

A photograph of a family of three sitting on the wooden steps of a house. The mother, on the left, has long dark hair and is wearing a white cardigan over a dark top and blue jeans. She is holding a young child with curly hair who is wearing a blue and white striped shirt. The father, on the right, has a beard and is wearing a red and blue plaid shirt over a blue polo shirt and blue jeans. They are all smiling at the camera. The house has brown horizontal siding and a white door with a purple wreath hanging on it.

# OUT OF HOUSE AND HOME

Solving the Twin Cities'  
Affordable Housing Problem

JEFF JOHNSON • ADJUNCT POLICY FELLOW



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# Executive Summary

Nearly everyone acknowledges that the lack of housing available for people of low and middle income in the Twin Cities (Minneapolis-St. Paul) is a significant problem. Regardless of political ideology, there is a broad recognition that the availability of “affordable” housing, however defined, is seriously lagging demand. It is one of the most serious problems facing the Twin Cities today.

The shortage of affordable housing is not unique to the Twin Cities; it’s a problem throughout the United States. Unfortunately, the Twin Cities metro area is worse off than most metro areas around the country and is far worse than any other metro area in the Midwest.

Among the 100 largest metro areas in the United States, the Twin Cities is the 16th largest and is tied for the 20th highest housing costs, but if we remove coastal areas from the list, Minneapolis-St. Paul (MSP) has the 6th highest housing costs in the country.

If we look at the Midwest, MSP has the highest costs—by far. In the 10 largest metro areas in the Midwest, MSP does not just have the most expensive housing, it is 37% higher than the next highest metro area (Chicago), and MSP’s costs are more than double both Indianapolis and Cleveland.

Overall, MSP’s housing costs are 56% higher than the other largest metro areas in the Midwest.

There are multiple reasons for MSP’s high housing costs, but the ones that set us apart from everywhere else in the Midwest are all caused by the actions of government.

The Metropolitan Council, for example, has inflated the cost of land in MSP through its creation and enforcement of the MUSA line, an “urban containment boundary” around the entire seven-county

Twin Cities metro area. Predictably, this artificial growth barrier significantly increases the cost of land within the boundary. In fact, the cost of land in MSP is 84% higher than the average of the 10 largest Midwest metro areas.

In addition, cities can add tens of thousands of dollars to the cost of new housing through fees and requirements, and new “inclusionary zoning” mandates that some cities are passing are making the problem even worse.

Finally, Minnesota’s building codes and regulations are far more stringent and costly than most other states.

Politicians can promise massive spending programs to address the affordable housing problem in the Twin Cities, but no amount of spending will solve (or even lessen) this problem unless government is willing to do what it hasn’t in the past: reform and significantly roll back government mandates, regulations and fees and rein in the Met Council. ■

## Key Points

- The high cost of housing is a significant problem for people of low and middle income in the Twin Cities.
- Twin Cities housing costs are higher than most of the country and 56% higher than the other large metro areas in the Midwest.
- Government action and policy are largely responsible for the Twin Cities’ high housing costs.
- We will never solve this problem in the Twin Cities unless we eliminate many government mandates, regulations and fees and rein in the Met Council.



# Defining the Affordable Housing Problem

Nearly everyone acknowledges that the lack of housing available for people of low and middle income in the Twin Cities (Minneapolis-St. Paul) is a significant problem. Regardless of political ideology, there is a broad recognition that the availability of “affordable” housing, however defined, is seriously lagging demand. It is one of the most serious problems facing the Twin Cities today.

The dilemma of housing affordability is prevalent throughout the nation and across the entire state of Minnesota. It is particularly acute, however, in the Twin Cities metro area, which will be the focus of this report.

There is a standard measure nationally of whether housing is affordable: If a household spends 30% or more of its income on housing expenses (mortgage or rent), then that household is considered “cost-burdened” and its housing is not affordable.

Some argue with this measure, believing that it diminishes the problem and that other measures show an even greater lack of affordable housing, but it is the most commonly used measurement and will be used in this report.

By this measure, the Twin Cities metro area<sup>1</sup> has a very significant problem. According to Minnesota

Compass, using U.S. Census Bureau data, more than 27% of Twin Cities residents were cost-burdened in 2017.<sup>2</sup>

## Demographic Disparities

Not surprisingly, the housing affordability problem affects the poorest among us the most severely. Nearly 85% of those making less than \$20,000 per year cannot find affordable housing in the Twin Cities. But it’s not just a problem for the poorest in the Twin Cities. Nearly 23% of households earning \$50,000 to \$75,000 per year are cost-burdened.

For context, the area median income (AMI) in the Twin Cities is about \$100,000 for a family of four.

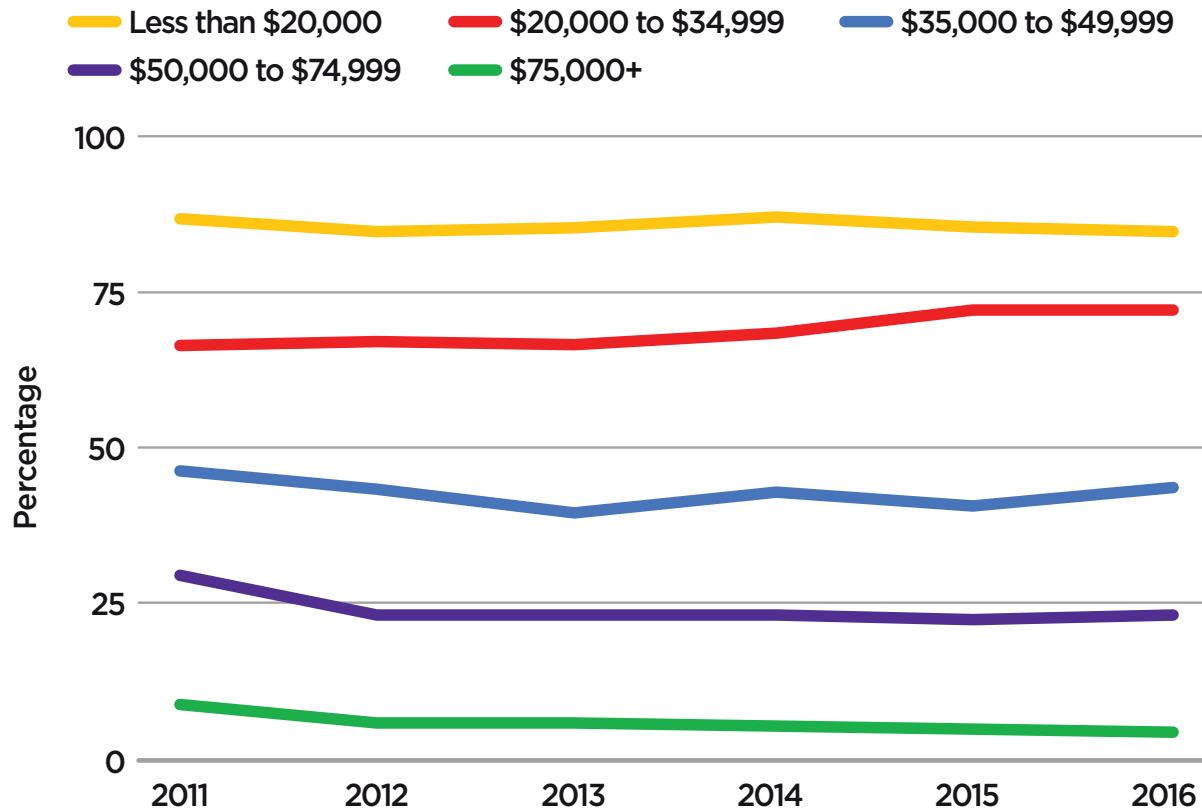
The Family Housing Fund estimates that nearly 375,000 Twin Cities residents who are currently working are cost-burdened in their housing.<sup>3</sup> That translates to one in every five working employees in the Twin Cities who cannot find afford-

able housing.

The cost of newly-built homes is exacerbating the problem. According to the Housing Affordability Institute, 85% of Twin Cities households are unable to afford an average newly constructed home.<sup>4</sup> In fact, in 2018, less than 10% of new homes built

**One in every  
five workers in the  
Twin Cities cannot  
find affordable  
housing.**

## Share of Households that are Cost-Burdened



Source: U.S. Census Bureau, compiled by Minnesota Compass

in the Twin Cities cost less than \$225,000 and less than one-third cost less than \$325,000—and most of those homes were not single-family homes, but condominiums or townhomes.

According to the Minnesota Housing Partnership, of the 1,336 units of “affordable housing” constructed in 2017, only 164 (about 12%) were affordable to extremely low-income households, defined as those earning 30% or less of AMI.<sup>5</sup>

And, like educational outcomes and income distribution, the disparity in homeownership between households of color and white households is significant. In the Twin Cities, 39% of households headed by a person of color or indigenous person are homeowners versus 75% of white households.<sup>6</sup>

### The Economic Ripple Effect

The severe lack of housing that is affordable to middle- and low-income Twin Cities residents not only creates hardship and further disparities but it negatively impacts the economy.

High housing costs can slow economic growth by making it harder for businesses to recruit and retain employees.<sup>7</sup> For example, in California, home to some of the highest housing costs in the country, companies are expanding outside of the state or moving outright as a direct result of housing costs.<sup>8</sup>

According to the National League of Cities, 42% of America’s cities cite high housing costs as a “major barrier” to economic growth.<sup>9</sup>

Specific to the Twin Cities, the Family Hous-

ing Fund argues that the economic impact of our housing affordability problem in the Twin Cities will be severe over the next 20 years—nearly 50,000 fewer jobs created and an economic loss of \$1.6 billion.<sup>10</sup> The Family Housing Fund bases this estimate on two consequences of people not moving to the Twin Cities because they cannot afford housing.

*First, if new working households do not move to the region, they will not spend money on goods and services in the local economy. Based on our estimates of the impacts of the housing shortfall, the total economic loss associated with unrealized consumer spending in the region will be \$81 million annually, or \$1.6 billion over the 20-year period from 2018 to 2038.*

*Second, without housing for working families, businesses will not be able to create new jobs or will have to leave jobs unfilled. Based on this analysis, the housing shortfall could result in 48,344 fewer jobs in the seven-county Twin Cities region in 2038 than would have been possible with sufficient housing.<sup>11</sup>*

## How the Twin Cities Compares

As noted, the lack of affordable housing is not unique to the Twin Cities; it's a problem throughout the United States. Unfortunately, the Twin Cities metro area is worse off than most metro areas around the country and is far worse than any other metro area in the Midwest.<sup>12, 13</sup>

Among the 100 largest metropolitan statistical areas (MSAs)<sup>14</sup> in the United States, the Twin Cities MSA (Minneapolis-St. Paul or MSP) is the 16th largest and is tied with Colorado Springs for the 20th highest housing costs (as defined by Zillow's typical home value per square foot, also known as Zillow Home Value Index per square foot).<sup>15</sup> While this might appear reasonable, if we remove coastal MSAs from the list, MSP has the 6th highest housing costs in the country.

If we look at the Midwest, the Twin Cities has the highest costs—by far.<sup>16</sup> In the 10 largest MSAs in the Midwest, MSP does not just have the most expensive housing, it is 37% higher than the next highest

MSA (Chicago), and MSP's costs are double both Indianapolis and Cleveland.

Overall, MSP's housing costs are 56% higher than the other largest metro areas in the Midwest.

Another national measure of housing costs comes from the S&P Case-Shiller Home Price Index calculated by S&P Dow Jones Indices. S&P only measures 20 select MSAs in the country, but four of them are among the largest metro areas in the Midwest: Chicago, Cleveland, Detroit and MSP. The reports show that MSP's

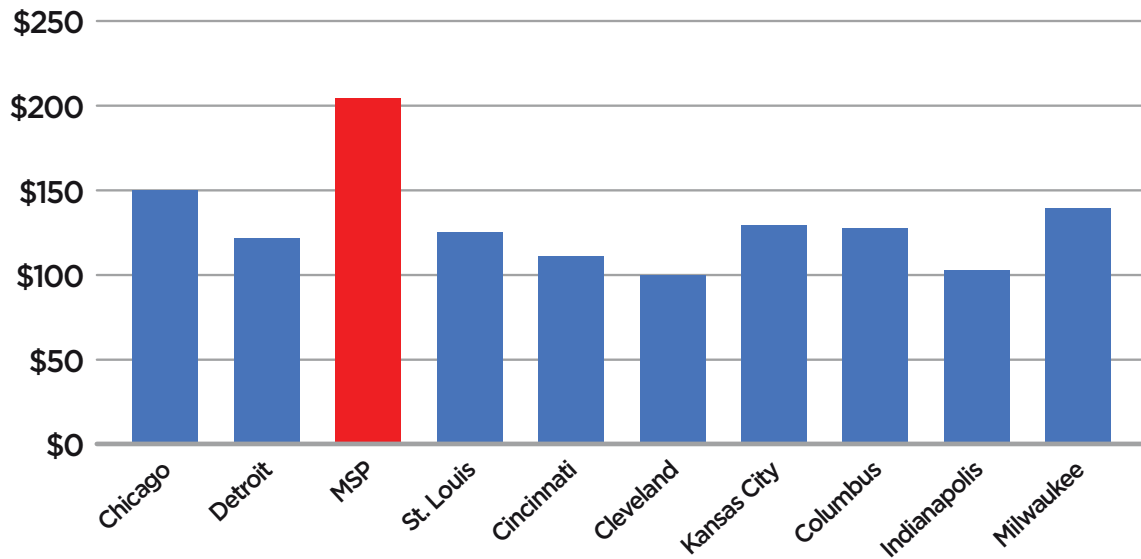
housing price increases have been far greater since 2000 than our Midwest peers.<sup>17</sup> ■

**Minneapolis-St.  
Paul's housing  
costs are double  
both Indianapolis  
and Cleveland.**



## Home Value per Square Foot (2019 Average)

Largest Metro Areas in the Midwest



Source: Zillow Housing Data ([www.zillow.com/research/data/](http://www.zillow.com/research/data/))



### **Myth #1:** **High incomes offset high housing costs**

Some might argue that personal income in MSP is higher than other Midwest MSAs, thereby offsetting the higher cost of housing. It is true that MSP's per capita income is the highest in the Midwest, but not nearly high enough to compensate for housing costs.<sup>18</sup>

Among the 10 largest MSAs in the Midwest, MSP's per capita income is 12.4% higher than the average. MSP's housing costs, however, are 56% higher than the average.<sup>19</sup>

Likewise, when comparing median home prices to median household income, MSP is less affordable than all but Chicago and Milwaukee among the largest metro areas in the Midwest.<sup>20</sup>

Stepping out of the Midwest to the nation as a whole, per capita income does not explain MSP's high housing costs. Of the 25 highest MSAs in per capita income, MSP has the 23rd highest per capita income, but the 15th highest housing costs.<sup>21</sup>

### **Myth #2:** **Population growth explains higher costs**

Likewise, population growth does not explain MSP's housing costs. One might assume the

fastest growing large metro areas in the country would have high housing costs based on the simple principle of supply and demand. MSP, however, is growing slowly compared to other MSAs, while its housing costs remain high.

Of the 100 largest MSAs in America, 57 of them grew in population at a rate faster than the United States as a whole between 2010 and 2018.<sup>22</sup> MSP is number 46 in growth on that list of 57, while our housing costs are 16th highest.

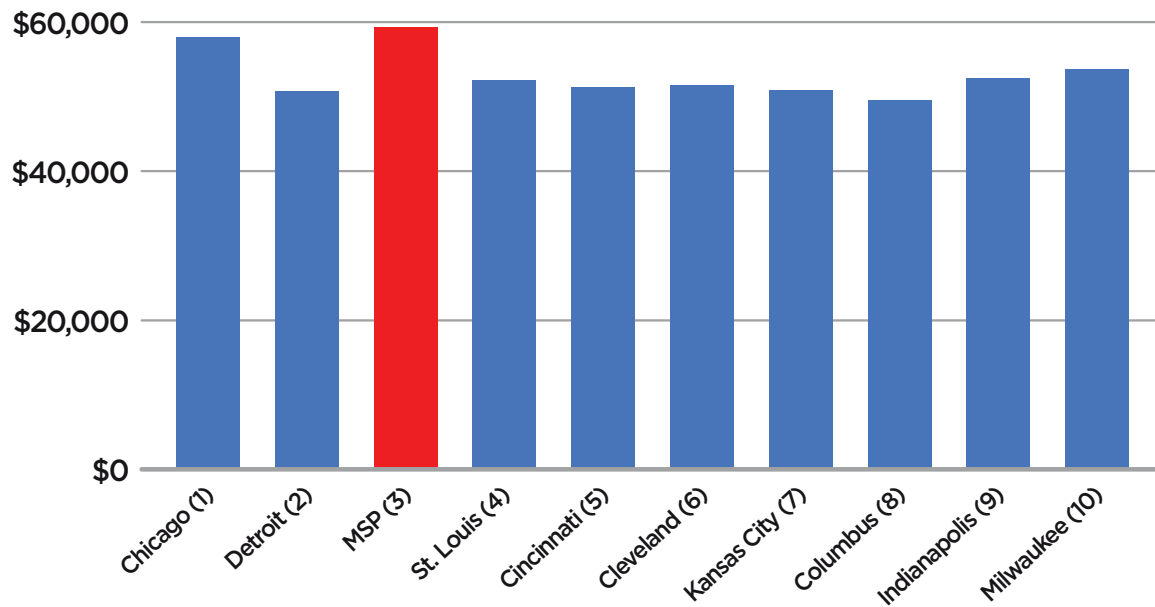
For comparison, MSP's housing costs are more than 39% higher than the average cost in the 10 fastest growing large metro areas in America.

### **Myth #3:** **Cold climates increase costs**

Some claim that MSP's harsh winters explain our high housing costs. That argument, however, is not supported by the data. According to temperatures compiled by the National Oceanic and Atmospheric Administration, Minneapolis is the 12th coldest American city of 10,000 residents or more. Of the 20 coldest such cities, only one (Anchorage, Alaska) has housing costs higher than MSP, and MSP's housing costs are more than 36% higher than the average of these coldest American cities.<sup>23</sup> ■

## Per Capita Personal Income (2017)

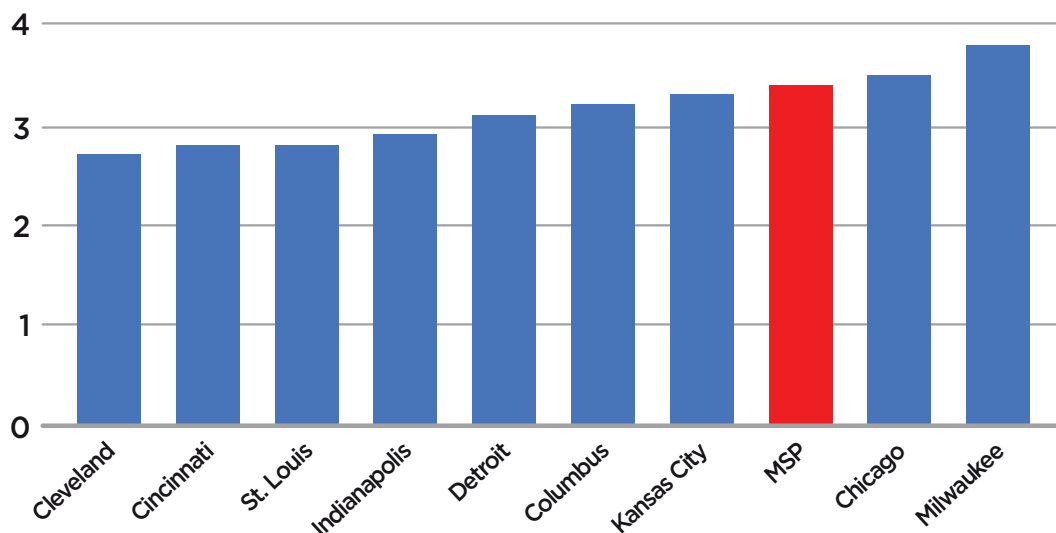
Ten Largest Metropolitan Statistical Areas in the Midwest



Source: U.S. Bureau of Economic Analysis

## Median Multiple Values (Lower = More Affordable)

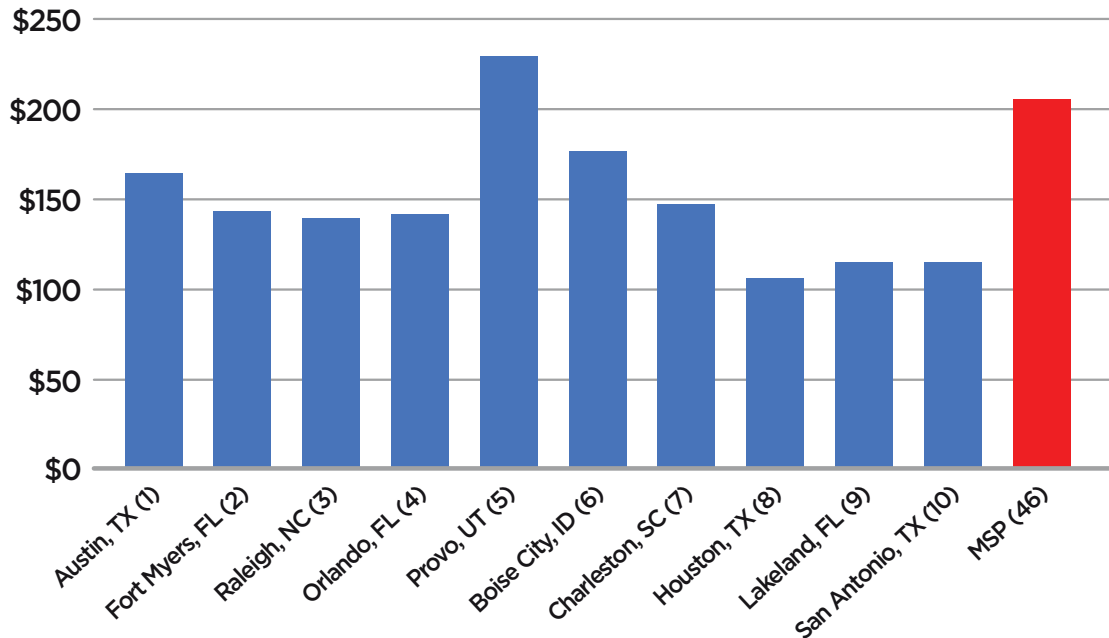
Median House Price/Median Household Income



Source: 16th Annual Demographics International Housing Affordability Study, 2020

## Home Value per Square Foot (2019 Average)

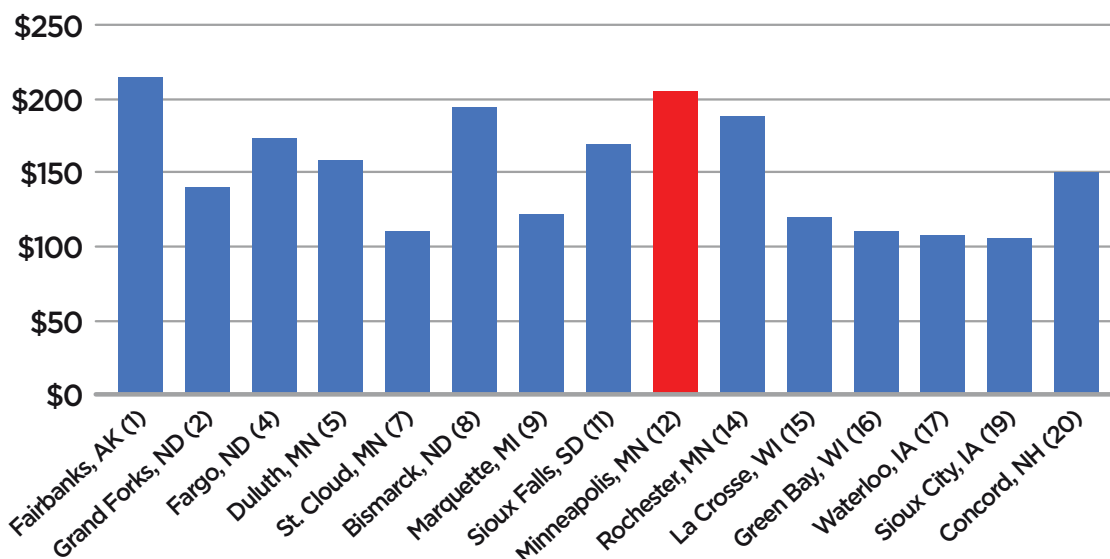
Ten Fastest Growing Large Metro Areas in the U.S. (plus MSP)



Source: U.S. Census Bureau and Zillow Housing Data

## Home Value per Square Foot

Coldest Cities in America



Source: National Oceanic and Atmospheric Administration and Zillow Housing Data

Note: Five of the top 20 coldest cities do not have housing data, leaving only 15 cities shown on the chart.





There are many reasons for a lack of affordable housing that could apply to the problem nearly anywhere in the United States.<sup>24</sup> The causes that appear most often in reports and literature on this topic are below (in no particular order).

- Rapid population growth in certain regions that outstrips supply
- People staying in their homes through old age, limiting the supply of cheaper housing
- A lack of land to build upon, usually because of physical barriers to growth
- Labor shortage of those needed to build housing
- Significant inflation in land prices and the products (like lumber) used in construction
- Government policy and regulations that increase the cost of building housing

But what about MSP, in particular? Do any of these common causes affect the Twin Cities metro area in a unique enough way to explain how out of step we are with every other metro area in the Midwest?

We've already discussed how population growth does not explain MSP's uniquely poor position with respect to affordable housing. There is also no evidence that people stay in their homes longer in MSP than other parts of the country (and it's doubtful there would be any interest in changing this trend).

### Geographic Barriers to Growth

If you look at the 20 MSAs (of the top 100 in

population) with the highest home values per square foot, there is one striking commonality. All but two have very significant natural barriers to growth, limiting the availability of land upon which to expand or build and, thereby, creating higher costs for existing housing.

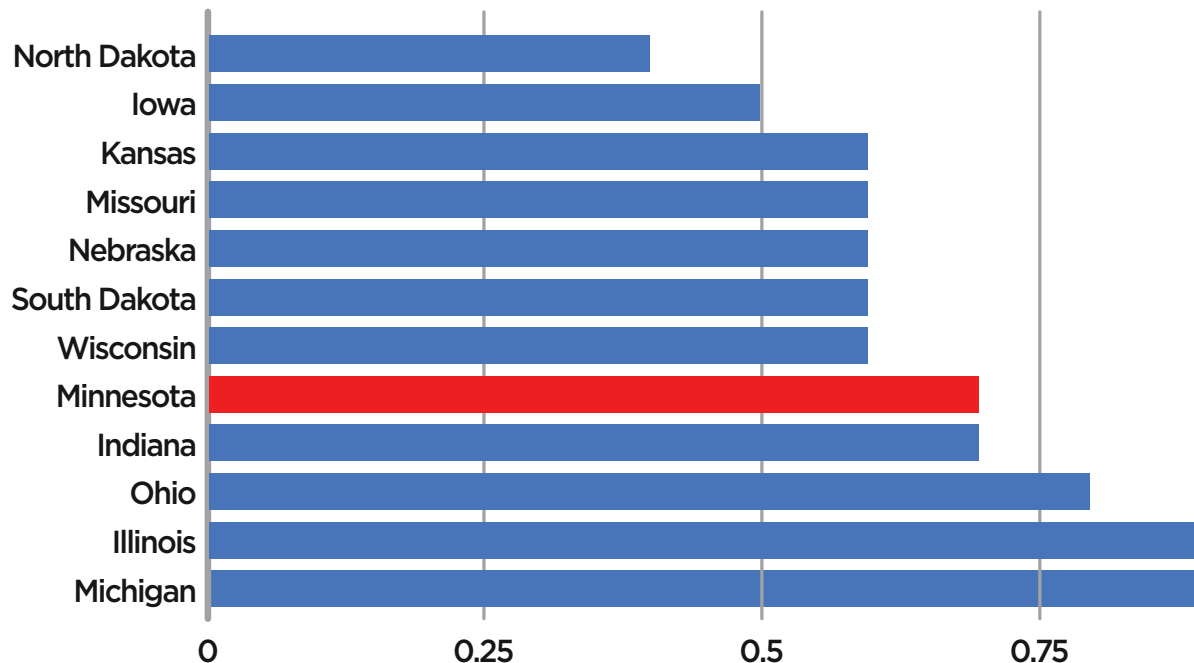
All but two of the metro areas with the highest housing costs are limited in expansion because of an ocean, mountains, National Forest or some combination of the three.

The two that have no such natural barriers are Washington, D.C. and

MSP. The D.C. metro area, however, is unique in the United States because it is home to hundreds of thousands of highly paid lobbyists and federal em-

**All but two of the metro areas with the highest housing costs are limited in expansion because of an ocean, mountains, National Forest or some combination of the three.**

## Ratio of Unemployed People to Job Openings



Source: U.S. Bureau of Labor Statistics, compiled by the Pew Charitable Trusts

ployees. In fact, outside of Silicon Valley, it is likely the richest place in America.<sup>25</sup>

That leaves three remaining causes: labor shortages, inflation in land and building material, and government actions.

### Labor Shortage

Although there does not appear to be labor shortage data available by metro area, the U.S. Bureau of Labor Statistics does measure this problem by state. As of July 2019, Minnesota's labor shortage is similar to other states in the Midwest and nationally. The ratio of unemployed people to job openings nationally is 0.8. Minnesota's ratio is 0.7, meaning our labor shortage is just slightly worse than the nation as a whole. In the Midwest, that ratio ranges from 0.4 in North Dakota to 0.9 in Michigan and Illinois.<sup>26</sup>

While a shortage of labor is likely one of the causes of the housing affordability problem throughout the country, it does not explain why MSP is such an outlier in the Midwest.

### Inflation

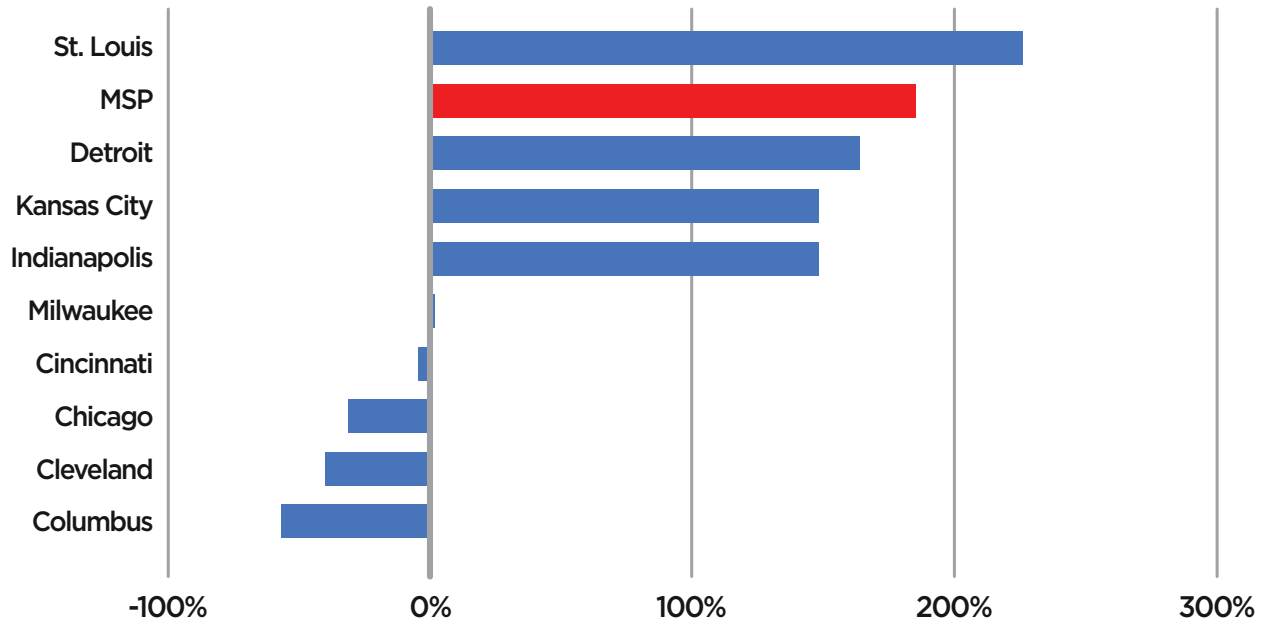
Statistics regarding inflation of building materials by region do not exist, although inflation in MSP generally over the past 20 years has tracked the average for metro areas relatively closely.<sup>27</sup>

Inflation of the price of land, however, is a different story. Between 1997 and 2017, land prices increased at an annual average of 8.5% nationally. MSP saw an annual increase of 9.25% during that same time period (about 9% higher than the nation as a whole). And when looking at major Midwestern metro areas, MSP once again fares very poorly.<sup>28</sup>

Land inflation averaged 2.96% per year between 1997 and 2017 among the 10 largest MSAs in the Midwest. MSP's land inflation rate of 9.25% was more than triple the average major Midwestern MSA. In fact, while MSP saw a 185% increase in land prices over 20 years, four Midwestern MSAs actually saw a *decrease* in land prices over that same period.

In addition to land cost inflation, land prices in

## Land Cost Inflation Rate 1997-2017



Source: American Enterprise Institute Center on Housing Markets and Finance

MSP are far higher than any other major Midwestern metro area. Land prices in MSP are 84% higher than the average of land prices in the 10 largest Midwestern MSAs and more than 32% greater than the Detroit MSA, which has the second highest price of land in the Midwest.<sup>29</sup>

Obviously, the cost of land in MSP is one cause of high housing costs that is unique to our metro area—at least in the Midwest.

Why is land so costly, particularly when we don't have any natural barriers to make land scarce for builders, such as coastal or mountain-region metro areas do?

There is one obvious answer to this question: The Metropolitan Council.

The Met Council is the most powerful, expensive and unaccountable regional planning organization in America, and it has created an artificial land scarcity that has sent land inflation through the roof in MSP as compared to any other Midwestern MSA.

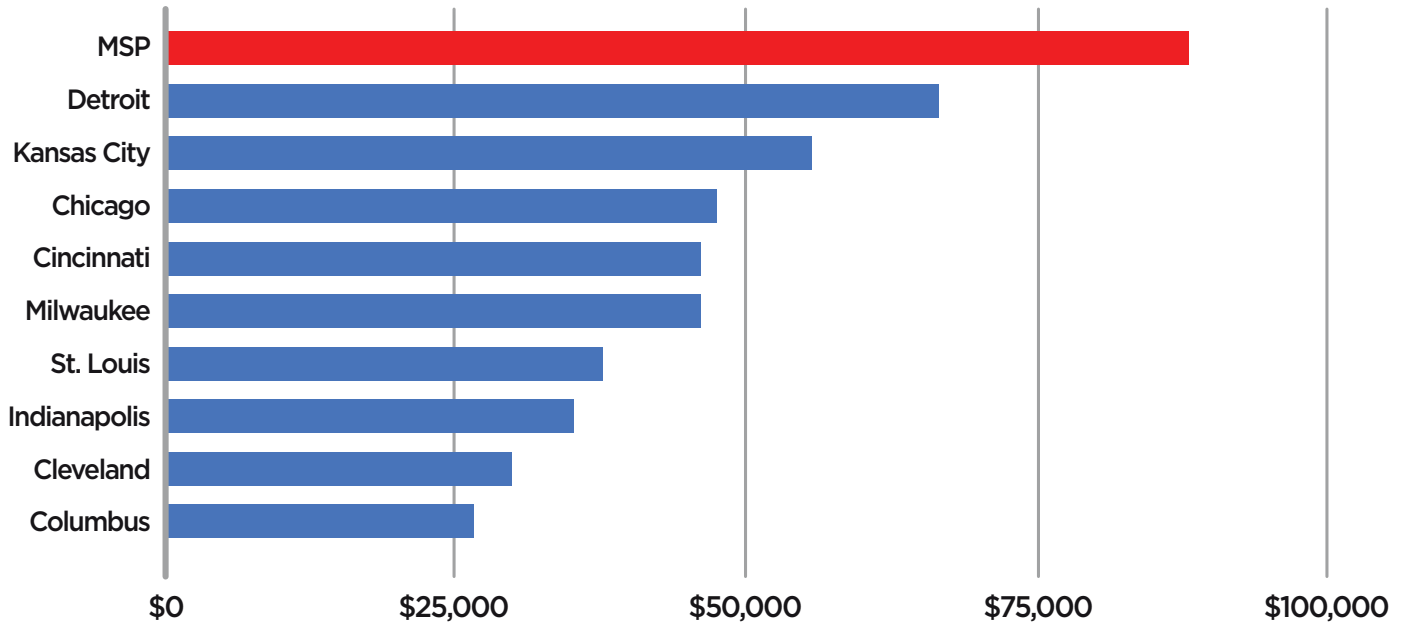
Created in 1967 as a small, common-sense body charged with coordinating water runoff and the metro sewer system and facilitating regional planning, the Met Council has become the most expensive, powerful and overbearing such regional organization in the country.

It has an operating budget of about \$1 billion, a capital budget of over \$8 billion and more than 4,000 employees.

As a comparison, if you look at the 20 largest regional authorities in America, the Met Council's operating budget is more than double the size of the second largest and actually bigger than numbers 4 through 20 combined, which includes cities like Chicago, Los Angeles, St. Louis and Denver.<sup>30</sup>

In addition, the Met Council's priorities and mission have become so vast, controlling and overbearing that it's actually damaging the metro area rather than advancing it. Unfortunately, it no longer facilitates planning and growth but instead attempts to control and direct it, imposing its own

## Average Residential Land Value Largest Midwest Metro Areas



Source: American Enterprise Institute Center on Housing Markets and Finance

questionable priorities on elected city councils as a condition of receipt of the state and federal funds it's allowed to disperse.

Housing and land use are prime examples of this, and the Met Council's actions in this area are driving up the cost of both land and housing in the Twin Cities.

The Met Council controls a "growth boundary" or "urban containment boundary" around the entire seven-county Twin Cities metro area. This invisible boundary is known as the MUSA line, short for Metropolitan Urban Service Area. Property inside the line is generally approved for streets, sewers and other basic infrastructure. Property outside the line is not.

Although some urban planning enthusiasts might deny the basic laws of economics (when you designate an area for development, its value will likely be higher than an area not designated for development), most recognize that artificial growth boundaries increase the cost of land within the boundary.

*Land is the principal factor in the production of new housing and an important element of its cost. By reducing the amount of land available for urban development, urban containment has the potential to make housing less affordable.*

*Economists Richard Green of the University of Southern California and Stephen Malpezzi of the University of Wisconsin described the impact of housing regulations, including urban containment boundaries: "When the supply of any commodity is restricted, the commodity's price rises. To the extent that land-use, building codes, housing finance, or any other type of regulation is binding, it will worsen housing affordability."<sup>31</sup>*

Indeed, such regulatory boundaries can act as physical barriers do, such as the water around San Francisco.<sup>32</sup>

The *St. Paul Pioneer Press* published an extensive article in 2017 setting forth how government in MSP and Minnesota is contributing to the housing



affordability problem.<sup>33</sup> The article included the following.

*Along Dale Road in Woodbury, farmland to the north is worth an average of \$27,000 an acre, according to the Washington County Assessor's records. Land just across the road—outside the MUSA line—is \$11,000 per acre.*

*Len Pratt, owner of Pratt Homes, builds homes in Washington County, where a one-third acre lot inside that MUSA line can sell for as much as \$100,000.*

*In most metro areas nationwide, there are no such regional lines. Builders choose from among thousands of landowners, wherever they are, and negotiate the best deal they can. They pay less for the land, and homebuyers pay less for their houses.*

And this from an MPR story<sup>34</sup> on the lack of affordable starter homes in the Twin Cities.

*[Real estate developer Paul] Heuer said he thinks the way to build more affordable homes is to build further out from the Twin Cities' urban core. That's been a successful strategy for developers for decades. People drive to affordability, developers say.*

*But that kind of development is restricted by the Metropolitan Council, which decides where it will supply critical infrastructure, like sewer lines, to homes.... Heuer thinks they should extend those boundaries to allow developers like him to build further out.*

The Met Council's response in the MPR story: Extending the MUSA line would be too expensive and **"the region doesn't need more single-family homes,"** a surprising response considering there are thousands of families in the region who are unsuccessfully searching for affordable single-family homes.

## Government Policy and Regulation

There is also broad agreement that government

policy and regulations have a negative effect on the affordability of housing across the nation.<sup>35</sup> Land use regulations, zoning rules, permitting requirements, building and environmental codes and voluminous fees all contribute to the cost of a home or apartment.

That is true, however, across the country. The question then is whether MSP, particularly in relation to other large Midwestern metro areas, has government policies that are uniquely onerous and explain, at least in part, why MSP's housing costs are so high.

The answer to that question, in short, is yes.

Between state, regional and local entities in MSP, government policy and regulations are responsible for the housing building costs listed on page 15.

While it is not possible to quantify these costs generally (as each jurisdiction varies) and compare them directly to other MSAs, ample evidence exists from those responsible for building housing that government policy in MSP (and Minnesota more broadly)

contributes considerably to MSP's high costs.

A recent report by the Housing Affordability Institute found that up to one-third of a new home's price in the Twin Cities is due to regulations and policies from local, regional and state government.<sup>36</sup>

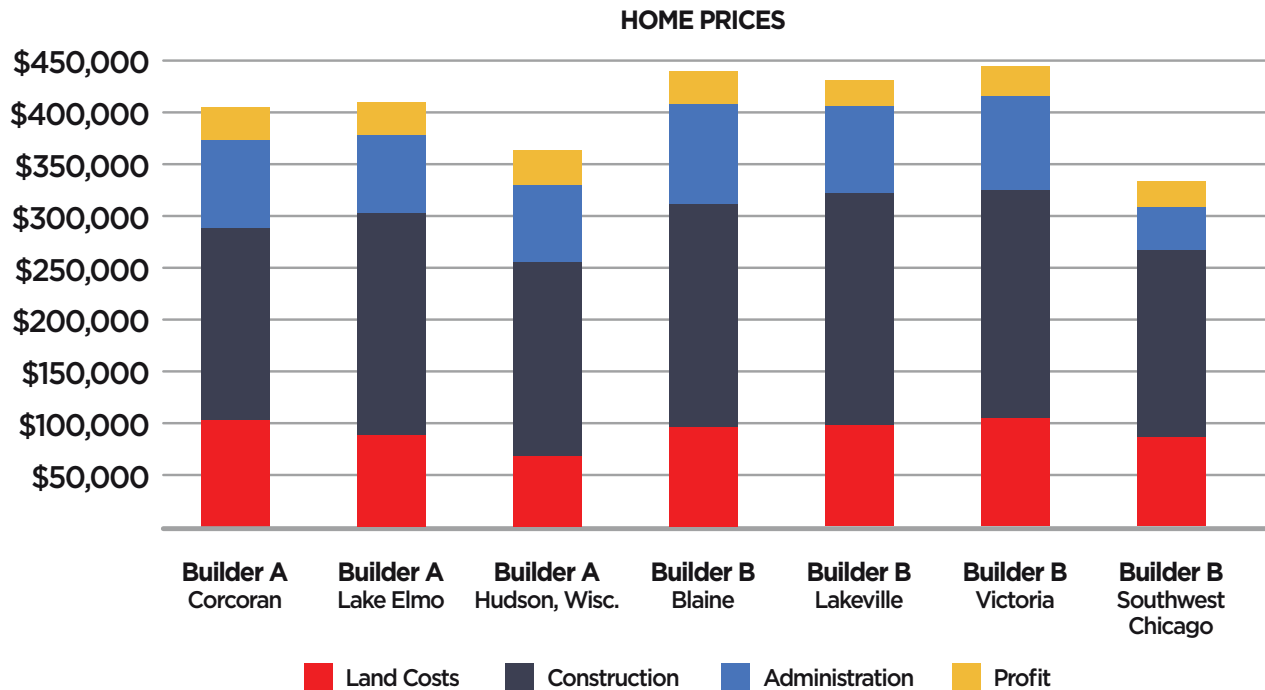
More specifically, the report sets forth how nearly identical homes cost considerably more in MSP than in other Midwestern metro areas. For example, a home built in Lake Elmo, Minnesota costs \$47,000 more than the same home built by the same builder in Hudson, Wisconsin—just across the border. Likewise, a home built in Blaine, Lakeville or Victoria, Minnesota costs at least \$70,000 more than the same home built by the same builder in the southwest suburbs of Chicago.<sup>37</sup>

From the *St. Paul Pioneer Press* article on housing:  
*Talk to a builder about why Minnesota's housing costs are so high, and they'll mention*

**In large part, the Twin Cities metro area has a shortage of affordable housing because state and local governments make it nearly impossible (and in many ways illegal) to build.**

**TWIN CITIES PRICE RANGE**  
**\$372,990 - \$376,990**  
 Builder A - Twin Cities Area  
**\$402,990 - \$413,990**  
 Builder B - Twin Cities Area

**MIDWEST MARKET COMPARISONS**  
**\$329,990**  
 Builder A - Hudson, Wisc.  
**\$331,990**  
 Builder B - Southwest Chicago Suburbs



Source: Housing Affordability Institute, "Priced Out" Report

regulations. And it's true: Minnesota's regulatory process is far more complex than many of its surrounding states.

But it's only one factor why. According to interviews with more than 60 government officials, builders, realtors, housing and energy lobbyists and home buyers, Minnesota's housing costs are high because:

- Those regulations, including energy-saving rules and safety codes, are tougher and costlier than in surrounding states;
- The cost of metro-area land is elevated by centralized planning, larger mandated lot sizes and a public resistance to development;
- An increasing use of city fees, tucked into the price of a new house, can add tens of thousands of dollars.

More specifically, regarding local fees, the article states that Minnesota cities are increasingly slapping fees on the sale of a new home—on top of taxes. Park fees alone tack on up to \$7,000 on house prices in Minnetonka, \$6,000 in Plymouth and \$2,000 in Blaine. In addition, the Met Council levies a sewer availability charge of \$2,500 per lot, and some cities charge a similar amount for the same purpose.<sup>38</sup>

Regarding legislative action and Minnesota's strict codes, the American Council for an Energy-Efficient Economy (ACEEE) ranks states and major cities on the stringency of government requirements for energy efficiency in buildings. The energy code is an important element of this measure. According to ACEEE, Minnesota has the 8th most stringent government requirements in the country and the highest of any Midwestern state.

Minneapolis has the 4th highest requirements for a city, exceeded only by Boston, San Francisco and Seattle.<sup>39</sup>

In the *Pioneer Press* article, the authors state that over the past two decades, state officials “have been toughening up the energy codes every three to six years.”

*That means taking the federal guidelines,*

*reworking them in a years-long process, and writing their own. The latest code book affecting residential homes was 567 pages.*

*It’s something states like North Dakota and Iowa don’t do.*

*“We don’t rewrite the book. We don’t even publish,” said Ljerka Vasiljevic, deputy building code commissioner for Iowa, whose state*

## HOUSE BUILDING COSTS: TOPLINE CATEGORIES

### LAND COSTS

Undeveloped Land  
In-Development Infrastructure  
Area-Wide Improvements  
Trunk Charges  
Stormwater and Erosion Control  
Parks and Open Spaces  
Development-Related Fees  
Metropolitan Council Fees

### CONSTRUCTION COSTS

Labor and Materials  
Building Code  
Energy Code  
Plumbing Code  
Electrical Code  
Mechanical Code  
Building Permit-Related Fees  
Per-Unit Connection Fees

### ADMINISTRATIVE COSTS

Sales Staff/Commission/  
Marketing  
Office Staff  
Taxes  
Other Overhead Costs

### PROFIT

## HOUSE BUILDING COSTS: SUBCATEGORIES WITH MULTIPLE FACTORS

### IN-DEVELOPMENT INFRASTRUCTURE

City Streets  
Sidewalks  
Curbs  
Street Signs  
Turn Lanes  
Water and Sewer Lines  
Utility Lines and Connections  
Storm Sewers  
Warning Sirens  
Grading  
Lot-Specific Landscaping  
Infrastructure Upgrading

### STORMWATER AND EROSION CONTROL

Land for Permanent Treatment  
Cost of Permanent Treatment  
Construction Stormwater Permit Compliance

### AREA-WIDE IMPROVEMENTS

Traffic Impact Fees  
Street Improvements  
Pumping Stations  
Other Area-Wide Improvements

### PARKS AND OPEN SPACES

Park Land  
Park Dedication Fee (In Lieu of Land)  
Trails  
Trail Fees  
Out Lot Landscaping  
Tree Prevention  
Landscape Upgrades

### TRUNK CHARGES

Sewer Trunk Charges  
Water Trunk Charges  
Storm Sewer Trunk Charges

### DEVELOPMENT RELATED FEES

Engineering Fees  
Planning/Zoning Fees  
Plat Check Fee  
Mapping Fee  
Recording Fees  
Grading Permit Fees  
Sign Fees  
Plan Review Fee  
Inspection Fee

### ADMINISTRATIVE COSTS

Sales Staff/Commission/  
Marketing  
Office Staff  
Taxes  
Other Overhead Costs

Source: Housing Affordability Institute, “Priced Out” Report

*code—unlike Minnesota’s—only applies to state-owned buildings.*

Finally, two real-life anecdotes from the *Pioneer Press* article are instructive.

First, from Clay Dietrich who builds homes in both Moorhead and Fargo:

*“The first thing I ask homebuyers is this: Which side of the river? Top to bottom—from roofs requiring higher “snow loads” to automatic air exchangers to basement walls needing two inches of extra insulation—Minnesota requires more expensive construction.*

*“I can tell you, it’s just as damn cold in Fargo as it is on the other side of the river,” Dietrich said. But by his books, a higher-end build on the Minnesota side of the river will cost \$17,000 to \$29,000 more, not including land price differences.*

*As a member of Fargo’s Code Board of Appeals and a former Moorhead assistant fire chief, he’s hardly anti-code. “But you can over-engineer something so all you’re doing is spending money. And that’s kind of where Minnesota is right now.”*

Second, from Greg Houston with Bald Eagle Developers of Centerville:

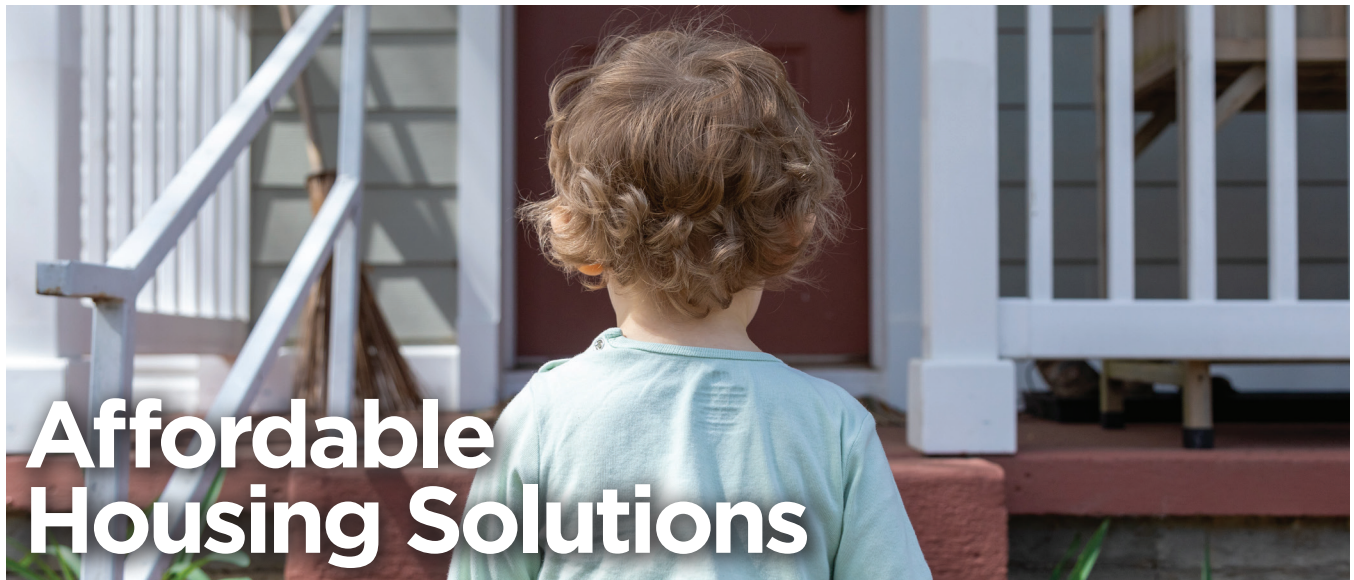
*He built two houses in Forest Lake, one in 2014, and another one year later. They were perfect twins—built side-by-side, with the same floor plans, lot sizes and appliances.*

*The only differences were the 2015 changes in Minnesota building codes. The new rules mandated a long list of tweaks to plumbing, heating and insulation. They were nothing, said Houston, that a homebuyer would notice—except for the price tag.*

*The cost difference? \$15,000.*

In large part, the Twin Cities metro area has a shortage of affordable housing because state and local governments make it nearly impossible (and in many ways illegal) to build. ■





The Twin Cities metro area clearly has a significant shortage of affordable housing and much of that problem is being caused by government action, whether through state legislation or the actions of local governments or the Met Council. So what can be done to address this problem and bring MSP at least somewhat more in line with other major metropolitan areas in the Midwest?

First, do no *more* harm.

Unfortunately, although government action in the Twin Cities has contributed significantly to this problem, many politicians propose more of the same as the answer.

## End Inclusionary Zoning

For decades, rent control was the government answer most enthusiastically promoted by politicians. It proved to be absolutely disastrous (although it still exists in several of the coastal cities with the worst affordability problems).<sup>40</sup>

Today, the new rent control is called “inclusionary zoning.” IZ laws mandate that developers make a percentage of units in any housing project “afford-

able” in exchange for the right to build or permission to build with a higher density. This is the rent control of the 21st century as it caps the cost an owner or developer can charge for housing.

IZ is proving to be just as damaging to housing affordability as rent control, but many politicians in the Twin Cities and Minnesota are nonetheless doubling down on their support, asserting that more inclusionary zoning requirements are necessary to address the affordable housing problem. For example, the city of Minneapolis passed an IZ mandate effective January 1, 2020 that requires developers to include “affordable” units in any apartment building with 20 or more units.

A *Star Tribune* story on the decision quoted one of Minneapolis’ largest developers:

*Kelly Doran of Doran Cos. said he has already stopped pursuing*

*new projects in Minneapolis and is instead focusing on the suburbs and other states. “I just know from a business standpoint the numbers won’t work, so why look?” he said.<sup>41</sup>*

And from a story about the IZ plan in Minneapolis,

**Today, the new rent control is called “inclusionary zoning.” IZ laws mandate that developers make a percentage of units in any housing project “affordable” in exchange for the right to build or permission to build with a higher density.**

Minnpost quotes Steve Minn, another large developer of homes in Minneapolis:

*"It's getting harder and harder to do," he said of building in Minneapolis. "If it's easier to do in other municipalities, then you know, we gotta do work where we can make money... [IZ] is exactly opposite of what they are hoping to accomplish."<sup>42</sup>*

Unfortunately, research shows that Doran and Minn are the rule rather than the exception regarding IZ laws throughout the country. Studies have shown that IZ mandates tend to prevent new housing starts and make market-rate housing more expensive.

A 2012 study found that IZ mandates discouraged production of housing overall and raised prices in California.<sup>43</sup> Another study found that IZ mandates contributed to price increases and lower construction rates in Boston.<sup>44</sup>

The reasons for these negative consequences are not difficult to understand. IZ mandates prevent housing starts because they are a tax on new development, thus making certain projects uneconomical. And because "affordable" units earn less, developers must cover losses by increasing the price of market-rate housing.

Or, as Doran suggests, developers can just leave the jurisdiction and build elsewhere.

## **Limit Rent and Mortgage Subsidies, Tax Credits, and Government-Owned Housing**

Along with this more recent concept of inclusionary zoning, many of the same politicians also continue to champion age-old government "solutions" like rent or mortgage subsidies, tax credits and government-owned housing. After spending hundreds of billions of dollars over the last few decades on these "solutions," we find ourselves in the current situation.<sup>45</sup>

The problem with subsidies is pretty basic: They increase housing demand but do little or nothing to address the supply problem, thereby creating higher home prices and rents. As one small example, the Minnesota Housing Finance Agency recently found that housing projects in the Twin Cities that used the federal Low-Income Housing Tax Credit (a signif-

icant federal subsidy to developers who agree to keep costs lower for a percentage of their tenants) cost 29% more than non-LIHTC projects in MSP.<sup>46</sup>

That is not to say that some creative use of taxpayer dollars is not a part of the solution, but no amount of spending will solve (or even lessen) this problem unless government is willing to do what it hasn't in the past: reform and actually roll back government mandates, regulations and fees that are contributing considerably to the lack of affordable housing in the Twin Cities.

## **Eliminate Unnecessary Building and Environmental Code Requirements**

Minnesota has the strictest codes in the Midwest, and there is broad consensus they contribute to the high cost of housing in the Twin Cities. If the governor and legislature truly care about the creation of more affordable housing in the region, they will conduct an in-depth analysis of every code requirement and begin to eliminate some of the requirements that have been added in the past two decades based on political considerations. Minnesota should strive to be at least *somewhat* competitive with our neighbors with respect to these costly requirements.

## **Reduce Local Government Fees and Zoning Requirements**

It is also broadly agreed that the myriad fees and zoning restrictions placed on builders by cities contribute significantly to the high cost of housing in the Twin Cities. Certainly, more responsible action on the part of local governments would help, but that likely will not happen on its own. Both the state and federal government, however, could spur action in this area.

For example, the Minnesota Housing Finance Agency provides funds to cities through economic development and "housing challenge" no-interest loans. The federal government provides housing money to cities through the Community Development Block Grant program (and several other sources). Some or all of these funds could be restricted to cities that maintain "reasonable" zoning restrictions and fee levels as defined by statute.

It's encouraging to note that such a proposal has

been championed by both the Trump White House and the Elizabeth Warren presidential campaign. If Warren and Trump can agree, we should be able to get it done.

## Rein In the Met Council

The Met Council is the most powerful, expensive and unaccountable regional planning organization in the country. In addition to the costs it adds to housing through fees, it has created an artificial restriction to housing development that has contributed to the uniquely high cost of land in the Twin Cities. Nearly every other metro region with housing costs as high as the Twin Cities has natural geographic barriers to growth in the form of mountains or an ocean. MSP does not, but the Met Council, through its MUSA line and attempts to direct the housing market, has created such barriers and contributed to the high cost of housing in the region.

There have been attempts to reform (or even eliminate) the Met Council in every legislative session for many years. Little has been done, however, to make it less powerful or more accountable. The ideal solution would be to dramatically scale back the authority of the Met Council to its original purpose of coordinating water runoff and the sewer system and serving as a *facilitator* of regional planning and growth. Taxing authority would not be necessary under such a charge.


Short of that, there are numerous reforms regarding both the power and makeup of the Met Council that would at least help. Bottom line, we will not get housing prices under control in the Twin Cities unless something is done to rein in the Met Council.

## Reform Government Spending

There is a role for government spending to address the affordable housing issue, but it will only bear fruit if accompanied by the reforms listed above. Ideally that spending will be focused on vouchers provided to tenants and homebuyers, rather than grants to developers. And if aid to developers is deemed

necessary, it will be dispersed through revolving loan funds rather than outright grants.

There are also creative solutions that are much less expensive than the massive subsidies we've seen over the years. One example is to preserve existing affordable housing through a program called

NOAH (naturally occurring affordable housing). This program seeks to preserve older rental properties that are at risk of conversion to higher rents and displacement of low- and moderate-income residents. Such a program often provides capital assistance or loans for capital repairs to owners of this housing in exchange for an agreement to keep rents at or near their current levels. The NOAH Impact Fund in the Twin Cities is one such program. 

**The problem with subsidies is pretty basic: They increase housing demand but do little or nothing to address the supply problem, thereby creating higher home prices and rents.**

## Appendix

Region Name	Size Rank	2019-01	2019-02	2019-03	2019-04	2019-05	2019-06	2019-07	2019-08	2019-09	2019-10	2019 Average
United States	0	139	140	141	141	140	141	141	142	143	143	141.1
New York, NY	1	261	262	263	263	262	262	262	262	262	262	262.1
Los Angeles-Long Beach-Anaheim, CA	2	428	428	428	428	427	427	427	428	430	431	428.2
Chicago, IL	3	148	149	150	150	150	150	150	150	150	150	149.7
Dallas-Fort Worth, TX	4	128	129	129	128	128	128	128	129	130	130	128.7
Philadelphia, PA	5	141	142	143	143	143	143	143	144	144	144	143
Houston, TX	6	105	105	105	105	105	105	106	106	106	107	105.5
Washington, D.C.	7	242	244	244	244	244	244	243	244	245	247	244.1
Miami-Fort Lauderdale, FL	8	190	191	191	190	189	189	190	191	192	193	190.6
Atlanta, GA	9	113	113	114	114	114	113	114	115	116	117	114.3
Boston, MA	10	282	283	284	284	282	282	282	282	283	284	282.8
San Francisco, CA	11	614	613	611	609	606	603	600	598	596	595	604.5
Detroit, MI	12	120	121	122	122	122	122	122	122	122	122	121.7
Riverside, CA	13	215	216	218	218	217	218	218	218	218	219	217.5
Phoenix, AZ	14	156	157	158	159	159	159	160	161	162	163	159.4
Seattle, WA	15	301	303	303	302	301	300	301	302	303	303	301.9
Minneapolis-St. Paul, MN	16	202	203	205	205	205	205	205	205	205	206	204.6
San Diego, CA	17	374	374	375	376	376	377	377	378	378	379	376.4
St. Louis, MO	18	124	124	124	124	123	124	124	124	125	125	124.1
Tampa, FL	19	138	138	138	137	138	139	139	140	141	142	139
Baltimore, MD	20	181	181	181	181	181	181	180	180	180	180	180.6
Denver, CO	21	267	268	269	269	269	268	267	268	269	270	268.4
Pittsburgh, PA	22	107	107	107	107	107	108	108	108	109	109	107.7
Portland, OR	23	234	235	236	236	236	235	235	236	236	237	235.6
Charlotte, NC	24	120	121	121	121	121	121	122	123	123	124	121.7
Sacramento, CA	25	242	243	244	245	245	245	245	246	247	248	245
San Antonio, TX	26	114	115	115	114	114	115	115	115	116	116	114.9
Orlando, FL	27	139	140	141	142	142	142	142	142	143	143	141.6
Cincinnati, OH	28	110	111	112	112	112	112	112	112	113	113	111.9
Cleveland, OH	29	99	99	100	99	99	99	100	100	100	100	99.5
Kansas City, MO	30	130	131	131	131	131	131	130	130	131	131	130.7
Las Vegas, NV	31	165	166	167	166	165	165	165	165	164	165	165.3
Columbus, OH	32	124	125	126	127	127	127	126	127	128	128	126.5
Indianapolis, IN	33	101	102	103	103	103	103	103	104	105	104	103.1
San Jose, CA	34	772	763	753	743	731	722	717	715	713	711	734
Austin, TX	35	161	162	163	163	163	164	164	166	169	171	164.6
Virginia Beach, VA	36	136	136	136	136	136	136	136	137	137	138	136.4
Nashville, TN	37	151	152	153	152	152	152	153	154	155	155	152.9
Providence, RI	38	203	204	204	204	204	204	204	204	205	206	204.2
Milwaukee, WI	39	137	139	141	141	140	140	140	140	140	140	139.8
Jacksonville, FL	40	121	122	123	123	123	124	124	124	125	125	123.4
Memphis, TN	41	82	83	83	83	83	83	83	84	84	85	83.3
Oklahoma City, OK	42	93	94	93	93	93	93	94	94	95	96	93.8
Louisville-Jefferson County, KY	43	119	119	120	120	121	121	121	122	122	123	120.8
Hartford, CT	44	145	145	145	145	146	146	146	146	146	146	145.6
Richmond, VA	45	134	134	135	134	134	134	135	135	136	137	134.8
New Orleans, LA	46	106	106	106	106	106	106	107	107	107	107	106.4
Buffalo, NY	47	114	115	115	115	115	116	117	117	118	117	115.9
Raleigh, NC	48	137	138	139	139	139	139	139	139	140	140	138.9
Birmingham, AL	49	87	87	87	87	88	88	89	89	90	91	88.3
Salt Lake City, UT	50	262	264	265	266	266	266	267	272	279	279	268.6

Region Name	Size Rank	2019-01	2019-02	2019-03	2019-04	2019-05	2019-06	2019-07	2019-08	2019-09	2019-10	2019 Average
Rochester, NY	51	100	101	102	102	103	104	104	103	103	103	102.5
Grand Rapids, MI	52	143	144	145	146	147	147	146	147	148	149	146.2
Tucson, AZ	53	129	130	130	130	130	131	133	134	134	135	131.6
Urban Honolulu, HI	54	549	548	544	541	538	538	538	537	537	538	540.8
Tulsa, OK	55	85	85	85	86	86	87	86	86	87	87	86
Fresno, CA	56	157	159	160	161	160	160	161	162	162	162	160.4
Worcester, MA	57	179	180	180	180	180	181	182	183	183	183	181.1
Stamford, CT	58	187	188	188	187	187	188	188	187	188	189	187.7
Albuquerque, NM	59	134	135	135	135	135	136	136	136	136	136	135.4
Albany, NY	60	144	145	145	145	145	145	144	144	144	144	144.5
Omaha, NE	61	131	132	133	133	133	133	134	134	135	135	133.3
New Haven, CT	62	150	151	152	151	151	151	151	151	151	151	151
Bakersfield, CA	63	140	141	141	142	142	143	144	145	145	145	142.8
Knoxville, TN	64	104	105	106	106	105	106	107	107	108	108	106.2
Greenville, SC	65	107	108	109	108	108	108	109	109	110	111	108.7
Ventura, CA	66	360	361	363	363	362	361	361	362	362	362	361.7
Allentown, PA	67	129	129	129	129	130	130	130	131	131	130	129.8
El Paso, TX	68	85	86	86	86	86	86	87	87	87	88	86.4
Baton Rouge, LA	69	109	108	108	107	106	106	106	106	106	106	106.8
Dayton, OH	70	88	89	89	89	89	89	90	91	91	92	89.7
McAllen, TX	71	74	75	75	75	74	74	75	76	77	77	75.2
Columbia, SC	72	94	95	95	95	95	95	96	97	98	98	95.8
Greensboro, NC	73	88	88	88	89	90	91	93	94	95	95	91.1
Akron, OH	74	99	100	100	99	99	99	100	100	101	101	99.8
North Port-Sarasota-Bradenton, FL	75	160	160	160	160	159	160	161	161	162	162	160.5
Little Rock, AR	76	88	88	89	88	88	88	88	88	89	89	88.3
Stockton, CA	77	216	217	218	218	217	216	217	217	217	217	217
Charleston, SC	78	147	147	148	147	147	148	148	148	148	149	147.7
Syracuse, NY	79	94	95	95	95	95	95	96	96	96	96	95.3
Colorado Springs, CO	80	200	202	204	204	204	204	205	206	208	209	204.6
Winston-Salem, NC	81	96	96	97	98	99	99	100	101	102	102	99
Wichita, KS	82	97	97	97	97	97	98	98	99	99	99	97.8
Springfield, MA	83	157	158	158	158	158	159	159	160	160	161	158.8
Fort Myers, FL	84	145	145	144	144	144	144	145	145	145	146	144.7
Boise City, ID	85	171	173	175	176	177	178	179	180	181	182	177.2
Toledo, OH	86	81	82	82	82	82	82	83	83	83	83	82.3
Madison, WI	87	183	184	185	186	187	186	186	186	187	187	185.7
Lakeland, FL	88	114	114	114	114	114	115	115	116	116	116	114.8
Ogden, UT	89	219	222	224	226	226	227	227	229	229	227	225.6
Daytona Beach, FL	90	128	129	130	130	130	131	132	133	134	135	131.2
Des Moines, IA	91	141	142	142	142	142	142	142	142	142	142	141.9
Jackson, MS	92	94	95	95	95	95	95	96	96	96	96	95.3
Youngstown, OH	93	64	65	65	64	64	64	64	65	65	65	64.5
Augusta, GA	94	91	91	92	92	91	92	92	93	93	92	91.9
Scranton, PA	95	67	67	66	65	65	65	66	68	69	70	66.8
Harrisburg, PA	96	116	117	117	117	117	117	117	117	117	117	116.9
Melbourne, FL	97	137	138	139	138	138	138	139	140	141	141	138.9
Chattanooga, TN	98	106	106	107	107	108	108	109	109	110	110	108
Spokane, WA	99	199	203	206	207	208	209	210	212	214	216	208.4
Provo, UT	100	227	229	231	231	230	230	229	230	229	228	229.4



## Endnotes

- 1 The Twin Cities metro area is most commonly defined as the seven counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington. Some definitions include the exurban counties of Chisago, Isanti, Sherburne and Wright. The U.S. Office of Management and Budget defines “Metropolitan Statistical Areas” (MSAs) and includes in its definition of the Twin Cities MSA all of the counties above and the Minnesota counties of Le Sueur, Mille Lacs and Sibley and the Wisconsin counties of Pierce and St. Croix.
- 2 Minnesota Compass, “Housing Data,” available at [www.mncompass.org/housing/cost-burdened-households#1-5130-g](http://www.mncompass.org/housing/cost-burdened-households#1-5130-g) (accessed April 1, 2020).
- 3 Family Housing Fund, “Housing and Economic Growth in the Twin Cities Region,” available at [www.fhfund.org/report/housing-economic-impact](http://www.fhfund.org/report/housing-economic-impact) (May 2019).
- 4 Housing Affordability Institute, “Priced Out - The True Cost of Minnesota’s Housing Market,” available at [www.housingaffordabilityinstitute.org](http://www.housingaffordabilityinstitute.org) (February 2019).
- 5 Minnesota Housing Partnership, “State of the State’s Housing 2019,” available at [www.mhponline.org/images/stories/images/research/SOTS-2019/2019FullSOTSPrint\\_Final.pdf](http://www.mhponline.org/images/stories/images/research/SOTS-2019/2019FullSOTSPrint_Final.pdf) (accessed April 1, 2020).
- 6 Ibid.
- 7 Graham McDonald, “The Effect of Local Government Policies on Housing Supply,” available at [ternercenter.berkeley.edu/uploads/The\\_Effect\\_of\\_Local\\_Government\\_Policies\\_on\\_Housing\\_Supply.pdf](http://ternercenter.berkeley.edu/uploads/The_Effect_of_Local_Government_Policies_on_Housing_Supply.pdf) (May 2019).
- 8 Nour Malas, “California has the jobs but not enough homes,” *The Wall Street Journal*, March 19, 2019.
- 9 National League of Cities, “Local Economic Conditions 2017,” available at [nlc.org/sites/default/files/2017-08/local-economic-conditions-2017\\_6.pdf](http://nlc.org/sites/default/files/2017-08/local-economic-conditions-2017_6.pdf) (accessed April 1, 2020).
- 10 Family Housing Fund, “Housing and Economic Growth in the Twin Cities Region.”
- 11 Ibid.
- 12 The Midwest is defined by the U.S. Census Bureau as the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.
- 13 For purposes of this report, housing cost data (home value index per square foot) was used from Zillow, a national online real estate database. The Zillow Home Value Index (ZHVI) is a seasonally adjusted measure of the typical home value. The calculations used are an average of monthly numbers from January-October 2019 (the last month ZHVI per square foot numbers were available online).
- 14 MSAs are defined by the U.S. Office of Management and Budget.
- 15 The 2019 ZHVI per square foot average for the 100 largest MSAs in America is attached as the Appendix.
- 16 Zillow Housing Data, available at [www.zillow.com/research/data/](http://www.zillow.com/research/data/) and the Appendix.
- 17 S&P CoreLogic Case-Shiller Home Price Index, available at [us.spindices.com/index-family/sp-corelogic-case-shiller/sp-corelogic-case-shiller-composite](http://us.spindices.com/index-family/sp-corelogic-case-shiller/sp-corelogic-case-shiller-composite).
- 18 The measure of per capita income includes government welfare benefits, which are higher in Minnesota per capita than most other midwestern states. 24/7 WallStreet, “Per capita government spending: How much does your state spend on you?” available at [247wallst.com/special-report/2018/06/22/what-your-state-spends-on-you/2/](http://247wallst.com/special-report/2018/06/22/what-your-state-spends-on-you/2/) (June 22, 2018).
- 19 Per capita personal income as reported by the U.S. Bureau of Economic Analysis, available at [www.bea.gov/data/income-saving/personal-income-county-metro-and-other-areas](http://www.bea.gov/data/income-saving/personal-income-county-metro-and-other-areas).
- 20 “16th Annual Demographia International Housing Affordability Study: 2020,” *Performance Urban Planning*, 3rd Quarter 2019 data, pp. 38-40, available at [demographia.com/dhi.pdf](http://demographia.com/dhi.pdf).
- 21 U.S. Bureau of Economic Analysis per capita personal income data and Zillow Housing Data as found in the Appendix.
- 22 According to the U.S. Census Bureau, the United States grew 6% in population between 2010 and 2018.
- 23 Five of the cities on this top 20 list compiled in 2020 do not have a corresponding MSA designation and, therefore, no data regarding median home value exists. Consequently, only 15 cities are shown on the chart. The missing cities are Williston, ND; Aberdeen, SD; Huron, SD; Sault Ste. Marie, MI; and Burlington, VT.
- 24 This report addresses the question of supply vs. demand for affordable housing: Why is there not enough housing being built at a cost that is affordable? There is a different perspective regarding this issue that is also important, but is a subject for a different study. That question: How do we increase personal income of those who cannot afford housing that is currently available? That is a different topic that does not focus solely on housing, but on the economic health and vitality of a region in general.
- 25 Center of the American Experiment, “The State of Minnesota’s Economy 2018,” p. 6, available at [www.americanexperiment.org/reports-books/state-minnesotas-economy-2018](http://www.americanexperiment.org/reports-books/state-minnesotas-economy-2018).
- 26 Pew Charitable Trust, “Help Wanted: Too many jobs and not enough workers in most states,” available at [www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2019/10/14/help-wanted-too-many-jobs-and-not-enough-workers-in-most-states](http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2019/10/14/help-wanted-too-many-jobs-and-not-enough-workers-in-most-states) (October 14, 2019).

27 Inflation by metro region as reported by the U.S. Bureau of Labor Statistics, available at [www.bls.gov/guide/geography/inflation.htm](http://www.bls.gov/guide/geography/inflation.htm).

28 American Enterprise Institute Center on Housing Markets and Finance Quarterly MSA Dataset, 1984:Q1—2018:Q2, available at [www.aei.org/historical-land-price-indicators/](http://www.aei.org/historical-land-price-indicators/).

29 Ibid.

30 Katana Consulting, “The Twin Cities Met Council: A Comparative Assessment,” available at [www.katanacommunity.com/reports/the-twin-cities-met-council-a-comparative-assessment](http://www.katanacommunity.com/reports/the-twin-cities-met-council-a-comparative-assessment) (April 2016).

31 Wendell Cox, “A Question of Values: Middle-Income Housing Affordability and Urban Containment Policy,” *Frontier Centre for Public Policy*, October 2015, citing Richard Green and Stephen Malpezzi, *A Primer on U.S. Housing Markets and Housing Policy*, Urban Institute Press, 2003.

32 The “Green Belt” surrounding British cities has long been noted as a cause of high house prices. Organization for Economic Co-operation and Development, “Going for Growth 2018 - United Kingdom Note,” available at [www.oecd.org/economy/growth/going-for-growth-2018-united-kingdom-note.htm](http://www.oecd.org/economy/growth/going-for-growth-2018-united-kingdom-note.htm) (accessed April 1, 2020).

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