



## After the Fact | Housing in America: A Blueprint in Minneapolis

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### TRANSCRIPT

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**Margaret Kaplan, president, Housing Justice Center:** Housing is a little bit different. We have to stop thinking about it as a product and more think about it as like air—you know, you need it to live.

**Dan LeDuc, host, The Pew Charitable Trusts:** Welcome to “After the Fact.” For The Pew Charitable Trusts, I’m Dan LeDuc.

Housing—a roof over our heads—is what we all need to live. But in the past few years, home prices and rents have skyrocketed, eating into family budgets at historic levels. And across the country, there aren’t enough homes for families that need them. Currently, there is an estimated shortage of 4 to 7 million homes. One major city—Minneapolis—is doing something to change that and can serve as a model for other parts of the country.

You heard Margaret Kaplan at the top of this episode. She works at the Housing Justice Center, a nonprofit in Minnesota. And we’ll hear more from Margaret in a bit. But first, a conversation about some unexpected ways that housing is actually becoming more accessible in Minneapolis.

That brings us to the data point for this episode: 12%. That’s how much new housing stock went up in Minneapolis from 2017 to 2022—and it happened while rent remained constant. At the same time, homelessness decreased by 12% in the city. I spoke with Meg McMahan and Jason Wittenberg, who both work in community planning and economic development with the city of Minneapolis. They told me about some of the local policy changes that are improving affordability and access to housing. And how Minneapolis could provide a blueprint for other cities facing similar housing challenges for the people who want to call those places home.

**Meg McMahan, planning director, city of Minneapolis—community planning and economic development:** In major metropolitan areas, essentially, there’s a higher demand for housing.

And what that does is it drives up the cost of housing. Minneapolis, for the last 10 or 15 years, we’ve seen historically low vacancy rates. Landlords now have a lot of leverage in terms of adjusting those rents in accordance with the demand.



**Dan LeDuc:** That's Meg describing the large increase in housing costs across the nation and the issues Minneapolis was facing—an economic problem that was even worse for marginalized communities.

**Meg McMahan:** We were seeing, particularly for families of color, a broadening gap between the number of places that they could afford to live. And the city has taken a fairly aggressive position on trying to produce more housing in order to really meet that demand. It's been really focused on increasing supply at all income levels.

**Jason Wittenberg, code development manager, city of Minneapolis—community planning and economic development:** Minneapolis is a fantastic city where we have a very high quality of life. But at the same time, we are among the worst cities in the country in terms of disparities between White and African American residents. And housing was one of those places where we in Minneapolis have seen a major disparity.

**Dan LeDuc:** And that's Jason describing the historical context behind why some people have more difficulty with housing access and affordability.

**Jason Wittenberg:** As we started our development of our comprehensive plan, there was a real focus on eliminating disparities. There are a variety of tools that have to be brought to the table, including some critical regulatory changes. There's a realization that zoning plays a key role. It's not certainly the only factor that is resulting in housing being undersupplied, but it's a factor that cities can control to a large degree.

We are not under the impression that market forces are necessarily going to cause housing to be affordable for our lowest-income populations. So, there was sort of a culmination of things that made people realize we needed to unlock these opportunities.

**Margaret Kaplan:** We work with a lot of clients who are experiencing barriers and challenges to accessing housing in our current system.

**Dan LeDuc:** Margaret Kaplan has worked to connect people with housing for more than two decades. At the Housing Justice Center, she sees the obstacles facing those trying to have safe and secure homes across Minnesota.

**Margaret Kaplan:** Housing Justice Center is a statewide organization based in St. Paul, Minnesota, and we focus on making sure that people have safe, stable, affordable, dignified places to live in their community of their choice. So, we have a pretty broad array of clients. Typically speaking, our clients are very low-income. Also, because of the demography of Minnesota and because of the disparities in our housing system, the vast majority of our clients are Black, Indigenous, Latinx, or Asian American. We work with a lot of immigrant



households. We work with a lot of clients who have disabilities. I would say that almost all of our work we do in collaboration with other organizations.

There's one person in particular, after 20 years lost her apartment. She'd been a great tenant, always paid on time, and they decided to nonrenew her lease for reasons that are mysterious, and so she's been trying to access housing in a system where it's actually not necessarily designed for people to be successful.

**Dan LeDuc:** What are some of the difficulties people face in securing housing?

**Margaret Kaplan:** One of the biggest challenges with regard to price is so much of the housing stock that exists—whether it's single-family homes, manufactured homes, or rental properties—is out of reach for many renters who need good places to live. When you look at Minneapolis, when you look at St. Paul, over a quarter of the households are at 30% and below area median income.

**Dan LeDuc:** Margaret notes that the lowest-income households in the Twin Cities area are disproportionately Black, Indigenous, and people of color.

**Margaret Kaplan:** The most recent research that came out of Harvard—they do their annual report on housing affordability—50% of renters in the Twin Cities metropolitan area are paying more than 30% of their income toward their housing costs. That means there's not much left over for everything else.

**Dan LeDuc:** Economists say that anyone who spends more than 30% of their income on housing is considered “burdened.” Paying more than that could make it harder to afford other necessities like food and health needs and transportation.

And it isn't just a problem in urban areas, right? I mean, your organization works across the state. What are some of the challenges you see in suburbia and rural areas?

**Margaret Kaplan:** We do a lot of work with manufactured home communities, or mobile home parks. Manufactured home communities are one of the largest sources of unsubsidized affordable homeownership. People are investing in acquisition of a home, right? But that home is on rented land. One of the things that we've seen more recently as outside investors are acquiring properties, they're imposing really high rent increases year after year after year, to the point that the home price plus the lot rent is very, very far out of reach. But unlike somebody who's renting an apartment, you can't just move to another apartment. You have this home that sometimes costs \$15,000 to move, no place to move it to, and a limited amount of time to sell it in place. And even if you have that opportunity to sell it in place, those higher lot rents are a disincentive for people to buy those homes.



So, we've been working with a number of communities who've been experiencing this sort of pushing away from the stability that they thought they had when they purchased their home 10, 15, 20 years ago. We're challenging some of the business practices of communities. So, really thinking about, what does it mean for a rent increase in a community to be reasonable? And how do you better balance the rights of homeowners in manufactured home communities with the folks who are now the new park owners to push back against rent increases that are unreasonable? Keeping on top of this issue in a way that shines some light on something that, I think, very frequently isn't recognized.

**Dan LeDuc:** It seems the lack of supply is affecting everyone who is looking for housing.

**Margaret Kaplan:** When we're talking about addressing the homeownership disparity gap here in Minnesota, a big challenge is for folks who are ready to buy a home, there's nothing for them to buy that's going to be affordable to them at their price point.

And that's not to say that other people in our current housing market aren't struggling. There is a huge shortage of affordable single-family homes as well.

**Dan LeDuc:** If there's this demand for homes and apartments and rents at a certain level, why isn't there a response, to that price level, right? I mean, automobile manufacturers, they mass produce affordable cars.

**Margaret Kaplan:** Housing operates a little bit differently than, say, commodities. They're not artificially limited by a regulatory environment, and they aren't dependent on a really limited resource, which is high-quality developable land.

Housing is a little bit different. I think we have to stop thinking about it as a product and more think about it as, it's like air, you know—you need it to live. What that means is, even if you can't afford the place, if you can access the place, you're going to pay whatever you need to and make whatever choices you can to stay housed. It's a nonoptional thing. The other thing I would say is that housing isn't just one market; it's multiple markets. They all operate a little bit differently. It's not just about having a roof over your head; it's also having a place to live that is that is safe and that is healthy.

**Dan LeDuc:** Housing continues to be a challenge in Minnesota, as it is across many parts of the U.S. But there is promise of more accessibility through smarter, data-driven policy solutions. Zoning reform in Minneapolis is leading to affordability and accessibility and helping to address systemic bias. Now back to Meg and Jason.

**Meg McMahan:** Early on in the process, we partnered with a project out of the University of Minnesota called Mapping Prejudice. They were looking at racially restrictive deed



restrictions and covenants and making an effort to educate people about the history of racism and segregation in and around Minneapolis. Zoning certainly had been complicit in driving the way that our communities developed. It helped guide land use policies that really were designed to repair historic harms.

And so when we talked about unlocking neighborhoods and opening up housing accessibility, it was really through the context of saying, look, there are places in the city where we haven't had new development in decades or generations.

**Dan LeDuc:** You make a good point, which is, people want safe housing, they want comfortable housing, But, you know, a good house means it's near a job, it's near affordable groceries. And your mapping was showing that some of those nice locations were the ones that had room for growth, and it wasn't happening. So, Jason, how do you change that?

**Jason Wittenberg:** Minneapolis received a lot of attention for becoming the first major city to eliminate exclusive single-family zoning. So, the city now allows duplexes and triplexes, two- and three-unit buildings, in our lowest-density zoning districts.

What's, I think, received a lot less publicity is the fact that we've authorized a lot of other kinds of small-scale apartment buildings in more locations. And the city has made it easier to build taller and higher-density buildings and housing along corridors that have more transit options.

**Dan LeDuc:** Let's talk a little nitty gritty for a moment, you know, when we're talking about planning. Sometimes it's literally the number of parking places for a particular unit that can drive up costs of a project. What are some of the other things like that, that you tried to address?

**Jason Wittenberg:** Sure. A big one for us was being very clear in our plan about how tall buildings can be in different locations. There was a lot of negotiation about how tall a building could be at a given location. People could ask for 25 stories, and that would be a big public battle. We've created much more clarity about how tall a building can be in a location, and that means that places outside of downtown can have 30-story buildings in some cases.

**Meg McMahan:** Being clear about what can be built where and sticking to that has been a major tenet of this work. And I think it's something that benefits both developers and community members.

And then you mentioned parking, and I think we would be remiss to not talk about the fact that we eliminated parking minimums citywide.



When we talk about the cost of housing and the cost of development, it is absolutely, I would say, one of the most impactful regulatory changes in terms of reducing barriers for development and also creating opportunities and in locations where they simply wouldn't be able to fit a project because of the need for parking requirements.

**Dan LeDuc:** So, you made these changes over the last few years, and how do you judge your success?

**Meg McMahan:** Land use reform is a slow process. It took 150 years for the city to look the way it does today, and it will certainly not reform itself from an urban design perspective in my career, right? This will take time.

On the other hand, there is national research showing that Minneapolis is producing more housing units and our rent growth is slower than other similarly sized cities throughout the country. Can those be directly attributed to a policy that was adopted three years ago? I don't know that I'm prepared to say that. Certainly, I think, when you increase supply of housing, it does seem to have a downward pressure, at least, on the cost of housing in those communities. And certainly our vacancy rates are starting to tick upward, which is a really important factor when you look at historically how low they have been.

Minneapolis is coming out on top in terms of slower rent growth, high housing production, and generally the numbers are headed in the direction that we would expect and are happy to see.

**Dan LeDuc:** Renters are also an important part of this picture. In 2021, more than a third of all U.S. households were renters, according to Pew Research Center. Margaret told me about a program her organization has to support renters.

**Margaret Kaplan:** It's one thing to have housing and to have a supply, but if that supply isn't accessible to the people who need it, then, you know, it doesn't really exist for them. There needs to be access to fair housing choice.

We've got a program called Renters Reclaim the Record, where we assist people who have been denied access to housing, largely because of things on their tenant screening report.

We started working with a group that was focused on the housing needs of people who had experienced domestic violence. And they had received temporary shelter in a hotel for a period of time during COVID. And then they received vouchers that they could use to find permanent housing after that program ended. But the problem that people were running into was twofold. One, the experience of people with domestic violence impacted their tenant screening report. So it affected their credit score, because a lot of the time people



experiencing domestic violence don't have control over their own finances. Sometimes it involved their criminal history, because they are going to be intersecting with the public safety system. It affected people's income, because one of the ways that people are controlled in domestic violence experiences is not having financial autonomy.

All of these were a function of their experience with domestic violence, and yet these were preventing them from being able to access housing opportunities. Even if you could get past the threshold of the tenant screening criteria, a lot of landlords were saying no to the vouchers.

We were working with a number of families who were trying to utilize these vouchers. The team on Renters Reclaim the Record were able to interact directly with some of the landlords to try and just chip away at some of those objections, to explain what was happening, to allow people to get a second chance into housing opportunities and, most importantly, to make sure that people were able to utilize their vouchers so the housing that they were able to access was affordable to them.

**Dan LeDuc:** Well, you make a great point about access and ensuring that it is affordable to them. What's the crux of all of this?

**Margaret Kaplan:** You can't think about owning a home if you're scrambling with your current financial situation, right? So having housing that is affordable—and that is the biggest cost in people's lives—then puts people on the trajectory to being able to think about what's next. To take people out of a situation of feeling unstable and in a state of crisis all the time that is very, very traumatic, to something where people can focus and plan and be grounded and really think about, OK, this is what I want the future to look like.

**Dan LeDuc:** In our next and final episode of the season, we go to Montana. You might think a state with lots of wide-open spaces may have plenty of room for new homes. But that state is facing the same problems we're seeing in much of the nation: high costs and not enough affordable houses and rental units. Leaders across the political spectrum have united there to work on some innovative solutions.

**Katie Zolnikov, Montana state representative:** After COVID, people were moving to smaller states. That's not where our problem started; that's where our problem became really unbearable.

**Dan LeDuc:** We hope you'll join us. To learn more about what we've been talking about, visit [www.pewtrusts.org/afterthefact](http://www.pewtrusts.org/afterthefact). And please take a moment to make sure you are subscribed to our show wherever you listen to your podcasts. Thanks for listening. For The Pew Charitable Trusts, I'm Dan LeDuc, and this is "After the Fact."