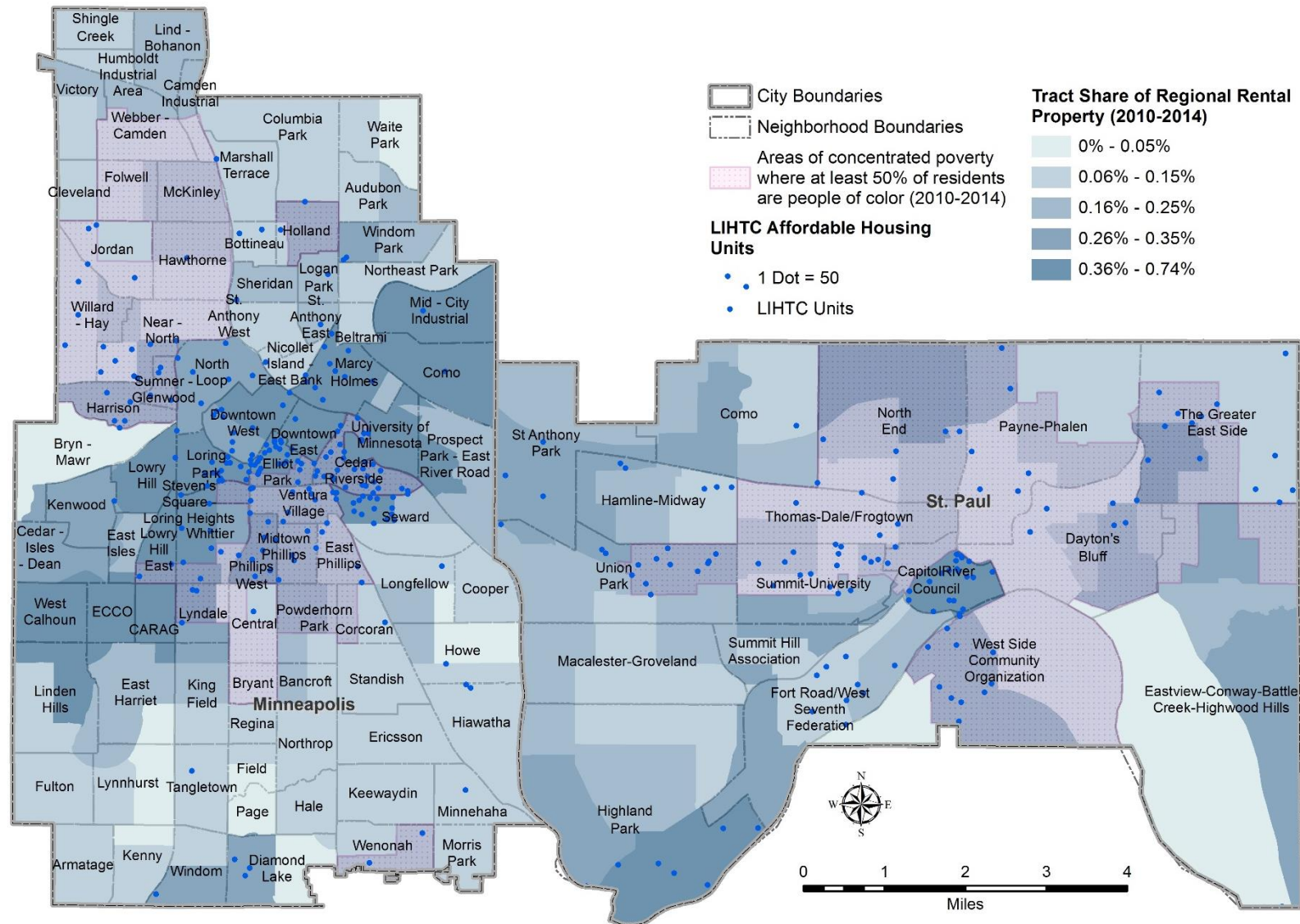
In Saint Paul, affordable LIHTC development and preservation over the last 30 years was centered in the city's downtown and in neighborhoods along the I-94 corridor. LIHTC allocations supported affordable housing units in most of the city's neighborhoods at some point over the last 30 years, with the exception of the Macalester-Groveland, Summit Hill, and Eastview-Conway-Battle Creek-Highland Hills neighborhoods.

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**Figure 5-11. Affordable Housing Units Developed, Acquired, or Rehabilitated Using Low Income Housing Tax Credits since 1987, Minneapolis and Saint Paul**



Source: Housing Justice Center Low Income Housing Tax Credit Database, December 2016; 2010-2014 Five-Year American Community Survey Estimates



Table 5-4 and Figures 5-12 through 5-15 show the use of LIHTCs by activity type and credit type. This data was available for a total of 25,458 units throughout the region (77.9%). The urban/suburban geographic breakdown of units for which complete activity type and credit type information was available mirrors that of all units. Fifty-five percent (54.9%) were in Minneapolis and Saint Paul and 45.1% were in the suburbs.

Since 1987, allocations by the Minnesota Housing Finance Agency (MHFA) have produced the most affordable units in the region (46.7%), followed by the Cities of Minneapolis (25.6%) and Saint Paul (18.3%). Dakota and Washington Counties are the smallest of the allocators, adding 6.6% and 2.8% of regional LIHTC units, respectively. While it still allocates the largest share of resources, Minnesota Housing Finance Agency's role has diminished over time. In the early years of the program, it allocated tax credits for 65.6% of the region's affordable housing, a figure which fell to 39.2% in the last decade.

Figures 5-12 and 5-13 show affordable housing units supported through 9% credits. Units supported with these credits made up 43.0% of all LIHTC units in the region, although rates of use varied by allocator. They made up about two-fifths of allocations for MHFA (41.1%), the City of Minneapolis (37.2%), and Saint Paul (41.3%), but considerably higher shares in Dakota and Washington Counties (74.5% and 65.8%, respectively).

Relative to 4% credits, allocators have more control over where 9% credits are used since they are awarded competitively using a scoring process. Forty-percent (40.2%) of affordable units constructed using 9% credits were in the cities of Minneapolis or Saint Paul. In comparison, 62.9% of affordable units acquired and/or rehabilitated using 9% of credits were in Minneapolis and Saint Paul. The greater use of 9% credits for urban acquisition and rehab likely reflects the need to maintain the affordability of and improve the quality of the cities' older housing stock. As properties age and landlords defer maintenance, rents may drop but typically the quality and safety of housing does as well, ultimately leading to substandard housing conditions for low-income households. Strategic use of credits for acquisition and rehab help maintain affordability *and* quality.

In Minneapolis, development via 9% credits occurred most often in Downtown, Elliot Park, Ventura Village, and Sumner-Glenwood. Redevelopment with 9% credits happened around downtown, including neighborhoods to the south (Loring Park, Lyndale, Whittier, and Elliot Park) and to the northwest (Harrison and the Near-North). Table 5-6 shows shares of affordable units supported by LIHTCs by their location in present-day ACP50s for the three allocators working in Minneapolis and Saint Paul. Over the last 30 years, about 60% of affordable units acquired or rehabbed using 9% tax credits allocated by the City of Minneapolis were in a current in an ACP50. This share has been relatively consistent since the 1980s. In contrast, 37.3% of newly constructed affordable units supported by 9% credits from the City of Minneapolis were in present-day ACP50s. This share dropped significantly in the last decade, from 48.1% over the 1998-2007 timeframe to 17.1% during 2008-2017.

**Table 5-4. Affordable Housing Units Created or Preserved Using Low Income Housing Tax Credits by Credit Type, Activity, Year, and Allocator/Suballocator**

Year Credit First Used	9% Credits (including properties using 9% and 4% credits)		4% Credits		Total		
	Acquisition/ Rehabilitation	New Construction	Acquisition/ Rehabilitation	New Construction	Acquisition/ Rehabilitation	New Construction	Total
Minnesota Housing Finance Agency							
1987-1997	433	1,204	919	292	1,352	1,496	2848
1998-2007	833	1,372	2,765	258	3,598	1,630	5228
2008-2017	359	683	2,464	298	2,823	981	3804
<b>Total</b>	<b>1,625</b>	<b>3,259</b>	<b>6,148</b>	<b>848</b>	<b>7,773</b>	<b>4,107</b>	<b>11,880</b>
Minneapolis Community Planning and Economic Development							
1987-1997	447	220	311	0	758	220	978
1998-2007	438	722	789	670	1,227	1,392	2,619
2008-2017	174	427	1,876	449	2,050	876	2,926
<b>Total</b>	<b>1,059</b>	<b>1369</b>	<b>2,976</b>	<b>1,119</b>	<b>4,035</b>	<b>2,488</b>	<b>6,523</b>
Saint Paul Planning and Economic Development							
1987-1997	119	56	0	0	119	56	175
1998-2007	444	380	1,348	702	1,792	1,082	2,874
2008-2017	447	484	442	249	889	733	1,622
<b>Total</b>	<b>1,010</b>	<b>920</b>	<b>1,790</b>	<b>951</b>	<b>2,800</b>	<b>1,871</b>	<b>4,671</b>
Dakota County							
1987-1997	0	186	0	0	0	186	186
1998-2007	32	423	108	62	140	485	625
2008-2017	256	352	57	201	313	553	866
<b>Total</b>	<b>288</b>	<b>961</b>	<b>165</b>	<b>263</b>	<b>453</b>	<b>1,224</b>	<b>1,677</b>
Washington County							
1987-1997	0	154	0	0	0	154	154
1998-2007	0	59	0	0	0	59	59
2008-2017	135	117	203	39	338	156	494
<b>Total</b>	<b>135</b>	<b>330</b>	<b>203</b>	<b>39</b>	<b>338</b>	<b>369</b>	<b>707</b>
All Agencies in the Region							
1987-1997	999	1,820	1,230	292	2,229	2,112	4,341
1998-2007	1,747	2,956	5,010	1,692	6,757	4,648	11,405
2008-2017	1,371	2,063	5,042	1,236	6,413	3,299	9,712
<b>Total</b>	<b>4,117</b>	<b>6,839</b>	<b>11,282</b>	<b>3,220</b>	<b>15,399</b>	<b>10,059</b>	<b>25,458</b>

Source: Mosaic Community Planning analysis of Housing Justice Center data.

In Saint Paul, most of the affordable units built using 9% credits are in Fort Road/West Seventh Federation, West Side, and Downtown. Nine percent credits supported the acquisition and/or rehab of units in Summit-University, Downtown, Greater East Side, and

Payne-Phalen. Looking at 9% credit use within ACP50s shows that about half (49.2%) of units acquired or rehabbed over the last 30 years were in present-day ACP50s. Newly constructed units were less likely to be in ACP50s (38.6%). This share fell considerably over time, from 57.1% in 1987-1997 to 26.7% in 2008-2017. As Figure 5-3 shows, ACP50 locations have expanded progressively in Minneapolis and Saint Paul since 1990, meaning that housing not in an ACP50 at the time it was constructed, acquired, or rehabbed may now be in an ACP50 tract.

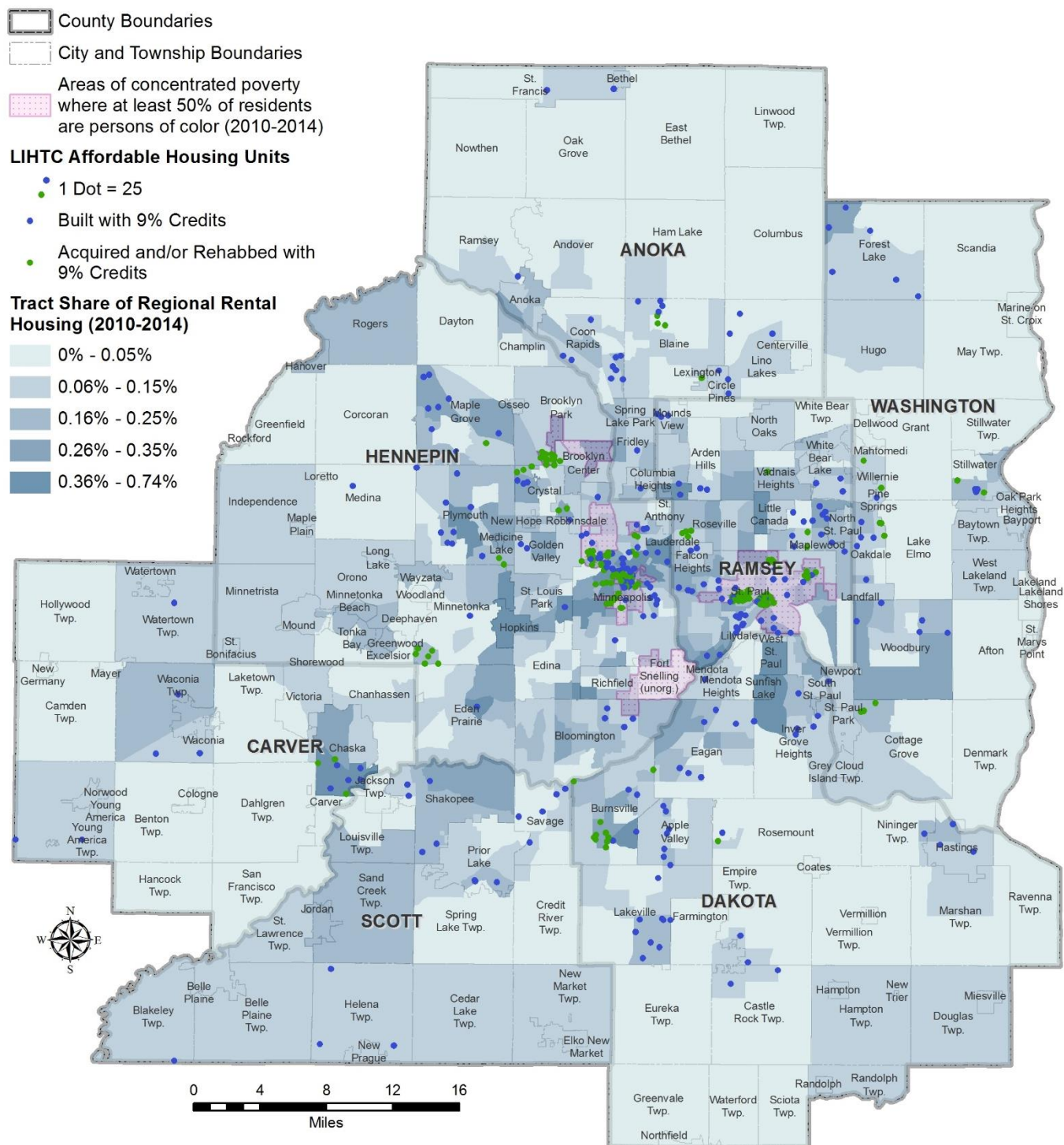
**Table 5-5. Share of Affordable Housing Units Created or Preserved in Areas of Concentrated Poverty where at Least 50% of Residents are Persons of Color Using Low Income Housing Tax Credits by Credit Type, Activity, Year, and Allocator/Suballocator**

Year Credit First Used	9% Credits (including properties using 9% and 4% credits)		4% Credits		Total		
	Acquisition/ Rehabilitation	New Construction	Acquisition/ Rehabilitation	New Construction	Acquisition/ Rehabilitation	New Construction	Total
Minnesota Housing Finance Agency							
1987-1997	74.8%	0.0%	0.0%	0.0%	24.0%	0.0%	11.4%
1998-2007	39.6%	9.4%	16.4%	0.0%	21.8%	7.9%	17.5%
2008-2017	0.0%	11.4%	0.0%	33.6%	0.0%	18.1%	4.7%
<b>Total</b>	<b>40.2%</b>	<b>6.4%</b>	<b>7.4%</b>	<b>11.8%</b>	<b>14.3%</b>	<b>7.5%</b>	<b>11.9%</b>
Minneapolis Community Planning and Economic Development							
1987-1997	53.0%	40.9%	46.6%	---	50.4%	40.9%	48.3%
1998-2007	64.4%	48.1%	66.5%	54.9%	65.8%	51.4%	58.1%
2008-2017	64.4%	17.1%	73.2%	22.3%	72.5%	19.7%	56.7%
<b>Total</b>	<b>59.6%</b>	<b>37.3%</b>	<b>68.7%</b>	<b>41.8%</b>	<b>66.3%</b>	<b>39.3%</b>	<b>56.0%</b>
Saint Paul Planning and Economic Development							
1987-1997	54.6%	57.1%	---	---	54.6%	57.1%	55.4%
1998-2007	39.9%	51.1%	80.5%	29.1%	70.4%	36.8%	57.8%
2008-2017	57.0%	26.7%	62.2%	45.4%	59.6%	33.0%	47.6%
<b>Total</b>	<b>49.2%</b>	<b>38.6%</b>	<b>76.0%</b>	<b>33.3%</b>	<b>66.3%</b>	<b>35.9%</b>	<b>54.1%</b>
All Agencies in the Region							
1987-1997	62.7%	6.7%	11.8%	0.0%	34.6%	5.8%	20.6%
1998-2007	45.2%	22.7%	41.2%	33.8%	42.2%	26.7%	35.9%
2008-2017	26.8%	13.6%	32.7%	25.3%	31.4%	18.0%	26.9%
<b>Total</b>	<b>43.3%</b>	<b>15.7%</b>	<b>34.2%</b>	<b>27.5%</b>	<b>36.6%</b>	<b>19.5%</b>	<b>29.8%</b>

Source: Mosaic Community Planning analysis of Housing Justice Center data.

Outside of Minneapolis and Saint Paul, locations that have built the most affordable units using 9% LIHTC credits include Apple Valley, Lakeville, Plymouth, Eagan, Maple Grove, and Coon Rapids. Burnsville and Brooklyn Park made most heavy use of 9% credits for acquisition and rehab.

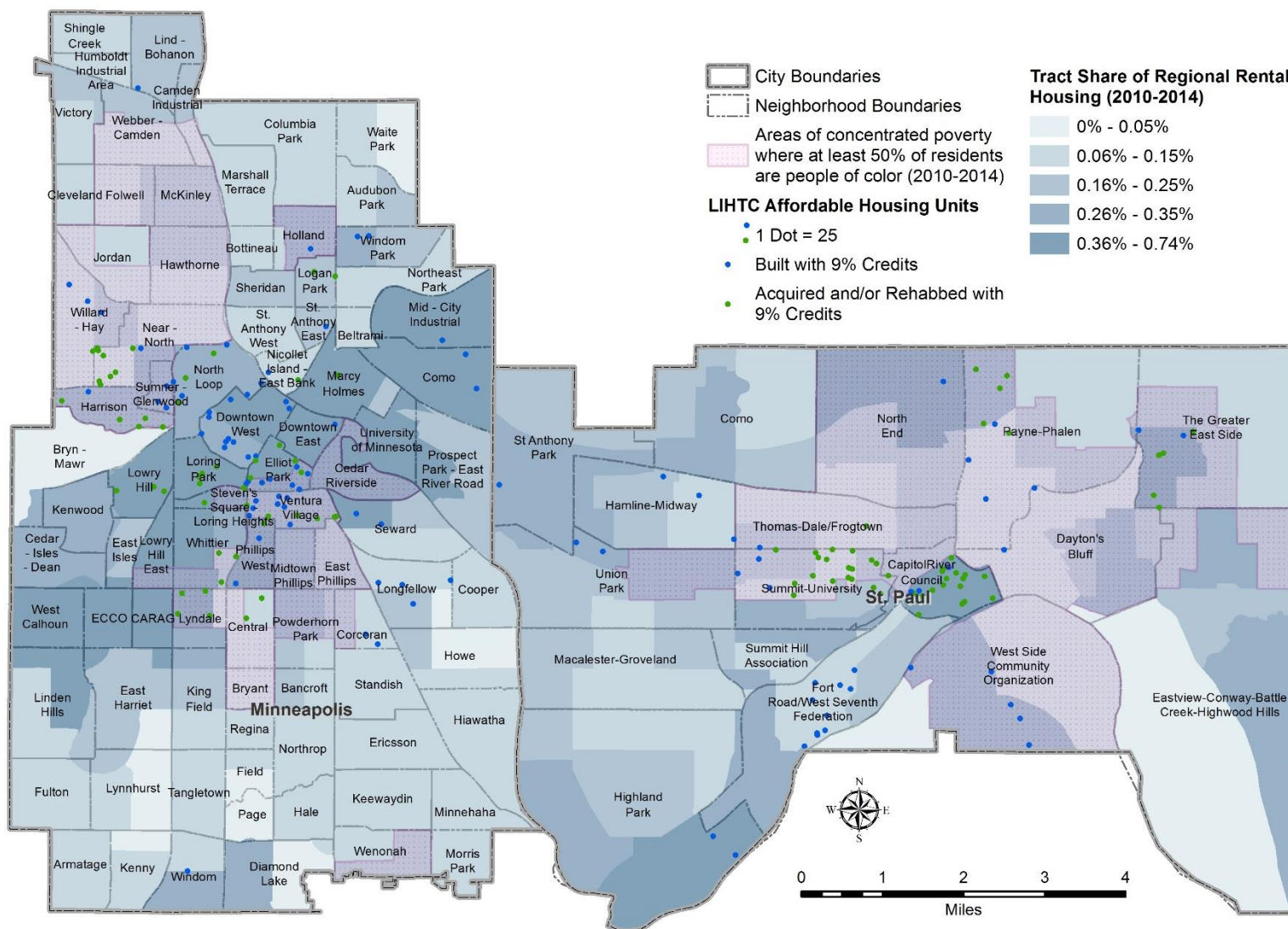
**Figure 5-12. Affordable Housing Units Developed, Acquired, or Rehabilitated Using 9% Low Income Housing Tax Credits since 1987, Twin Cities Region**



Source: Housing Justice Center Low Income Housing Tax Credit Database, December 2016; 2010-2014 Five-Year American Community Survey Estimates



**Figure 5-13. Affordable Housing Units Developed, Acquired, or Rehabilitated Using 9% Low Income Housing Tax Credits since 1987, Minneapolis and Saint Paul**



Source: Housing Justice Center Low Income Housing Tax Credit Database, December 2016; 2010-2014 Five-Year American Community Survey Estimates

In addition to 9% credits, MHFA and its suballocators also allocate 4% tax credits. These 4% credits are tied to local bonding authority meaning that the tax credits are allocated to projects that receive an allocation of tax exempt bonds. For this reason, it is often the tax exempt bond allocation policies and procedures that govern the selection of projects that receive 4% tax credits rather than competitive allocation criteria as with the 9% tax credit program. Thus, development locations, activity (rehab or new construction), and project features are driven by the developers and tax exempt bond issuers; allocators and suballocators of tax credits are limited in their ability to apply strategic conditions to the allocation of 4% credits.

In the Twin Cities region, affordable units supported by 4% tax credits (not in combination with 9% credits) are the majority of LIHTC units (57.0%).<sup>69</sup> About 60% of LIHTC units supported by credits from MHFA and the Cities of Minneapolis and Saint Paul use 4% credits. They are less common in Dakota and Washington Counties, where only 25.5% and 34.2% of affordable units use 4% credits.

Since 1987, 59.6% of affordable housing units using 4% credits were located in Minneapolis or Saint Paul. By activity type, 56.8% of units acquired and/or rehabbed using 4% credits were in Minneapolis and Saint Paul, compared to 69.3% of new construction. Most new construction in Minneapolis occurred in the Holland, Bottineau, Jordan, Near North, Sumner-Glenwood, Marcy Holmes, Howe, and Hiawatha neighborhoods. Acquisitions and rehabs were concentrated in Cedar-Riverside, Elliot Park, Loring Park, and Marcy Holmes. As Table 5-5 shows, 68.7% of LIHTC units acquired or rehabbed using 4% credits allocated by the City of Minneapolis were in an ACP50. A lower share – 41.8% – of newly constructed units were in ACP50s.

In Saint Paul, most new construction with 4% credits occurred in Highland Park, Fort Road/West Seventh Federation, and Dayton's Bluff. Acquisition and rehab occurred predominately in Union Park, West Side, Greater East Side, and St. Anthony Park. Just over three-fourths of acquisitions and rehabs were in an ACP50, compared to 33.3% of new construction.

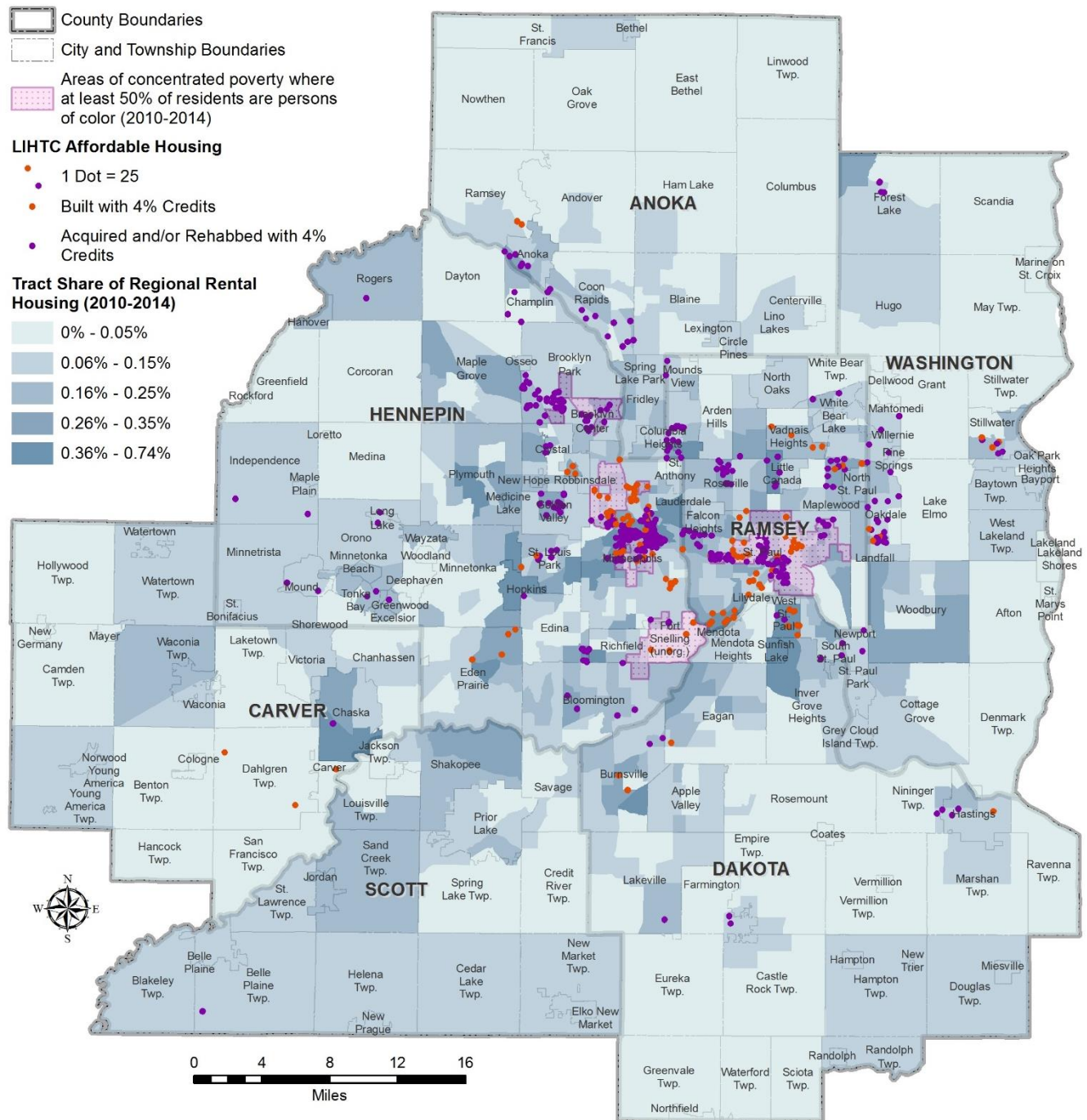
Regionally, affordable units were constructed using 4% credits in Eden Prairie, Stillwater, Maplewood, Oakdale, West Saint Paul, and Vadnais Heights. Rehabs were more common, and were clustered in several areas, including St. Louis Park, Golden Valley, Brooklyn Center, Brooklyn Park, Columbia Heights, Roseville, Oakdale, Maplewood, Coon Rapids, and Anoka.

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<sup>69</sup> Note: This discussion of 4% credits includes projects whose only LIHTC subsidies were 4% credits. As noted in Tables 5-4 and 5-5, some projects use both 4% and 9% credits. Those projects were categorized with those using only 9% credits, since they were also subject to allocators' competitive funding processes.

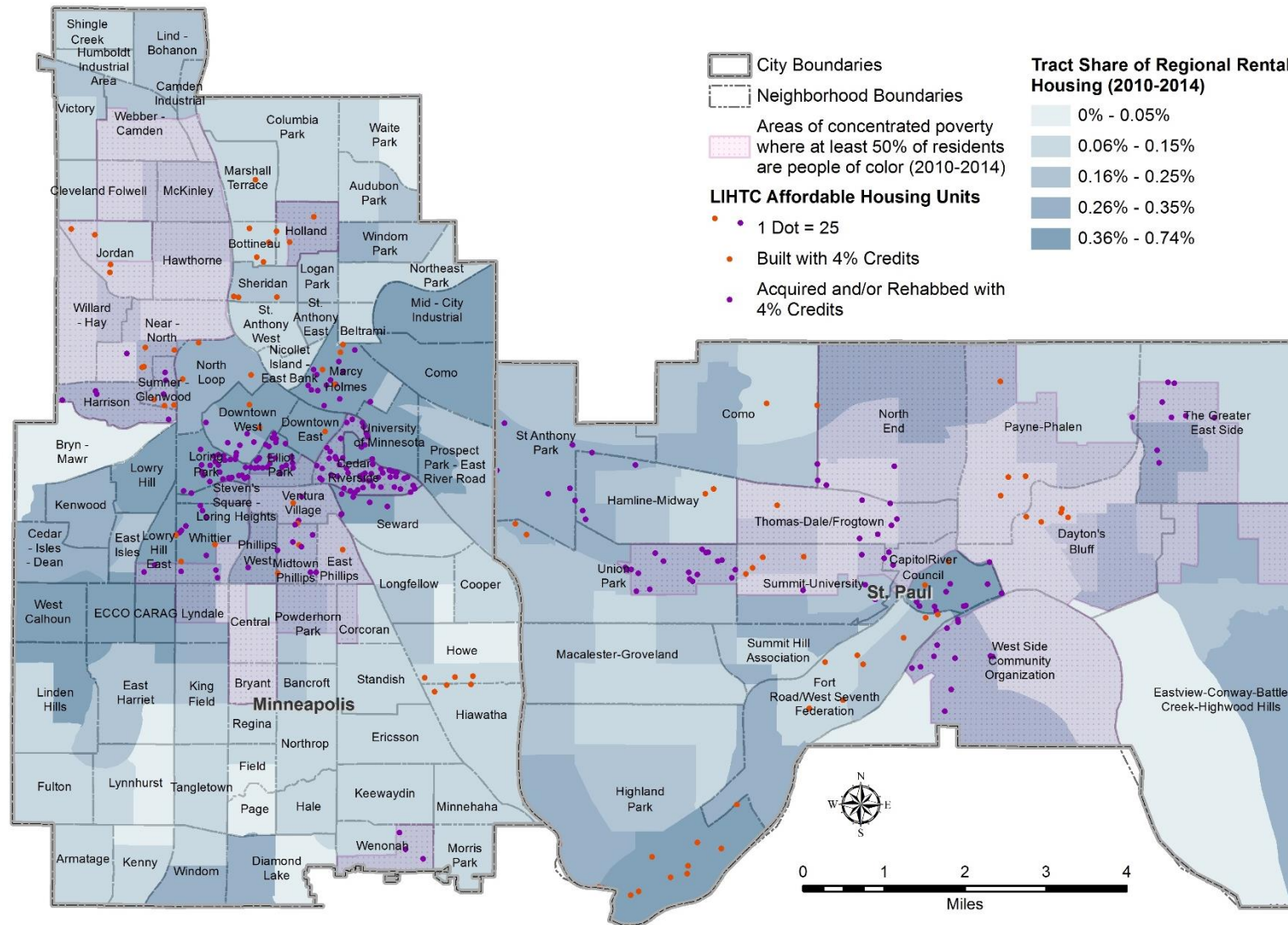


**Figure 5-14. Affordable Housing Units Developed, Acquired, or Rehabilitated Using 4% Low Income Housing Tax Credits since 1987, Twin Cities Region**



Source: Housing Justice Center Low Income Housing Tax Credit Database, December 2016; 2010-2014 Five-Year American Community Survey Estimates

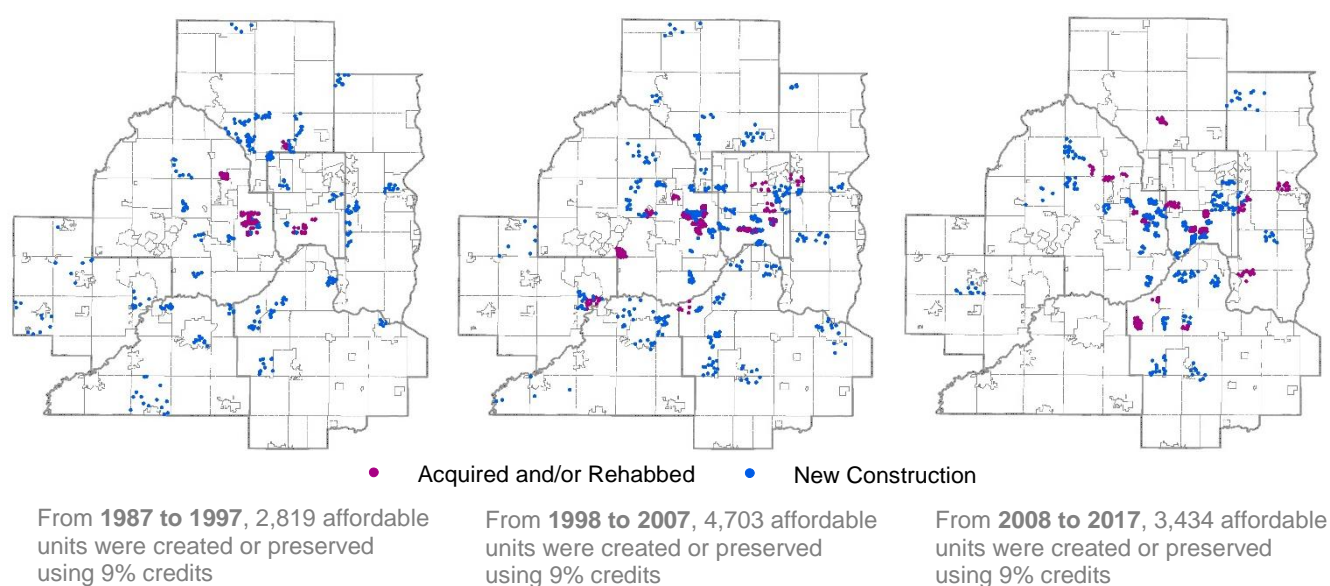
**Figure 5-15. Affordable Housing Units Developed, Acquired, or Rehabilitated Using 4% Low Income Housing Tax Credits since 1987, Twin Cities Region**



Source: Housing Justice Center Low Income Housing Tax Credit Database, December 2016; 2010-2014 Five-Year American Community Survey Estimates

Figures 5-16 and 5-17 look at the geographic distribution of affordable units built or preserved using 9% and 4% credits over time. In the LIHTC program's first decade of existence, 9% credits were clustered in and around downtown Minneapolis, along the I-94 corridor in Saint Paul, and in several suburban locations in Anoka County, west Washington County (in the Oakdale area), and west/northwest Dakota County (Lakeville, Burnsville, and Eagan). From 1998 to 2007, the range of suburban locations using 9% credits grew to include cities north and east of Saint Paul (Woodbury, Maplewood, and North Saint Paul) and west/northwest of Minneapolis (Brooklyn Park, Brooklyn Center, Maple Grove, and Plymouth). Over the last ten years, use was less in Anoka, Carver and Scott Counties, but continued in Dakota, Washington, and suburban Hennepin and Ramsey Counties.

**Figure 5-16. Affordable Housing Units Developed, Acquired, or Rehabilitated Using 9% Low Income Housing Tax Credits by Decade, Twin Cities Region**

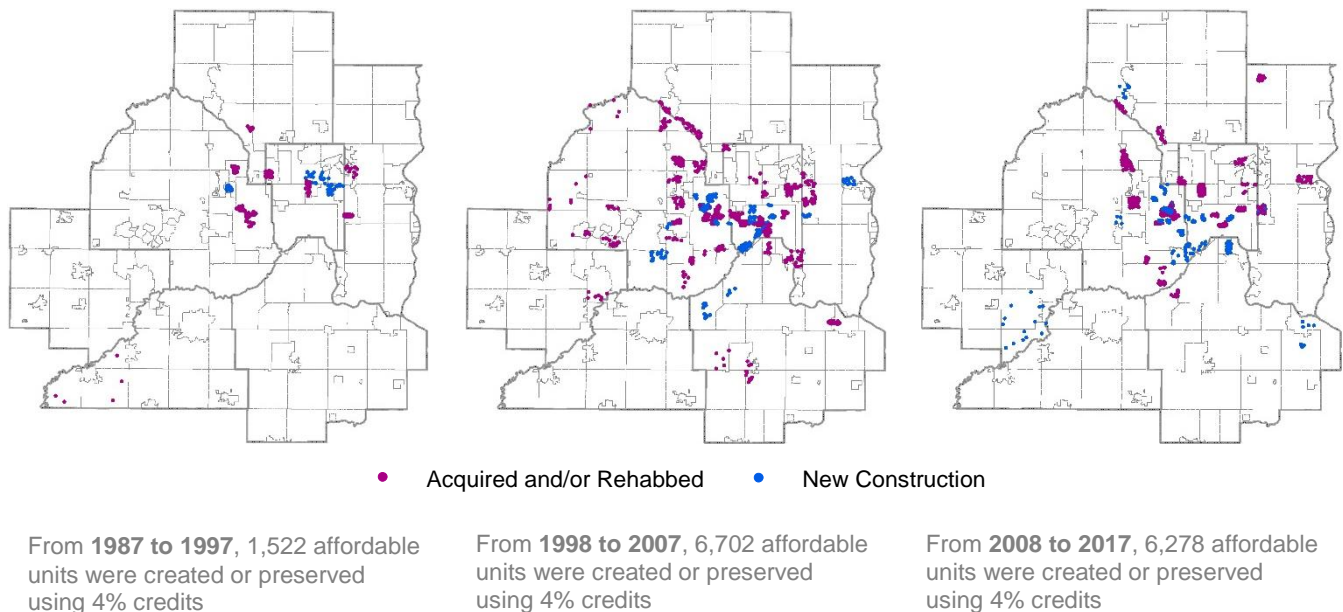


Source: Mosaic Community Planning analysis of Housing Justice Center data.

The use of 4% credits started out slowly and was concentrated in Minneapolis, suburban Ramsey County, the western edges of Washington County, Brooklyn Center, and Robinsdale. Over the next decade, their use expanded fourfold. Geographically, development and preservation occurred in more communities throughout Ramsey and Hennepin Counties, along with several cities in Dakota and Washington. Use constricted slightly in the last ten years both in terms of number of affordable units created or preserved and in geographic reach.



**Figure 5-17. Affordable Housing Units Developed, Acquired, or Rehabilitated Using 4% Low Income Housing Tax Credits by Decade, Twin Cities Region**



Source: Mosaic Community Planning analysis of Housing Justice Center data.

While the location of subsidized housing affects patterns of segregation and integration, so can residency patterns within affordable housing developments. A recent study by the Institute on Metropolitan Opportunity (IMO) examines residency patterns for Low Income Housing Tax Credit properties in Minneapolis and Saint Paul, comparing tenant demographic characteristics for different property types.<sup>70</sup> These types include artist housing, housing conversions that used historic tax credits, senior housing, and other LIHTC properties. IMO's findings show that white residents make up 82.4% of artist housing and 57.4% of housing developed using tax credits in contrast to 19.8% of other non-senior LIHTC properties. Coupled with these demographic differences, artist housing and housing constructed using historic tax credits were more often located in predominately white neighborhoods. Artist or historic projects were built in tracts where white residents made up an average of 71% of the population; other LIHTC housing were located in tracts where whites comprised an average of 45% of the population. Thus, residency patterns within the tax credit properties reinforced larger demographic patterns rather than promoting integration.<sup>71</sup>

IMO also argues that artist housing and conversions of historic buildings offer more architectural style and amenities in up-and-coming neighborhoods at a higher per-unit construction cost than other, more moderate LIHTC properties. The paper further contends

<sup>70</sup> Institute on Metropolitan Opportunity, *The Rise of White-Segregated Subsidized Housing* (2016). Accessed via <https://www1.law.umn.edu/uploads/15/8a/158a9849bb744b4573b59f51e4f0ab54/IMO-White-Segregated-Subsidized-Housing-5-18-2016.pdf>.

<sup>71</sup> IMO.

that screening for artists, higher rents, application and reservation fees, and marketing approaches affect who will seek to live at these properties, with white, childless, higher-income households more likely to apply than lower-income households, people of color, and households with children. Ultimately, IMO claims, this sets up “a dual subsidized housing system” in Minneapolis and Saint Paul.<sup>72</sup>

A *Pioneer Press* article about IMO’s study notes that developers and housing advocates defend the artist housing projects as meeting “a variety of city goals, such as historic preservation and redeveloping vacant industrial sites in neighborhoods that could sometimes use an economic development boost.”<sup>73</sup> In the same article, Saint Paul’s Director of Planning and Economic Development points out that the properties examined in IMO’s analysis are just a few of a variety of affordable housing projects that the City has invested in in different neighborhoods throughout Saint Paul.

### Publicly-Funded Affordable Housing Properties

Along with the Low Income Housing Tax Credit program, a variety of other national, state, and local funding sources support affordable housing units in the Twin Cities. These programs include public housing, HUD’s project-based Section 8 program, HUD’s supportive housing programs for the elderly and persons with disabilities, other HUD programs, HOME funds, MHFA Housing Trust Fund subsidies, funding generated through bonds or tax increment financing, city and county funding, and a variety of other federal, state, and local sources. HUD allocates funding for its HOME Investment Partnerships Program using a formula based on a variety of factors such as poverty, substandard housing/housing need, housing age, and vacancy rate, among others. Thus, areas within the Twin Cities receive different levels of HOME funds from HUD, resulting in differing levels of HOME-subsidized affordable housing.

The map on the following page shows all affordable rental units developed using public funds in the Twin Cities region. The largest share of these units are in Minneapolis and Saint Paul. In Minneapolis, they’re primarily located in the central and northern portions of the city, with fewer units in southern neighborhoods. In Saint Paul, most subsidized rental units are in the central, northeastern, and northwestern parts of the city. Fewer units are located in the Macalester-Groveland and Eastview-Conway-Battle Creek areas.

In Dakota County, Burnsville, Apple Valley, Lakeville, Eagan, and South and West Saint Paul have the largest concentrations of affordable rental units. Another concentration in the southern metro is along the Carver and Scott County border in Chaska and Shakopee. In suburban Hennepin County, concentrations of subsidized affordable rental units are in Bloomington, St. Louis Park, and the Hopkins, Robbinsdale, Brooklyn Center, and south Brooklyn Park area. Looking at the northern suburbs, Coon Rapids; Anoka; the Oakdale,

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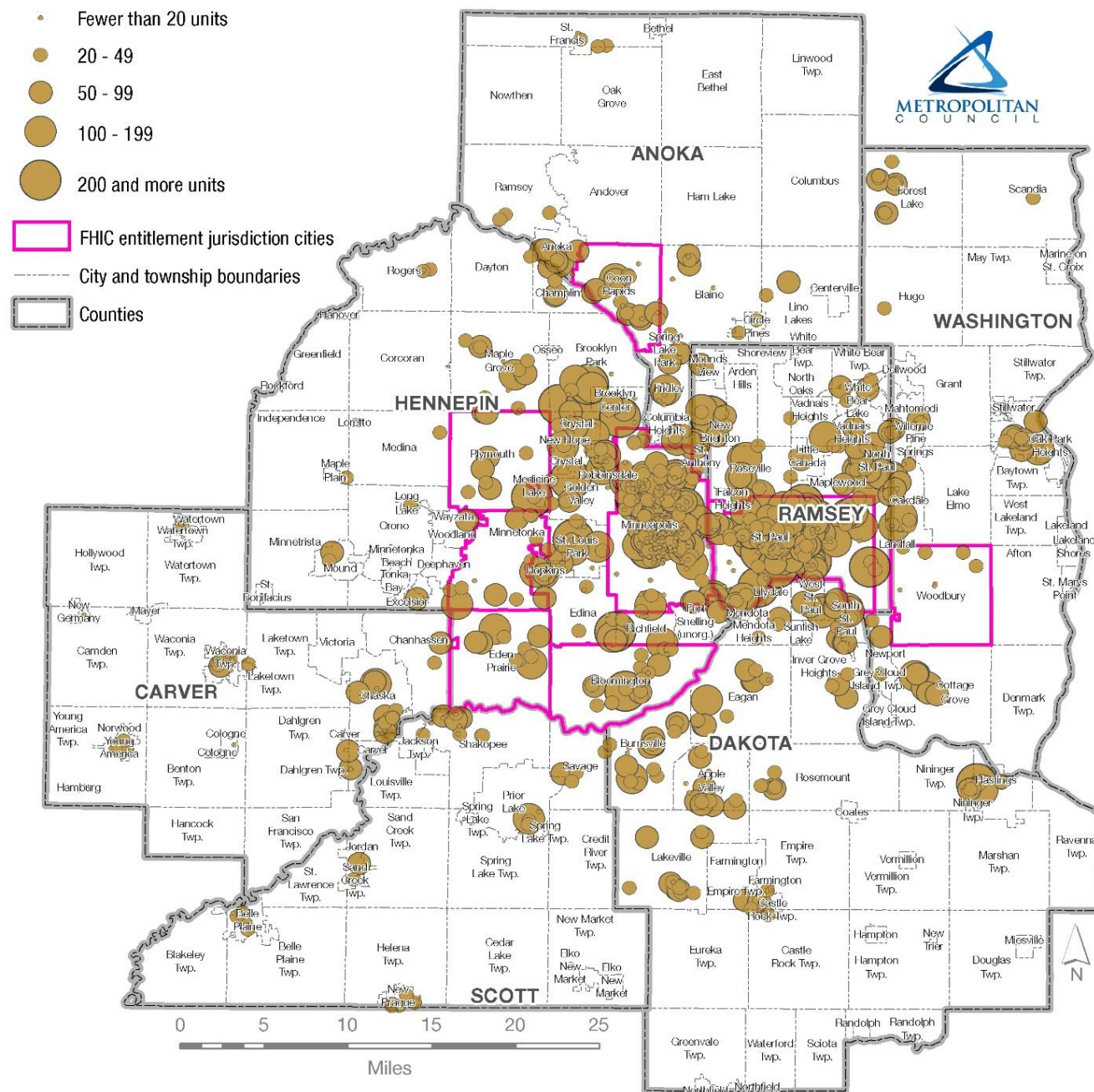
<sup>72</sup> IMO, p. 1.

<sup>73</sup> Melo, Frederick. “Minneapolis-St. Paul subsidized artist housing segregates, report says.” *Pioneer Press*. May 30, 2016. Accessed via <http://www.twincities.com/2016/05/30/minneapolis-st-paul-artist-lofts-segregated-report-says/>.

North Saint Paul, and Maplewood area; and the Oak Park Heights and Stillwater areas have large concentrations of publicly-funded affordable rental units.

**Figure 5-18. Publicly-Funded Affordable Rental Units in the Twin Cities Region, 2015**

Publicly funded affordable rental properties



Source: Metropolitan Council mapping of HousingLink data.



The locations of publicly-funded affordable units play a large role in determining the neighborhood options for low- and moderate-income households in the region. Areas with high concentrations of subsidized housing should ensure that community and economic development activities are sufficient to offer residents access to necessary public resources. Simultaneously, areas that offer a high level of these resources should also include affordable housing opportunities for low- and moderate-income households.

### Housing Choice Vouchers

The Housing Choice Voucher program is U.S. HUD's primary subsidy for helping low-income families, the elderly, and people with a disability afford rental housing in the private market. People with a voucher are able to select their own housing, as long as it meets the requirements of the program and the landlord agrees to accept the voucher. Housing choice vouchers are administered by local public housing authorities using federal funds. Once a voucher holder has selected a home, the housing authority makes monthly payments to the owner in the amount of the voucher. Households with incomes under 50% of the area median income are eligible for the program, although housing authorities must provide at least 75% of their vouchers to households within incomes under 30% of the area median income.<sup>74</sup>

In the Twin Cities region, several local housing authorities administer voucher programs, and the Metro HRA administers a voucher program that serves Anoka, Carver, and most of suburban Hennepin and Ramsey Counties. While tenants are free to choose any housing location, choices are limited by whether a landlord/owner is willing to participate in the voucher program, and by rent guidelines called Fair Market Rents which are established by HUD based on local rental market conditions. As part of a pilot program to provide housing authorities greater flexibility, the Minneapolis Public Housing Authority is able to set local rent payment standards that vary by neighborhood, allowing voucher holders to access more parts of the city than they would otherwise be able.

The maps that follow show use of Housing Choice Vouchers by census tract in the Twin Cities. As shown, a large share of voucher holders live in Minneapolis and Saint Paul. To the northwest of Minneapolis, Brooklyn Center, Brooklyn Park, and Robbinsdale are also home to many households with vouchers. Other communities with concentrations of voucher holders are South Saint Paul, West Saint Paul, Burnsville, Bloomington, Hopkins, and St. Louis Park.

While Minneapolis has a high proportion of the region's voucher holders, they do not constitute a large share of its rental households. As Figure 5-20 shows, in most of Minneapolis less than 5% of renter households use a voucher. Regionally, more than one-in-five renter households uses a voucher in parts of Burnsville, Savage, Brooklyn Park, Coon Rapids, Arden Hills, North Minneapolis, and three small areas of Saint Paul. As in

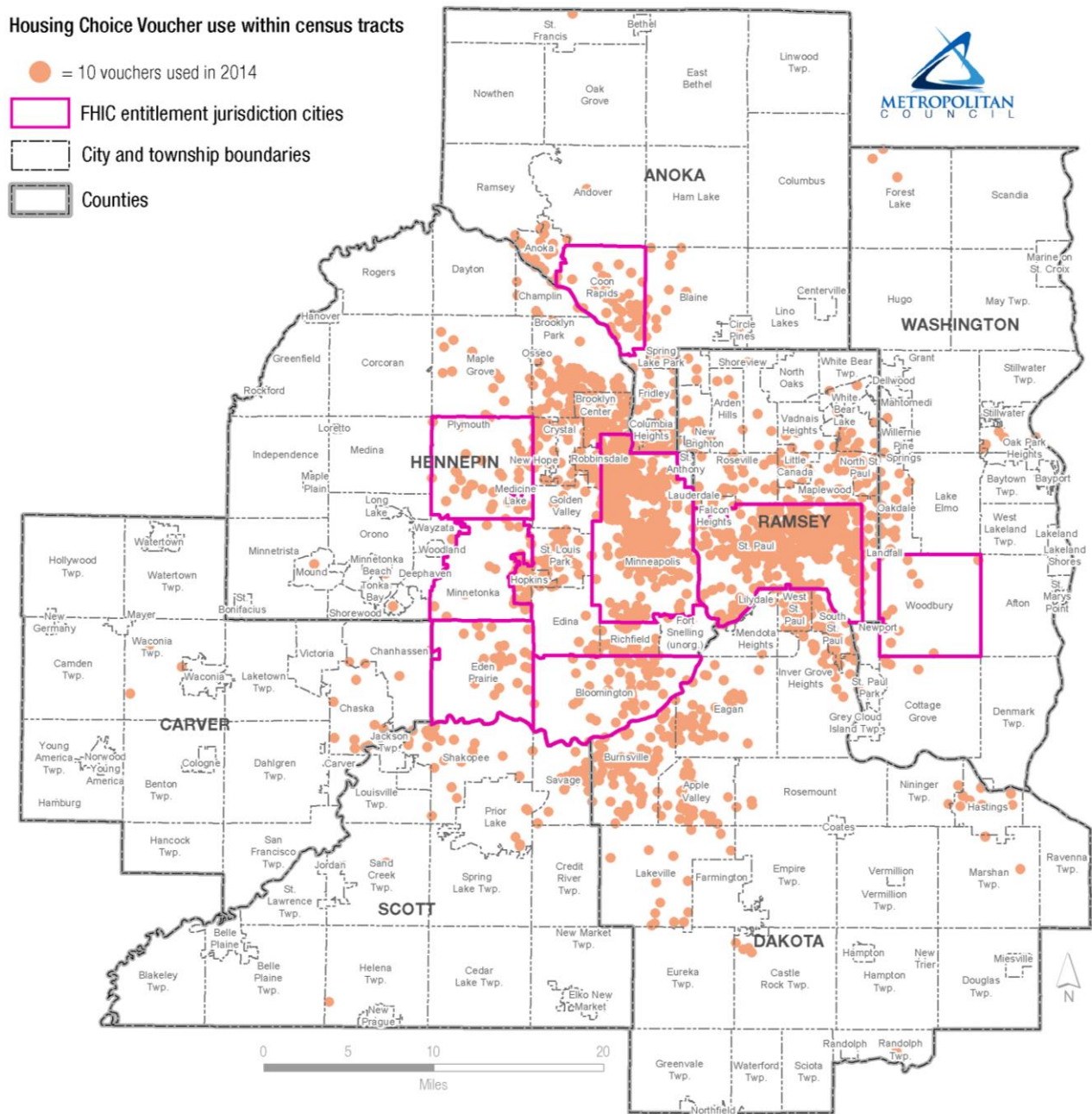
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<sup>74</sup> U.S. HUD, *Housing Choice Voucher Fact Sheet*. Accessed via [https://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/hcv/about/fact\\_sheet](https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about/fact_sheet)

Minneapolis, voucher holders make up small shares of the renter population in Bloomington, Woodbury, Eden Prairie, Minnetonka, and St. Louis Park. Low landlord participation rates and higher rental rates can limit a voucher holder's ability to access these areas, many of which are high demand areas in terms of housing stock and community amenities.

Most of Washington, Anoka, Carver, Scott, western Hennepin, and southeastern Dakota Counties have few voucher holders living there (Figure 5-19). This is in part attributable to a lower share of rental housing than in urban areas and inner-ring suburbs. However, as Figure 5-20 shows, when looking at housing choice voucher use as a share of rental housing, these areas continue to reflect diminished access for voucher holders. Rental rates, landlord participation levels, and access via transit may all influence the use of vouchers in rural and exurban areas. One thing that was frequently mentioned by community members providing input for this study was difficulty finding a landlord willing to take a voucher. If someone is unable to find a place they would like to move that will accept vouchers, they may lose their opportunity to use it.

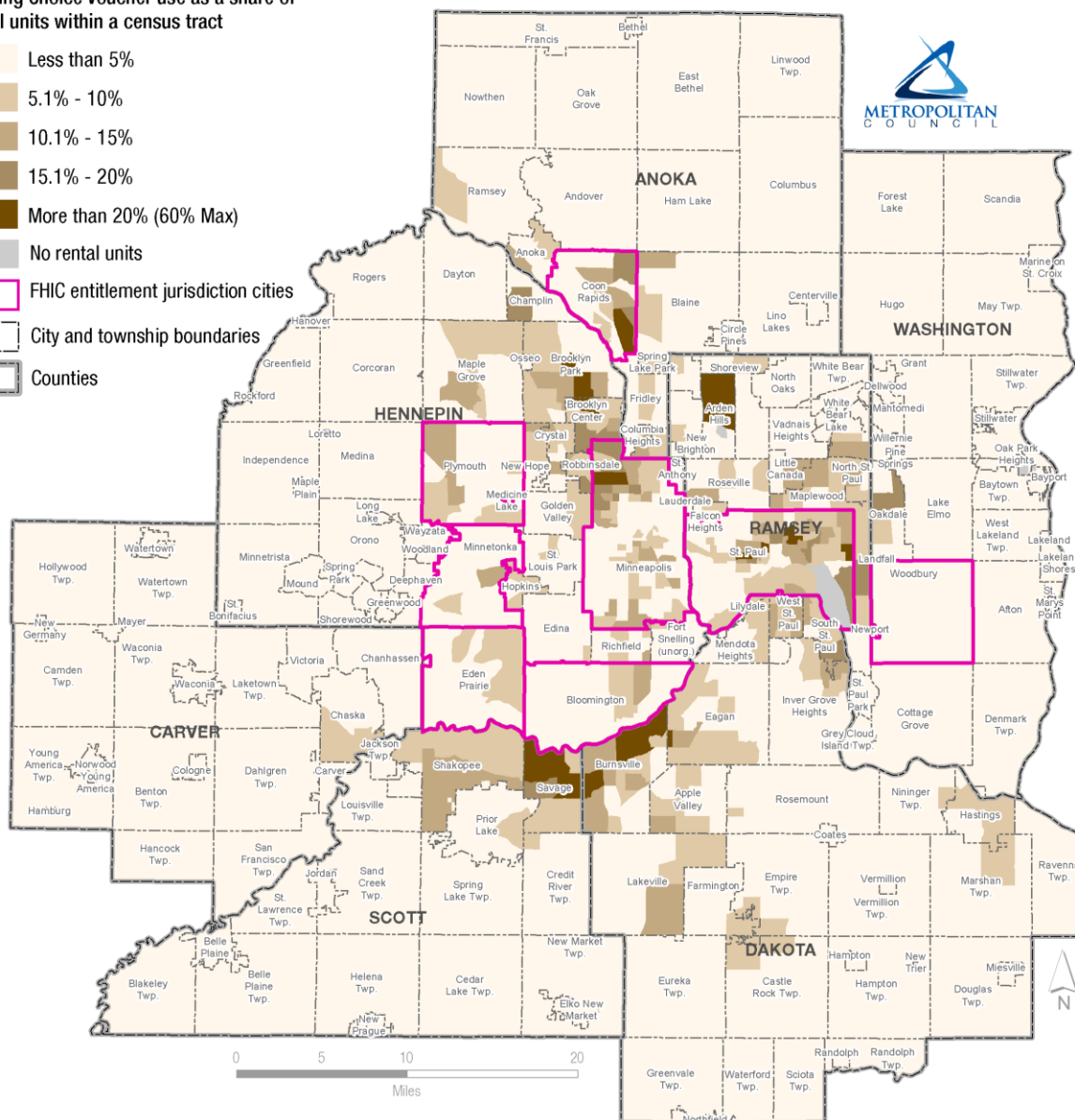
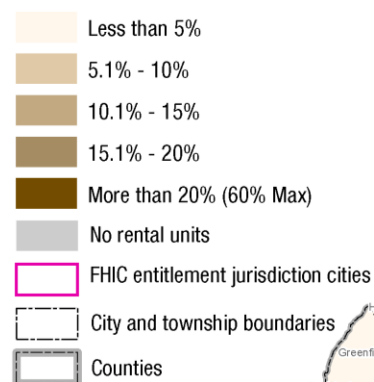
Figure 5-19. Housing Choice Voucher Use in the Twin Cities Region, 2014



Source: Metropolitan Council.

**Figure 5-20. Housing Choice Voucher Use as a Share of Rental Units**

Housing Choice Voucher use as a share of rental units within a census tract



Source: Metropolitan Council.

## Gentrification, Displacement, and Loss of Affordable Units

A frequent point of discussion that emerged during development of this Addendum relates to gentrification and neighborhood change, particularly in portions of Minneapolis and Saint Paul. Several stakeholders identified gentrification as a concern for central city neighborhoods, including the possibility of rent increases, rising property taxes, and upscaling of apartments in areas that are now home to many lower income households and people of color. Growing real estate and business interest in neighborhoods with a recent history of disinvestment may draw new residents and lead to greater racial/ethnic and economic integration than currently exists in these areas. However, the demographic and economic integration that comes with gentrification is often temporary, as upward pressure on housing costs drive out original residents or prevent new low-income residents from moving in.

To examine the level and location of gentrification in the Twin Cities, this section reviews an in-progress study by the University of Minnesota's Center for Urban and Regional Affairs (CURA) and responses to its initial findings. We also present data collected by the Minnesota Housing Partnership regarding loss of affordable units.

### Gentrification

In its *Gentrification Analysis of Minneapolis & St. Paul* presentation, CURA shares preliminary results of its ongoing assessment of gentrification in the Twin Cities.<sup>75</sup> This study uses 2000 and 2010 Census and 2011-2015 Five-Year American Community Survey data to analyze changes in household income, housing tenure and costs, educational attainment, and racial/ethnic composition by census tract. The analysis uses three gentrification indices to determine: (a) whether a census tract was capable of being gentrified as of 2000 (i.e., "gentrifiable") and (b) whether it showed evidence of gentrification over the 2000 to 2011-2015. Generally, a tract is considered gentrifiable if it was populated predominately by low-income households and previously experienced disinvestment. Gentrification indicators include in-migration of more affluent, college-educated households; increases in investment; and evidence of displacement.

A brief explanation of the three gentrification indicators used in CURA's analysis are shown below. CURA considers a tract gentrifiable if at least two of the indicators find that it is gentrifiable. Likewise, a tract is considered to have gentrified if at least two of the indicators agree that it did.

- Freeman (used in a 2005 study of gentrification in New York City): A tract is gentrifiable if it has a central city location, a median income below the MSA median, and a lower share of housing building in the last 20 years than the MSA. Gentrification

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<sup>75</sup> Center for Urban and Regional Affairs (CURA) *Gentrification Analysis of Minneapolis and St. Paul, 2010-2015 Preliminary Results* (January 14, 2017), University of Minnesota.

occurs when the tract sees its share of adult residents with a college degree grows more than the region's share and has a real increase in home values.

- Ding et. al. (used in a 2015 study of gentrification in Philadelphia): A tract is gentrifiable if it has a median household income below the city median. It gentrifies when its share of adult residents with a college degree grows more than the city's share and its median rent or median home value increases at a rate above that of the city median.
- Bates (used in a 2013 study of gentrification in Portland, Oregon): An area is gentrifiable when its shares of renters, people of color, people without a bachelor's degree, and/or people in poverty is above shares citywide. Gentrification occurs when housing appreciates, when median income growth exceeds citywide growth, and when shares of homeowners, white residents and/or college-educated people grows faster than shares citywide.<sup>76</sup>

The map on the following page shows results of CURA's preliminary analysis, indicating tracts in Minneapolis and Saint Paul that show signs of gentrifications, those that were susceptible to gentrification but did not gentrify, and those that were not gentrifiable. In Saint Paul, gentrified census tracts are found in the Hamline Midway, Frogtown/Thomas Dale, West Side, and Highland Park neighborhoods. Large portions of the North End, Payne-Phalen, Greater Eastside, and West Side neighborhoods were gentrifiable but did not show signs of gentrification on at least two of the indicators.

In Minneapolis, the largest contiguous area of gentrification extends south along the river from Columbia Park, through Marshall Terrace, Bottineau, Sheridan, Logan Park, and portions of Hawthorne and Windon Park, ending with St. Anthony West. Other areas in the northern part of the city that show indication of gentrification include tracts in the Victory, Webber-Camden, Willard-Hay, Near North, and Sumner-Glenwood neighborhoods.

A large share of tracts just south of downtown were gentrifiable but did not gentrify. They cover Elliot Park, Cedar Riverside, Ventura Village, Midtown Phillips, Phillips West, Whittier, Lowry Hill East, and portions of Lyndale, Central, Powderhorn Park, Seward, Longfellow, and Bryant. Tracts located in Lowry Hill East, Whittier, East Phillips, Corcoran, Central, Longfellow, Standish, and Howe did gentrify.

The map also identifies tracts that are Areas of Concentrated Poverty (according to the Met Council's definition) where more than half of residents are people of color. Many of the gentrifiable tracts meet this definition, as do about half of the gentrified areas. These findings indicate that while demographic and economic changes may have occurred, some gentrified

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<sup>76</sup> CURA.



**City Boundaries**

**Areas of Concentrated Poverty where at least half of residents are people of color**

**Neighborhood Boundaries**

**Gentrification by Census Tract (Agreement on 2 or 3 Indices)**

- Gentrified
- Did Not Gentrify
- Non-Gentrifiable

**Minneapolis**

**St. Paul**

0 1 2 3 4 Miles

*Source: CURA Analysis of 2000 Census (normalized to 2010 boundaries using GeoLytics N'hood Change Database) and 2011-2015 Five-Year American Community Survey; Areas of Concentrated Poverty where at least half of residents are people of color from Met Council analysis.*

areas still experience high levels of poverty. Balancing public sector investments that aim to bolster community resources and economic opportunity in high poverty areas with the need to maintain affordability as increased market activity generated by new residents pushes housing costs up will likely be an ongoing challenge in these areas. Initial interviews by CURA with public officials and neighborhood leaders find that some favor continued reinvestment although some level of gentrification and displacement may be inevitable consequences. At the same time, residents and neighborhood leaders point out that reinvestments may not directly benefit existing communities and have the potential to effect not only involuntary residential displacement, but cultural and social change as well.

Subsequent phases of CURA's research will look more closely at neighborhood change, such as analyzing a variety of socioeconomic indicators not included in the gentrification definitions, and examining how public investments (e.g., METRO Green line expansion through Saint Paul, the Northeast Minneapolis Arts District, park system expansion) have impacted housing starts and home values in nearby residential areas. Researchers will also gather qualitative information through interviews with renters, homeowners, and business owners in several gentrified neighborhoods.

Community outreach conducted by neighborhood organizations through FHIC microgrants queried participants on changes they see occurring in their neighborhoods. While not every gentrified neighborhood was represented in the results, residents of North Minneapolis, Willard-Hay, Whittier, and Frogtown note an increase in rents and property values and an in-migration of younger, more affluent or middle-class families and individuals. Some respondents from these areas mention improved safety and more businesses, particularly in Whittier, while others note that the poor condition and lack of maintenance of many rental properties lead residents to move if they can afford to do so.

In a counterpoint to CURA's research, Myron Orfield and Will Stancil of the University of Minnesota Law School's Institute on Metropolitan Opportunity (IMO) argue that discussions of gentrification in the Twin Cities miss a key factor affecting housing affordability – income and, more specifically, declining incomes for African American and Latino renters.<sup>77</sup> They point out that the median income for African American renters citywide was cut nearly in half over the last 15 years, falling from \$26,729 in 2000 (adjusted for inflation) to \$14,951 in 2010-2014, a 44% decline, according to CURA's research. For Latino renters, incomes fell by 24%, from \$40,234 in 2000 (adjusted for inflation) to \$30,491 in 2010-2014. During the same time period, median rent rose 6% citywide.

The authors also reference an analysis completed by the IMO in January 2016. *Are Minneapolis and St. Paul Gentrifying? Debunking Myths about Neighborhood Change in the Twin Cities* analyzes twelve economic and demographic indicators of potential gentrification

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<sup>77</sup> Orfield, Myron and Stancil, Will. "Counterpoint: Gentrification isn't the rental problem; poverty is." StarTribune, November 30, 2016.

over the 2000 to 2013 timeframe. The study found that most neighborhoods often thought of as gentrifying – Camden, Near North, Northeast, and Phillips in Minneapolis and Battle Creek/Dayton’s Bluff, North End/Thomas Dale, Payne-Phalen, and West Side/Downtown in Saint Paul – declined based on the socioeconomic indicators examined by IMO. The only areas where IMO found declining affordability and poverty were in relatively affluent neighborhoods such as Southwest Minneapolis. Based on these findings, MPO researchers argue in favor of a development approach that focuses on siting affordable housing more equitably across the region and encouraging neighborhood economic expansion rather than prioritizing efforts on the preservation of affordability in low-income areas.<sup>78</sup>

The discrepancy in findings between research conducted by CURA and IMO is likely due, in part, to the geographies used for analysis in each study. CURA used census tracts as its unit of analysis, looking at neighborhood change indicators for 198 tracts in Minneapolis and Saint Paul. In contrast, IMO analyzed neighborhoods, dividing Minneapolis into 11 neighborhoods and Saint Paul into 9. Thus, gentrification indicators occurring at the tract level have the potential to be masked when looking at larger neighborhoods. As Figure 5-21 shows, gentrified census tracts often comprise only a part of a neighborhood, the rest of which did not gentrify (Thomas-Dale/Frogstown and Hamline-Midway in Saint Paul and Hawthorne and Whittier in Minneapolis, for example).

As further illustration, IMO’s research defines Minneapolis’ Northeast neighborhood as bounded by the city limits to the north and east, the Mississippi River to the west and I-35W (approximately) to the south. This area includes 13 tracts, six of which CURA shows having gentrified, 1 which did not, and 6 which were non-gentrifiable. Here, and in other parts of the Twin Cities, indications of gentrification may be occurring in some tracts, although they may not be pronounced enough to affect the neighborhood overall as analyzed by IMO.

CURA’s director, Edward Goetz, pointed out the importance of scale in his response to Orfield and Stancil’s comments that rent levels have changed only minimally across Minneapolis from 2000 to 2014: “Citywide median values mask large differences from one neighborhood to the next. Though the after-inflation median rent in Minneapolis only rose 5.6% from 2000 to 2014, it rose 45% in Willard-Hay and 31% in Uptown.”<sup>79</sup> Similar dynamics occurred in Saint Paul, where the median rent rose by only 3.5% citywide but by 31% in Frogstown from 2000 to 2014. According to Goetz, “the objective of our study is to identify where in the cities gentrification pressures are the greatest and where they are less intense.”

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<sup>78</sup> Institute on Metropolitan Opportunity. *Are Minneapolis and St. Paul Gentrifying? Debunking Myths about Neighborhood Change in the Twin Cities*. (January 2016) University of Minnesota Law School.

<sup>79</sup> Edward Goetz, “Counterpoint: Criticism of study on gentrification missed key points.” *StarTribune*. December 7, 2016.

## Displacement and Loss of Affordable Units

Displacement occurs when housing or neighborhood conditions force residents to move out of a neighborhood they currently occupy, or prohibit people from moving into a neighborhood that previously would have been accessible to them. In presenting its gentrification study, CURA identifies four forms of displacement, originally described by Peter Marcuse in Washington University's Journal of Urban and Contemporary Law:

- Last-Resident Displacement: A low-income household “involuntarily” displaced from a housing unit they would otherwise could afford;
- Chain Displacement: Multiple low-income households displaced from the same housing units over time as the neighborhood changes;
- Exclusionary Displacement: Low-income residents prevented from moving into a neighborhood by rising housing costs; and
- Cultural Displacement: When family, friends, local businesses are forced to leave and rents rise. This puts pressure on similar families to leave as well.<sup>80</sup>

Longitudinal studies have attempted to measure last-resident displacement, but have faced difficulties distinguishing between “voluntary” and “involuntary” moves and in tracking transient low-income households. Qualitative methods can be used to understand small-scale patterns of neighborhood change but do not allow for larger-scale findings about physical displacement.<sup>81</sup>

Absent data on displacement in the Twin Cities region, this section presents research conducted by the Minnesota Housing Partnership regarding apartment property sales and potential resulting losses in unsubsidized affordable units in the metro areas. While apartment property sales do not necessarily lead to displacement, they are often accompanied by upgrades and rent increases that make them unaffordable to existing low- or moderate-income residents and unattainable to new households who otherwise may have considered renting there. For example, sale of the Crossroads at Penn in Richfield in 2015 resulted in upgrades and rent increases such that less than a year later an estimated 80% of tenants had moved out.<sup>82</sup>

In *Sold Out*, the Minnesota Housing Partnership (MHP) examines sales of multifamily properties to determine potential impacts on the availability of unsubsidized affordable housing, defined as private market units without government subsidy that are affordable to households earning 50 percent of the area median income. According to a 2013 report, these units made up between 57 and 74% of multifamily rental units in the Twin Cities region.<sup>83</sup>

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<sup>80</sup> Marcuse, Peter. *Gentrification, Abandonment, and Displacement: Connections, Causes, and Policy Responses in New York*. (1985) Washington University Journal of Urban and Contemporary Law. Volume 28 p. 195.

<sup>81</sup> CURA.

<sup>82</sup> Minnesota Housing Partnership. *Sold Out* (October 2016).

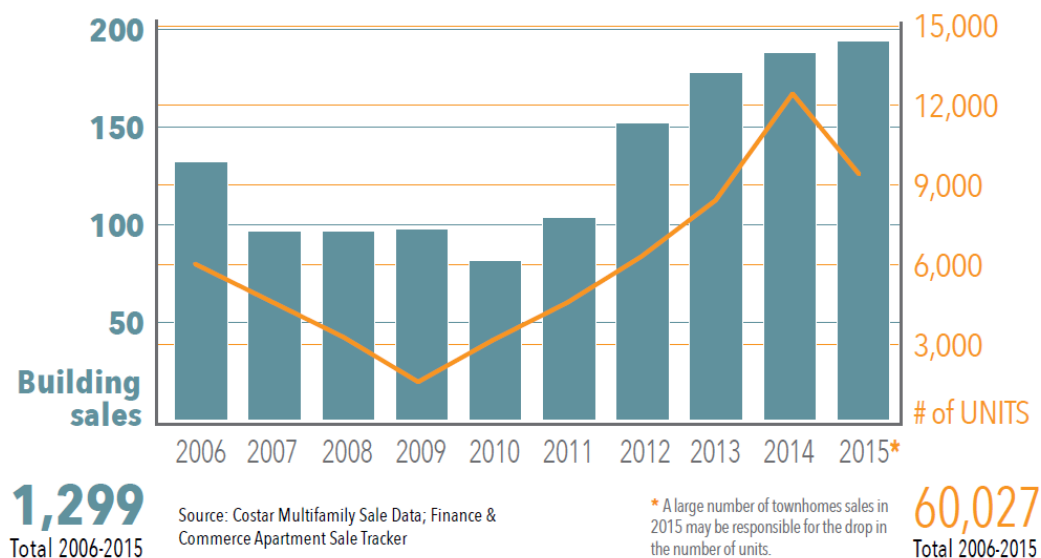
<sup>83</sup> Minnesota Preservation Plus Initiative and One Roof Global Consulting, *The Space Between* (June 2013).

MHP's research shows that from 2010 to 2015 the pace of apartment sales increased considerably. While there are potential benefits associated with these sales, such as extending the life of aging rental units, improving management operations, and improving public perception of rental housing through property renovation, concerns also exist. New owners may upscale the property, adding amenities and renovations that appeal to higher income renters but also increase rents. Along with higher rental rates, new owners may also adopt policies that preclude existing tenants from staying, such as refusing to accept housing choice vouchers, reducing occupancy limits, and changing policies regarding credit history, history of late payments, or background checks. Additionally, sales that results in rent increase can contribute to demographic change at the neighborhood level by reducing housing options for low-wage workers, young families, and retirees.<sup>84</sup>

According to findings presented in *Sold Out*:

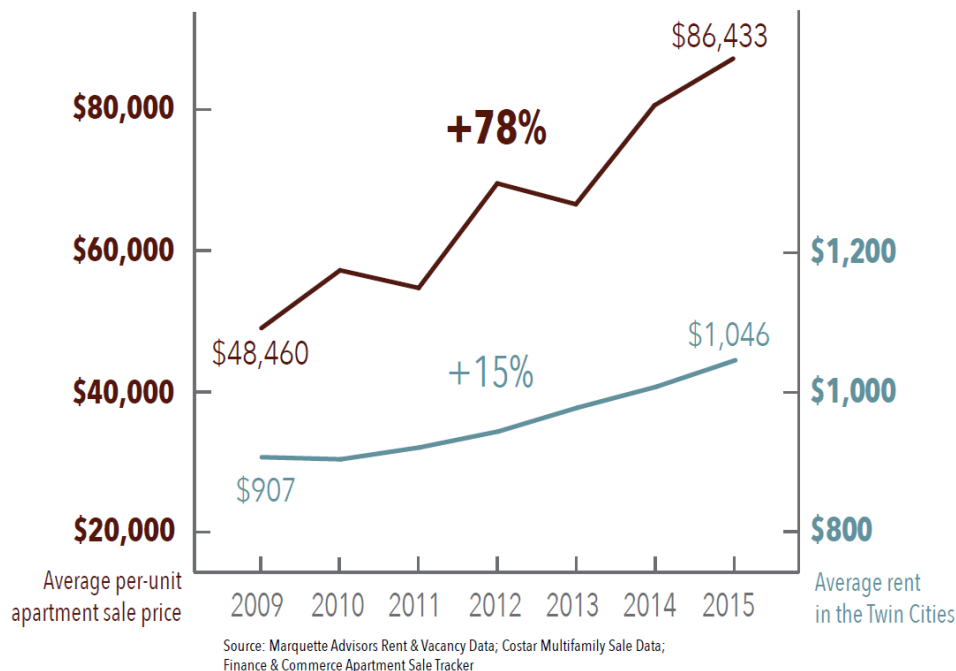
- About 19,900 units in 370 properties were sold during 2014 and 2015, and increase of over 147% compared to 2010 and 2011. In that six-year period, over 11% of the region's rental housing stock was sold (see Figure 5-22).
- Average per-unit sales prices (shown in Figure 5-23) increased by 78% going from \$48,460 in 2009 to \$86,430 in 2015. Average rental rates in the region increased by 15% over this time period, from \$907 to \$1,046.

**Figure 5-22. Number of buildings and units sold per year (from *Sold Out*)**



<sup>84</sup> Minnesota Housing Partnership.

**Figure 5-23. Rent and per-unit apartment sales (from *Sold Out*)**



- Multifamily sales in Minneapolis and Saint Paul constituted 61% of property sales and 38% of unit sales regionwide from 2010 to 2015. The average number of units per property sold was 29 in Minneapolis and 35 in Saint Paul. In contrast, the average number of units in suburban property sales was 78. This difference makes sales and their impacts easier to identify in suburban communities while upscaling and any related displacement in Minneapolis and Saint Paul is more difficult to track and less of a visible disruption.
- As Figures 5-24 through 5-26 show, sales in 2010 and 2011 were fairly evenly distributed across Minneapolis and Saint Paul. Beginning in 2012, they clustered in south Minneapolis in Whittier, Lowry Hill East, Stevens Square, and Phillips West. In Saint Paul, clustering occurred along the I-94 corridor in Summit-University, Union Park, and Macalester-Groveland, Hamline-Midway, and Thomas-Dale/Frogstown. A total of 10,207 units in multifamily properties were sold in Minneapolis and 6,364 in Saint Paul over the six-year period.
- There were sales throughout the suburban region, with clusters in northern, western, and southern Minneapolis suburbs. Outside of Minneapolis and Saint Paul, most sales (by number of units) occurred in Eagan (1,736), Plymouth (1,261), and Minnetonka (1,124).



- When compared to total rental stock, sales in Little Canada were the highest – 53% of its 1,767 rental units were sold from 2010 to 2015. Other municipalities with a high sales rate include Burnsville (43% of 8,641 rental units) and Woodbury (34% of 5,363 units).
- Apartment sales occurred disproportionately often in moderate income census tracts (defined in MHP’s report as those with median incomes between \$40,000 and \$60,000). Forty-seven percent (47%) of sales occurred in these tracts, yet they contain only 36% of the region’s rental units.
- Sales were also disproportionately likely to impact moderate income tracts with racially diverse populations. MHP defines a tract as racially diverse if white residents make up no more than 74% of the population, which is the average tract-level population share of white persons regionwide. Thirty-one percent (31%) of unit sales occurred in these tracts though they contain only 23% of rental housing. According to MHP, apartment property sales that result in increased rents may restrict the ability of low-income households, including people of color, to find affordable housing in moderate-income neighborhoods.

Figure 5-24. Property sales in the metro area, 2010 to 2015 (from *Sold Out*)

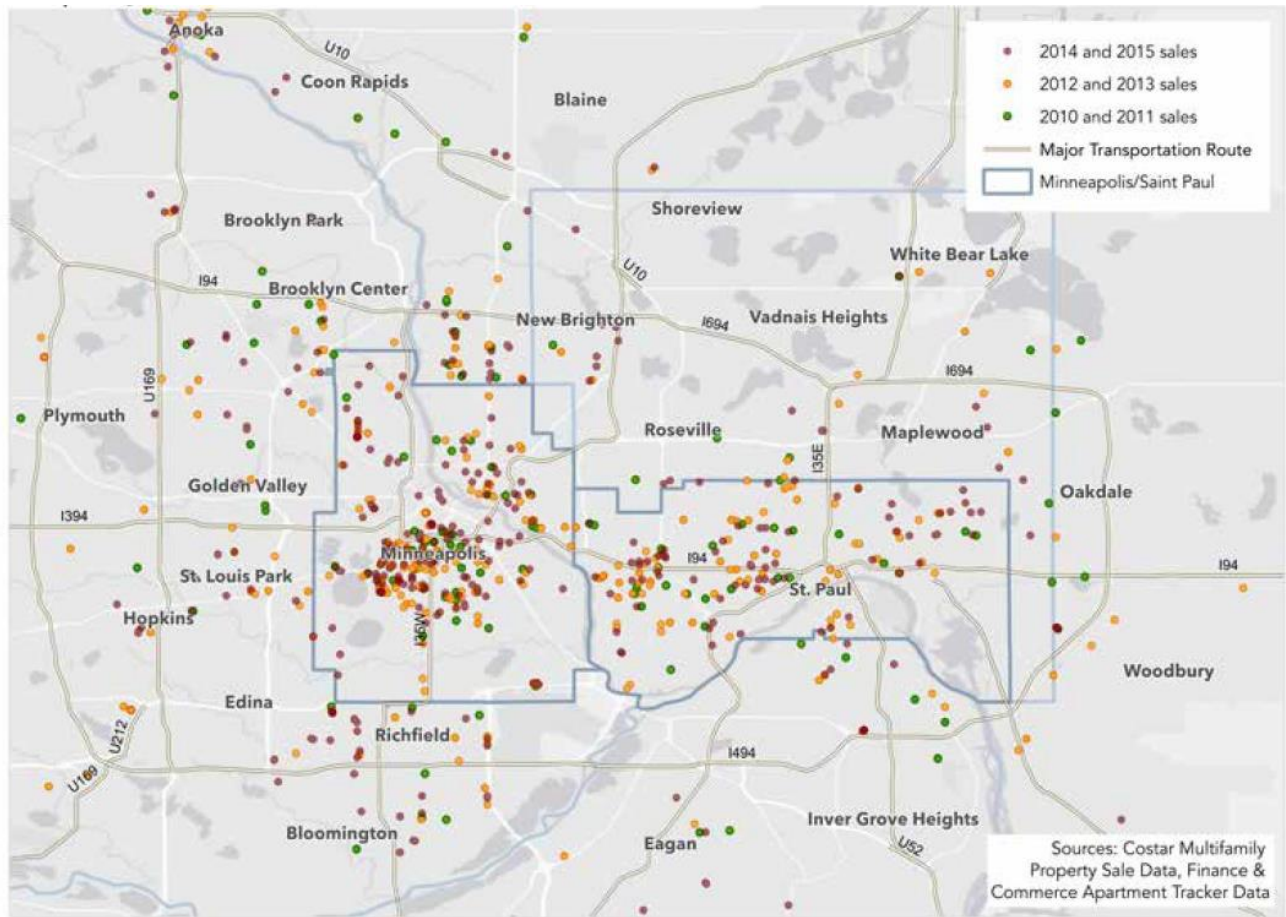
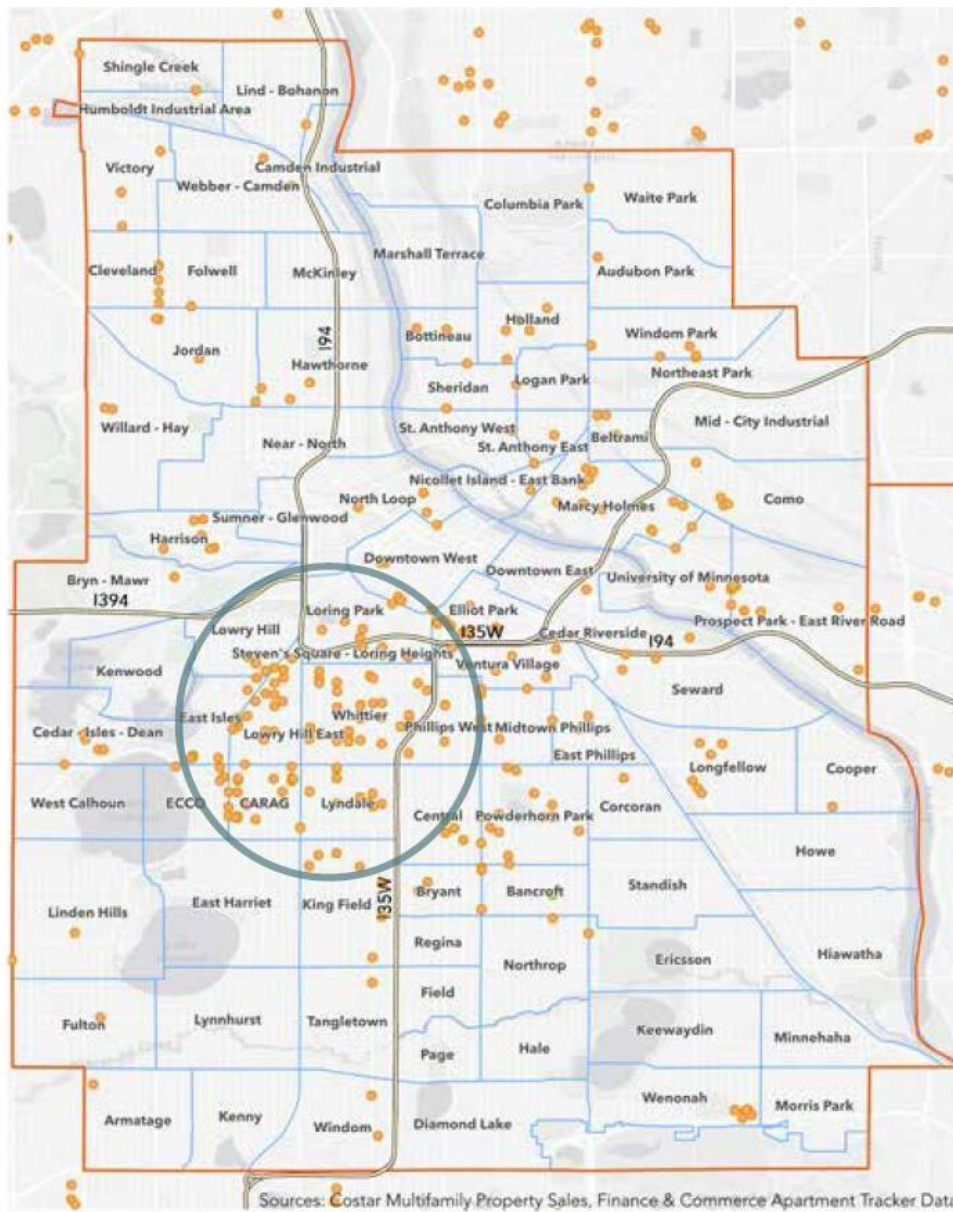


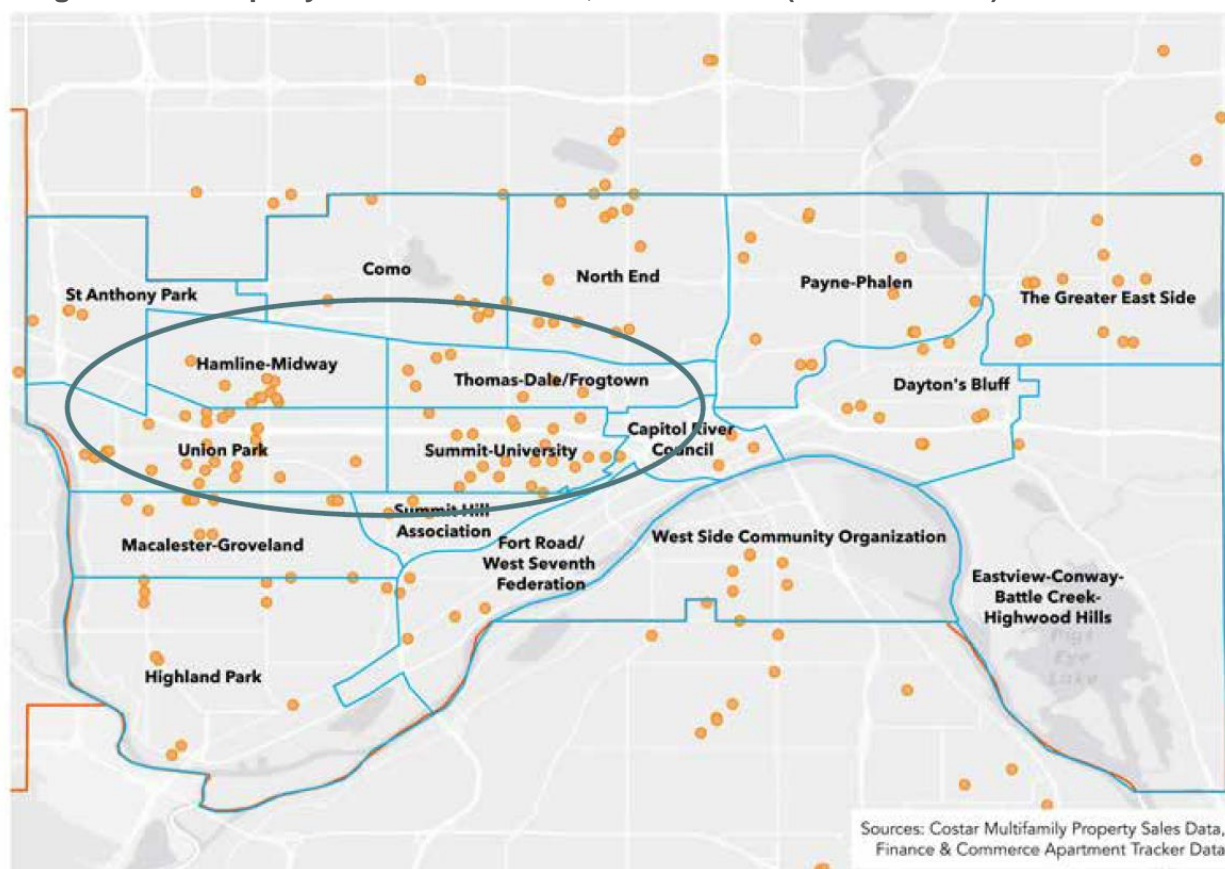
Figure 5-25. Property sales in Minneapolis, 2010 to 2015 (from *Sold Out*)



In response to the loss of unsubsidized affordable rental units, the Greater Minnesota Housing Fund created the NOAH (Naturally Occurring Affordable Housing) Impact Fund which relies on funding from foundations, banks, and local and regional governments to finance preservation on affordable rental housing. In a pilot project, GMHF required units to remain affordable to households at 60% of the area median income and to accept vouchers for at least 15 years.<sup>85</sup>

<sup>85</sup> Minnesota Housing Partnership.

Figure 5-26. Property sales in Saint Paul, 2010 to 2015 (from *Sold Out*)



Other advocates have focused on empowering residents of properties that were sold and upscaled. On behalf of tenants of the Crossroads at Penn, the Housing Justice Center filed a complaint against the owners of the Concierge, claiming upgrades and higher rents had a disparate impact on people of color and persons with disabilities, both protected classes under the federal Fair Housing Act. As of the summer of 2016, a federal judge refused to dismiss the case, ruling that the plaintiffs had valid reasons for the suit.<sup>86</sup>

### Unlawful Detainers and Evictions

Community members and fair and affordable housing advocates who provided input for this Addendum frequently identified unlawful detainers/evictions as a housing barrier. In addition to expelling tenants from their home, people with an eviction on their record can face a lasting difficulty obtaining new housing. According to public outreach participants, rental options for those with an eviction are often restricted to lower quality housing with poorer property management but less rigorous tenant screening processes.

<sup>86</sup> Reinan, John. "Judge refuses to dismiss lawsuit by low-income residents of Concierge Apartments in Richfield." *StarTribune*. July 6, 2016.

To analyze the prevalence of evictions in Minneapolis, the Minneapolis Department of Regulatory Services contracted HousingLink and HOME Line to review data regarding location, processes and outcomes, and reasons for evictions. *Evictions in Minneapolis* shares their findings based on a review of 200 randomly-selected eviction cases filed in Minneapolis in 2015. According to this report, over 3,000 evictions are filed in Minneapolis in the 4th District Housing Court each year. The largest concentration is in North Minneapolis; in two ZIP Codes there (55411 and 55412) between 45-48% of renter households experienced a filing in the past 3 years.<sup>87</sup>

Other findings that may help to shape efforts to reduce eviction filings or improve outcomes for tenants include:

- Non-payment of rent is the basis for nearly all evictions (93%). Tenants were an average of 2 months behind at the time of filing and owed a median of \$1,700 (including court fees).
- Two-thirds of cases end with tenant displacement either due to an eviction judgment (50% of cases) or as part of a settlement (16% of cases).
- Tenants do not show up for a hearing in one-third of cases. When only the landlord shows up, a writ of recovery is issued in 89% of cases. In comparison, when both the tenant and landlord attend, 83% of cases are settled.
- Settlements result in tenants remaining in their homes in 31% of cases, and moving out as part of the settlement in 28% of cases. The largest share of settlements, however, end with a writ of recovery being issued at a later date (39%).
- Eviction filings peak in summer months (from June through August).
- A large share of evictions are filed by a few owners. Of the cases examined by HousingLink and HOME Line, 27% were filed by ten owners. Of owners or management groups with ten or more eviction cases, six filed evictions for more than one-half of the rental units they manage.
- Looking at evictions in Hennepin County from 2009 to 2015 shows that largest concentration of cases are in North Minneapolis, Brooklyn Center, and Brooklyn Park, areas where more than half of residents are people of color.<sup>88</sup>

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<sup>87</sup> Minneapolis Innovation Team. *Evictions in Minneapolis*. (July 2016)

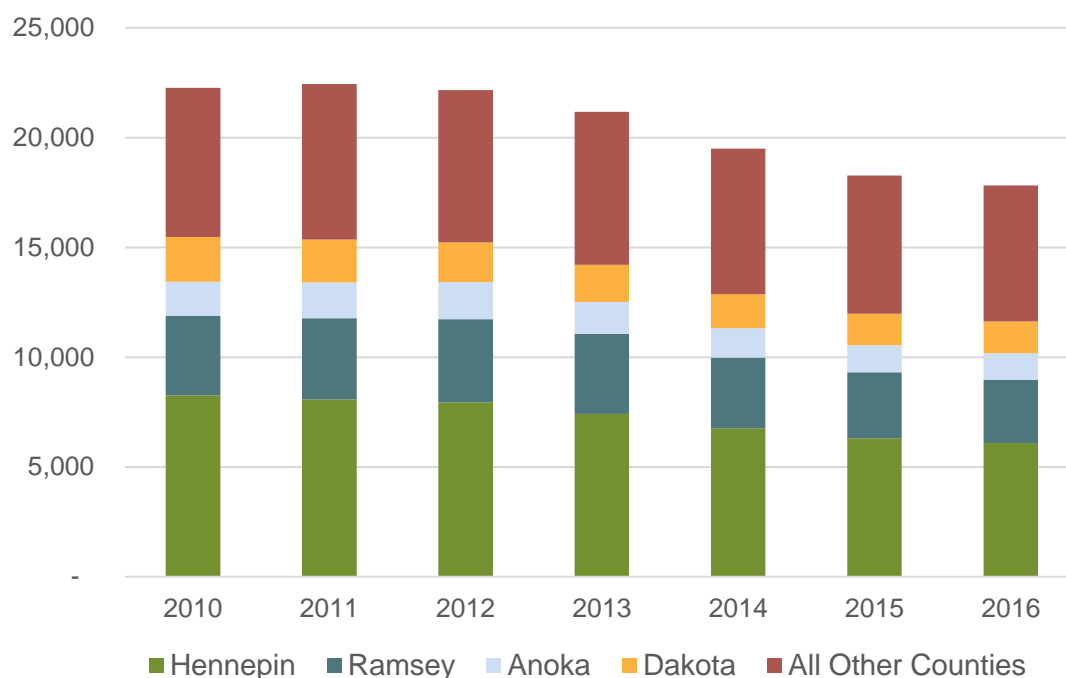
<sup>88</sup> Minneapolis Innovation Team.



Information about landlord-tenant rights, eviction proceedings, and rent withholding related to repair issues may help residents avoid displacement and difficult obtaining housing in the future due to eviction proceedings. Additionally, emergency rental assistance may be a source of relief for households facing financial setbacks such as illness or a job loss.

The Minnesota Housing Partnership provided data regarding unlawful detainer filings for the state of Minnesota over the last seven years. As shown in Figure 5-27, filings have fallen statewide since 2011, likely reflecting national and statewide economic recovery following the Great Recession. Together Hennepin and Ramsey accounted for half of statewide filings in 2016; Anoka and Dakota Counties each made up 7-8%. All four counties saw a decline in filings since 2010, ranging from a 20% fall in Ramsey County to a 29% fall in Dakota County.

**Figure 5-27. Unlawful Detainers**



Source: Minnesota Housing Partnership.



## VI. Community Perspectives

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Parallel to the research and analysis related to the AI Addendum, a comprehensive community engagement process was conducted to ensure broad and diverse public input into the Addendum. Data gathered from the community engagement process is combined with analysis of empirical data from a variety of sources to inform the Addendum's conclusions and recommendations.

To ensure the community engagement process would be robust and inclusive of underrepresented communities most likely to have experienced housing discrimination, the Minnesota Housing Partnership (MHP) was contracted by the Fair Housing Implementation Council to direct a microgrant program. The program solicited applications from organizations with diverse ethnic and cultural constituencies and funded 17 grants of up to \$4,500 each to cover the costs of facilitating community meetings, focus groups, listening circles, one-on-one conversations, and surveys as appropriate to best reach the grantees' constituents in a culturally appropriate manner.

Input from community engagement events facilitated by the following organizations has been considered in the analysis presented in this report:

- African Career Education and Resource, Inc. (ACER)
- American Indian Family Center
- Asamblea de Derechos Civiles
- Community Action Partnership of Ramsey and Washington Counties
- Community Stabilization Project
- Comunidades Latinas Unidas En Servicio (CLUES)
- CROSS Services
- Hispanic Advocacy and Community Empowerment through Research (HACER)
- HOME Line
- Interfaith Outreach and Community Partners
- Khyre Solutions
- Loving Spirit Holistic Services
- Metropolitan Interfaith Council on Affordable Housing (MICAH)
- Native American Community Development Institute (NACDI)
- New American Academy
- One Family One Community
- Whittier Alliance

In addition to the input collected by these organizations, the Metropolitan Council provided 707 coded survey responses from the community engagement effort associated with the

2014 Analysis of Impediments. Narrative responses to open-ended survey questions were considered in this analysis as additional public input, however the 707 respondents to the 2014 survey are not counted among the participants in the engagement process structured around the AI Addendum and are not included in the participant demographics described in the following section.

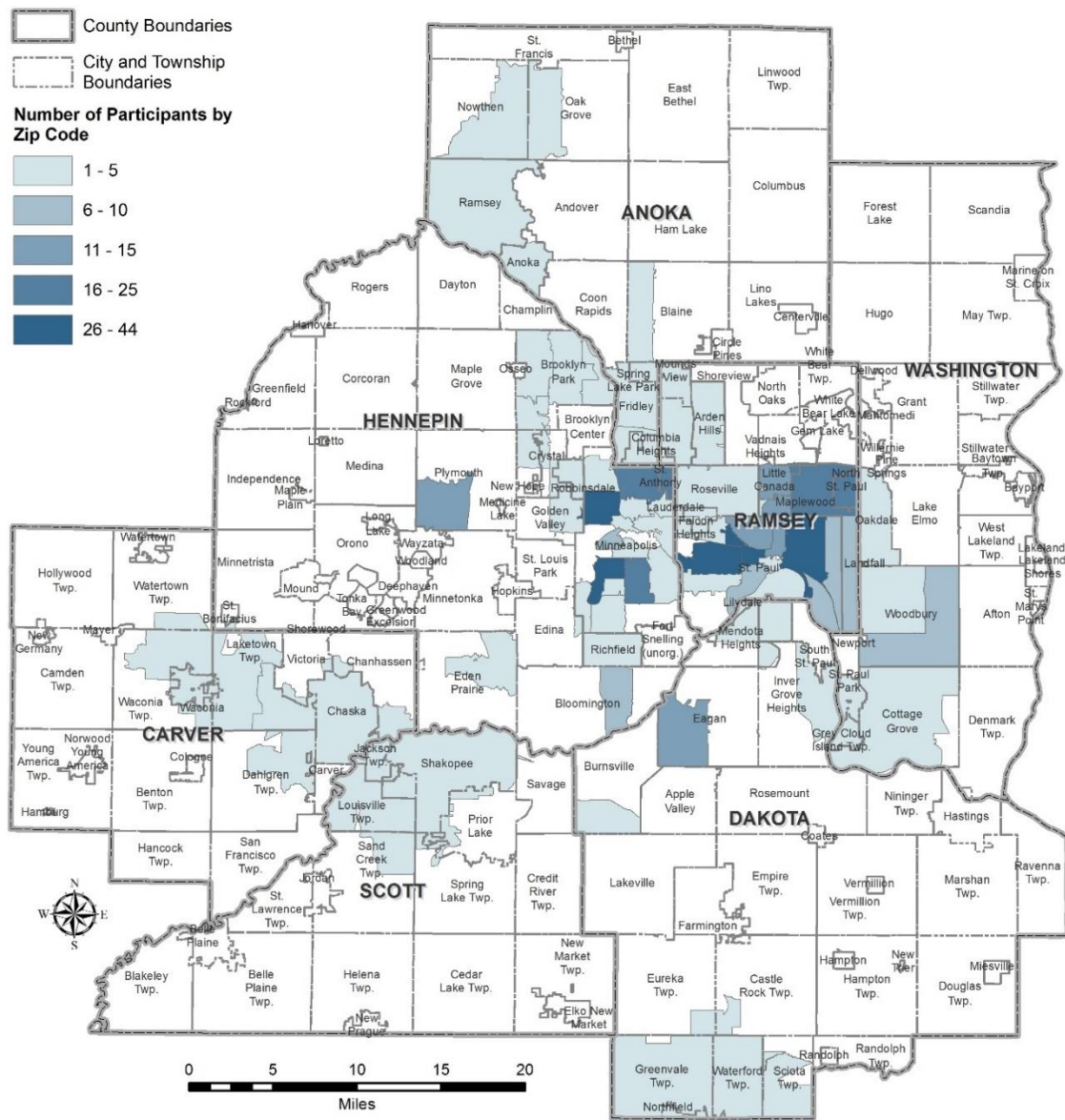
## Participant Demographics

Participants in the community engagement events were each asked to complete a short form collecting key demographic data. This was a necessary step to document accountability to the ideal that the engagement efforts reflect the diversity of the Twin Cities and that they specifically include representatives of communities most likely to confront discrimination and other barriers to housing choice. These forms were anonymous and did not request names, addresses, or other personally-identifiable information. Demographic information was collected for 463 participants, 56% of the 824 total participants reported by engagement facilitators to have attended the meetings or other engagement events.

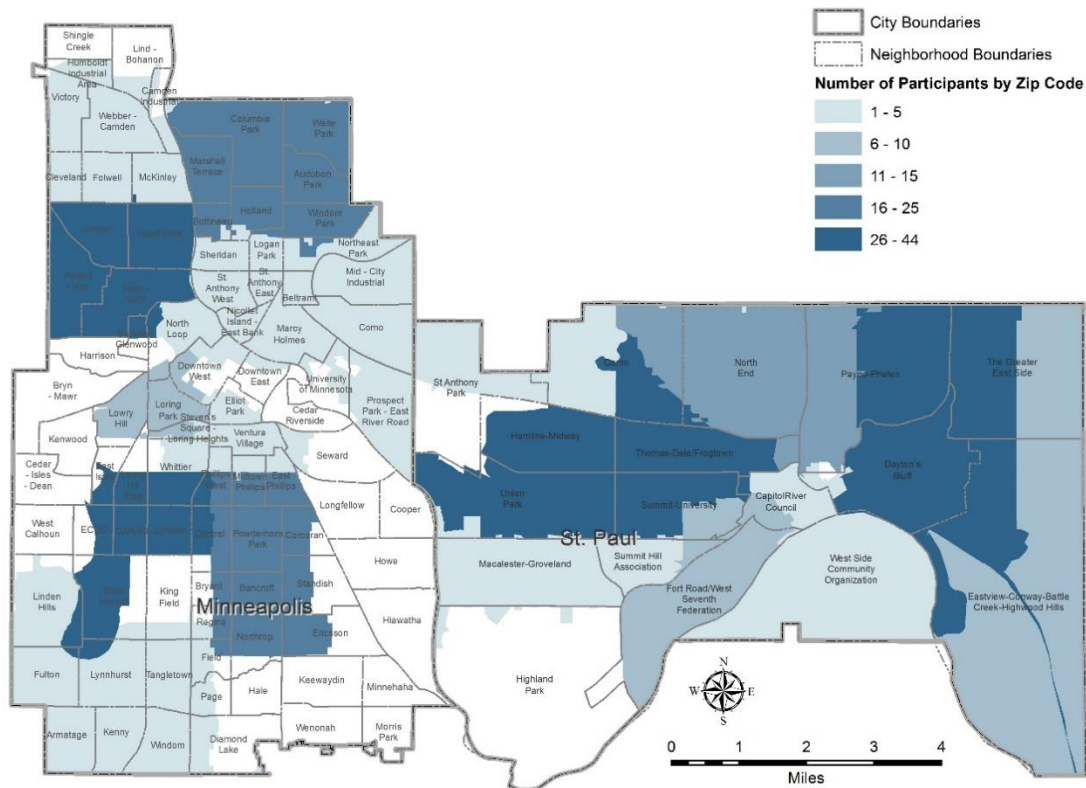
### Geographic Representation

Of the 463 participants who completed the demographic form, 413 provided their ZIP code. Sixty-one different ZIP codes were represented, accounting for parts of all seven counties in the study area, although 43 of them were cited by five or fewer participants. Those ZIP codes with the most participation were 55103, 55104, 55106, 55404, 55411, and 55408 each with 26 or more participants. These six ZIP codes roughly represent the Willard-Hay, Hawthorne, Jordan, Near North, Whittier, Lyndale, CARAG, and Phillips neighborhoods in Minneapolis and Union Park, Hamline-Midway, Summit-University, Frogtown, Payne-Phalen, and Dayton's Bluff in Saint Paul.

Figure 6-1. Fair Housing Engagement Records by Zip Code



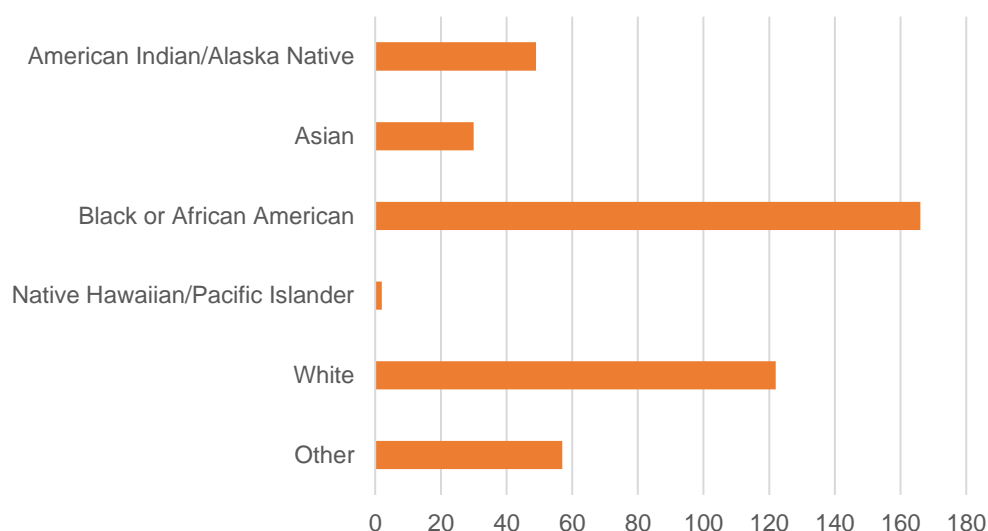
### Figure 6-2. Fair Housing Engagement Records by Zip Code



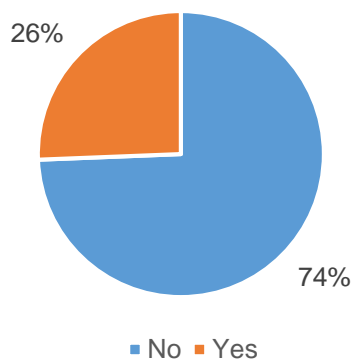
### Racial and Ethnic Composition

Of the 463 participants who provided demographic data, 426 identified their race and 359 reported whether or not they identified as Hispanic or Latino. The largest share (39.0%) of participants were Black or African American. The sizeable Other category (13.4%) includes many participants who identified their ethnicity as Hispanic or Latino. Asians made up just 7.0% of the participants who provided individual demographic information however, based on reports submitted from meeting facilitators, three gatherings of Lao and Cambodian residents totaled 74 participants who would likely identify as Asian, but who did not provide demographic records. Adding these meeting attendees which would put the share of Asian participants at 21%. More than a quarter of participants identified as being Hispanic or Latino.

**Figure 6-3: Racial Composition of Participants**



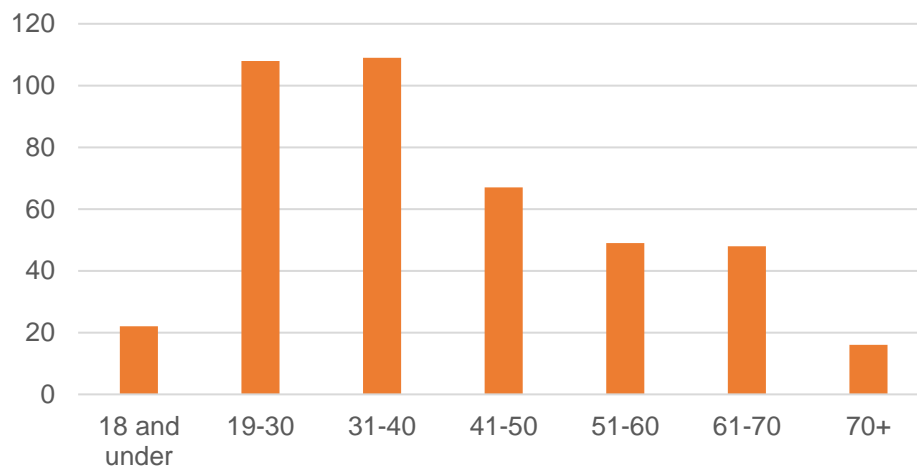
**Figure 6-4: Participants Identifying as Hispanic or Latino**



### Other Demographics

The age of participants tended toward the young end of the spectrum, with the 31-40 year old segment being most represented. More than half of the participants (51.8%) were between the ages of 19 and 40. Twenty-two participants (5.3%) reported that they were age 18 or younger while 15.3% were over age 60.

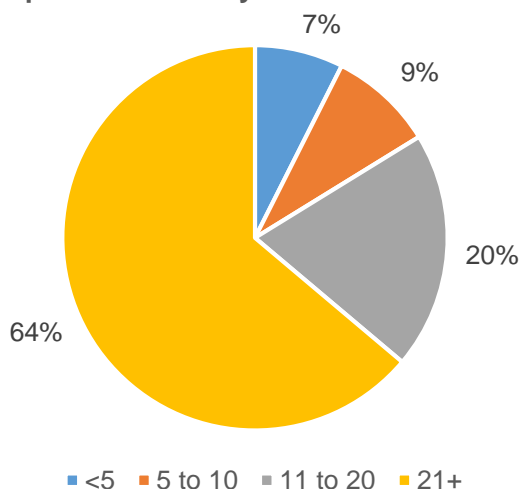
**Figure 6-5: Age of Participants**



Despite the diversity of participants overall and the significant inclusion of immigrant and refugee communities, most who contributed demographic information were not new Americans. Nearly two-thirds (63.9%) of engagement participants had lived in the United States for more than 20 years and another 20.0% more than 10 years. Meanwhile, only 7.4% of participants had lived in the U.S. for under five years.



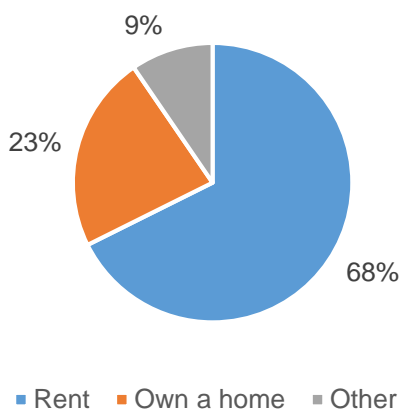
**Figure 6-6: Participants' Residency in the U.S.**



#### Household Characteristics

Over two-thirds of participants in the engagement process (67.6%) were from renter households while 9.6% were neither renters nor homeowners. Often these “Other” responses were from people reporting that they were homeless, lived in a shelter or some sort of transitional housing program.

**Figure 6-7: Tenure of Participants**



Regarding household income, a majority of the participants had annual household incomes of under \$25,000. The largest share of participants (31.9%) fell into the category of receiving under \$10,000 per year in annual income. More than half (51.4%) received less than \$25,000 and just 8.1% received \$75,000 or more.

Figure 6-8: Household Income of Participants



## Theme Analysis

Analysis of notes and summaries from community meetings and other engagement events as well as reports prepared by engagement facilitators conveying their overall impressions and insights resulted in the formulation of 14 different themes. These are described in some detail in this section of the report, along with key representative quotes.

### What People Look for in a Neighborhood

- *“Location [Southgate Mobile Home Park in Bloomington] doesn’t get better than this, school, pharmacy, is close to everything- cheapest apartment here for one bed room is \$900 and I can’t afford to pay that kind of money.”*
- *“I live in North Minneapolis and it is violent, people can be disrespectful. Everything is expensive, groceries, the bus, medication and rent. What I like about living over north I can get around to Cub store for food. What I don’t like is people treat you with no respect because you live over north. Our neighborhood is not safe.”*
- *“We like the neighborhood where we live because there are lots of Latinos and people who speak Spanish.”*
- *“Transportation is a big issue, and there is limited transportation for the elderly. Bus stops are too far away and they don’t feel safe.”*
- *“Maplewood – I like it because it is small but big. Finding jobs out there is hard. I only saw one race and I felt discriminated against.”*
- *“I live in North Minneapolis not too far from North Regional Library. I like living around my people even through it is poverty stricken. My neighbors are a mixture of different cultures. I like my neighborhood because stores are close by my house and the bus line is near the corner.”*
- *“Love the Elders Lodge because there is such a mix of cultures...I think people in the neighborhood are nice.”*

- *“Transportation. I mean, I drive, but my brother did not have a car and he had to get up at 4 am to wait for the bus...[and] stay two hours [after work] just to catch the 6 pm or 5:30 om bus back.”*
- *“I like Oakdale. I moved out here originally from Saint Paul. I like the suburbs better than the City. I don’t like the limits of location of the stores and public transportation. It’s really hard for people that don’t drive to get around this city.”*
- *The problem is the school does not have people of color to teach our kids.”*
- *“We drove through the neighborhoods and I liked it. It’s quiet and you have shopping centers within walking distance, that’s what I like...we walk to school and I like the school system.”*

It is clear from analysis of the engagement data that the question of what constitutes opportunity, the systems and structures people rely on to get ahead in life, yields a variety of responses. Some participants described the value of features existing in communities unlike their own; quiet places with better schools, more jobs, and less crime. Others acknowledged flaws in their own communities, but recognized that they still had much to offer in terms of social structures, familiarity, a sense of belonging, proximity to shopping, and public transportation. Proximity to resources such as malls, grocers with fresh food, ethnic food markets, and religious institutions were all named as important factors in choosing a place to live. Good transportation is not available in all areas and the elderly and disabled are particularly impacted by access to transit. Young adults who have faced homelessness emphasized the importance of transit access to between housing, community support services, and job opportunities with livable wages.

Residents at one of the community meetings were especially unified in reporting that schools in their community were of poorer quality than those elsewhere, that quality education was hampered by violence and a lack of security in the schools, and that school bus transportation was insufficient to meet their needs. Despite these concerns, many of these residents expressed appreciation for their proximity to hospitals and family members which together comprise an important safety net for emergency situations.

HUD’s framework for fair housing analysis specifies several dimensions of opportunity (school quality, jobs access, transit access, environmental quality), but these tend to overlook many important alternative concepts of opportunity that tend to exist in abundance in high poverty communities or in neighborhoods where there are clusters of people of similar racial or ethnic backgrounds. For the purposes of this report, it is important to note that the desirability of certain community features is in the eye of the beholder

#### Neighborhood Culture and Diversity

- *“I live in Brooklyn Park because I wanted to live in a racially diverse community.”*
- *“There are people that are Black like me. We live around all people but living around Black people is important to me.”*

- *"There's a lot of Somalis in the neighborhood and that's nice. There's other people here as well and we haven't seen any problems."*
- *"We need to defend our language plus culture. Sometimes we are told English only. We don't want our kids to forget our culture."*
- *"I chose this neighborhood because of the diversity with African Americans, whites, Latinos, Native Americans, and Somalis."*
- *"We are segregated. We need to be united as Latino people, because we feel like we don't have a voice if we don't have strength in numbers."*
- *"Food, jobs, culture, language. Yes, it is extremely important for us to live here with our people. Even for jobs we need to live here because we all ride together."*
- *"It's important to me because I have a nephew and he came home from school...and he was like I don't like being so dark. His class is in Kindergarten, there is maybe one or two black kids in the class. And I just think people need to interact with people that look like them, that maybe can understand them better...I try to teach him to be accepting of who he is but it's a constant struggle."*
- *"My neighborhood is really diverse racially. We are more economically segregated – more affluent than the rest of the city."*
- *"Yes, [there are people I culturally identify with]. It has done a lot of good for me. An advocate here helped me with child protection to get my kids back."*

Many engagement participants placed a high value on the diversity of their neighborhood; some specifically sought out diverse neighborhoods in which to live. Participants who lived in diverse neighborhoods often were able to relate anecdotes about ways the diversity had been helpful to them or had helped give them an appreciation for other cultures. Some participants described the value of living in diverse places where their own race or culture was in an extreme minority and the feeling of alienation that can cause.

Some Latino participants felt strongly that their culture was threatened and expressed a value in living together with people who share their culture. This perspective seems to come from a point of view of cultural preservation as well as one of convenience. Groups of Spanish speakers living near one another can retain their language and ensure it is passed on to their children by speaking it around one another. But at the same time, for those who only speak Spanish, clustered communities where Spanish is regularly spoken makes day-to-day life easier.

#### Desire to Stay or Move

- *"If I could afford to live in a better neighborhood, I would like to live in the suburbs close to the cities like Edina, Minnetonka, Plymouth, Woodbury, Oakdale, etc. These neighborhoods provide safety, quieter lifestyle, recreational space, parks and schools and better public services."*
- *"I choose to live over North because there is no place else I can afford."*

- *“Woodbury, Oakdale and West Saint Paul. If rent was affordable and they accept children, then I would love to move out there. I do not have a car so it would be hard for me to move around out there, I would have to have a car.”*
- *“If I were to move to a place like Edina, the [halal] markets aren’t there, I wouldn’t know my neighbors.”*
- *“Kenwood, Minnetonka, Summit Avenue, [but] too expensive and not enough Black culture.”*
- *“I would live in Woodbury, it’s nice and has lots of stores but the buses don’t run all night. I like the way it looks out there with all the twin homes and the shopping mall.”*
- *“This didn’t happen to me, but I have a friend who moved somewhere else and it was horrible. So that’s why I don’t want to move because at least I know this neighborhood and I know the people and what to expect. Sometimes it’s better to live in a place that you know rather than moving to an unknown place.”*
- *“Edina, Anoka and Minnetonka. My barrier would be my criminal background and my credit and I don’t have transportation to move there out there or get to the cities.”*
- *“Here [Lyndale] I know the buses, I can be independent, I have a community. If I moved I wouldn’t have that.”*
- *“I love my neighborhood [Rondo and Frogtown area].”*
- *“I would live in Plymouth. They have a nice school and it would be closer to my kid’s school. It’s quiet and it has nice walking communities.”*
- *“Coon Rapids – If I could afford over \$1,200 in rent, I would live in that area.”*
- *“I like it right here.”*
- *Eagan, Burnsville, Richfield, Maplewood by the Saint Paul border. Not to move back to Minneapolis or Saint Paul. Concerns about crime, safety, and opportunity.*

Engagement participants were narrowly divided on their desire to remain where they live currently versus moving to another community. Among those who would choose to stay, their reasoning tended toward one of two tracks: there were those who loved their neighborhoods and simply did not think they would be happier elsewhere; and there were those who wouldn’t choose to move because of the difficulty and inconvenience of starting over in a new place. Alternatively, there are those who expressed a desire to move, mostly naming suburban communities as the destinations they would choose. One notable aspect of the engagement responses around this issue is that many of the responses from people who would be interested in moving contain a “but”. Residents would like to move, but cannot afford it; but transportation would be an issue; but criminal background checks would make finding a place difficult; but units large enough to accommodate a family would be hard to find. This input suggests that mobility counseling programs could be helpful to help residents negotiate moves and become established in their new communities.

The discussion over the “stay or move” issue is central to this fair housing study. Generally, fair housing planning involves striking a balance between opening up communities of opportunity so people wishing to move can choose housing there while at the same time investing in communities of high poverty so that they too become areas of choice with access

to the opportunities people desire in order to thrive. The public engagement around this issue suggests that there are plenty of residents in both camps.

### Neighborhood Change, Gentrification, and Displacement

- *"In the last few years I have seen my neighborhood change with no affordable housing being built for low income people. I have seen the suburbs' massive affordable housing close and Black folks that were once able to move into Brooklyn Park or Brooklyn Center have now moved back over North Minneapolis."*
- *"The neighborhood has changed a lot since the light rail. Our neighborhood has more of the middle-class people moved in."*
- *"In the last few years, our neighborhoods have become less safe. There has been an increase in police activity and problems related to drugs, violence, and theft have increased."*
- *"I lived in NE Minneapolis but the rents are changing and those prices are displacing people who cannot pay that. People with more resources are moving in."*
- *"The only thing that has changed is that the neighborhood [Southgate Mobile Home Park] feels sad because our homes are being taken away. No one is coming in, but everyone is moving out because we are being displaced."*
- *"I live in Willard-Hay. I have been told that my neighborhood is now gentrified. I am a homeowner, but I support low-income housing and affordable housing. I like that my neighborhood is having more affluent people, it increases my property value."*
- *"It is a quiet area. We moved here despite our house being in bad condition when we first got it, but we invested a lot of money in it, but now we are being displaced."*
- *"Most residents will not be able to afford to live in the new development. People feel these changes are happening because the system does not value them, but rather supports wealthy developers and wealthier residents who would move in."*
- *"[People are leaving] because the landlords don't care about us. Things are broken in the apartment and we call them and they never show up to help us out. There are many other places where they tell you to buy whatever you need and they will reimburse you later. But that doesn't happen here. And they do it because they know we have nowhere else to go."*

The discussion questions about neighborhood change were meant to uncover any trends that would suggest gentrification is occurring and were also designed to facilitate understanding of neighborhoods in decline. Some participants did describe changes in their neighborhoods consistent with gentrification and these residents generally resided in neighborhoods where CURA's research indicated gentrification had happened. Notably, of those who described gentrification-related pressures, not all of them were confronted by displacement as a result. Displacement was certainly a theme in some cases and contexts, particularly related to the redevelopment of the Lowry Grove and Southgate Mobile Home Parks.



## Communication Barriers

- *“Most Karen people [do] not speak English, and some of them don't know how to drive and use public transportation. They have hard time with the language barrier. And they don't know how and where to seek for help, and they don't know how to find and access the resources...For those who need to apply for public housing and Section 8 programs they don't know how to fill out the application, and they don't know how to find and use the resources.”*
- *“We should participate in the neighborhood but it is not accessible. I don't have a car, I'm elderly, the sheets that are sent to us [are] in English, we can't understand them.”*
- *“I feel like there need to be more Somali people that are able to help public housing. We can't be helped by everyone – we need people who speak our language.”*
- *“This is very important to us because we speak the same language and it is easier to seek help when you need it.”*
- *“We don't hang out together. We don't speak the same language there are barriers.”*

With the diversity of the region's residents and the large numbers of immigrants in the Twin Cities, communication barriers are common, both between neighbors sharing a neighborhood, but also between residents and the government and other organizations that serve them. Immigrants and refugees, even those who have lived in the U.S. for some time, may cluster in communities of a common culture and non-English language and are not fluent in English. For these residents, accessing information about public assistance and services is quite difficult. Many government entities employ language access plans and often include a language block at the bottom of some notices with a statement in various languages offering translation and interpretation services if needed. This is an important step that does work to bridge language barriers, but it also assumes that the paper gets into the hands of someone who can read the language access statement and has the resources to request and coordinate translation assistance. Additionally, some cultures embrace a more oral tradition and written instructions or the completion of written forms is challenging even if they are written in a recognizable language.

## Housing Needs of Immigrant Communities

- *“I know renters that are undocumented and they receive very disadvantageous leasing contracts.”*
- *“In some places, there is abuse of authority by the administrators, if you complain they retaliate against you and they threaten you with immigration.”*
- *“To receive benefits like Homestead tax and renter credit the forms ask for a social security number.”*
- *“Give Latinos more opportunities to have a house without discriminating against us because we don't have credit or are undocumented.”*

Immigrant communities have unique housing needs that are not always recognized by the housing market or by public subsidy and assistance programs. Latinos mentioned the importance of affordable housing units three or more bedrooms, to house their often-larger families. Size and type of housing is also a factor for many Southeast Asian households, many of which are multigenerational and would like co-located one, two, and three bedroom apartments so seniors could live in their own unit but in close proximity to the children and grandchildren. The tenuous residency status of undocumented immigrants makes them subject to abuses by landlords and gives them little recourse for fear they may be turned in to immigration authorities.

#### NIMBYism and Discrimination by Neighbors

- *“Most of the discrimination we face is at the hands of other residents.”*
- *“People are fearful, especially with the political climate and the hate against Muslims.”*
- *“No major problems, no harassment. Some people being weird, but nice overall.”*
- *“I used to live in west Bloomington, a mostly white part of the city. I was seen differently so I moved to south Bloomington to live with my community. I felt discriminated against, now I feel more comfortable.”*
- *“When we moved out there in Oakdale we went through the full racism...we have been called some names, told we couldn’t read, all kinds of stuff. People just randomly roll past us and say things like ‘I wish you’d die,’ just all kinds of stupid stuff.”*
- *“When I was in real estate and had my open houses, when people walk in and see that I was the agent, they would walk out. When I put my signs out, people would drive by and throw bottles and call me the N word, in Maplewood. I got out of the business.”*
- *“I moved to a nice neighborhood, however what I found was a lot of discrimination from established residents in that community. A neighbor in my block constantly insulting us and telling us to go back to my country.”*

The “Not In My Backyard” (NIMBY) attitudes of some residents have worked to keep communities segregated because people of color or people of Muslim or other faiths were intimidated and not welcomed. NIMBYism was also described as manifesting in community opposition to multifamily or subsidized housing, which would reduce a community’s diversity and also limit needed housing options for lower income residents.

#### Discrimination by Real Estate and Community Development Professionals

- *“I was trying to find a house. I was qualified for a mortgage. The realtor would only show me places in one place of the city. She refused to show me houses where I wanted to live.”*
- *“We will talk in our churches and find out that the same company is charging us Latinos more than whites.”*

- *"I am white and wanted to live in a diverse neighborhood. The realtor kept steering me from a diverse neighborhood to a predominantly white neighborhood."*
- *"A landlord wanted me to give him double deposit and when he found out I had two girls and a boy he told me that the apartment was already taken. This was in North Minneapolis."*
- *"Housing discrimination is happening every day."*
- *"They ask us to send applications for apartments with money, and they take it knowing that they will never rent a place to us. So we just keep on losing money for nothing. Until one day that one friend of mine told me about a Hispanic landlord and she rented to me right away. I paid for the deposit and the rent and that was it. I wish it was always like this."*
- *"This area is pretty liberal, so discrimination is limited."*
- *"I called in on a landlord because he did not fix the sink in the bathroom. When I called the city, he evicted me and this placed me in a shelter."*
- *"A lot of people don't want [to rent] to a big family. A lot of housing says no when they hear the number of kids."*
- *"Brooklyn Park is divided in two. There's an apartment by the city hall they won't let me go there. I have good credit, they have opening, and claimed they didn't. This is intentional to keep the city segregated."*

In describing segregated living patterns, the issue of discrimination by real estate professionals and landlords was discussed. Education for landlords and tenants as to their rights and responsibilities seems to be warranted. Landlord-related instances of discrimination were the most frequently cited and some renter households admitted that they did not adequately understand their fair housing rights. Tenant households related stories of landlords refusing dwellings based on race, ethnicity, and familial status, the latter of which was most often described. Discussion of discrimination on the basis of familial status was prevalent with some participants, particularly Latinos, recounting having been denied apartments due to the number of children they had. Young adults who had previously faced homelessness noted facing discrimination based on age, race, ethnicity, and disability status, along with screening based on credit and criminal histories.

Steering came up frequently and was experienced by white residents and people of color, limiting housing choices to neighborhoods of isolated races or ethnicities. In other cases, landlords were described as limiting available units only to households with certain characteristics or to charging people of color higher rents in order to discourage them from residing in a community. Fair housing testing could be used to attempt a more accurate measure of the scale of these discrimination issues in the community.

## Access to Political and Community Decision Processes

- *“St. Anthony PD and the City Council have no interpreters. We [Latinos] fill the room and there are no interpreters. We had somebody interpreting and the Mayor got upset and said too much noise.”*
- *“Government is like a little box, if you don’t fit in it then you really have to struggle to be able to get anything out of it.”*

Strategies to ensure meaningful access to and participation in public planning and decision-making processes were said to be important to residents. Community participation is an important part of empowering communities and giving them room for self-determination. However, these processes are not often designed to be accessible or friendly to community members. A lack of public transportation to community meetings and other municipal events prevents some residents from becoming more involved. However, despite matters of transportation and language barriers, residents tended to agree that they would like to participate more in their community and political processes if only information was presented in a more accessible manner.

## Fair Housing Rights and Fair Housing Complaint Process

- *“Many times the legal situation does not favor us. You have to pay close attention to everything you sign so that owners don’t take advantage of us. Sometimes when we organize it’s too late.”*
- *“Who is keeping landlords accountable? A lot of people are afraid of retaliation. I was retaliated against for withholding rent because a landlord refused to fix the problem.”*
- *“People are afraid to say anything, they’re afraid of being attacked or having their benefits stopped. There’s an element of fear.”*
- *“Not all of us have time to sue them and spend all the time necessary for that. We can either work or sue them. We don’t have time to do both.”*
- *“Those people that were supposed to help us called someone from the City of Minneapolis and they showed up, wrote a report and told us that we had three days to leave the place. I told them that I had just paid for rent and that we couldn’t leave, but they force us or they would take our children away.”*
- *“If it’s someone on the other end that’s not a person of color, or of your background, they hear as many stories as they want to but they’re never going to experience what you yourself are going through. They act like they care but unless they can relate they don’t care and at some point get tired of hearing your story.”*
- *“People who are experiencing discrimination will contact the Minneapolis Department of Civil Rights and get help and relief.”*
- *“I would contact the MN human rights NCLU/Renters Rights division.”*
- *“To SMRLS [Southern Minnesota Regional Legal Services] & Human Rights”*
- *“We know that there are institutions like CLUES that help the Latino community.”*

- *“I think it is important to have the information available to me so I know that I can go to someone if I have been discriminated against.”*

Throughout the community engagement sessions, the importance of understanding how to address experiences of discrimination, whether and where to file a report, and who to contact for assistance were discussed. Multiple participants noted that they had previously experienced discrimination. In cases where participants described having been discriminated against, many did not know where to turn for assistance. However, due perhaps to the nature of this engagement process, there were notable exceptions, often where the participants would point out the organization facilitating their particular engagement event as the best source for assistance. CLUES, Southern Minnesota Regional Legal Services, Minneapolis Department of Civil Rights, and the Minnesota Department of Human Rights were among the more frequently mentioned.

Despite the role of governmental organizations in addressing matters of housing discrimination, some community members described the negative repercussions that can occur when government authorities are notified of potential violations. In some cases, code enforcement staff may inspect a rental unit and find it to be in substandard condition, which can result in condemnation and the tenant household becoming suddenly homeless.

#### Source of Income Discrimination

- *“Increase the market that accepts Section 8. It is shrinking.”*
- *“The barrier would be the school district and the busing for my kids. If they accept Section 8.”*
- *“I have Section 8 and it is hard to find landlords to take a voucher.”*
- *“My neighborhood has been changed for the last few years because many of my friends, family members and relatives were forced to move out of the city. The existing apartments refused to host families with Section 8 vouchers and city policy are not building new ones.”*

Despite Minnesota state law including receipt of public assistance as a protected class, a 2010 state court of appeals ruling has made that protection virtually impossible to enforce. As a result, landlords and property managers are permitted to reject applicants on the basis of their status as Section 8 (or Housing Choice Voucher, HCV) holders. This was a common concern among not only residents participating in these engagement sessions, but was also communicated by other community stakeholders involved with this project. Landlords refusing to accept vouchers effectively opt their units out of the affordable housing stock even though voucher acceptance does not impact the amount of rent they collect. This issue has serious consequences for fair housing choice.

## Housing Availability: Affordability, Quality, and Suitability

- *"I am homeless again after being in a subsidized program, when the program ended I was displaced and now my son and I are living in various places...The new housing that is built is filled very quickly."*
- *"Limited affordable housing. It is very limited and I think they are doing this on purpose to keep a particular population out of the area because there is no reason why three bedrooms should be \$1600 for 900 square feet."*
- *"I am going to have to end up leaving Washington County to match my budget. There are no three bedroom options."*
- *"Laws and policies make it almost impossible for people with felonies to obtain safe and affordable housing."*
- *"Give Latinos more opportunities to have a house without discriminating [against] us because we don't have credit or are undocumented."*
- *"Require all new housing developments [to] have affordable housing for our community. Four affordable units for every five units for wealthier people."*
- *"We shouldn't have to suffer in substandard housing in order to find somewhere to afford."*
- *"You get Section 8, then get a felony, and then you lose your Section 8 housing. It's hard when you get a house and then lose your house."*
- *"Finishing school is my obstacle to go on to get a job and to get a beautiful home...Landlords want your income to be two to three times more than the monthly rent and without my education I can't get a job that allows me to make that much. The affordable housing waitlist is way too long."*
- *"I was on the Section 8 program but I started working and once your income goes up you start paying full market rent and I am paying full dollar and I am not getting what I would be getting if I was on Section 8 because then they had to paint, it has to be approved. Now it's like I don't have a second voice for me."*

The need for additional affordable rental housing in standard condition was highlighted throughout the community engagement sessions. Respondents noted that their options often consisted of substandard housing or cohousing units because more decent options were not affordable. Some participants felt there was a mismatch between incomes and housing costs and that income was not keeping pace with rent increases. Participants named some communities and neighborhoods where there is virtually no affordable housing to be found at all: Apple Valley, Burnsville, Edina, Forest Lake, Minnetonka, and St. Anthony.

The particular need for housing for large families was expressed as some communities of color tend to reside in large, multi-generational families and have several children. Rental units with four or more bedrooms are difficult to find, often leading to overcrowding. People in transitional housing or shelters faced a particularly acute need as their backgrounds often limit both their housing and employment opportunities, making a transition out of a program into independent housing a nearly insurmountable challenge.



## Homeownership

- *"The truth [is] that most homeowners are upside down on their mortgage or we owe more for our house than what it's worth. Is true for most homeowners in north Minneapolis and that makes it hard to refinance. Foreclosure is one payment away from being homeless."*
- *"There were challenges to buy a house...I was done moving from place to place. Landlords were not taking care of property – roaches, bed bugs, smells, etc. – so I didn't get a place because I wanted to but because I had to. I used the first-time home buyers thing and got my credit up...I got all of these subsidies to ensure that I got to buy a home. I was motivated by anger and wanting a better home for my children."*

There was some limited discussion of the lack of affordable homeownership opportunities, but these discussions were less prominent than concerns about rental housing. Regarding homeownership, one of the participants related a feeling of being devalued and defeated because of not being able to access homeownership opportunities.

## Policy Suggestions

- *"We believe that our community organizations can work with legislators to increase funding for housing we can really afford."*
- *"Citizen engagement [for] sustainable community building and empowerment."*
- *"More regulation is needed. Require rental licenses for single family home rentals."*
- *"Forums are very important to hear the issues so we do something about it."*
- *"Increase the market that accepts Section 8. It is shrinking."*
- *"Empowering people to know they have choices. Educating tenants of their rights before they move in."*
- *"Renters need to be told their rights, and have a representative to support them."*
- *"Cities can play a more active role by enacting local ordinances that protect renters."*
- *"Need to have housing that is suitable for large families."*
- *"Developers should not have housing approved unless they build some affordable units into the development."*
- *Reduce fees: "Tenant fees need to be regulated." "Rental application fees should be abolished."*
- *"Better laws to protect residents." Residents of Lowry Grove tried to exercise a right of first refusal under state law to save Lowry Grove but the law is weak, leaving developers with potential loopholes to displace homeowners without consequence.*
- *"Remove the income guideline...of two to three times their monthly rent."*
- *"Start fining landlords. There needs to be someone who comes out and investigates these landlords."*
- *For youth and young adults, education that teaches basic living skills – credit, how to be a tenant, financial planning and budgeting. In-person help to apply for housing and education benefits.*

- *Scattered site transitional housing for people who need a place to live with little support services.*

The last of the discussion questions asked in most of the public engagement events requested suggestions for policies, programs, or action steps that could be taken by local officials that would help ensure fair housing choice. The suggestions were wide-ranging and included items such as amenities desired in affordable housing developments (playgrounds, exercise rooms, daycare, and walking paths) to very specific policy matters (right of first refusal laws, rental licensing, and inclusionary zoning). Others centered around solutions for better relationships between government staff and officials and residents (community forums, work with legislators on affordable housing, and avenues for greater citizen engagement). The policy suggestions arising from this public engagement process have been considered, refined, and are reflected within the recommendations in Part VIII of this report.

## VII. Equity Analysis

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Data and information has been presented throughout this report around many different issues associated with fair housing and equity. These varied issues intersect and relate to one another in important ways that are further explored in this portion of the Addendum. Data analysis combined with community perspectives and findings from existing works of local research led to the formulation of eight key fair housing issues. The discussion of the identified fair housing issues in this section synthesizes information that has previously been presented in this report and adds further context and analysis.

### How residents value neighborhoods and housing is multifaceted.

Inherent in a discussion of barriers to fair housing choice is an understanding of what community members value in making residential decisions. Typically, this calculus includes factors related to housing itself – cost, size, and condition, for example – along with features of the area where it is located. Schools, ease of travel to work and shopping opportunities, proximity to family and friends, safety and walkability, and access to recreation opportunities are just a few examples of neighborhood characteristics often identified as housing motivators. Unfairly limiting the access people of color or other protected class members have to a full range of housing and neighborhoods illegally restricts their housing choices and the related range of amenities different neighborhoods offer. Simultaneously, fair housing barriers may also exist when resources and opportunities are disproportionately limited in areas where persons of color and other protected class members live now.

In its recently-adopted Assessment of Fair Housing framework, U.S. HUD asks grantees to examine neighborhoods and the relative access they offer to residents of different races and ethnicities on several dimensions: school proficiency, poverty, transit access and transportation costs, proximity to jobs and local labor market conditions, and environmental health. In the Twin Cities region, Metropolitan Council developed a similar model based on a review of approaches used in other metro areas and collaboration with community stakeholders and partner organizations. This Addendum uses Met Council's framework of analyzing neighborhood opportunity levels, the components of which are quality education, proximity to jobs, safety, access to social services and basic necessities, and environmental health. While these five dimensions do not encapsulate the myriad of qualities by which people may judge where to live, they represent a set of public and private sector resources crucial for a neighborhood to thrive. The degree to which they are equally present and accessible throughout the Twin Cities is an important component of fair housing and neighborhood choice for residents there.

A survey of low- and moderate-income households conducted by the Minnesota Housing Finance Agency in 2012 found that two of the dimensions measured by Met Council – low crime rates (safety, in Met Council terminology) and quality schools – are critically important

to both renter and owners as they determine where they would like to live. Low crime rates were rated as critically important by 86.8% of participants from the Twin Cities metro area and quality schools were identified as critical by 70.8%. Living close to family and friends and having low rent or mortgage payments were other important factors identified by survey takers from the Twin Cities region.<sup>89</sup>

During preparation of this Addendum, the FHIC provided microgrants to several community organizations to conduct outreach with local stakeholders regarding their neighborhoods, housing choices, access to resources, and fair housing in the Twin Cities region. Over 800 participants provided input on these topics, including where they want to live and what they like or dislike about their current neighborhoods. Many of the responses describe considerations reflected in Met Council's opportunity dimensions. Crime levels in some neighborhoods are a concern, and several residents describe making a trade-off between safety and convenience. They like their neighborhoods for the access they provide to shopping and other conveniences, often within walking distance, but dislike the prevalence of crime. Others would like to move but are unable to afford housing in safer areas.

Stakeholders also identify access to a good school as an important consideration in housing decisions. Some living in suburban areas, however, noted that while schools there provide a good education, the lack of racial and ethnic diversity impacts their children and can make them feel apart from their classmates because of their skin color or religion. African American parents also pointed out that a lack of racial and ethnically diverse instructors, or of instructors experienced in teaching in diverse classrooms, can impact their children's experience at school even in high-performing districts. For children from Latino, Somali, and Southeast Asian immigrant families, the quality of English-language learning instruction is also an important educational component.

While not specifically named by Met Council as a dimension of neighborhood opportunity, transit access and ease of mobility is a component to its job proximity and social service access indicators. Community stakeholders also name transit access as a consideration in evaluating neighborhoods. When asked if they would like to move and, if so, where, some mentioned suburban locations but note that they would need a car to move there and would no longer be able to carpool to work with neighbors. Other stakeholders mentioned that even in areas with transit, bus schedules and routes can make it difficult get from home to work in a reasonable amount of time, both for adults working full-time jobs and for teens working part-time.

Met Council's indicators recognize social services as a key component to opportunity, and input from community members does as well. For many Southeast Asian immigrants and refugees, connections to their community service centers is very important for cultural contact. However, these connections do not depend on living in close proximity to the center or on public transit access. Very few attendees of the five community engagement sessions

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<sup>89</sup> Minnesota Housing Finance Agency, *Housing Location Preferences of Minnesotans* (February 2012).

at Lao, Karen, and Cambodian organizations had ever used public transit, as they face significant language barriers to understanding the system. Instead, agencies transport community members from throughout the metro areas to their community centers. Thus, housing decisions are based less on center locations and more on affordable housing locations.

Native American community members described a similar dynamic. While some decided to move from the Phillips neighborhood to areas they perceived as safer, with lower property taxes more economic opportunity for their families, they still work along the American Indian Cultural Corridor and return there to continue to engage with the American Indian community.

For a significant number of stakeholders of a variety of racial and ethnic backgrounds, living in a diverse community that includes people of the same racial or ethnic background as them is important. They describe reasons that relate to cultural heritage and passing that heritage on to their children, as well as participating in shared customs and practices with their neighbors. Other reasons relate to resources, language, and assistance from their community. Somali participants noted that neighborhoods with other Somalis typically had halal markets not available in other areas. A few Latino community members had similar comments regarding availability of Latino grocery items and Latino-owned businesses. Some Somali and Latino participants also valued living among people who spoke the same language as them.

While communication was described as a considerable barrier for Southeast Asians who rely on oral rather than written language and have limited English language skills, socialization at community centers means living among other Southeast Asians is less of a motivating factor for them. However, proximity to family members was extremely important, with adult age children often visiting their parents in senior housing daily to help with shopping and other activities.

Somali, Latino, and American Indian participants each noted that living with people of their same race or ethnicity developed communities where people were willing to help each other out. Latinos specifically described assisting one another with transportation needs.

Finally, several African American, Somali, and Latino participants explained the preference for living in diverse areas, including with members of their own race and ethnicity, as a response to racism in white, suburban areas. Many commented with specific examples, sometimes by landlords or real estate agents, and other times by residents. While other stakeholders, including several now living in the suburbs, did not note these problems, it was a common theme in many of the engagement responses.

In addition to describing aspects of a neighborhood they liked or disliked, several respondents described housing features – specifically, size – that they look for. Latinos mentioned difficulty finding affordable housing with three or more bedrooms, and also described instances of discrimination based on familial status by landlords. Size and type of

housing is also a factor for many Southeast Asian households, many of which are multigenerational and would like co-located one, two, and three bedroom apartments so seniors could live in their own unit but in close proximity to the children and grandchildren.

Overall, community input gathered for this Addendum describes a variety of factors that impact decisions about housing. Some of these factors align closely with the opportunity dimensions developed by Met Council, while others paint a much broader picture of what Twin Cities residents, particularly residents of color, value in a community.

### **Residential patterns reflect segregation and differing access to opportunity factors by race and ethnicity.**

Different cities within a region, and different neighborhoods within a city, typically vary in a host of ways: housing types, development patterns, transit and transportation systems, shopping opportunities, public resources and amenities, to name a few. When settlement patterns result in different geographic distributions for different racial and ethnic groups, disparate patterns of access to important resources related to economic and quality of life opportunities for some groups can also emerge.

Three measures of segregation were used to evaluate geographic population distribution in this Addendum. The dissimilarity index, which measures how closely the geographic distribution of one group across a region matches that of another, shows moderate levels of segregation between White residents and African Americans, Latinos, and American Indians. As of 2010, Whites and African American had a dissimilarity index of 0.50, Conceptually, this would mean that 50% of Whites or 50% of African Americans would have to move for those to groups to be integrated across the region. Dissimilarity indices between Whites and other major racial/ethnic groups range from 0.40 for Asians to 0.44 for American Indians. In all cases, segregation decreased since 2000.

The second and third measures of segregation are related. Together they measure the racial composition of the average neighborhood (defined here as a census tract) that White, Black, Latino, Asian, and American Indians live in throughout the region. For a given racial or ethnic group, the isolation index indicates the average share of people of the same race or ethnicity as them in their tract. Exposure indices refer to the average share of people of the other races or ethnicities. Together, the isolation and exposure indices for each group sum to one. For example, in 2010-2014, the isolation index for African Americans was 0.22. The exposure index for Blacks to Whites were 0.54, to Latinos was 0.09, to Asians was 0.10, to American Indians was 0.01, and to people of other races was 0.04. Conceptually, these figures mean that, statistically, the average Black resident lived in a census tract that was 22% Black, 54% White, 9% Latino, 10% Asian, 1% American Indian, and 4% other races.

As of 2010-2014 data, Whites were the most isolated; on average 80% of the people in their neighborhoods were also White. This represented a decline of 13 percentage points since



1990. As a group, people of color live in census tracts where, on average, 40% other residents of color. This value is an 11 percentage point increase since 1990. Such an increase is not surprising, given that over that time period the number of persons of color in the region grew by 242%, while the white population expanded by only 6%. However, it is still above the share of people of color regionally (24.8%), reflecting continued segregation regionwide.

Knowing that geographic distribution varies by race and ethnicity in the Twin Cities region, varying geographic access to opportunity (as indicated by the Met Council opportunity factors described in the previous discussion) will affect access levels for each racial and ethnic group depending on what areas they live in. The discussion and maps of opportunity factors in this Addendum showed that people living in areas of concentrated poverty where at least 50% of residents are people of color generally live in places with the closest proximity to jobs and the highest access to social services. They also live in areas with the low or very low access to quality schools, and elevated exposure to crime and environmental hazards. But what about people throughout the metro area?

In *Choice, Place, and Opportunity*, Met Council calculated the share of residents that live in areas with high or very high access to opportunity by race and ethnicity. Generally, White residents were more likely to have high or very high access to quality schools than any other group. Sixty-four (64%) of white, school-aged children lived in places with high or very high quality schools, more than twice as many as any other group. The disparity was most pronounced between Whites and African Americans, of whom only 16% live in areas with high or very high access.

White residents were also more likely to have low or very low levels of exposure to crime and health hazards. About half of White residents lived in neighborhoods with low or very low exposure levels (48% and 51%, respectively). In comparison, the shares of other population groups with low or very low exposure levels ranged from 24% for African American's exposure to crime to 34% for Asians exposure to crime.

On the last two indicators – proximity to jobs and social services – African Americans are most likely to live in an area with high or very high scores (58% for both indicators). For other people of color, shares with high or very high scores range from 41% for Asians proximity to jobs to 58% for American Indians proximity to social services. White residents had the least proximity to jobs and social services, with 30% and 27% living in high or very high score areas.<sup>90</sup>

As these findings show, residency patterns intersect with the geography of opportunity to limit access for communities of color relative to schools, safety/low crime, and environmental health. While these are certainly not sole determining factors of neighborhood quality, they represent key considerations for economic opportunity and

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<sup>90</sup> Metropolitan Council, *Choice, Place, and Opportunity: An Equity Assessment of the Twin Cities Region* (March 2014).

quality of life, and should be accessible to all of the Twin Cities region's residents. The proceeding discussions will focus on themes around bolstering opportunity within neighborhoods and on reducing barriers to mobility regionwide.

### **Areas of concentrated poverty require coordinated place-based investment to increase opportunity for residents.**

Ensuring fair housing choice typically requires a two-pronged planning approach: one strategy involves facilitating the mobility of residents so that those wishing to relocate to communities with improved opportunity may do so; the second piece involves making focused investments in places of concentrated poverty to boost opportunity for residents who cannot or choose not to relocate. Areas of concentrated poverty where at least 50% of residents are persons of color (ACP50s) are scattered throughout Minneapolis and Saint Paul and in some inner-ring suburbs. While 3.8% of the region's white residents lived in such a tract, these areas were home to 26.8% of the region's people of color. In Saint Paul and Minneapolis, these differences are even more dramatic. Immigrants are also more likely to live in an area of concentrated poverty with people born outside the U.S. 1.5 times more likely to live in high poverty tracts than the population generally.

Residing in a high poverty community can have negative effects on physical and mental health and often leads to poorer educational outcomes, as described in Met Council's *Choice, Place, and Opportunity*. For example, on the 2011 National Assessment of Educational Progress (NAEP) given to fourth graders in math, low-income students attending schools in affluent areas scored approximately two years of learning ahead of low-income students attending schools in high poverty areas. A lack of quality affordable housing in high poverty areas can influence student performance (and, ultimately, indicators of school quality) by contributing to high mobility, homelessness, unsafe or unhealthy housing conditions, and other forms of instability that inhibit learning. Over generations, these sorts of educational disparities reduce income potential and impede economic mobility. Yet in the suburbs, where access to quality schools is highest, it is white residents who make up the clear majority of the population; no community with high or very high access to quality schools is less than 70% white, and most are over 80%.

Along with poorer school quality, living in an ACP50 tract also tends to increase exposure of residents to crime. In Minneapolis and Saint Paul, nearly all ACP50s were classified as having medium to very high levels of exposure to crime. The ACP50 tract in Brooklyn Center has high exposure to crime, but the cluster to its north in Brooklyn Park as well as the Richfield/Bloomington ACP50s south of Minneapolis, also had medium to low exposure. Minnesota Housing Finance Agency conducted a survey in which 85.3% of participants said that a low crime rate was a critically important in their choice in where to live.

Another important factor correlated with areas of concentrated poverty is jobs access. The data presented earlier in this report showed that ACP50 tracts generally had excellent proximity to jobs, however living near jobs does not necessarily equate with being able to

access them or earn enough to cover living expenses. Educational attainment data shows disparity by race and ethnicity, which may impact residents' abilities to obtain employment. Non-Latino whites are twice as likely as African Americans to hold a four-year degree, 2.3 times as likely as Latinos, and 4.2 times as likely as Native Americans.

Meanwhile, input received from community members participating in public engagement sessions indicates that many immigrants and refugees from Southeast Asia have limited or no English language skills, constituting a severe limitation on their employment possibilities. As mentioned in the analysis of schools access, limited exposure to a wide range of occupations may also limit the types of jobs Southeast Asian immigrants, refugees, or their children chose to apply to. In addition to these obstacles, undocumented immigrants also face challenges in obtaining gainful employment given that they lack proof of eligibility to work in U.S. that many jobs require. With so many jobs nearby but at the same time inaccessible to people of color who live in areas of concentrated poverty, workforce development programming should be considered as a key investment that communities could deliver to address this accessibility gap. Efforts to educate residents and provide job, language, and literacy skills within these ACP50s capitalizes on their proximity to jobs, one of the positive dimensions of opportunity they offer.

Another feature of high poverty neighborhoods is that their residents have historically had limited access and ability to engage with public planning and decision-making processes that impact them. Many of the present-day ACP50s are located in communities that were home to Black and diverse immigrant neighborhoods at least as far back as the 1930s. When the region's economy began to shift away from mills and warehousing around the 1940s, these communities lacked the influence to save their neighborhoods from being razed to make room for urban renewal projects. Even the Rondo community in Saint Paul, one of the region's preeminent African American neighborhoods, was destroyed in the 1960s with the construction of an interstate connecting the downtowns of the Twin Cities. The interstate led to the demolition of 300 businesses and 600 homes, 72% of which belonged to African Americans.<sup>91</sup>

As was the case throughout the country, African Americans faced restrictive housing covenants and zoning restrictions preventing them from purchasing homes in white communities. Further, limited access to the G.I. Bill, redlining, and other discriminatory lending practices led to African Americans' exclusion from white neighborhoods, and in some cases, their inability to purchase homes at all.<sup>92</sup> The effects of these discriminatory housing policies remain evident today in homeownership statistics. Homeownership rates reveal substantial gaps in the numbers of white homeowner households and households of color who own their homes. On average, the gap is 37.8 percentage points, but this gap ranges as high as 47.7 in Richfield (where 77.0% of white households own their home

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<sup>91</sup> <https://rondoavenueinc.org/reconciliation/>

<sup>92</sup> <http://historyapolis.com/blog/2015/09/22/covenants-and-civil-rights-race-and-real-estate-in-minneapolis/>

compared to just 29.3% of households of color). Regionally, 68.8% of households own their home; however, this rate drops considerably, to 39.2%, within areas of concentrated poverty and slightly further, to 38.1%, for ACP50s.

Not only do high-poverty communities need place-based investment to bring greater opportunity to their residents, but those investments must be influenced by neighborhood residents. Deliberate strategies to ensure meaningful representation in public planning and decision-making are an important part of empowering these communities and giving them room for self-determination. The strategy for community engagement developed for the multijurisdictional Corridors of Opportunity initiative is a good starting point for such a process. Elected and appointed members of boards, councils, and commissions should represent the diversity of the communities they serve.

Some recent electoral successes point to progress on this front. Riverside Plaza and surrounding neighborhoods comprising Minneapolis's Ward Six have been represented on the Minneapolis City Council since 2014 by Abdi Warsame, a Somali immigrant and one of the first Somali-Americans elected to municipal office in the nation.<sup>93</sup> Another Somali, Ilhan Omar, was elected to represent her Minneapolis district in the Minnesota House of Representatives in 2016.<sup>94</sup> Omar, a Muslim woman, came to the U.S. as a refugee in 1995. Fue Lee, a Hmong-American from North Minneapolis also serves as a representative to the Minnesota State House while the east side communities of Saint Paul are represented in the Minnesota State Senate by Foungh Hawj a Lao immigrant.<sup>95,96</sup> Previous Hmong residents elected to the state legislature include Mee Moua (elected in 2002) and Cy Thao (elected in 2003). Blong Yang is the first Hmong-American elected to the Minneapolis City Council and Dai Thao is the first elected to Saint Paul City Council.

While these examples primarily concern a growing representative presence in state-level policymaking, these elected officials exemplify the growing voice of immigrant communities and their influence over policy and planning. From state and national bodies to citizen councils and local advisory committees, residents of high-poverty communities need to be at the table when investment decisions are made regarding their neighborhoods.

### **Displacement due to gentrification and neighborhood change causes a loss of affordable housing and limits fair housing choice.**

Displacement of low- and moderate-income residents from their homes happens for a variety of reasons, but in all cases, the effect places additional pressure on an already-limited affordable housing supply. More residents competing for a shrinking pool available affordable housing options limits choice in a way that, due to systemic income and poverty disparities, disproportionately affect people of color. Displacement may be the result of

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<sup>93</sup> <http://blogs.mprnews.org/cities/2013/11/abdi-warsame-city-council/>

<sup>94</sup> <https://www.ilhanomar.com/>

<sup>95</sup> <http://www.fuelee.org/>

<sup>96</sup> <http://www.founghawj.com/home.html>

gradual neighborhood improvement that causes housing costs to inch upward over time, but it also results from rapid neighborhood change that may be classified as gentrification. Individual rental properties, even those not in gentrifying areas are increasingly being sold to new owners and “upscaled” with property renovations, new amenities, and sharply higher rents to match. Displacement, in all its various forms, must be further studied and understood in order to protect housing choice for Twin Cities residents.

Gentrification is present in the Twin Cities, especially in its central cities. The level and scope of gentrification is subject to local debate. Residents and practitioners engaged in the process of creating this report frequently cited concerns of gentrification regarding central city neighborhoods, including the possibility of rent increases, rising property taxes, and upscaling of apartments in areas that are now home to many lower income households and people of color. Furthermore, the objective data needed to study gentrification must be available at small levels of geography, as gentrification’s effects tend to apply to blocks and not whole zip codes or cities. This necessitates a substantial lag in the data; for example, the most current census data on residents’ income and educational attainment at a tract level was collected over the period 2011-2015. For a fast-moving phenomenon like gentrification, waiting years for the data to come in before taking action to prevent displacement in gentrifying areas may not be practical. For these reasons, this report assumes that gentrification is likely occurring in some Twin Cities neighborhoods, while acknowledging that this assumption has its detractors.

In Part V of this report, maps of areas of concentrated poverty where 50% or more of the residents are people of color (ACP50s) are overlaid with the results of CURA’s preliminary gentrification analysis, indicating tracts in Minneapolis and Saint Paul that show signs of gentrification, those that were susceptible to gentrification but did not gentrify, and those that were not gentrifiable. Many of the gentrifiable tracts are also ACP50s as are about half of the areas suspected to have gentrified. These findings indicate that while demographic and economic changes may have occurred, some gentrified areas remain home to large numbers of people of color, yet continue to experience high levels of poverty. Balancing public sector investments (e.g. the METRO Green Line) that aim to bolster community resources and economic opportunity in high poverty areas with the need to maintain affordability as increased market activity generated by new residents pushes housing costs up will likely be an ongoing challenge in areas identified by CURA as having gentrified or being gentrifiable.

The role of gentrification in displacement of those people of color who make up a neighborhood’s original residents and culture is typically not one that affects all residents equally. In the earliest stages of gentrification, the original neighborhood residents who remain are able to enjoy the resources and amenities attracted to a gentrifying area (or that have touched off the gentrification in the first place). These may include improved parks and recreational spaces, new transit options, higher quality grocery stores and additional retail

outlets. However, as a neighborhood's racial composition shifts and these new amenities adapt to the culture and preferences of a whiter population, the original residents may find themselves less able to enjoy these resources. Restaurants may serve different cuisine, markets may no longer carry staples that were important to the original residents, beauty salons and healthcare practitioners may shift the types of services offered, and signage in the community that existed in non-English languages may no longer be present. As original residents begin to feel like strangers in their own neighborhoods, tension among old and new residents increases and displacement is likely to occur. This non-economic displacement is an important factor to consider that is difficult to measure using any quantitative data.

There is evidence from a national study<sup>97</sup> that gentrification-related displacement is most acute for the lowest-educated households in a community. The study looked at gentrification's effect on Black households in 64 cities between 1990 and 2000. Among the original Black residents of the gentrified communities studied, those who were most highly educated shared in a third of the increase in income in their community. These households not only remained in place but financially prospered over the course of their neighborhood's transition. The study suggests that these highly-educated, successful, remaining households helped to make the changing community attractive to middle-class Black households, an important consideration for efforts to maintain diversity in transitioning communities. The least-educated Black households, however, were likely to be displaced.

Community concerns about displacement also centered around a process called "upscaling", the sale of a multifamily rental property to a new owner who improves it and increases rents so that the units are no longer affordable to the low- and moderate-income tenants who live there. Upscaling appears to be more a function of the region's tight rental market than a side effect of gentrification. In fact, the locations of multifamily property sales between 2010 and 2015 are largely inconsistent with the tracts CURA identifies as having gentrified.

Vacancy rates in 19 of the 29 jurisdictions included in the study area were under 5%. In Coon Rapids, Apple Valley, Blaine, Eagan, and Lakeville vacancy rates were under 3%. For developers and rental property owners, low vacancy rates across the market enables steady rent increases and makes rental property an attractive investment. Minnesota Housing Partnership's 2016 *Sold Out* report indicates that the number of multifamily units changing hands between owners increased nearly three-fold from 3,124 units in 2010 to 9,217 units in 2015.<sup>98</sup> The average per-unit price reflected in these sales transaction increased by 56% over this same time period while average rent has increased by 16%. In a market such as this, households tend to become increasingly cost burdened, paying more for housing than they can afford. Households may also remain in housing that is too small or substandard

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<sup>97</sup><http://www.citylab.com/housing/2015/09/the-complicated-link-between-gentrification-and-displacement/404161/>

<sup>98</sup> Minnesota Housing Partnership. *Sold Out* (October 2016).



because of the scarcity of other options. When households do become displaced, they may face immense difficulty in locating a new unit to rent, particularly if they are seeking affordable housing.

Upscaling primarily affects that segment of the rental market known as “naturally occurring affordable housing” and making up at least 57% of the region’s rental housing stock.<sup>99</sup> Publicly subsidized housing is usually layered with affordability restrictions, conditions of the subsidies received, in order to prevent rents from escalating to a point where they become unaffordable to low- and moderate-income households. But this is not the case with unsubsidized, or “naturally occurring” affordable housing.

By way of illustration, MHP’s *Sold Out* report begins with the story of the former Crossroads at Penn. This 698-unit apartment community provided unsubsidized affordable housing to over 1,000 tenants, many of whom were displaced when, after the property was sold and renovated in 2015, the new owner raised rents by 40%. And these were just 698 of the total 9,217 multifamily rental units that changed hands in 2015. Perhaps not all of those units were upscaled, but it would not take but a fraction to dwarf the 1,832 subsidized LIHTC units that were constructed or preserved in 2015.

Rising rents are not the only consequences of upscaling that may lead to displacement. Along with higher rental rates, new owners may also adopt policies that preclude existing tenants from staying, such as reducing occupancy limits, and changing policies regarding credit history, history of late payments, or background checks, or refusing to accept housing choice vouchers.<sup>100</sup>

“I have Section 8 and it is hard to find landlords to take a voucher.” This quote from a participant in the public engagement process is a common refrain throughout the Twin Cities. Despite Minnesota state law including receipt of public assistance as a protected class, a 2010 state court of appeals ruling has made that protection virtually impossible to enforce. As a result, landlords and property managers are permitted to reject applicants on the basis of their status as Section 8 (or Housing Choice Voucher, HCV) holders. Receipt of a HCV may stand in as a proxy for households of lower income and households of color, but blanket policies at rental properties refusing to rent to HCV holders are not uncommon.

A variety of policy solutions are available to combat the reduced housing choices resulting from displacement. Some strategies may focus on programs to keep renters and homeowners stably housed so as to whether the displacement pressures of gentrification or upscaling. Property tax freezes or exemptions may help homeowners remain longer in transitioning neighborhoods. Flexible financing or small subsidies offered to owners of

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<sup>99</sup> Minnesota Preservation Plus Initiative. *The Space Between: Realities and Possibilities in Preserving Unsubsidized Affordable Rental Housing* (June 2013).

<sup>100</sup> Minnesota Housing Partnership.

naturally occurring affordable housing may allow the placement of affordability restrictions that prevent future upscaling. Greater affordable housing production could ease up the rental vacancy rate taking upward pressure off of local rents. These and other recommendations are described more fully later in this report.

### There is a need for expanded distribution of affordable housing across the region.

Within the Twin Cities region, over one in five renter households faces a cost burden, meaning that they spend 30%-50% of their income on housing. Another one in five has a severe burden, spending at least 50% of income on rent and utilities. For owners, cost burdens impact 15% of households and severe cost burdens affect another 8%.

Need rates by jurisdiction show that high levels of cost burdens, particularly for renters, are not specific to any one location. By county, the share of renters spending more than 30% of their income on housing costs varies from 40.0% in Scott to 48.3% in Anoka. There is more variation among entitlement cities, but at least one-third of renters in each location face a cost burden. Eden Prairie, Minnetonka, and Woodbury have relatively lower rates of rental cost burdening, ranging from 32-35%. Saint Paul and Coon Rapids have the highest rates at 48-49%, and Bloomington, Minneapolis, and Plymouth fall in the middle at 42-45%. Overall, these figures speak to the need for affordable rental housing, whether subsidized or unsubsidized, throughout the region.

Rates of cost burdening reflect, and will likely continue to feel the impact of, low vacancy rates and rising rents. As of the fourth quarter of 2015, the regionwide apartment vacancy rate at 2.3%. For units with monthly rents under \$1,000 vacancy was even lower at 1.7%.<sup>101</sup> With 5.0% a general-accepted sign of a tight rental market, vacancy rates of less than half that indicate that demand is currently outweighing supply of rental housing in the region. Vacancy rates by jurisdiction (which include both owned and rental housing) echo these findings. Every county in the region has a vacancy rate below 6%, with lowest vacancies in Anoka (3.6%) and Dakota (3.7%). By municipality, Coon Rapids, Apple Valley, Blaine, Lakeville, and New Home all have vacancy rates under 3%. Highest vacancies are in Minneapolis (7.7%), Brooklyn Center (7.3%), Edina (6.8%), and Saint Paul (6.4%).

With such significant demand levels, rents are also rising. Average rent in the region increased by 8% from the fourth quarter of 2013 to the fourth quarter of 2015, when it reached \$1,055. As the previous section discussed, strong occupancy rates and rising rents are encouraging apartment property sales that often result in upscaling amenities to attract serve a higher income renter market. In effect, such a sale and property renovation removes units from the low-mid end of the market and adds them to the top; this supply reduction also has the possibility of triggering rent increases at the lower end of the market.

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<sup>101</sup> From the Minnesota Housing Partnership.

Construction and preservation of subsidized and unsubsidized affordable housing and expanded use of housing choice vouchers are all potential ways to expand housing affordability for renters in the Twin Cities region.

An analysis of LIHTC use by MHFA and suballocators in the region shows that, outside of Minneapolis and Saint Paul (who allocate their own tax credits within the cities), most new development with LIHTCs has been in Lakeville, Apple Valley, Eagan, Maplewood, Plymouth, Maple Grove, North Saint Paul, and Coon Rapids. Preservation was most common in Burnsville, Brooklyn Park, Crystal, Brooklyn Center, Roseville, Columbia Heights, Golden Valley, Oakdale, and along the Anoka-Hennepin County line (in Coon Rapids and Anoka). Suburban allocators should continue to expand the communities where they work, especially those facing expiring affordable housing or high incidence of loss of affordable units. Additionally, as demand for 4% credits increases, MHFA and suballocators have the opportunity to develop a competitive allocation process around those credits and better strategically target their subsidy dollars, although a current state legislative proposal by HAVEN (Housing Advocates for Vitality and Equality Now) may hinder this ability.

As community and stakeholder input showed, a key determining factor in the use of Housing Choice Vouchers is the willingness of landlords to participate in the program. Presently, voucher holders as a share of total renters are concentrated in Savage, Burnsville, North Minneapolis, Brooklyn Center, Brooklyn Park, Coon Rapids, and western Saint Paul. They make up less than 5% of households in several close-in suburbs, including Edina, Bloomington, Woodbury, and parts of Eden Prairie, Minnetonka, St. Louis Park and Golden Valley, as well as parts of south Minneapolis. Introducing source of income protection or otherwise encouraging more landlords to participate in the program would expand the geographies that voucher holders could access and make better use of this affordable housing resource.

In addition to subsidizing the development or preservation of units, municipalities can also make regulatory changes to improve ease of development for the private market. Zoning code changes related to things such as minimum lot sizes, minimum dwelling sizes, or off-street parking requirements all may reduce development costs for multifamily units. Adopting policies that require or incentivize mixed-income housing through the inclusion of affordable units in a multifamily project would also encourage affordable apartment development in growing suburban areas. The next section will discuss in more detail how public policies, including zoning regulations, can impact the levels of both subsidies and private-market affordable housing development.

### **Regulations, policies, and funding availability impacts levels of publicly-subsidized and private-market affordable housing development across the region.**

The lack of affordable housing in the Twin Cities, according to several stakeholders consulted in this research, is one of the region's most significant fair housing challenges. Given the

relationship between poverty, income, and people of color, a lack of affordable housing disproportionately affects specific classes of people protected under the Fair Housing Act and constitutes a fair housing issue. Across the region as a whole, just 6.4% of white residents live in poverty whereas the poverty rate for racial and ethnic minority groups is at least double (and, for Blacks, more than five times) the rate for whites. Nearly twice as many of the region's foreign-born residents lived in poverty than did all residents as a whole. It follows then that a lack of affordable housing has a disparate impact on people of color and on immigrant communities. These groups are more likely to be cost burdened, to live in substandard or overcrowded conditions, and are among the first to be displaced by rising rents or property taxes.

Data on LIHTC projects collected by the Housing Justice Center indicates an annual average of 1,296 affordable tax credit units were constructed or preserved in the region over the last five years. Meanwhile, the region's four HOME Program entitlements received a combined \$6.65 million in HUD affordable housing funding in 2016, a figure that has stabilized somewhat after suffering large cuts in 2011 and 2012. Further, a relatively new National Housing Trust Fund is in the beginning stages of allocating affordable housing funding to states (although the fund is not yet well-capitalized and Minnesota's state-wide allocation for 2016 was only \$3 million). Finally, jurisdictions and HRAs in the study area generally have bonding authority under multiple programs as well as access to alternative financing mechanisms such as sales tax dedication, registry taxes, and HRA levies that can be explored and possibly used to support affordable housing development. These are all important resources for increasing the supply of affordable housing, but they are also wholly inadequate to meet local needs.

The Met Council's 2040 Housing Policy Plan estimates that the region contains 57,900 units of publicly-subsidized affordable housing, yet more than 140,000 low- and moderate-income households are spending more than 50% of their household income on housing costs. This critical gap in affordable housing supply will be compounded as the region continues to grow over the coming years. In the decade between 2020 and 2030 alone, the Met Council forecasts an addition of 37,400 new low- and moderate-income households that will need affordable housing.

Perhaps fortunately, public subsidies are not the only means to create affordable housing. The discussion here of various subsidy programs and numbers of publicly-subsidized housing units belies the fact that most affordable housing in the region is naturally created by the private market without any form of direct subsidy. This "naturally occurring affordable housing" is difficult to accurately count or track, but a 2013 report by the Minnesota Preservation Plus Initiative estimated that "no less than 57% of the [region's] total rental housing stock (or over 122,000 of 182,000 total rental units), is comprised of privately-owned unsubsidized housing with rents affordable at 50% of AMI."<sup>102</sup> Therefore,

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<sup>102</sup> Minnesota Preservation Plus Initiative. *The Space Between: Realities and Possibilities in Preserving Unsubsidized Affordable Rental Housing*, June 2013.

strategies employed to boost the creation of affordable housing in the Twin Cities region must focus on increasing public subsidies to support development of new units, preserving the affordability of naturally occurring affordable housing that already exists, and regulations that incentivize further creation of unsubsidized affordable housing by the private market.

The Met Council, in its authority over local comprehensive planning, sets numeric goals for the numbers of affordable housing units needed in each city in the region and then reviews municipal plans to ensure they have guided sufficient land at appropriate densities to meet the community's total allocated need. Under these planning requirements, each jurisdiction's comprehensive plan should accommodate development sufficient to meet affordable housing targets that, aggregated for the region, would result in affordable housing sufficient to meet the region's needs. Furthermore, the process employed by the Met Council to set the need levels takes into account forecasted residential growth as well as the jobs/worker balance in each city and ideally should result in the housing being in the communities where it is most likely to be needed.

There is often, however, a wide gulf between the amount of housing cities must plan for and the amount that is built. Of the 22 municipalities reviewed for this research, six have adopted zoning codes that could be considered exclusionary. In these cities, the areas zoned for single- and two-family dwellings limit density through large minimum lot sizes and may impose other restrictive design criteria such as unreasonably large minimum floor areas, large setbacks, or large minimum lot dimensions, which likely impact the feasibility of developing affordable single family and two-family housing. Design and performance guidelines contained in local zoning codes including requirements for premium building or façade materials, landscape requirements, and off-street parking also limit the private market's production of affordable housing. While all of these site and design criteria may add aesthetic and quality of life value, these requirements also increase development costs and impact the ability of developers to keep housing costs affordable.

In Minnesota, state law specifically permits inclusionary housing policies to incentivize affordable units as part of market-rate development projects. These provisions could be incorporated into local zoning codes and comprehensive plan strategies, especially for developments requiring city funding, site location assistance, or planning approvals.

Other policy-based limitations on affordable housing may be found in the local preferences applied by nearly all public housing authorities in the region. These policies determine the order in which applicants are selected from waiting lists for housing choice vouchers or for available public housing units. Some preference criteria favor households who are severely cost burdened or are being involuntarily displaced from their homes. In these cases, local preferences have the likely effect of expanding housing choice for those who are most in need. Instead of, or sometimes along with, preferences like these, most housing authorities also provide residency preferences, essentially moving to the top of their waiting lists those families who currently reside in, work in, or attend school in the jurisdiction. These

preferences limit the housing choices of other residents outside the community who may wish to find affordable housing there. Eliminating these preferences, or expanding them (for example, the Plymouth HRA preferences families residing anywhere in Hennepin County, not just within the city limits) would improve the mobility of those who wish to relocate in search of a community with greater opportunities.

The vastness of need for affordable housing is unmatched by the public subsidy programs intended to produce it. Limitations on funding and financing available to subsidize affordable housing developments is an important consideration, but only one if the keys to the issue. There must also be greater effort on the part of local governments to use planning and zoning policy to make affordable housing development more feasible. And finally, policies such as local preferences that may reduce the availability of existing subsidies or affordable units depending on where households currently live must also be reconsidered in order for the region to meet the housing needs of its residents. Until the supply of affordable housing is increased, low- and moderate-income households (who are disproportionately made up of people of color and immigrants) will continue to face significant barriers to housing choice.

### Access to homeownership, rental housing, and housing programs is reduced for some racial and ethnic groups.

While previous discussions focused on the availability of affordable housing in the Twin Cities, this section describes research findings related to the accessibility of for-sale and rental housing and how that accessibility varies by race, ethnicity, and national origin. Looking first at homeownership, recent data for the Twin Cities region shows a gap of 37.8 percentage points between the homeownership rate for non-Latino white households (75.6%) and that of households of color (37.8%). Based on an extensive review of literature and a series of focus groups, the Minnesota Homeownership Center identified five factors that contribute to this gap: familiarity with and treatment during the buying and lending processes; generational wealth and familial support; the age at which buyers purchase homes; financial vulnerability of single-income households; and foreclosure rates.<sup>103</sup>

Home Mortgage Loan Disclosure Act data provides information on one component to the first factor by indicating potential discrimination in the provision of mortgage loans. It shows that from 2010 to 2012, people of color who applied for home loans were denied loans 1.8 times as frequently as non-Latino white applicants in the Twin Cities region. Disaggregating the data by applicant income shows that disparities persist at all income levels. They are most pronounced for moderate income applicants (60-80% area median income), where people of color were denied loans 1.8 times as often as whites, and least pronounced for high income applicants (more than 120% area median income), where people of colored were denied 1.4 times as frequently.<sup>104</sup>

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<sup>103</sup> Minnesota Homeownership Center, *The State of Homeownership*.

<sup>104</sup> Housing Link, *2014 Analysis of Impediments to Fair Housing Choice: Twin Cities Region* (February 2015).



While credit history, property type and value, and loan-to-value ratio can all affect a mortgage application, a recent study by the Roy Wilkins Center for Human Relations and Social Justice at the University of Minnesota found that gaps in loan denial rates in the Twin Cities area are not solely attributable to differing socioeconomic characteristics such as income or credit history. According to that report, “discrimination against the minority group is non-trivial in magnitude and statistically significant.”<sup>105</sup> The report analyzes mortgage lending for 50 institutions in the Twin Cities area, generating scores to indicate disparity between minority and non-minority loan outcomes. Findings show that the largest institutions operating in the Twin Cities do not score well in terms of providing loan products to minority applicants.

Foreclosures also weigh heavily on communities of color. As of 2014, the neighborhoods of Near North, Phillips, Payne-Phalen, and Thomas-Dale were still impacted by foreclosures; nearly half of all homes sold the previous year were foreclosures and property values remained depressed by as much as 110% (in Phillips). In contrast, foreclosure made up less than 15% of sales in the Southwest and Highland neighborhoods and sales prices had recovered, even surpassing 2006 levels in Southwest.<sup>106</sup>

Twin City renters experience several barriers to accessing housing. Perhaps most obvious, landlords have the option of refusing to rent a unit to someone holding a Housing Choice Voucher. While state law prohibits discrimination on the basis of receipt of public income, this protection does not extend to vouchers. Community engagement participants explained that it can be difficult to find a landlord willing to accept a voucher and that sometimes they would like to rent a unit but are unable to as a voucher holder. Tenant advocates echoed this sentiment, noting low rates of voucher placement. According to Metro HRA, there are many factors that influence voucher lease up success rates including the age of the waiting list, landlord willingness to participate in the voucher program, participant criminal and rental backgrounds, rental market vacancy rates, and rents.

In addition to source of income discrimination, community members identified rental application processes and tenant selection criteria as a barrier. Credit histories and income requirements were the most frequent issues cited but criminal histories and evictions/unlawful detainers were also mentioned. Legal advocates note that evictions/unlawful detainers are a significant barrier to obtaining rental housing, and disproportionately affect households of color. As data for the city of Minneapolis shows, tenants with an unlawful detainer filed against them are more likely to reach a settlement and avoid eviction if they attend a hearing; however, about one-third do not do so and end up with a writ of recovery against them.<sup>107</sup>

Renters with criminal histories, low incomes, poor credit histories and/or evictions often end up limited to selecting from a market of substandard housing that those without these

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<sup>105</sup> Myers, Jr., S., Lee, W.F., and Toney, J. *Responsible Banking in the Twin Cities* (August 2015).

<sup>106</sup> Minnesota Homeownership Center.

<sup>107</sup> Minneapolis Innovation Team, *Evictions in Minneapolis* (July 2016).

issues can avoid. Similarly, undocumented immigrants face considerably restricted choice in housing, limited to landlords that do not require identification. Community members note that these properties often have poor property management, need repairs, or have pest issues. Attempts to correct these problems may result in retaliation by the landlord. In cases where tenants do make a complaint, they report that code enforcement officers often do not follow-up with them to ensure the problem was addressed. Many community members described seeing the landlord-tenant relationship as favoring landlords with few options for them other than living with the problem or leaving.

Community input also indicated considerable presence of discrimination in the rental market, particularly related to familial status and race/ethnicity. Participants describe refusal to rent and higher application fees for households with children. One Latino participant noted that the same rental company was charging her and other Latinos a higher rate than white residents.

Stakeholder input also indicated potential discrimination in the for-sale market, with three respondents having experienced steering as they looked to buy a home.

Finally, language and technology barriers can impact residents' abilities to access publicly-administered affordable housing programs. Southeast Asian immigrants and refugees who rely on oral rather than written communication are not well-served by printed information about housing programs or fair housing rights, even if it is in their language. Further, complicated topics such as requirements for a housing program or the concept of fair housing are better explained in person than in writing.

One Somali respondent specifically noted language difficulties when communicating with public housing staff. In addition to language barriers, a few respondents noted difficulty apply for housing assistance online and felt that in-person assistance would be more helpful.

### **Fair housing enforcement and education is a continuing need.**

Public awareness of fair housing issues and laws is critical to reducing fair housing violations and is a means to ending housing discrimination. This awareness of fair housing rights is also a critical component in ensuring that residents have equitable access to healthy, opportunity-rich neighborhoods that are in line with their needs and preferences. In general, fair housing services can typically include the investigation and resolution of housing discrimination complaints; discrimination auditing and testing; and education and outreach; including the dissemination of fair housing information such as written material, workshops, and seminars. In addition, fair housing agencies may also provide counseling services that educate landlords and tenants of their rights and responsibilities under fair housing law and other consumer protection legislations. In some instances, these agencies also mediate disputes between tenants and landlords.

A study titled “How Much Do We Know” published by HUD in 2002<sup>108</sup>, reported that only half of the public could correctly identify as unlawful six out of eight scenarios describing illegal fair housing conduct. Approximately one-fourth of the public knew the law in two or fewer of the eight cases. In addition, 14% of the adult population claims to have experienced some form of housing discrimination at one point or another in their lives. Of those who thought they had been discriminated against, 83% indicated they had done nothing about it, while 17% say they did pursue a complaint. In HUD’s 2005 follow-up study “Do We Know More Now? Trends in Public Knowledge, Support and Use of Fair Housing Law” (published in 2006), 41% of general survey respondents said it was “very likely” they would do something about future discrimination compared to only 20% of persons who had in the past perceived/experienced discrimination, of which African Americans reported being somewhat more prone to say they would be likely to respond.<sup>109</sup> The survey also revealed that 46% of those who reported having experienced discrimination in the past and done nothing about it, said they would very likely do something about future discrimination.

The follow-up study showed that of the 2005 respondents, a surprising 80% of those surveyed who believed they had experienced housing discrimination and actually had a plausible basis for complaint, did not take any action in response. Further, the study found that even among those who had the highest levels of fair housing knowledge, only a small percentage chose to take action when confronted with housing discrimination. The study sought to answer why there is such a large gap between the intent to respond and actually taking some form of action. Knowing where or to whom to complain was not shown to be a major obstacle. But many respondents believed that it was not worth the time it takes to resolve a complaint or would be expensive in terms of cost. Only 13% of the public thought it very likely that filing a complaint would accomplish good results, while others stated that they did not know where to complain and lacked the resources to do so.

To engage members of the public of diverse perspectives and backgrounds in the development of this report, the FHIC provided microgrants to several community organizations. The organizations were charged with holding community meetings, listening circles, interviews, and events of various types to gather input on issues of equity and fair housing choice in the region. Multiple participants in this engagement process noted that they had previously experienced discrimination. In cases where participants described having been discriminated against, many did not know where to turn for assistance. Landlord-related instances of discrimination were the most frequently cited and some renter households admitted that they did not adequately understand their fair housing rights.

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<sup>108</sup> Martin D. Abravanel and Mary K. Cunningham, *How Much Do We Know? Public Awareness of the Nation’s Fair Housing Laws*, U.S. Department of Housing and Urban Development, April 2002. Available at: <https://www.huduser.gov/portal/Publications/pdf/hmwk.pdf>.

<sup>109</sup> Martin D. Abravanel and Mary K. Cunningham, *Do We Know More Now? Trends in Public Knowledge, Support and Use of Fair Housing Law*, U.S. Department of Housing and Urban Development, February 2006. Available at: <http://www.fhco.org/pdfs/DoWeKnowMoreNowSurvey2006.pdf>.

Tenant households related stories of landlords refusing dwellings based on race, ethnicity, and familial status, the latter of which was most often described. Discussion of discrimination on the basis of familial status was prevalent with some participants, particularly Latinos, recounting having been denied apartments due to the number of children they had. In other cases, landlords were described as limiting available units only to households with certain characteristics or to charging people of color higher rents in order to discourage them from residing in a community. Steering by real estate agents, the practice of showing (or declining to show) homes in certain areas based on a client's race or ethnicity, came up frequently and was experienced by white residents and people of color, limiting housing choices to neighborhoods of isolated racial and ethnic groups. And finally, the residency status of undocumented immigrants was described as making them subject to discrimination by landlords and left without recourse for fear they may be turned in to immigration authorities.

Based on this community input, education for landlords and tenants as to their rights and responsibilities could be beneficial. Fair housing testing could also be used to attempt a more accurate measure of the scale of these discrimination issues in the community.

Organizations operating in the Twin Cities that currently provide fair housing education and enforcement services are the U.S. Department of HUD, the Minnesota Department of Human Rights, the Minneapolis Office of Civil Rights, the Saint Paul Human Rights Division, Mid-Minnesota Legal Aid, and Southern Minnesota Regional Legal Services. The FHIC's 2014 Analysis of Impediments provides complete descriptions of each of these organizations and their respective services. Among other important roles, each of these organizations receives and investigates complaints of housing discrimination. Complaint statistics for the period 2010 to 2013 are provided in the 2014 Analysis of Impediments and updated figures, bringing the data current through 2016 are provided in an appendix to this report. The updated statistics, while not available from all six receiving agencies as of the date of this document, show disability (both mental and physical) to be the most prevalent basis of complaint. Southern Minnesota Regional Legal Services (SMRLS), whose data is the most comprehensive, covering all seven counties in the region, shows that of 646 complaints filed between 2014 and 2016, 384 of them (59.4%) were made on the basis of disability. Familial status discrimination, which was one of the most frequently mentioned in the engagement process made up only 3.4% of the SMRLS complaints over the past three years.

These local complaint statistics are roughly consistent with national figures tracked by the National Fair Housing Alliance (NFHA). NFHA's 2015 report, "Where You Live Matters: 2015 Fair Housing Trends Report" finds a small increase in housing discrimination complaint filings between 2013 (27,352 filings) and 2014 (27,528 filings).<sup>110</sup> In 2014, the predominant

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<sup>110</sup>National Fair Housing Alliance, "2015 Fair Housing Trends Report," Accessed February 24, 2017. <http://www.nationalfairhousing.org/LinkClick.aspx?fileticket=SYWmBgwpazA%3d&tabid=3917&mid=5321>

basis of complaints filed was disability status, representing 51.8% of all complaints, followed by race (22.0%), and familial status (11.0%).

In addition to knowing where and with whom to file a housing discrimination complaint, residents must also be able to access the process of reporting housing discrimination. As has been described throughout this Addendum, significant portions of the Twin Cities population are not fluent in English and some immigrant cultures, particularly those from Southeast Asia, come from oral traditions and may have difficulty reading fair housing literature and completing forms, even if printed in their native language. In these settings, communication – whether it is about fair housing rights, a discriminatory act, or a complaint in progress – will be most effective if delivered orally by someone who speaks the language and who understands the culture. Many of the immigrant, refugee, and other minority ethnic groups in the region are connected to local organizations (American Indian Family Center, CLUES, Umoja CDC, etc.) or by state-organized councils (Council for Minnesotans of African Heritage, Council on Asian-Pacific Minnesotans, Minnesota Council on Latino Affairs, Minnesota Indian Affairs Council) with direct inroads to these difficult-to-reach populations. An exploration of the possibility of using these existing relationships to effectively disseminate information to these communities in culturally appropriate ways should be conducted.

Individuals with more knowledge are more likely to pursue a complaint than those with less knowledge of fair housing laws. Therefore, there is an association between knowledge of the law, the discernment of discrimination, and attempts to pursue it. Locally, it is critical that there are efforts in place to educate, to provide information, and to provide referral assistance regarding fair housing issues in order to better equip the community with the ability to assist in reducing barriers to fair housing choice.

## VIII. Recommendations

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The data and analysis running throughout this Addendum has generally suggested that the Twin Cities region implement a two-pronged planning approach to fair housing. It is imperative that the members of the Fair Housing Implementation Council (FHIC) work to facilitate the mobility of residents who wish to locate in communities that offer them greater opportunities while simultaneously investing in human capital development and physical improvements in places of concentrated poverty to increase opportunities for residents there. The appropriate balance between these two approaches will vary based on geography and other factors, however these basic guidelines should be employed:

- Investment in construction of new affordable housing should prioritize expanding affordability regionally and within jurisdictions, including in areas with access to opportunity, as defined through a community engagement process, that may include, but are not limited to, quality schools, transportation, economic opportunity, and other public resources. Construction of new units in areas of concentrated poverty, and particularly in areas of concentrated poverty where 50% or more of the residents are people of color, should be considered only as part of a comprehensive community investment strategy to address targeted community housing needs. Preservation of existing affordable housing in these areas should be prioritized over new construction.
- Community development investment, to include investments in both people and physical places, should be focused on areas of concentrated poverty, and particularly areas of concentrated poverty where 50% or more of the residents are people of color.
- In areas where gentrification is believed to be occurring, preserving the affordability of existing housing and securing property for development of new affordable units should be a priority.
- Enforcement of fair housing laws and efforts to prevent housing discrimination are key to opening up a variety of housing options throughout the region in areas of all types of opportunity.

To implement these guidelines, the following pages contain ten goals, each supported by a list of fair housing recommendations corresponding to fair housing issues raised in this report and paired with an implementation timeframe and responsible parties.

The members of the FHIC, who will primarily be the responsible entities for carrying forward the recommendations, are diverse in their character, politics, resources, demographics, and challenges. Accordingly, the recommendations here are generally drafted so as to allow various courses and mechanisms that arrive at the desired ends. In this way, individual FHIC



jurisdictions have the latitude to consider and implement the recommended strategies in the ways that are most feasible within their respective jurisdictions. While overly-prescriptive recommendations in this document would limit the effectiveness of some jurisdictions' implementation actions, specificity is important. Implementation must balance many considerations, some of which may conflict with one another in certain contexts. Accordingly, progress cannot be measured via conformance to a checklist; rather, these recommendations are tools and strategies that can be effective in various contexts in addressing impediments to meeting the requirement to affirmatively further fair housing. Each FHIC entitlement jurisdiction will, in its Consolidated Plan and Annual Action Plan, describe in greater detail the specific steps and actions it plans to take toward the recommendations listed here. Their annual Consolidated Annual Performance Evaluation Reports (CAPERs) will document actual progress toward implantation of the recommendations.

A final note about the responsible parties listed on the following pages: Public Housing Authorities (PHAs) and Housing and Redevelopment Authorities (HRAs) are intended to mean those authorities that administer Housing Choice Vouchers and are controlled by a FHIC member. For example, the Minneapolis Public Housing Authority and Saint Paul Public Housing Authority are not party to this Addendum and are not intended to be bound by these recommendations. The Hennepin County HRA is an instrument of the County, but does not administer Housing Choice Vouchers; therefore, those recommendations that are the responsibility of HRAs are not applicable to Hennepin County HRA.

No.	Recommendation	Fair Housing Issue Addressed	Time-frame	Responsible Parties
<b>Goal #1: Improve Opportunities for Mobility within the Region</b> Renter households attempting to use a housing choice voucher or to access public housing may face barriers to moving within the region, particularly from urban to suburban locations, which can in turn limit access to opportunities desired by these households. The recommendations included in this section address policies related to voucher use, voucher holder mobility, and PHAs/HRA policies. They build on recent legislation (the passing of a Section 8 source of income protection in Minneapolis) and research (Family Housing Fund's "Enhancements and Best Practices Designed to Expand Resident Choice and Mobility in Minneapolis").				
1A	Develop a communication strategy to inform rental property managers and housing choice voucher holders of the recently-passed source of income protection ordinance.	Fair Housing Enforcement and Education is Needed	2017	Minneapolis, MPHA
1B	Collect and present local data to elected officials illustrating the need for source of income protection. Advocate for source of income protection legislation across the region.	Access to Housing is Reduced for Some Groups	2018	Entitlements and Subrecipients
1C	Develop and implement an ongoing campaign to promote the acceptance of HCVs, especially in suburban communities. Require HCV acceptance for housing using public funds, and monitor for compliance.	Distribution of Affordable Housing	Ongoing, beginning 2018	Entitlements, Met Council
1D	Monitor findings related to the Family Housing Fund's research on pooling vouchers for use in high-opportunity areas as well as its voucher mobility research for MPHA and study applicability for other PHAs. Specifically: a) Evaluate recommendations in "Enhancements and Best Practices Designed to Expand Resident Choice and Mobility in Minneapolis" to determine MPHA's implementation approach for those that are most promising. b) Determine recommendations in "Enhancements and Best Practices Designed to Expand Resident Choice and Mobility in Minneapolis" that are relevant to other PHAs and HRAs and develop an implementation approach. c) Develop a demonstration program to pool HCVs across multiple PHA/HRAs and examine results relative to expanding mobility and choice for low-income families.	Multifaceted Values on Neighborhoods and Housing	Parts (a) and (b) – 2017, Part (c) – 2018	PHAs HRAs
1E	Monitor the success of Met Council's mobility program for strategies that can be adapted or duplicated elsewhere.	Multifaceted Values on Neighborhoods and Housing	2018-2021	PHAs HRAs
1F	Review and update tenant screening policies related to criminal background based on revised HUD guidance issued in 2016.	Regulations and Policies Impact Housing Development	2017	PHAs HRAs
1G	Review residency preferences for impact on mobility across the region. Amend as needed to better advance regional fair housing choice.	Regulations and Policies Impact Housing Development	2018	PHAs HRAs

<b>Goal #2: Reduce Resident Displacement</b> Low- and moderate-income residents displaced from their housing in a tight housing market with very low vacancy rates can face extreme challenges in locating affordable housing while the vacated units tend to become less affordable. These twin consequences – greater demand for affordable housing and a market that provides less of it – compound the effects of displacement and underscore the importance of countering it. Some of the strategies proposed here are designed to reduce pressure on individual residents to leave their residences; others are neighborhood-based strategies focused on preemptively securing affordable units in areas where displacement pressure is anticipated.				
2A	Research state law regarding just cause eviction ordinances. As possible, work toward and advocate state, regional, and/or local adoption of just cause eviction ordinances.	Displacement Causes a Loss of Affordable Housing	2019	Entitlements
2B	Monitor state legislation regarding right of first refusal statutes and develop program to implement locally as appropriate. Consider implementation for manufactured/mobile home communities and multi-unit rental properties.	Displacement Causes a Loss of Affordable Housing	Ongoing	Entitlements Met Council (Partners: MHP, HOME Line)
2C	Research and create property tax abatement programs and market them to homeowners in areas of increasing displacement.	Displacement Causes a Loss of Affordable Housing	2019	Minneapolis and Saint Paul (Partners: HOME Line, MHP)
2D	Promote policies that provide for rehabilitation and preservation of existing affordable housing in areas where displacement is known to be occurring.	Distribution of Affordable Housing	2018	Entitlements
<b>Goal #3: Increase Access to Homeownership</b> Households of color have significantly lower homeownership rates than white households. In addition to inhibiting housing choice, diminished access to mortgage lending and homeownership opportunities also reduces these households' ability to build wealth. Research indicates a variety of factors that contribute to this gap, including lower mortgage loan application rates, higher mortgage loan application denial rates, less resources available for downpayments, steering towards subprime or otherwise inferior loan products, and higher foreclosure rates. This goal contains several strategies designed to address these factors, along with the development of a regional partnership to consider additional ways to expand homeownership opportunities.				
3A	Use distribution of government financial relationships (within banking regulations) to incentivize fair and affordable housing by financial institutions, using research such as U of M Responsible Banking study. Meet with lenders to inform them of jurisdictions' goals for furthering fair housing in homeownership. Invite lenders to coordinate business and charitable programs accordingly. Require that financial institutions report on home mortgage lending and other fair lending activities.	Access to Housing is Reduced for Some Groups	2018	Entitlements
3B	Develop partnerships with credit counseling agencies to reach communities of color and build a pipeline of potential homebuyers.	Access to Housing is Reduced for Some Groups	2018	Entitlements

3C	Increase FHIC and public-sector participation in the Homeownership Alliance. Consider topics such as expanded first time homebuyer programs, expansion of homeownership options through land trusts and cooperatives, increased efforts to help low-income households build savings, identify shortcomings in Minnesota's Contract for Deed law, and advocate for legislative improvements in the law.	Access to Housing is Reduced for Some Groups	2018	FHIC, Entitlements, Subrecipients, PHAs/HRAs
3D	Work with public and non-profit agencies to expand information and services related to fair lending and foreclosure prevention, such as: <ul style="list-style-type: none"> <li>Affirmative marketing for quality lending products, including financing options for Muslim homebuyers (and others who may be averse to interest-bearing mortgages for cultural or faith-based reasons), and information on identifying subprime mortgage products</li> <li>Increased fair lending enforcement</li> <li>Increased foreclosure prevention and defense advocacy services.</li> </ul> Ensure that all outreach efforts are accessible to non-English speaking residents, including oral presentations of information.	Access to Housing is Reduced for Some Groups	2017	Entitlements (Partners: Housing Justice Center, MMLA, SMRLS)
3E	Conduct code enforcement to make sure that lender-owned, post-foreclosure properties have effective repair, maintenance, and security services, especially in areas of concentrated poverty where a majority of residents are people of color.	Access to Housing is Reduced for Some Groups	Ongoing, beginning in 2017	Entitlement Cities
<b>Goal #4: Expand Funding for Affordable Housing</b> Presently, the Low Income Housing Tax Credit program provides funding for the majority of new affordable housing constructed or rehabilitated in the region. However, production levels fall short of need, and, in many cases, do not provide deep enough subsidy levels to support very low-income households. The following recommendations address the need to cultivate new funding sources for affordable housing production and preservation, both at the regional and local levels, including, but not limited to, resources to address the needs of households with incomes below 30% AMI.				
4A	Develop an overarching strategy to increase funding for affordable housing that includes: <ol style="list-style-type: none"> <li>Identifying more resources for affordable housing. These may include regional approaches to expanding funds for affordable housing and local approaches by individual jurisdictions (tax increment financing, tax abatement, special tax levy authority, general tax levy authority, general funds, and/or other local sources).</li> <li>Working with a marketing firm and local stakeholders, including organizations operating in communities of color, to develop a campaign to raise awareness among the public about housing affordability and its connection to education, jobs, and other infrastructure. Campaign should build political will, counter NIMBYism, and include an appeal to philanthropies for funding.</li> </ol>	Distribution of Affordable Housing	Ongoing, beginning 2017	Entitlements (Partner: MHP)

4B	Use locally-controlled resources to preserve naturally occurring affordable housing. Work with GMHF to support NOAH Fund, publish success stories, market to susceptible property owners, increase capitalization and funding sources.	Distribution of Affordable Housing	Ongoing	Entitlements (Partner: Greater Minnesota Housing Fund)
<b>Goal #5: Improve Fair and Affordable Housing Planning</b> A serious and sustained effort to expand fair and affordable housing will require ongoing planning, research, and capacity-building. This set of recommendations focuses on developing capacity at the local level through technical assistance and plan review, along with training on fair housing implications of local policy and investment decisions. Also included are recommendations to advance analyses around fair housing issues such as zoning and gentrification. Finally, enhancing the FHIC by establishing a fair housing advisory committee will allow for ongoing feedback and guidance during implementation of fair housing activities and future fair housing planning efforts.				
5A	Met Council should build its capacity to serve as a resource for information and best practices on fair housing planning and policy for local government staff. Local governments should support and assist Met Council's efforts to provide technical assistance.	Segregation & Disparate Access to Opportunity	2018	Met Council
5B	Continue to review and provide feedback on comprehensive plans to ensure they adequately describe a plan to meet affordable housing need.	Distribution of Affordable Housing	2017	Met Council
5C	When using CDBG and other funding for community and economic development activities consider prioritizing areas that have shown a commitment to expanding affordable housing.	Segregation & Disparate Access to Opportunity	2019	Counties
5D	Work with local research partner to analyze zoning codes in areas not covered by this study (i.e., cities within the region that are not entitlements or subrecipients) for fair housing issues.	Regulations and Policies Impact Housing Development	2020	FHIC (Partner: CURA, IMO, or other organization with zoning research capacity)
5E	Monitor continued research into gentrification and loss of affordable housing to identify areas where it may be occurring.	Displacement Causes a Loss of Affordable Housing	Ongoing, beginning 2017	Entitlements (Partners: CURA, IMO, MHP)
5F	Review where investments in creation, preservation and/or rehabilitation of affordable housing using LIHTCs are occurring in the region. Keep HousingLink LIHTC database current and study trends over time in the development of tax credit projects.	Distribution of Affordable Housing	Ongoing, beginning 2017	MHFA, Suballocators (Partner: HousingLink)
5G	Develop and deliver a fair housing education and training program for elected officials and municipal staff focused on concepts such as disparate impact and the impact of public infrastructure investments on fair housing choice.	Fair Housing Enforcement and Education is Needed	2019	FHIC Municipalities and Counties

				(Partners: Housing Justice Center, MMLA, SMRLS)
5H	Establish a standing fair housing advisory committee to provide input and guidance to the FHIC regarding fair housing planning and implementation. Strive to increase diversity on the FHIC to be more representative of the regional population.	Multifaceted Values on Neighborhoods and Housing	2017	FHIC
<b>Goal #6: Expand Locations of Affordable Housing</b> When affordable housing is limited to some communities and lacking in others, the effect is decreased housing choice for residents of the region. Municipal zoning codes and other regulatory tools can be modified or employed to reduce restrictions on the development of affordable housing in areas where it may presently be prohibitive. Such actions can open up new housing opportunities in communities of choice. This goal contains several strategies related to zoning changes, but also includes actions recommended by MN Challenge that can be taken in individual jurisdictions to lower the cost of affordable housing development, and other opportunities to expand affordable housing opportunities in communities where it is needed.				
6A	Adopt zoning code amendments to either (1) have the definition of “family” more closely correlate to neutral maximum occupancy restrictions found in safety and building codes; (2) increase the number of unrelated persons who may reside together to better allow for nontraditional family types; or (3) create an administrative process that allows for a case-by-case approach to determining whether a group that does not meet the code’s definition of family or housekeeping unit is nonetheless a functionally equivalent family.	Regulations and Policies Impact Housing Development	2018	Crystal, Minneapolis
6B	Amend zoning maps as appropriate to rezone large-lot single-family zones to higher density/ lower minimum lot area standards and allow for infill development or conversion of large single-family dwellings to two-family and triplex units to allow more density on the same footprint or minimum lot size; where environmental protections effectively prohibit denser development patterns, alternatively consider focused redevelopment strategies in areas served by existing water and sewer. Consider reducing administrative barriers to PUD and cluster development approvals which support affordable housing.	Regulations and Policies Impact Housing Development	2018	Apple Valley, Blaine, Burnsville, Eagan, Eden Prairie, Minnetonka
6C	Amend zoning codes to reflect more flexible and modern lot design standards such as increasing maximum height allowances, increasing minimum density or floor area ratios, increasing maximum floor area ratios (FAR), decreasing minimum parcel sizes, and decreasing minimum livable floor areas of individual dwelling units.	Regulations and Policies Impact Housing Development	2018	Lakeville



6D	Consider development incentives such as density bonuses and expedited permitting processes or fee waivers for voluntary inclusion of affordable units or mandatory set asides in cases where local government funding or approvals are provided, should be adopted across all jurisdictions to encourage or require mixed-income, affordable units.	Regulations and Policies Impact Housing Development	2018	All local governments with zoning authority
6E	Review and update zoning codes as necessary for consistency with the state Planning Act regarding manufactured and modular homes. Review conditional permit use criteria and inclusionary zoning provisions to ensure they support and encourage this type of alternative affordable housing.	Regulations and Policies Impact Housing Development	2018	Lakeville
6F	Consider allowing reductions in off-street parking requirements where there is a showing that shared parking, bike parking, or access to public transportation reduces the actual need or demand for off-street vehicle parking; consider adopting maximum off-street parking restrictions.	Regulations and Policies Impact Housing Development	2018	Brooklyn Park
6G	Consider relaxing or offering measures to mitigate the cost of some requirements related to building materials, height, trees, windows, parking, basement space, and outdoor play areas, especially when applied to affordable housing developments.	Regulations and Policies Impact Housing Development	2018	Minneapolis
6H	Consider adoption of an inclusionary zoning ordinance requiring set-asides of affordable housing units or payment-in-lieu (of set asides) into a designated affordable housing fund for developments requiring city funding, site location assistance, or planning approvals.	Regulations and Policies Impact Housing Development	2018	Apple Valley, Blaine, Brooklyn Center, Brooklyn Park, Burnsville, Coon Rapids, Crystal, Eagan, Eden Prairie, Hopkins, Minnetonka, Plymouth, Richfield, Saint Paul
6I	Analyze the MN Challenge recommendations related to reducing the cost of affordable housing for feasibility at the local level; implement as appropriate. The 11 recommendations from the MN Challenge report are: a) Support appropriate density b) Contribute local financial resources c) Identify and acquire sites d) Reduce parking requirements e) Waive or reduce fees f) Streamline administrative processes g) Revise material, site, and design requirements	Distribution of Affordable Housing	2018	Entitlements and Subrecipients

	<ul style="list-style-type: none"> <li>h) Consider manufactured and modular housing</li> <li>i) Be open to all affordable housing developments</li> <li>j) Adopt inclusionary housing and/or mixed income policies</li> <li>k) Address community opposition</li> </ul>			
6J	Monitor relevant legislative proposals (including a recent proposal by HAVEN (Housing Advocates for Vitality and Equality Now)), the Qualified Allocation Plans of MHFA and local suballocators, and state legislative changes related to 4% tax credits and Private Activity Bonds. Advocate for and implement policies that direct affordable projects toward strategic ends (i.e. preservation focus, location of new units in areas of opportunity, income restrictions to serve extremely low-income households).	Distribution of Affordable Housing	2018	MHFA, Suballocators
6K	Ranked list of municipalities in QAP should be re-examined for impact on perpetuating concentrations of affordable housing; consider whether other measures of affordable housing need may be more effective.	Regulations and Policies Impact Housing Development	2017	Washington County
<b>Goal #7: Institute Effective and Meaningful Community Engagement</b> Public planning and investment decisions are too often made without the engagement and active participation of the affected communities, particularly when those are communities of color. Jurisdictions across the region should allocate resources to fund proper engagement with their communities and ensure that effective, culturally-appropriate mechanisms are in place to meaningfully engage communities around housing and related issues. Planning processes should be reconstructed to require and accommodate engagement that is impactful and not merely a “check the box” exercise.				
7A	Explore options for amplifying community voices in local planning decisions. Plan to include non-English speakers, and those of oral traditions.	Concentrated Poverty Requires Place-Based Investment	2018	Minneapolis and Saint Paul
7B	Maintain data on the racial and ethnic composition of local elected and appointed boards and commissions; encourage representation reflective of the communities served.	Concentrated Poverty Requires Place-Based Investment	2019	Met Council (Partner: Nexus Community Partners’ Boards and Commissions Leadership Institute)
7C	Review LEP plans and update as needed to better serve the needs of all cultures and communication needs.	Fair Housing Enforcement and Education is Needed	2018	Entitlements

7D	Commit staff resources to efforts to enhance engagement with communities of color regarding available housing programs and needs. Entitlement jurisdictions should be intentional regarding their community outreach to open and maintain lines of communication within communities of color. Consideration should be given to the designation of a specific staff member to facilitate these intentional engagement efforts.	Fair Housing Enforcement and Education is Needed	2020	Entitlements and Subrecipients
7E	Develop tenant training programs, one targeted to high school students, and one targeted to specific immigrant communities, and work with local school districts and existing community organizations on a program and schedule for delivery of the training.	Fair Housing Enforcement and Education is Needed	2018	FHIC (Partners: HOME Line, SMRLS, MMLA)
7F	Improve coordination with school districts. Consider the impacts of affordable housing development and public sector investments on the segregation or integration of affected schools.	Concentrated Poverty Requires Place-Based Investment	Ongoing	Entitlements
<b>Goal #8: Invest in Place-Based Community Improvements</b> Focusing investment in defined communities most affected by poverty is needed in order to enhance the physical environment, increase the opportunities available to the community's residents, and also to build the human capital of the people residing there. Place-based investment is more impactful than a strategy of smaller investments made in a number of different communities simultaneously and is key to creating real change in a place and its people. The strategies described here include several different platforms from which a place-based investment model can be employed.				
8A	Consolidated Plans should contain place-based strategies, focusing available funding on improving the human capital and physical resources in specific, defined high-poverty areas.	Concentrated Poverty Requires Place-Based Investment	2018	Entitlements
8B	Review capital improvement planning models to ensure process is informed by data on concentrated poverty and areas of low opportunity.	Concentrated Poverty Requires Place-Based Investment	2019	Entitlements
<b>Goal #9: Support Multicultural Housing Needs</b> The ethnic and cultural diversity in the Twin Cities region requires that jurisdictions work closely with existing ethnic and cultural organizations to reach and interact with these populations in appropriate ways. Not only do methods of application for housing units need to be adapted, but channels for disseminating information about housing programs and about one's rights under the Fair Housing Act need to be opened through organizations that are trusted by the community. Cultural housing needs, such as large units to house multigenerational families, should be considered.				
9A	Routinely review PHA subsidy standards, LIHTC QAPs, and other housing program policies and occupancy standards to ensure accommodation of units for large, multigenerational families.	Multifaceted Values on Neighborhoods and Housing	Ongoing, annually. Beginning 2018	Suballocators PHAs HRAs Entitlements
9B	Ensure applications for housing program assistance are available online as well as in hard copy and that both options are advertised; work with cultural organizations to implement effectively.	Access to Housing is Reduced for Some Groups	Ongoing, beginning 2017	Entitlements, Subrecipients, PHAs, HRAs

9C	Explore partnerships to disseminate fair housing information and resources to undocumented residents through existing organizations that have earned the trust of the communities they serve.	Fair Housing Enforcement and Education is Needed	2018	FHIC
<b>Goal #10: Support Residents' Fair Housing Rights</b> Work to prevent housing discrimination remains an important consideration for the jurisdictions in the Twin Cities region. The strategies here involve support for existing organizations that are providing fair housing education and enforcement, a recommendation for a region-wide program of fair housing testing to determine areas of particular concern for compliance with the Fair Housing Act, and a review of local affirmative marketing plans for sufficiency in protecting protected classes from discrimination in the rental of subsidized housing units. Additionally, residents engaged in this analysis described code enforcement actions that had significant unintended consequences such as displacement and homelessness. These issues are addressed by the strategies in this section as well.				
10A	Continue dialogue between code enforcement, child welfare agencies, and housing rehabilitation programs to discuss linkages that would provide assistance to tenants living in substandard conditions.	Displacement Causes a Loss of Affordable Housing	2018	Entitlements
10B	Ensure local code enforcement departments are trained to minimize substandard housing conditions without creating vulnerability to tenants. Ensure staff are trained to maintain communication and status updates with complainants as well as property owners.	Fair Housing Enforcement and Education is Needed	2018	Entitlement Cities
10C	Monitor and provide financial support for the efforts of existing community-based organizations in offering fair housing education in culturally-appropriate ways to non-English speaking communities; education materials should include general information about landlord and tenant responsibilities as well. A “what to do if you’re facing eviction” insert could be helpful.	Fair Housing Enforcement and Education is Needed	2018	FHIC (Partners: MMLA, SMRLS, HOME Line)
10D	Conduct region-wide fair housing testing specifically in the areas of steering and discrimination on the basis of familial status.	Fair Housing Enforcement and Education is Needed	2019	FHIC (Partners: SMRLS, MMLA)
10E	Review affirmative marketing plans and enact as appropriate policies or provisions that ensure non-discrimination in the lease of publicly-subsidized rental housing.	Fair Housing Enforcement and Education is Needed	2019	Entitlements