

Analyzing Impediments to Fair Housing Choice in Hennepin County, MN: A Resource Inventory



Written By:

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Foreword

In order to encourage and assist communities in Hennepin County to address fair housing issues, Community Action for Suburban Hennepin County (CASH) requested that the Center for Urban and Regional Affairs (CURA) at the University of Minnesota facilitate a report on fair housing impediments. This report follows the outline proposed by the Department of Housing and Urban Development for analyzing impediments to fair housing choice. To assist in this effort an advisory group was formed. Members were:

- Fred Smith – Center for Urban and Regional Affairs
- Charlie Warner – Community Action for Suburban Hennepin County.
- Thomas Streitz and Timothy Thompson – Legal Aid Society of Minneapolis
- Mark Hendrickson – Hennepin County, Office of Planning and Development
- Denise Rogers – Minnesota Housing Finance Agency

The group selected a research assistant at the University of Minnesota to research and write this analysis. Funding for this project was originally provided by CASH and CURA, with a portion of the project covered by funds from Hennepin County's CDBG program.

This report includes several references to the Map Appendix. To obtain copies of the Appendix or additional copies of this report and all of its supporting documentation, call the Minnesota Fair Housing Center, (612) 872-6088.

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Analyzing Impediments to Fair Housing Choice: A Resource Inventory

Executive Summary

Following guidelines developed by the Department of Housing and Urban Development, this report provides information for communities in Hennepin County working to identify and remove impediments to fair housing.

The report reviews materials that describe housing patterns and trends throughout the County, and concludes as others have, that minorities live in concentrations of poverty in Minneapolis and in inner ring suburbs that are highly segregated. Highlights include:

- **Segregation:** Compared to other metropolitan regions, in 1980 this region had one of the most centralized and concentrated minority populations. Since that time, there has been desegregation at the margin, but the centralization and concentration of minorities remain high, particularly in Hennepin County. Even to the limited extent desegregation has occurred, evidence suggests that only higher income minority households have been able to move.
- **Subsidization by Community:** Large disparities exist in the availability of subsidized housing among communities throughout Hennepin County. Although many communities have subsidized units or have recently developed subsidized units, not one has reached or is on pace to reach its projected "fair share" (an equation developed by the Metropolitan Council in the 1970's) for the year 2000. Minneapolis has 70 percent of its hypothetical year 2000 share; the inner and outer ring suburbs average 28 and nine percent respectively of their projected shares.

This report further suggests that impediments to fair housing choice – both historical and continuing – are a significant factor in explaining current housing segregation in the County.

HUD defines fair housing impediments as either: 1) **intentional discrimination** that restricts housing choice based on race, color, religion, sex, disability, familial status (children), or national origin (e.g., "No families with children permitted here."); or 2) conduct or decisions that have the effect of restricting housing choice based on race, color, religion, sex, disability, familial status (children), or national origin (e.g. zoning laws that exclude units of affordable housing where low income groups are comprised predominantly of people of color).

Despite the increase in recent years in minority populations in Hennepin County, resources for fair housing education and enforcement have been meager or nonexistent. As a result, discriminatory housing practices have long gone unchallenged in any systematic way. The report describes a variety of practices that are discriminatory in either purpose or effect. Some of the information is anecdotal; some is based on formal studies. Examples are:

- **Landlord Discrimination:** A 1991 study in the Philips neighborhood of Minneapolis found evidence of intentional discrimination by landlords in 26 percent of the cases. Social service agencies attempting to place homeless and often minority families in private rental housing report a number of landlord practices, some intentionally discriminatory and some not, which make it very difficult to place families in the private rental market.
- **Mortgage Lending:** A 1994 home mortgage lending study conducted by the University of Minnesota found in the Twin Cities area that 70 percent of the white/nonwhite difference in loan rejection rates could only be explained by discrimination.
- **Zoning Barriers:** A 1993 report prepared for the Governor's Task Force on Metropolitan Housing found that most Hennepin County suburbs, particularly in the developing areas, have a variety of zoning requirements which exceed the Metropolitan Council's affordability standards and act to discourage development of affordable housing.
- **Property Taxes:** Within Hennepin County, the disparity in tax rates for owner-occupied homes and rental units has doubled since 1983 and now stands at 1.5 percent of market value owner-occupied homes and 4.4 percent for apartments. Property taxes alone can account for up to \$150 in rent. Minorities are disproportionately represented in the rental population.

The County faces critical issues in removing barriers to fair housing choice. This report serves as a starting point for examining the nature and extent of these impediments and, in addition, provides resources for beginning to remove them.

Additional copies of this report and all of its supporting documentation are available from the Minnesota Fair Housing Center, tel. 872-6088.

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Analyzing Impediments to Fair Housing Choice: A Resource Inventory

I. Background and History

This inventory provides information that communities might examine as they address the issue of fair and equal access to housing.

Currently, all recipients of funds from the United States Department of Housing and Urban Development (HUD) are obligated, as a condition of receiving funds, to analyze "impediments to fair housing" choice in their jurisdictions and to "affirmatively further fair housing." Though this report focuses on Hennepin County, Minnesota, the types of information collected here are also available in virtually all other major urban areas across the country. This may be the most comprehensive overview of fair housing information currently available nationwide. Once communities identify the nature and extent of these impediments, they can begin to increase fair housing opportunities.

Any analysis of fair housing impediments begins with the law – federal, state and municipal. On a federal level, Title VIII of the Civil Rights Act of 1968 makes it unlawful to discriminate in the sale, rental or financing of housing because of race, color, religion or national origin.¹ In 1974, Congress amended Title VIII by extending protection to prohibit discrimination based on gender. The Fair Housing Amendments Act of 1988 again expanded its protection to preclude discrimination based on disability and familial status. The "Federal Fair Housing Law," as Title VIII and its amendments are commonly known, also prohibits discriminatory lending practices, discriminatory membership practices in real estate brokers' organizations and multiple listing services, discriminatory advertising, and blockbusting.

Since 1968, the Federal Fair Housing Law has required HUD to "administer the programs and activities relating to housing and urban development in a manner affirmatively to further the policies of this title."² Consequently, local governmental HUD grantees are obligated to "affirmatively further fair housing," as a condition of receiving federal funds. This requirement was codified in the 1974 Housing and Community Development Act.³ The requirement to affirmatively further fair housing was further extended to the HOME Investment Partnership (HOME) grants created under the National Affordable Housing Act (NAHA) in 1990.

As recipients of CDBG and HOME program funds, Hennepin County and the cities of Bloomington, Minneapolis and Plymouth are subject to this fair housing requirement. In 1988, new Community Development Block Grant (CDBG) guidelines specifically identified

activities that a grantee could undertake to meet its fair housing obligations. One of these activities was an "analysis of impediments to fair housing choice."⁴

HUD is considering the following definition for impediments to fair housing choice:

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, or any actions, omission, 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 nation origin (emphasis added).⁵

These guidelines define impediments as conduct that is either intentionally discriminatory or is discriminatory in effect.

Conduct that is intentionally discriminatory includes statements like "Sorry, my husband won't rent to Indians," or "You would probably be happier living in the city." Conduct or decisions that are not intentional but have discriminatory effect may include policies that restrict affordable housing, if the groups excluded from housing are predominantly people who are protected by fair housing laws.

Late in 1993, the Minneapolis Legal Aid Society urged HUD to reject Hennepin County's 1994-1998 Comprehensive Housing Affordability Strategy (CHAS), approval of which is required to receive specific HUD funds. The Committee argued that the County had failed in its CHAS to undertake any meaningful activity to affirmatively further fair housing.⁶ HUD did not reject the County's CHAS but reiterated the County's responsibility to affirmatively further fair housing.⁷

To encourage and help communities in Hennepin County address fair housing issues more responsibly, Community Action for Suburban Hennepin (CASH) contacted The Center for Urban Affairs to facilitate a report on fair housing impediments.

This report follows guidelines for an "analysis of impediments" suggested by HUD in a memorandum to all CDBG and HOME grantees on July 7th, 1994.⁸ The HUD guidelines provide broad guidance on what issues to explore, but leaves communities some discretion to fit the analysis to their own particular needs.

The information in this inventory ranges from anecdotal testimony and case study examination to more systematic research nationally and to reports, surveys and other research and analysis from a broad spectrum of local organizations. The intent was not to single out particular communities or actors within Hennepin County, but to find and compile a wide variety of information and fill in gaps with new research where possible. Some issues, however, are left incomplete or even entirely unexamined.

Impediments to fair housing choice have strong roots in this region. The Minneapolis Star, in 1961, described housing patterns that still fit today: "Despite the agitation for better housing opportunities for [blacks] and other minorities, the vast majority of the Twin Cities' [black] population continues to live within well-defined areas."⁹

The use of restrictive covenants to prevent the sale of properties to minorities was once commonplace.¹⁰ Federally insured or purchased home loans in predominantly minority areas were once virtually forbidden, and entire minority and low-income neighborhoods "redlined" out of the housing market. Prior to 1962, it was legal for realtors to show minority households only properties in certain areas. Even after the practice was outlawed, sellers could effectively make their homes unavailable to minority buyers.¹¹ Many of the overtly discriminatory practices in housing are now past, but they have set a pattern for segregation.

II. Jurisdictional Background Data

Hennepin County has changed substantially in recent years. While only a fraction of the population in both Minneapolis and the County's suburbs is minority, minority population expansion in this region has been one of the fastest in the country and far exceeds the growth in the white population. Although the concentration of minorities in the Twin Cities has lessened somewhat in recent years, minorities here remain more centralized and concentrated than in most areas of the country. This segregation reveals a significant spatial pattern. As jobs and opportunities in the region expand rapidly in the outer suburbs, the minority population is geographically removed from the areas of prosperity.

The background data relevant to this report include the following:

- Minority populations in Hennepin County grew by 80% (49,000 people) between 1980 and 1990. This growth concentrated in Minneapolis, where 32,000 more minorities now live, but the growth rate was higher in the suburbs, at 121 percent compared to 69 percent in Minneapolis.
- Poverty concentration has increased. The percentage of blacks living in high poverty areas increased from 27 to 47 percent between 1980 and 1990. People of color in the two core cities are now more likely to live in poverty than people of color in the core cities of any of the nation's other major metropolitan areas.
- Job growth in the region continues to be focused in the outer developing suburbs. Unemployment in the core cities is high, and opportunities for transportation to the suburbs are few.
- Both affordable market rate and assisted housing units are concentrated in Minneapolis, with fewer options available as one moves west into the outer suburbs. Recent assisted unit development has followed this pattern. Households in the suburbs are more likely to live in unaffordable housing (for which they spend more than 30 percent of their income) than their Minneapolis counterparts.

Comparisons of sub-regions within Hennepin County illustrate the demographic and spatial patterns and disparities. The Metropolitan Council has identified four distinct areas within the region: the central cities, the fully developed suburbs, the developing suburbs, and the rural areas (see the "Definitions" section of the appendix for a description of each of these regions).¹² These sub-regions segment the region spatially, as seen on Map 1 below.

Throughout this report, the situation of Hennepin County within the region will be examined, and within Hennepin County, differences in the development of sub-regions will

also be examined. Particular attention will be given to central city and suburbs and the increasing differences between the suburb types.¹³ Minneapolis, the developed suburbs and the developing suburbs have 38 percent, 34 percent and 25 percent respectively of Hennepin County's households (the remaining 3 percent are in rural areas). They also have 38 percent, 39 percent, and 21 percent respectively of the County's jobs.

A. Demographic Data

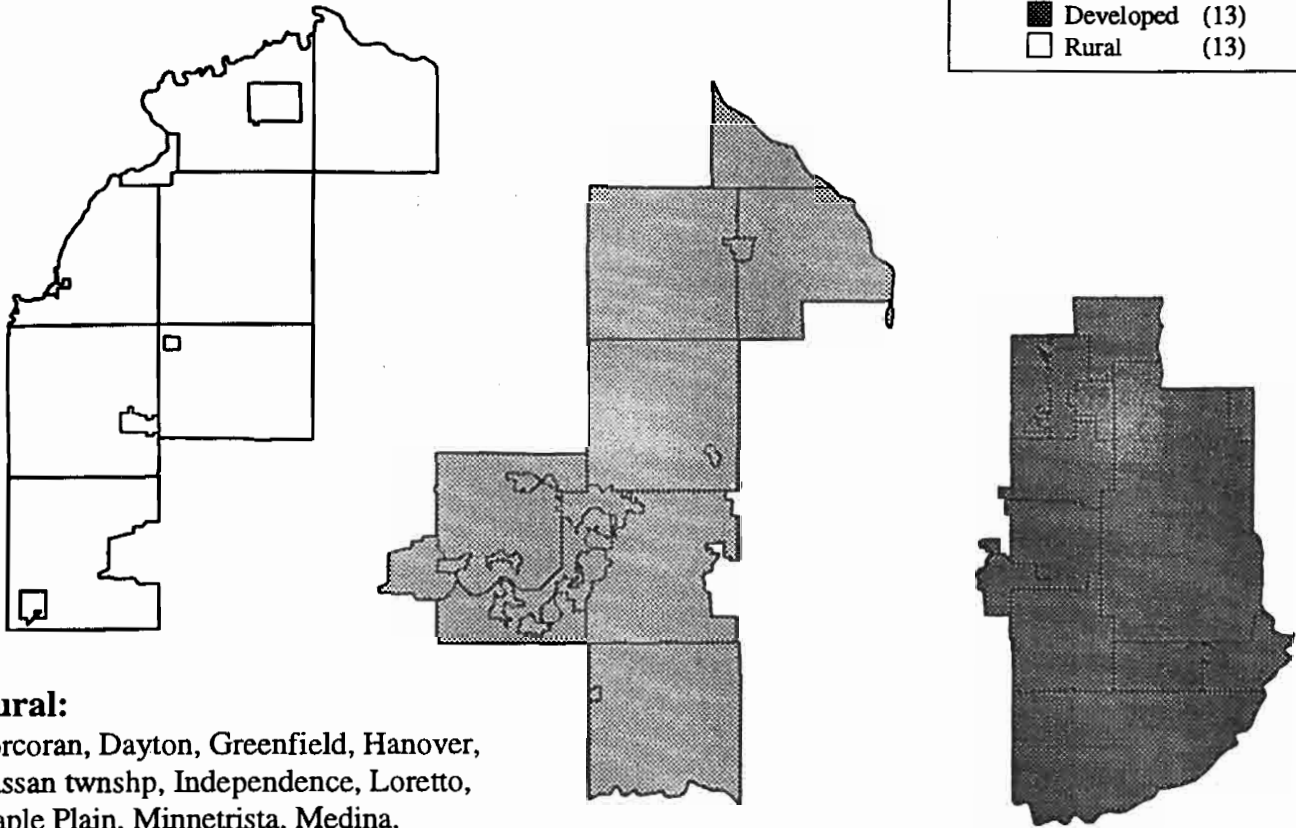
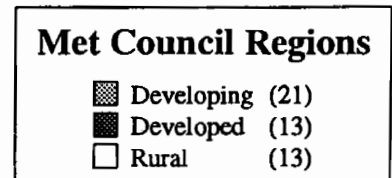
The Twin Cities minority population is still relatively small compared to other large U.S. metropolitan areas; however, its growth rate over the past 20 years is substantial. From 1970 to 1980 the racial minority population grew 91 percent, a rate that slowed slightly (but increased in aggregate numbers) to 81 percent from 1980 to 1990 when the region as a whole grew 15 percent.¹⁴ From 1980 to 1990 the African-American population grew at a 79 percent rate, the second fastest rate of the nation's top 50 metropolitan areas.¹⁵ The American Indian population grew at a 49 percent rate, Asian and Pacific Islanders at 115 percent, and Hispanics at 68 percent. With an addition of over 92,000 individuals, the region's minority population (including Hispanic Whites) grew from six to over nine percent of the total population during this period.

The region's rapid growth is duplicated in Hennepin County. The minority population in Minneapolis grew 69 percent between 1980 and 1990.¹⁶ Largely because the minority population in suburban Hennepin County was so small to begin with, the suburbs' minority populations grew at rates even higher than those in the central cities.¹⁷ The African-American population grew 165 percent, American Indians 68 percent, Asian and Pacific Islanders 142 percent, and Hispanics 82 percent over the decade.¹⁸ Thirteen of the region's top 20 suburban communities in black population are in Hennepin County.¹⁹ The distribution of minority population growth rates from 1980 to 1990 around Hennepin County can be seen broken out by community on Map 2 below.²⁰ Absolute minority growth since 1960 in both Minneapolis and the remainder of the County can be seen on Figure 1.²¹

Despite minority population growth in the suburbs, minorities are still overwhelmingly located in the core cities. Minneapolis is 22 percent minority, compared to five percent of suburban Hennepin County.²² Minneapolis has 72 percent and 80 percent of Hennepin County's minority and black populations respectively.

Map 1: Metropolitan Council Development Regions

(Hennepin County)



Rural:

Corcoran, Dayton, Greenfield, Hanover, Hassan twnshp, Independence, Loretto, Maple Plain, Minnetrista, Medina, Rockford, St. Bonifacius

Developing:

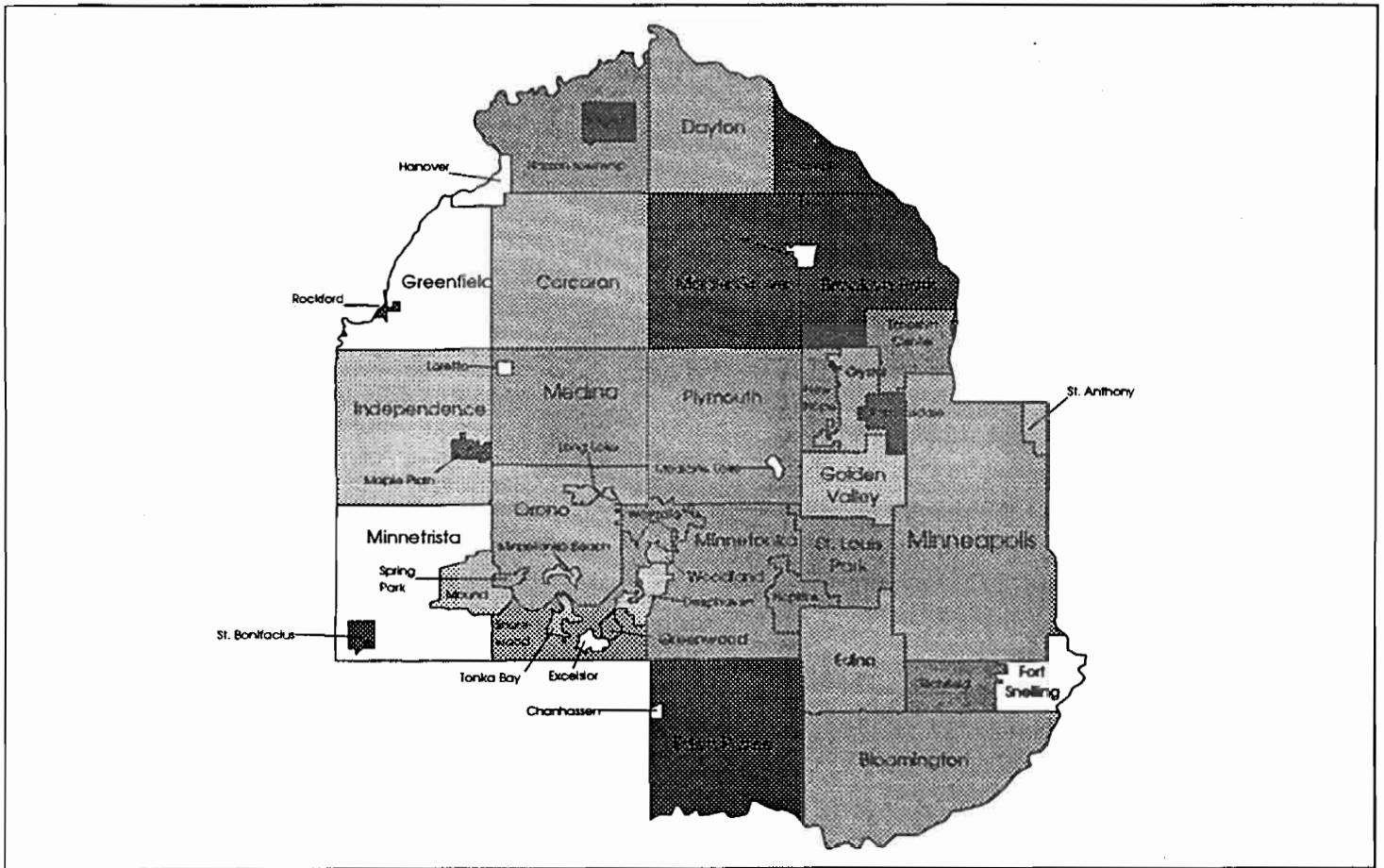
Brooklyn Park, Champlin, Deephaven, Eden Prairie, Excelsior, Greenwood, Long Lake, Maple Grove, Medicine Lake, Minnetonka, Minnetonka Beach, Mound, Orono, Osseo, Plymouth, Shorewood, Spring Park, Tonka Bay, Wayzata, Woodland

Developed:

Bloomington, Brooklyn Center, Crystal, Edina, Fort Snelling unorg., Golden Valley, Hopkins, Minneapolis, New Hope, Richfield, Robbinsdale, St. Anthony, St. Louis Park

Map 2: Minority Growth Rates by Community

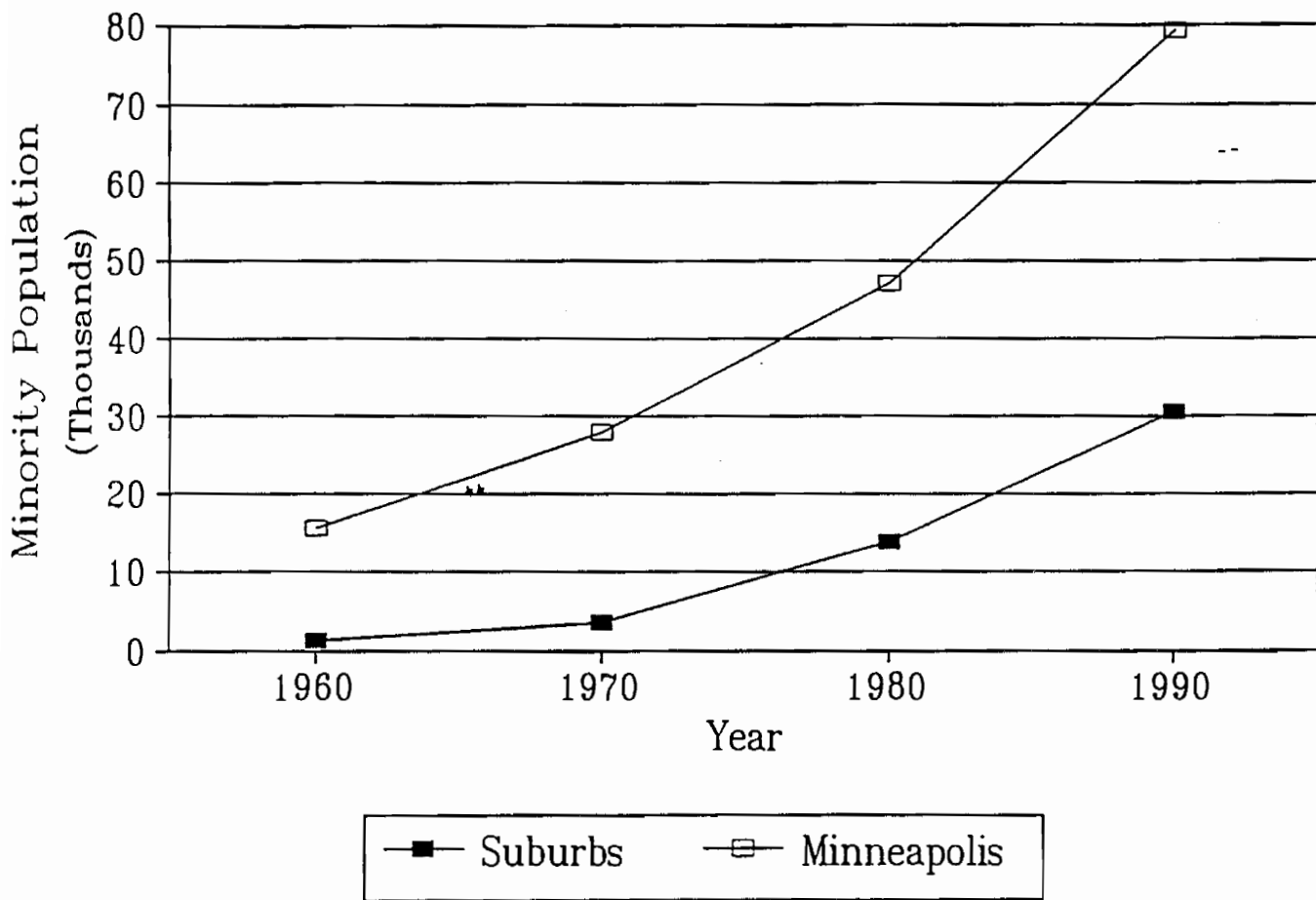
(Hennepin County: 1980 to 1990)



Source: Hennepin County
Census Analysis Center

% Minority Growth 1980-1990	
■ (Darkest)	150% or More (9)
■ (Dark)	100 to 150% (12)
■ (Medium-Dark)	50 to 100% (10)
■ (Light)	1 to 50% (7)
□ (White)	No Change or Loss (9)

Figure 1: Minority Growth 1960-1990
(Minneapolis & Hennepin County Suburbs)



B. Income Characteristics

Minorities in this region continue to have much lower household incomes than whites. The poverty rate in the region for racial and ethnic minorities in 1990 was almost six times that of whites, 35 percent compared to 6 percent.²³ Within suburban Hennepin County, while most low income households are white, the percentage of minorities in the lower income categories is far greater than that of whites. Thirty percent of blacks, 19 percent of Hispanics, and 17 percent of Native Americans were in the very low income category making less than 50 percent of the area median household income in 1990, compared to about 12 percent of all whites.²⁴

The white/non-white income disparities are partially due to the fact that minorities are overrepresented in the younger segments of the population, and underrepresented in the prime earning age categories. In 1990, 42 percent of the racial and ethnic minorities in the region were under 18, compared to 24 percent of whites.²⁵ However, the highest black median income in any category was still well below the white median in all age categories except for those of the very young and very old.²⁶ Compared to the white population, a higher percentage of minority households is also single-parent families, reducing the earning capacity of these households.

The relationship between minority concentrations and poverty concentrations grew over the decade, suggesting that the regional desegregation that took place over the 1980s reached only a wealthier segment of minorities. In a 1991 Star Tribune article Douglas Massey notes that the Twin Cities area "may be small enough that desegregation is happening in general, but large enough that a ghetto does exist and is expanding somewhat."²⁷ Indeed, the core cities' poorest census tracts correspond closely with those tracts which have the heaviest minority concentrations.²⁸ The percentage of this region's core city blacks living in areas with at least 40 percent of the population in poverty grew from 27 percent in 1980 to 47 percent in 1990.²⁹ The percentage of the Twin Cities' blacks living in "ghettos" (defined as census tracts where 40 percent or more of the population is in poverty) increased during the 1980s faster here than in all other U.S. metropolitan areas except Milwaukee, Detroit and Buffalo.³⁰ People of color in the two core cities are now more likely to live in poverty than people of color in the core cities of any of the nation's other major metropolitan areas.³¹

The growing concentration of poverty in general - and of minority poverty in particular - within this region suggests that the relatively more wealthy minorities have been the ones to move, leaving their lower income groups behind. The urban scholar David Rusk found this region to have the sixth highest level of wealth disparity between the central cities and the wealthy suburbs of the 25 largest metropolitan areas in the country.³² State Demographer Tom Gillaspay found that blacks who moved out of the central cities between 1985 and 1990 had a far lower poverty rate (24 percent) than either blacks who stayed in the central cities (34 percent) or those who moved into the central cities (49 percent).³³ The 1990 poverty rate in

suburban census tracts that were at least five percent black was 40 percent, while for central city tracts of the same type the rate was 67 percent.³⁴ The Minneapolis "ghetto" population is now twice the size of that of Boston, Kansas City and Indianapolis.³⁵

It is significant if integration is only occurring among higher income blacks or other minorities. William Julius Wilson and several other scholars argue that many of the problems of concentrated poverty are the result of middle-class individuals leaving poor communities.³⁶ This process removes positive role-models and stable community members. The communities left behind with increased poverty often experience increased destabilization and crime.

C. Employment and Transportation Profile

Suburban Hennepin County experienced unbalanced employment growth over the decade. The region's Metropolitan Council projects a job growth rate of 12 percent for Hennepin County to the year 2000. While jobs in Minneapolis will outnumber those in the County's suburbs by at least three to one, new job growth is increasingly located in the developing ring of communities. New job growth in Hennepin County fits the mold of the region. Between 1980 and 1990, almost 64 percent of the region's job growth took place in the developing suburbs.³⁷ This amounted to 164,000 new jobs in the developing suburbs compared to 52,000 in the developed suburbs and 5,400 in the central cities.³⁸

The forecasted job growth for the period from 1990 to 2000 within Hennepin County is slightly more evenly distributed, but still heavily weighted toward the developing suburbs. The Council has projected a growth of 4,186 jobs in Minneapolis, 33,870 in the developed suburbs, and 48,953 in the developing suburbs. Three Hennepin County suburbs - Bloomington, Eden Prairie and Minnetonka - are projected to account for 20 percent of the job growth for the entire metropolitan region.³⁹

The growth of jobs in the developing areas and the concentration and growth of lower-income households in the core cities and inner suburbs have led to increased attention to linkages between employment and transportation. Unemployment in the central cities is far higher than in the developed and developing suburbs. The unemployment rate in 1990 in the core areas of Minneapolis and St. Paul was 18 percent, while the rest of the region had a seven percent rate.⁴⁰ These sub-regional disparities are likely to continue. An analysis by the State Demographer revealed that between 1985 and 1990 individuals staying in the central cities tended to be less educated than those moving out. This suggests a growing concentration of less educated individuals struggling to find jobs in the central cities while the more educated move out to opportunities in the suburbs.⁴¹ The situation is particularly daunting for minorities who have an unemployment rate approximately twice that of whites in all areas of the region.⁴² All minorities, but especially blacks, were actually less likely to have jobs in this region in 1990 than in 1980.⁴³

Public transportation in this region primarily serves commuters into the central cities and movement between the central cities. Service to commuters *from* the central cities and to the suburbs is very limited. One of the largest barriers between the central city unemployed persons and suburban job growth is the lack of transportation, particularly for households without access to an automobile. Again, the situation is most problematic in the central cities (56,847 households with no vehicles), less problematic in the developed suburbs (14,475 households), and even less so in the developing suburbs (8,932 households).⁴⁴ Minorities are also disproportionately represented in the no-vehicle population.⁴⁵

While the suburbs have fewer households with no vehicle, they also have fewer mass transit opportunities. As a result, low-income people in the suburbs may have access to the job growth there, but they also report transportation problems. In a survey of northern Hennepin communities, 60 to 80 percent of low-income respondents with children under age six reported reliance on transportation other than their own car.⁴⁶ This transportation was often found from friends or family, who were unreliable because of their own commitments. Transportation access was found to be most needed for grocery shopping, health care, and social and government services. A 1991 St. Paul Public Housing Agency survey found 32 percent of those respondents who chose to move to the city from a suburb doing so because of inadequate transportation.⁴⁷ In the suburbs, "reverse-commute" solutions have been proposed to alleviate these problems, but the low residential densities in the developing areas make such proposals expensive. In the Metropolitan Council's most recent housing policy statement, two of five policy directions dealt with improving linkages between housing, jobs and transportation, and expanding the availability of housing choice throughout the region.⁴⁸

Considerable support for the "spatial mismatch" hypothesis exists in the academic literature. The hypothesis argues that minorities have lost access to jobs because of job decentralization and the barriers of the suburban housing market which keep minorities from moving to the suburbs. A "spatial mismatch" is argued to exist between the location of minority households and the location of jobs. Employment rates and wages among the minorities in the central cities then suffer. A February 1994 Minnesota House Research study found that of eleven major studies of the employment effects of spatial mismatches around the country, six - including the three most recent and sophisticated - found strong support for the hypothesis, four found some support, and only one found no support.⁴⁹ The most recent study found that between 19 and 23 percent of the black/white employment differential in 43 different U.S. metropolitan regions was due to differing spatial access.

D. Housing Profile

Within Hennepin County, household growth is heavily weighted toward the developing suburbs. The Metropolitan Council projections indicate that Minneapolis will experience two percent (818 households) of the growth from 1990 to 2000 while the developed suburbs will experience 15 percent (5,212 households) and the developing suburbs 77 percent (27,478

households) of the growth.⁵⁰ As job opportunities grow in these areas and some neighborhoods deteriorate in the core areas, impediments to housing choice become increasingly important.

As noted in the "Background" section above, the fair housing barriers that protected class populations are likely to face are two-fold: conduct that discriminates intentionally ("no families with children allowed") and conduct that has a discriminating effect. While intentional discrimination is often not well documented, the effects of many current and past policies and practices on protected class populations can be recorded and measured. In particular, studies show that policies restricting affordable housing in the suburbs have a greater impact on minorities who tend to be concentrated in low-income categories.

1. Market Affordability

According to federal standards, "affordable housing" is housing which costs 30 percent or less of the household income. In an effort to assess the affordability of the housing market in Hennepin County at a variety of income levels, information was mapped relating to the need for particular unit types, the availability of those types to both very low and low income renter and owner households, and the gaps between need and availability. Information was only available for Hennepin County communities with more than 10,000 people.⁵¹ While this represents only 17 of 47 communities, it accounts for 93 percent of Hennepin County's total households.

Market rate units affordable to both renter and owner low-income households making less than 50 percent of the median are concentrated spatially toward Minneapolis. At 50 percent of the median, the suburbs have affordable housing shortfalls. According to the 1990 Census, Minneapolis had 61,412 units affordable to households making 50 percent of the median household income or less.⁵² The city had 54,629 households in this category. These figures would seem to show that Minneapolis had 6,783 more affordable units than households in need. This is far from the actual reality.

Households in need of affordable units are far from perfectly matched with units affordable to them. There are many higher income households choosing to live in housing that is below what they could technically afford (ie. spending less than 30 percent of their incomes). Also, households substantially below 50 percent of the median income have a hard time finding affordable housing because they can afford even fewer of the units affordable at 50 percent of median income. Indeed, for "very low" income renters - making less than 30 percent of the median household income - even if there were a perfect match between household need and the affordable units, there was still a shortage in Minneapolis of almost 15,000 units in 1990.⁵³ (Twelve maps of market rate units affordable by income level and unit size are shown in the Map Appendix.)

The patterns of market rate affordability are consistent among bedroom sizes, with affordable rental units at all room sizes far more prevalent than affordable owner units. Not

surprisingly, within each bedroom category there are also more units affordable to low-income households than to very low income households. Affordable larger bedroom units are far less available than smaller ones, but the gap between need and availability is actually smaller for these unit types. (Twelve maps showing the distribution of affordable unit gaps and surpluses relative to need are provided in the Map Appendix. Maps show data by municipality, unit size, households income level and tenure.)

Largely as a result of the affordable inventory of market rate units, the need for affordable housing within Hennepin County is spatially concentrated toward Minneapolis. The central city has 23 percent of its households making 50 percent of the median household income or less and living in unaffordable housing (spending more than 30 percent of its income on housing). The percentage of households falling in these categories in the developed suburbs averages 12 percent, while in the developing suburbs the average rate is 7 percent. Within the suburbs, there is a low of 4 percent of Maple Grove households making 50 percent or less of the median and living in unaffordable housing, and a high of 16 percent of Hopkins households.

Whether renter or owner, very low or low income, households in unaffordable housing are concentrated in Minneapolis and become less prevalent as a percentage of a community's population as one moves west. The burden of housing costs on the very-low income population is particularly striking, as most of these households spend not only more than 30 percent of their income on housing, but over 50 percent. The population in unaffordable housing is also largely rental, as few lower income households are able to make the jump to ownership. Participation in the numerous tax and other benefits of homeownership is largely lost to these populations. (Eight maps showing the distribution of households in need by income category and housing cost burden are provided in the Map Appendix.)

While more absolute numbers of low-income households in Minneapolis live in unaffordable housing, a higher percentage of suburban low-income households live in unaffordable housing. Of Minneapolis very low and low-income households, 67 percent live in unaffordable housing. The unaffordability rate is 70 percent in the developed suburbs and 78 percent in the developing suburbs. The suburbs range from a rate of 60 percent in Golden Valley to 90 percent in Champlin. The higher rates of unaffordability in the suburbs may indicate both the increased expense of housing in outlying areas and the increased willingness of some households to spend a premium to move to or continue to live in the suburbs. (Four maps showing the distribution of the rates in which low income households live in unaffordable housing are provided in the Map Appendix.)

2. Assisted Housing Units

As with the distribution of market rate affordable units, the distribution of assisted housing units throughout the region is very uneven. Persons eligible and needing these units are therefore faced with uneven choices.⁵⁴ The following table shows the distribution of assisted housing units within sub-regions as of 1992:

Area:	% of Region's Assisted Housing Units, 1992 ⁵⁵	% of Regional Population, 1990 ⁵⁶
Central Cities	58%	31%
Developed Suburbs	17%	24%
Developing Suburbs	20%	44%

From 1971 to 1984 the Metropolitan Council, through control of federal and state housing grant applications, was able to distribute assisted housing more evenly throughout the region. The suburbs had only eight percent of the region's assisted housing in 1970, but 41 percent of it in 1984.⁵⁷ However, with the decline in federal housing funds in the early 1980s, the Council lost part of its incentive tool and there has been little movement toward a more even distribution of assisted housing around the region since that time. The Council's standards for housing affordability and its recommendations to communities for change now appear to be largely ignored.⁵⁸

The disparities in the number of assisted housing units are even greater among communities within Hennepin County. Minneapolis had 67 percent of the assisted units in 1994 with 15,027, the developed suburbs had 22 percent with 4,870 units, and the developing suburbs had only 11 percent of the total housing assistance with 2,427 units.⁵⁹ Map 3 below shows the distribution of assisted units in Hennepin County weighted by the number of households in the community. The map shows a familiar spatial pattern of units concentrated in Minneapolis and diminishing as one moves westward. Nine percent of Minneapolis' housing stock is assisted. Slightly more than three percent of the developed suburbs' housing stock is assisted and two percent of the developing suburbs' housing stock is assisted. The range of assisted units in the suburbs moves from a low of 0.3 percent of Maple Grove's stock to 5.5 percent of Hopkins' stock. (Five maps in the Map Appendix show the distribution of assisted housing units in Hennepin County by municipality and type of program.)

The term assisted housing includes a variety of federal programs. (Each is described in the appendix.) Four communities have public housing units, with Minneapolis having 6,739 units, 96 percent of the County's total. Private site-based assisted units are the second most

common type of assistance in Minneapolis, which has 5,447 of these units and slightly over half of the total for the region. Minneapolis also has 2,821 certificate and voucher assisted households, again representing a little over half of the region's total. The developed and developing suburbs use private site-based and tenant-based housing assistance in close to the same proportions, with suburbs in each area having close to twice as many site-based as tenant-based assisted units. It should be noted that tenant-based assistance allows the subsidy-holder more freedom of movement around the city which issues the assistance. Many assisted households now have even more freedom of movement around the region because their tenant-based assistance is portable from one community to another. Whether this gives a significant degree of choice to protected class households is discussed in the "Assisted unit waiting lists" and "Assisted unit mobility" sections below. The developed suburbs have about twice as many private site-based and tenant-based assisted units as the developing suburbs.

3. Recent Assisted Unit Development

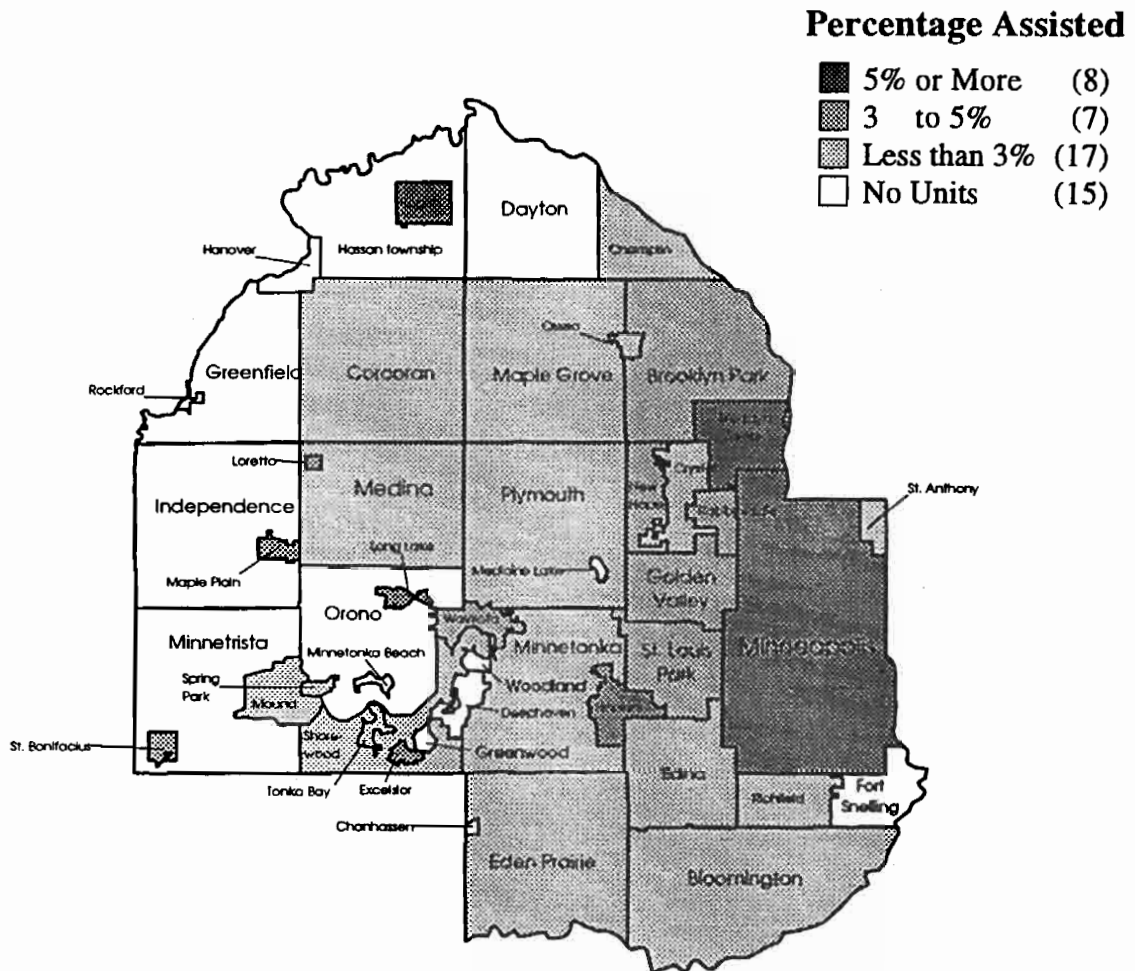
Large federal funding streams are a thing of the past, and the region has been left to pursue alternate methods of provision. Many communities argue that a combination of the reduction in federal funding and the current development climate makes it unrealistic to expect suburban communities to develop additional low-income housing. In this context, it is important to include the growing number of state programs, programs which are often at least in part federally financed. Map 4 below shows the distribution of all housing unit subsidies used since 1987 in Hennepin County.⁶⁰ See the "Definitions" section at the end of this report for a description of the "Deep" and "Shallow" housing assistance categories. (Three maps in the Map Appendix show the distribution of new assisted housing units by municipality and assistance type.)

Changes in the tax laws in 1986 made the development and maintenance of multifamily housing more difficult. As a result, 1987 was chosen as the starting point for what is called "recent development under current conditions."⁶¹ Almost 13,000 new units were subsidized over the last seven years in this metropolitan area. These new assisted units follow the historical pattern of concentration in Minneapolis, fewer in the developed suburbs, and even fewer in the developing suburbs. Overall, Minneapolis has done the most with the addition of 6,708 assisted units. The developed communities of Bloomington and St. Louis Park, with the developing Brooklyn Park, have provided 535, 467 and 817 new assisted units respectively. The developed suburbs as a whole added 2,435 assisted units, while the developing suburbs added 1,943 units.

These recent production numbers represent some assisted unit deconcentration. The new assisted units were distributed in Hennepin County as follows: 60 percent in Minneapolis, 22 percent in the developed area, and 18 percent in the developing area. Minneapolis' current share of Hennepin County's assisted units is 67 percent of the total while the developing suburbs' current share is 11 percent of all currently assisted units. The developed suburbs' share of the newly assisted units is the same as its overall current share of 22 percent.

Map 3: Percentage of Housing Stock Assisted

(Hennepin County, 1992)

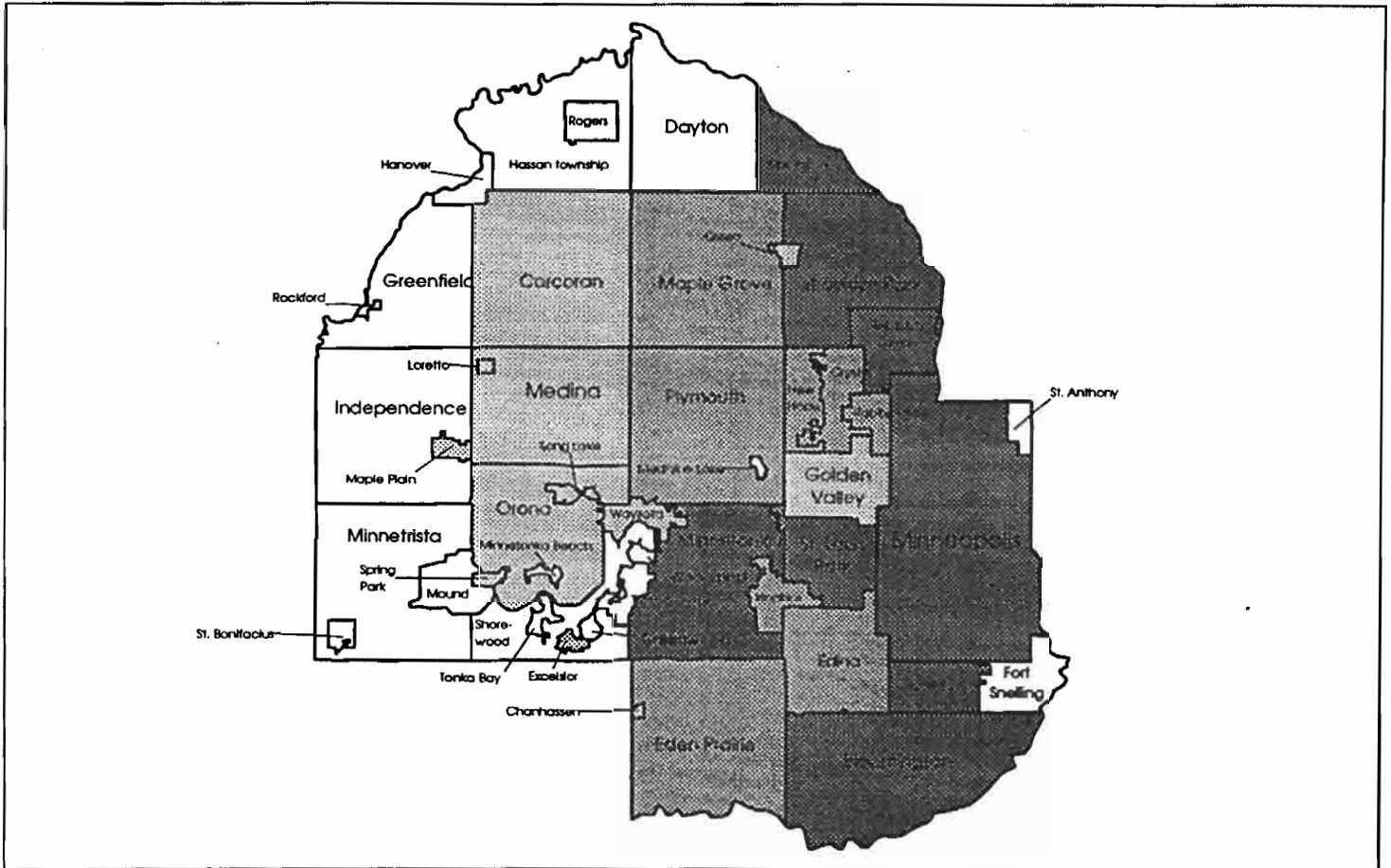


Sources: Metropolitan Council & 1990 Census

Map 4: Recently Assisted Units

("Deep*" assistance since July, 1986)

("Shallow**" assistance since 1987)



Sources: Met Council* & MHFA**

* Federal assistance with rents generally guaranteed at 30 percent of the recipient household's income.

** State housing assistance serving a variety of household income levels with a variety of assistance levels.

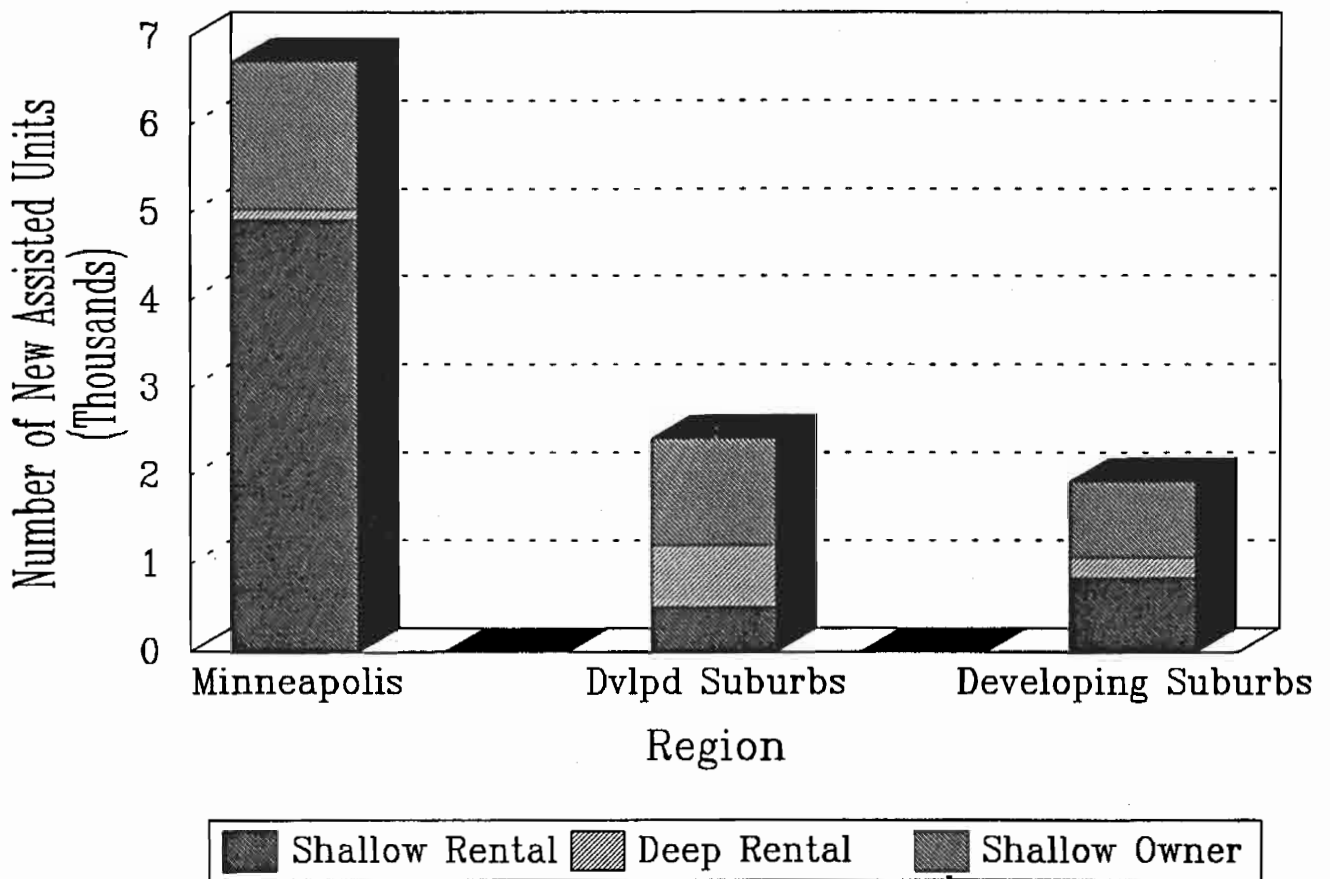
*** Numbers in parentheses indicate the number of communities in each category.

Number of New Units***	
■ 100 or More	(8)
■ 20 to 99	(9)
■ Less Than 20	(11)
□ None or Net Loss	(19)

The types of assistance provided within the sub-regions varied. The distribution of new deep unit assistance, arguably the most effective type of unit assistance (and the type noted above when documenting the overall regional disparities), showed more outward movement. This movement was mostly from Minneapolis and toward the developed suburbs. The deep assisted unit types were distributed as follows: 11 percent in Minneapolis, 67 percent in the developed suburbs and 22 percent in the developing suburbs. The type of assistance in Minneapolis overall was predominantly (75 percent) shallow rental.⁶² Each of the suburban sub-regions focused a larger share of their new assistance on shallow homeownership.⁶³ The total new assisted unit numbers and the distribution of the assistance type within each sub-region can be seen on Figure 2 below.

This data suggests that a highly motivated city such as Minneapolis can still develop affordable housing even under today's adverse conditions. While Minneapolis does have certain advantages over suburban cities in terms of capacity, expertise and an active nonprofit development network, these are all characteristics that can be acquired by other communities.

Fig. 2: Recently Assisted Units by Type
"Deep" since 7/86, "shallow" since 1987



III. Evaluation of Hennepin County's Housing Profile

Hennepin County's current housing profile reveals impediments to fair housing choice. Among the findings of this section are the following:

- Minorities in this region, and in Hennepin County in particular, are highly centralized around the central city and concentrated in small physical areas in both an absolute sense and in comparison to other regions of the country.
- The number of assisted housing units within Hennepin County varies greatly by community. More than half of all the County's assisted units are targeted for the elderly.
- According to a recalculated Metropolitan Council "Fair Share" equation, used in the late 1970s to target communities in need of assisted units, current assistance around the County is skewed. No community has reached or is on pace to reach its *absolute* fair share number of assisted units for the year 2000, but in a *relative* sense Minneapolis and a few developed suburbs have come closer. The fair shares suggest that new assisted unit development should concentrate in the outer suburbs.

A. Segregation

1. Racial housing patterns

The movement of minorities from the central city to the suburbs has integrated the County to a relatively small extent. Twice as many blacks moved to the suburbs during the 1980s as the 1970s.⁶⁴ In 1980 over 25 percent of African-Americans lived in census tracts where they accounted for at least half of the population. By 1990 this percentage had declined to about 15 percent.⁶⁵ Still, almost half of Minneapolis census tracts can be clearly identified as racially concentrated according to federal standards.⁶⁶ The current distribution of the black population in Hennepin County can be seen on Map 5 below.

This distribution of minorities around the region is somewhat distinct from the patterns of segregation in other metropolitan areas. Three geographically separate minority concentrations may be said to exist in Minneapolis and St. Paul, with another emerging in the Hennepin County suburbs of Brooklyn Center and Brooklyn Park.⁶⁷ To the extent that movement has taken place, it may be reconcentrating in a few suburbs. Also, Minneapolis has a comparatively small central city. Suburban borders are not as far away from the city center as they are in many cities around the country, possibly facilitating movement to the suburbs. .

Desegregation from this perspective is more a function of historical political boundaries than of progress toward real integration.⁶⁸

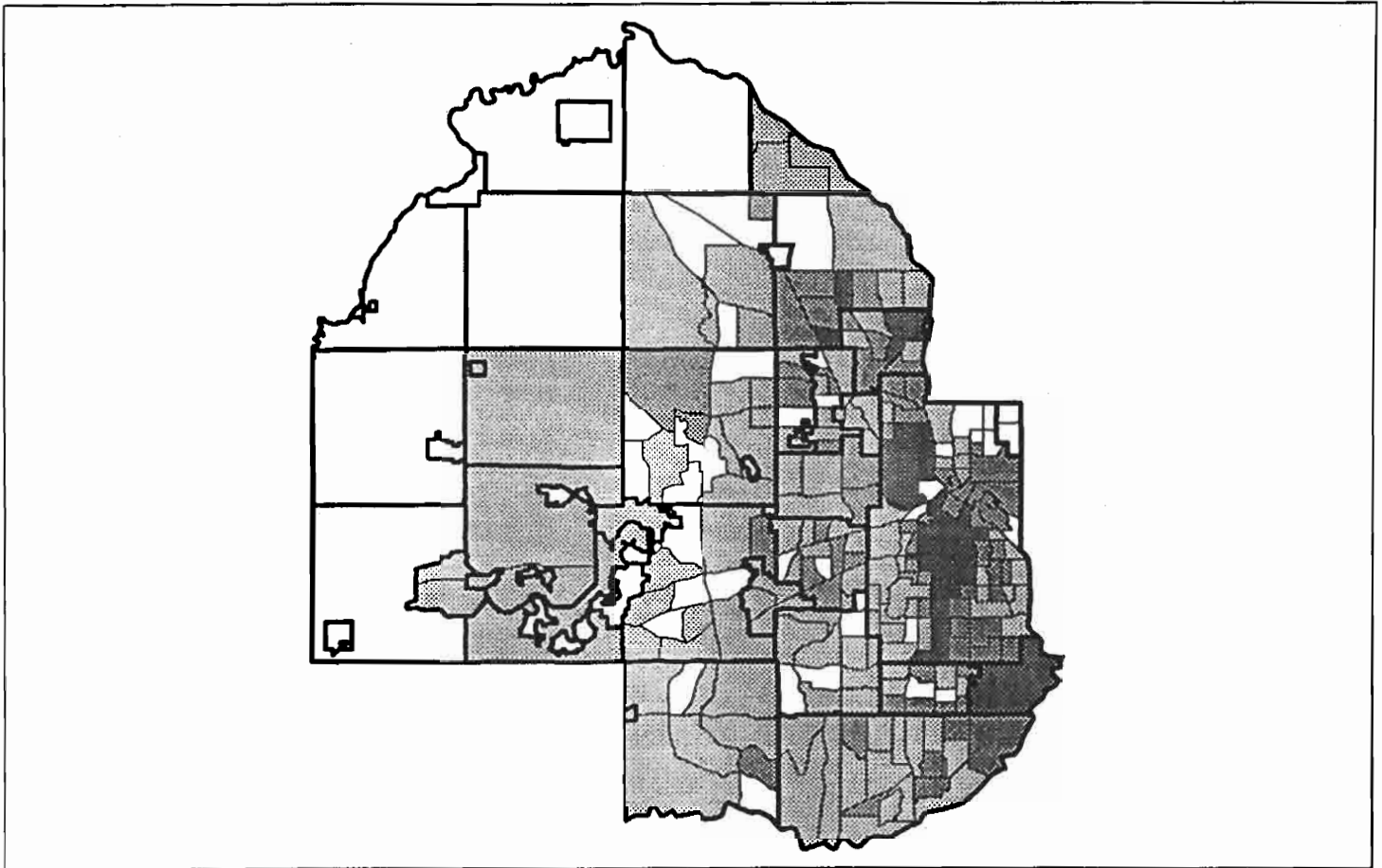
Despite the region's partial integration, in both absolute and relative terms it remains highly segregated. Massey and Denton, influential urban scholars who most recently authored the book *American Apartheid*, have defined several dimensions of spatial segregation.⁶⁹ Each captures part of the separation of minorities from "amenities, opportunities, and resources that affect social and economic well-being."⁷⁰ While the index values in themselves are fairly abstract, comparison with other metropolitan areas is informative.

One of these dimensions, "dissimilarity" or "evenness", is perhaps the most commonly cited index. Dissimilarity measures the extent to which minorities are represented in the same proportion in all census tracts within the region. For example, because minorities represent nine percent of this region's population, if every sub-area (like a census tract) were nine percent minority there would be no dissimilarity and complete evenness. As noted above, Minneapolis is 22 percent minority, while Hennepin County suburbs are only 5 percent minority. Despite this uneven distribution of the minority population, which would require massive minority movement to become even, this region's dissimilarity index is fairly average among metropolitan regions in this country.⁷¹ On two other indexes, "exposure" and "clustering", this region in both absolute and relative terms was also low.⁷² Each of these indexes, and the latter two in particular, is largely determined by the black or minority proportion in a particular region.⁷³ In other words, this region is likely to have small index values simply because blacks make up a small percentage of the total population.⁷⁴

Two other dimensions of segregation are not so influenced by the relative size of the region's minority population. By the measures of "centralization" and "concentration", in 1980 this region was very highly segregated in both absolute and relative terms.⁷⁵ Centralization is a measure of the extent to which blacks, in this example, are located in and around the center of the region.⁷⁶ Of 60 U.S. metropolitan areas, only Fresno, Portland, Seattle-Everett, Milwaukee, and Phoenix (in that order) had higher degrees of centralization. The case was similar for concentration, a measure of the degree to which any group is congregated in geographically small areas.⁷⁷ This region ranked 7th highest of 60, behind only Milwaukee, Paterson-Clifton-Passaic, Cleveland, New York, Newark, and St. Louis (in that order).

Map 5: Distribution of Black Population

(Hennepin County by Census Tracts)



Source: 1990 Census

Percentage Black	
7% or More	(58)
2 to 6.9%	(70)
Less Than 2%	(119)
No Blacks	(46)

Both measures of segregation decreased over the course of the decade.⁷⁸ This is consistent with the numbers in the "Demographic Profile" above which suggest that some blacks moved into the suburbs during the decade, and that within Minneapolis the black population spread more evenly. Still, among the seven counties in this region, Hennepin County had the highest level of both centralization and concentration.⁷⁹ (For a discussion of how the indexes for 1990 were formulated, a more technical discussion of the index values and their meanings, and visual representations of the indexes see the Appendix.)

In sum, despite small gains over the last decade, segregation in this region remains a problem, particularly for blacks. This region is very highly centralized and concentrated in both absolute and relative senses, with Hennepin County the most centralized and concentrated. These dimensions of segregation are particularly troubling given that the major job and tax base growth is far from the central cities. The concentration of minorities in small physical spaces is also particularly striking given that as a whole this metropolitan region has the third lowest population density in the nation.⁸⁰

2. The causes of segregation

Three explanations are often offered to explain residential segregation: 1) choice, 2) economics, and 3) discrimination. These explanations are not mutually exclusive. The choice argument points out that minorities may segregate themselves by choosing to live in community with one another. This tendency appears to play a role in segregation, particularly in the American Indian population.⁸¹ Segregation caused by choice may not be seen directly as a fair housing issue.

"Choice," however, is likely to be constrained by a variety of factors that make the segregation it causes a fair housing issue. Discrimination both past and future can restrict and affect choice. Households may choose segregated neighborhoods because of the discriminatory attitudes they anticipate should they move to another neighborhood. In addition, research has shown that individuals tend to have a very limited knowledge of their surroundings beyond their immediate neighborhoods.⁸² This suggests that many minorities may have only limited knowledge of housing opportunities available around the region because past discrimination has concentrated them in a small area. Finally, households may choose to live in central neighborhoods where public transportation and social services are more prevalent.⁸³

Even if choice is part of the segregation picture, evidence suggests that many segregated populations are not choosing their current environments. Surveys have found that blacks, in particular among minority groups, have strong preferences for racially mixed neighborhoods.⁸⁴ A 1978 national survey found that 85 percent of blacks preferred to live in neighborhoods half black and half white.⁸⁵ Numerous attitudinal studies have found that a substantial majority of blacks would prefer a racially integrated neighborhood if they could move without threats of violence or hostility from their new neighbors.⁸⁶ Many central city low-income households have also indicated in the past that they would prefer to move. A 1985

survey in the Twin Cities area found that only 45 percent of low income central city households wanted to remain in their current neighborhood, while 59 percent of low income suburban households wanted to remain.⁸⁷ A substantial number of Minneapolis and St. Paul lower income households, 28 and 24 percent of them respectively, wanted to move not only out of their current neighborhood, but also out to the suburbs if they could afford it. Most of these households cited concerns for public safety.⁸⁸

The second explanation for segregation - economics - argues that segregation occurs because low-cost housing is concentrated. Because a particular population is disproportionately low-income, that population will be concentrated and segregated wherever the low-cost housing is located. Economic issues have a powerful influence on the location choices of protected class populations that are disproportionately low income. As noted in the earlier discussions of the distribution of affordable market rate and assisted units, options for lower income households in this region are concentrated in Minneapolis and to a lesser extent the developed suburbs. Economics also affects and limits choice as to where people live.

Like the choice argument, the economic argument also fails to explain fully the region's pattern of segregation. As John Charles Boger states, "While black citizens, on average, have lower incomes (and thus less residential mobility) than whites, blacks *at all income levels* continue to face widespread exclusion from neighborhoods they can afford."⁸⁹ Within Hennepin County suburbs, as housing costs increase the black population concentrations decrease, consistent with the notion that blacks are segregated economically by housing costs. The relationship, however, is not strong - indicating that there may be much more going on than can be explained by the economic argument (see the Appendix for a description of the relationship estimation).⁹⁰

Discrimination, the third explanation for segregation and the one that bears most directly on fair housing, rests primarily on the contention that unlawful practices segregate protected class populations. This argument is central to explaining the existence of segregation and is central to the mission of the Fair Housing Act. Again quoting Boger, "A careful review of the evidence demonstrates...that neither income inequality nor African-American preferences suffice to explain current patterns of housing segregation." The Detroit, Michigan area's "Wayne County Fair Housing Needs Analysis" notes a similar finding:

In sum, the evidence suggests that in most central cities and suburbs of Michigan, there is no strong negative correlation between the spatial distribution of the black population and the spatial distribution of housing cost. Thus, inability of blacks to pay for housing in predominantly white sections of central cities and suburbs is not the primary reason blacks are highly segregated residentially from whites. Instead, past studies suggest that a more credible explanation for the high level of black residential segregation is racial discrimination in housing despite the Fair Housing Act of 1968.⁹¹

B. Distribution of Assisted Units

The realities of the local housing market are such that even without intentional discrimination or discriminatory impacts, impediments to affordable housing choice would exist. The aging of housing and the movement of households through life-cycle stages tend to concentrate affordable options at the core of a region while restricting them elsewhere (see the appendix for a discussion of "Market Processes" that restrict fair housing choice). Yet communities are not without influence. Some communities in this region and in Hennepin County have made significant strides toward developing housing for many levels of income.

Despite considerable efforts by some to provide assisted housing, others contend that affordable or assisted unit development within their communities is unwise, and openly reject pursuing it. In a housing plan for the Metropolitan Council that required the identification of strategies to encourage affordable housing, Maple Grove stated that "efforts to develop large areas of low and moderate priced housing would be futile. The market for this housing has shrunk and other cities can provide it at less cost."⁹²

The recent development of units of assisted housing essentially reinforces historical patterns. Consistent with current overall unit assistance, the recent growth of housing unit assistance in the developing suburbs has been far slower than elsewhere in the region.

Though almost 13,000 new assisted units have been produced over the past seven years, only 9.4 percent were of the "deep" federal variety, amounting to 1,049 units. While as noted above this distinction between unit assistance types is somewhat limited, the "fair share" calculations made below used only these assistance types. The old Metropolitan Council equation estimates a total fair share need in the 17 largest Hennepin County communities of 41,877 new assisted units between 1992 and 2000. This represents a deep rental subsidy production level over the course of those eight years roughly 40 times higher than the production level of the past seven . Even if all newly assisted units - shallow rental and shallow owner as well as deep rental - are included, the production level would have to increase about three times.

Assisted units differ widely in the populations they are intended to serve. Many communities appear more willing to provide assisted units to the elderly. Common perception is that housing for the elderly is for "our" people, whereas housing for families is for outsiders. In absolute numbers, private site-based unit assistance in Hennepin County is split fairly evenly between families (48 percent) and the elderly (52 percent), while tenant-based assistance is weighted more toward families (72 percent). However, weighing numbers of assisted family and elderly housing units by the respective sizes of their population in each

community reveals that provision for the lower income elderly is more substantial than for lower income families. Most communities have from 10 to 20 assisted units for every 100 elderly households at all income levels, and usually less than 3 assisted units per 100 families at all income levels. Elderly units make up 57 percent of Minneapolis' total assisted units. Family units make up a larger proportion of the suburbs' assisted unit stock, and a larger proportion of the developing suburbs' assisted units than they do in the developed suburbs (63 percent compared to 56 percent). (Eleven maps of the distribution of assisted housing in Hennepin County by municipality, type of assistance and population served are provided in the Map Appendix.)

Most of the public and private site-based assisted units have handicapped-accessible units. Six communities have units specifically for the handicapped. A total of 376 such units exist in Minneapolis (299 units), Bloomington (63), Richfield (39), New Hope (26), Robbinsdale (25), and Hopkins (24).⁹³ Eleven maps in the map appendix identify the distribution of assisted unit subsidies in Hennepin County by household and assistance type.

C. "Fair Shares"

According to a Metropolitan Council formula (detailed below) used in the 1970s and refigured for this report, the existing pattern of unit assistance in Hennepin County deviates from that suggested by "fair shares" for all communities. Fair shares suggest a distribution of assisted housing units which concentrates on the developed and, in particular, the developing suburbs. Compared to community fair shares recommendations, current provision is both insufficient and overly concentrated in Minneapolis.

The notion of "fair share" revolves around the setting of individual community goals for affordable and/or assisted housing units, and the provision of incentives and sanctions to ensure compliance. There is actually no single definition of a community's "fair share," so many possible formulas can be used to determine community goals. A fair share formula can focus on a community's demand for affordable housing, available land, available resources, or any combination of these or other relevant factors.

The fair share method has received considerable attention from those concerned with the current state of fair housing. Several scholars have argued that fair share proposals are necessary because segregation has thus far proven intractable, and legal enforcement efforts focusing on individual cases have not been widely successful in deterring discrimination or segregation.⁹⁴ A fair share method would provide a system-wide approach.

As noted above, a fair share method is not new to this region. In the late 1970s and early 1980s the Metropolitan Council set community fair share goals (See the appendix for a discussion of the formula and its past usage).⁹⁵ This formula can set both overall fair shares of the regional assisted housing stock per community, and fair shares of the future assisted

housing stock needed. Though the Council no longer uses the formula, it could still be useful.⁹⁶ The Council and many suburbs argue that the fair share goals are now inappropriate because they were originally based on anticipated availability of significant federal funding which is no longer available. Although some argue that this loss of funding renders fair share numbers meaningless, the numbers may provide evidence of just how much and where assisted units are needed.

Using the Metropolitan Council calculation, the year 2000 fair shares for Hennepin County communities with populations greater than 10,000 were re-computed using 1990 census data and Council projections to the year 2000.⁹⁷ The necessary numbers could not be found for communities with fewer than 10,000 in population, and could not be found to compute the current 1994 fair shares.⁹⁸ Those communities with over 10,000 people account for 93 percent of Hennepin County's households, 92 percent of its jobs, and 98 percent of its federally assisted housing units.⁹⁹ (These communities are shown on a map in the Appendix.)

The fair share calculation documents distinct differences between communities and the County sub-regions. Table 2 below shows the results of the fair share calculations for each larger community for the year 2000.¹⁰⁰ Column 1 indicates that the metropolitan region's highest overall fair share percentage is in Minneapolis, at 14 percent of the region's assisted units. In other words, according to the old Metropolitan Council formula, Minneapolis' fair share of the seven county area's total assisted housing units is 14 percent. This fair share amounts to 21,208 units, as shown in column 2. Suburban shares range from 0.5 percent of the region's total in Robbinsdale to 4.1 percent in Bloomington, and from 830 to 6,343 units respectively. Map 6 below shows the distribution of the fair shares, and reveals a spatial pattern. Beyond Minneapolis, the larger fair shares are concentrated in the outer developing suburbs.¹⁰¹

Every Hennepin County community is behind in the development of assisted units in order to meet year 2000 fair share goals. Some areas, however, are closer to the goals for the year 2000 than others. While absolute unit goals have not been met, a few communities have provided units at a rate *relatively* above (in comparison to the region) their fair share; others have provided below their relative share. As of 1992, Minneapolis had 32 percent of the region's assisted units,

Table 2: Hennepin County "Fair Shares"

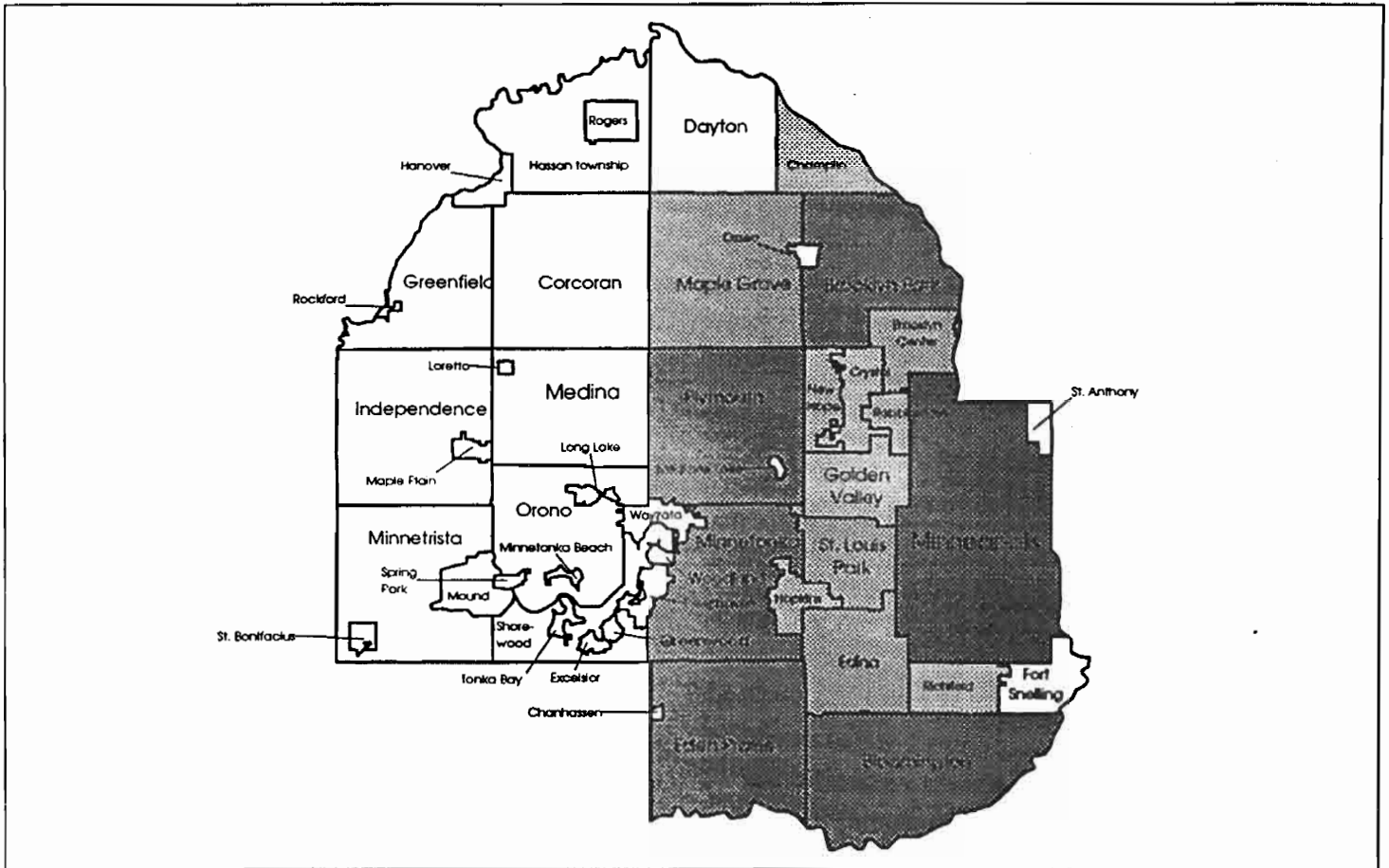
(Communities with populations of at least 10,000)

	Fair Shares, Year 2000		Existing Shares, 1992			New Unit Shares 92-2000	
	Regional Fair Share (2000) Column 1	Fair Share of Units (2000) Column 2	Existing Share (1992) Column 3	Existing Number of Units (1992) Column 4	Percentage of Fair Share Achieved (1992) Column 5	Fair Share of New Subsidized Units (92-00) Column 6	Fair Share Unit Goals 1992-2000 Column 7
CORE CITY							
Minneapolis city	13.9%	21,208	32.3%	14,733	69.5%	6.0%	6,475
DEVELOPED SUBURBS							
Bloomington city	4.1%	6,343	2.1%	957	15.1%	5.0%	5,386
Brooklyn Center city	1.1%	1,734	1.3%	614	35.4%	1.0%	1,120
Crystal city	0.6%	858	0.3%	116	13.5%	0.7%	742
Edina city	1.9%	2,966	1.2%	558	18.8%	2.2%	2,408
Golden Valley city	0.9%	1,399	0.7%	337	24.1%	1.0%	1,062
Hopkins city	0.7%	1,013	1.0%	457	45.1%	0.5%	556
New Hope city	1.0%	1,529	1.0%	449	29.4%	1.0%	1,080
Richfield city	1.0%	1,527	1.5%	675	44.2%	0.8%	852
Robbinsdale city	0.5%	830	0.6%	254	30.6%	0.5%	576
St. Louis Park city	1.9%	2,872	1.6%	742	25.8%	2.0%	2,130
TOTALS:	13.8%	21,070	11.3%	5,159	N/A	14.8%	15,911
AVERAGES:	1.4%	2,107	1.1%	516	28.2%	1.5%	1,591
DEVELOPING SUBURBS							
Brooklyn Park city	2.3%	3,518	1.9%	876	24.9%	2.5%	2,642
Champlin city	0.6%	900	0.1%	60	6.7%	0.8%	840
Eden Prairie city	3.5%	5,401	0.9%	425	7.9%	4.6%	4,976
Maple Grove city	1.9%	2,936	0.1%	54	1.8%	2.7%	2,882
Minnetonka city	3.1%	4,707	0.8%	380	8.1%	4.0%	4,327
Plymouth city	2.7%	4,073	0.5%	250	6.1%	3.6%	3,823
TOTALS:	14.1%	21,535	4.5%	2,045	N/A	18.1%	19,490
AVERAGES:	2.3%	3,589	0.7%	341	9.2%	3.0%	3,248

Source: See appendix section "Fair Share Calculation"

Map 6: Distribution of Hennepin County Community "Fair Shares" of Regional Subsidized Housing

(Projected to the Year 2000 for Communities with Populations greater than 10,000)



Source: See Appendix

These "Fair Share" calculations are based upon the Metropolitan Council formula used in the late 1970s and early 1980s.

The Council used the equation until 1985, when declines in federal housing resources and in the Council's low-income housing incentive tools were thought to make the goals unrealistic.

Fair Share Percentage of Year 2000 Regional Subsidies		
■ (Dark Grey)	13.9% (Mpls. Only)	(1)
■ (Medium-Dark Grey)	2 to 5%	(5)
■ (Medium-Light Grey)	1 to 2%	(4)
■ (Light Grey)	Less than 1%	(7)
□ (White)	No Information	(30)

(14,733 units – columns 3 and 4 respectively). In the suburbs, shares range from 0.1 percent (54 units) of the regional total in Maple Grove to 2.1 percent (957 units) in Bloomington.

These disparities lead to significant differences among communities in progress toward the year 2000 fair share goal. As seen in column 5, Minneapolis had realized 70 percent of its goal by 1992. Suburban percentages ranged from a low of 2 percent in Maple Grove to 45 percent in Hopkins. Based on the County development regions, comparisons of past and current provision show significant disparities in reaching year 2000 fair share goals. Minneapolis (as noted above) looks marginal in terms of its current progress toward its goal, the developed suburbs look poor, and the developing suburbs appear severely lacking. The developed suburbs average 28 percent of their ultimate goals realized while the developing suburbs average nine percent.¹⁰²

A review of current assistance provision also reveals fair shares of *new* units needed from 1992 to 2000 that are far different from overall fair shares. These shares and numbers of new units needed continue to reveal disparities between communities and sub-regions. Communities that have provided below their relative fair share have higher new unit fair shares than their overall fair shares, while those which have provided units above their relative fair share have lower new unit fair shares.¹⁰³ Because of the differences in past provision, Minneapolis' fair share of the overall units, at 14 percent of the region's total, is distinct from its share of the region's new units needed between 1992 and 2000. Relative to the rest of the County, Minneapolis has done more, so that a lower rate of six percent of the region's *new* assisted units from 1992 to 2000 ought to go to Minneapolis under the fair share calculation (column 6). Minneapolis' absolute share is still the highest in Hennepin County and so yields the highest unmet goal of 6,475 new units between 1992 and 2000 (column 7).

Particularly in the developing suburbs, the fair share calculation suggests that communities behind their fair share in current provision provide even higher shares of the region's new assisted units in the future.¹⁰⁴ Half of the developed suburbs (five of 10) and all six of the developing suburbs included in Hennepin County's fair share calculation are well behind in relative provision. Five developed suburbs - Brooklyn Center, Hopkins, New Hope, Richfield and Robbinsdale - have past provision shares which exceed or nearly meet their fair shares. Similar to Minneapolis, these communities need to add new assisted units at a *relative* rate slower than their overall fair share rate because their past provision has been *relatively* high.

The fair share numbers suggest a different distribution of new assisted housing units from the current 67 percent Minneapolis, 22 percent developed and 11 percent developing. The fair share calculation suggests that assisted units produced between 1992 and 2000 should be allocated as follows: 16 percent Minneapolis, 38 percent developed and 47 percent developing suburbs.¹⁰⁵

While the above numbers address the disparities in current relative provision, the

disparities in absolute provision compared to the fair share goals is even more striking. In absolute terms no community is close to meeting, or is on pace to meet, its fair share goal for the year 2000. The overall number of units being provided in the region is too low to meet the unit goals, so even shares of the total that are *relatively* high are insufficient in *absolute* numbers. Minneapolis more than any other municipality has, for example, provided at a relative share higher than its fair share, but in absolute terms Minneapolis still has the most new unit subsidies needed of any Hennepin County community. The new unit goals in the suburbs range from a low of 556 in Hopkins to a high of 5,386 in Bloomington. If future total assisted unit provision follows the historical pattern, the unit goals are unlikely to be met in the year 2000. The entire developed region of Hennepin County currently has 2,427 assisted units, less than three quarters of the *average* needed for each of the six developing communities in the fair share calculations. Furthermore, also as noted above, 1,049 new deep assisted housing units have been added in the past seven years in the entire County, compared to the 42,000 estimated needed over the 1992 to 2000 period.

In sum, using the fair share calculation, the assisted housing units provided within Hennepin County have been both insufficient in number and distributed in a manner inconsistent with the fair share formula. The suggested fair share pattern of distribution bears little relation to actual past provision. Figure 3 shows that while no sub-region is near its goal, provision is farther from the goal as one moves west from Minneapolis.¹⁰⁶ Existing assisted units are weighted spatially toward Minneapolis and the developed suburbs, but suggested fair share numbers are roughly equal for each sub-region. As a result, the pattern of new assisted unit placement suggested by the fair share formula is roughly the reverse of existing unit pattern, as shown on Figure 4. Even though unlikely to be implemented, the Metropolitan Council's old fair share formula clearly suggests that the developing suburbs, and to a lesser extent the developed suburbs, ought to do the lion's share of assisted housing unit development in Hennepin County up to the year 2000.

Representative Myron Orfield has used another method of calculating fair shares, with similar results. His method is based on the idea that all communities should have equal proportions of both low-income households and units affordable to them. Orfield notes that 12 percent of the region's households are at or below 30 percent of the metropolitan median income, 22 percent are at or below 50 percent, and 39 percent are at or below 80 percent.¹⁰⁷ He then argues that each community in the region ought to have the same proportion of its housing stock affordable to those income levels. Similar to the results with the Metropolitan Council's old fair share calculation, Orfield found that provision in Minneapolis exceeded its relative fair share, the inner suburbs exceeded their relative fair shares except in the lowest income categories, and the developing suburbs had roughly one quarter of their fair shares.¹⁰⁸ Also similar to the findings with the Council formula, performance measured by the need of the poorest households was inadequate in all areas.¹⁰⁹

Figure 3: Fair Shares & Existing Units
(Hen. Cty. Communities > 10,000 Pop.)

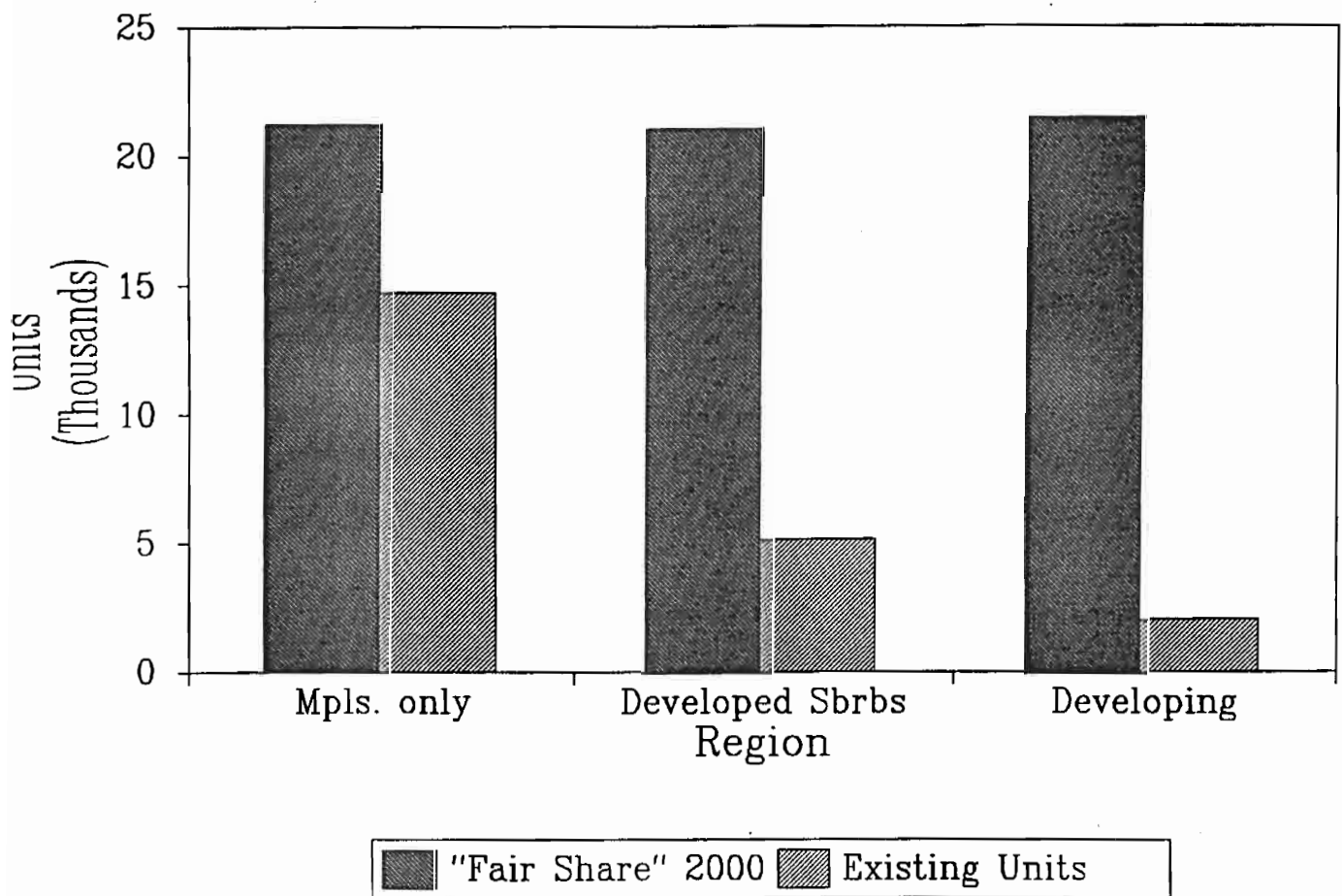
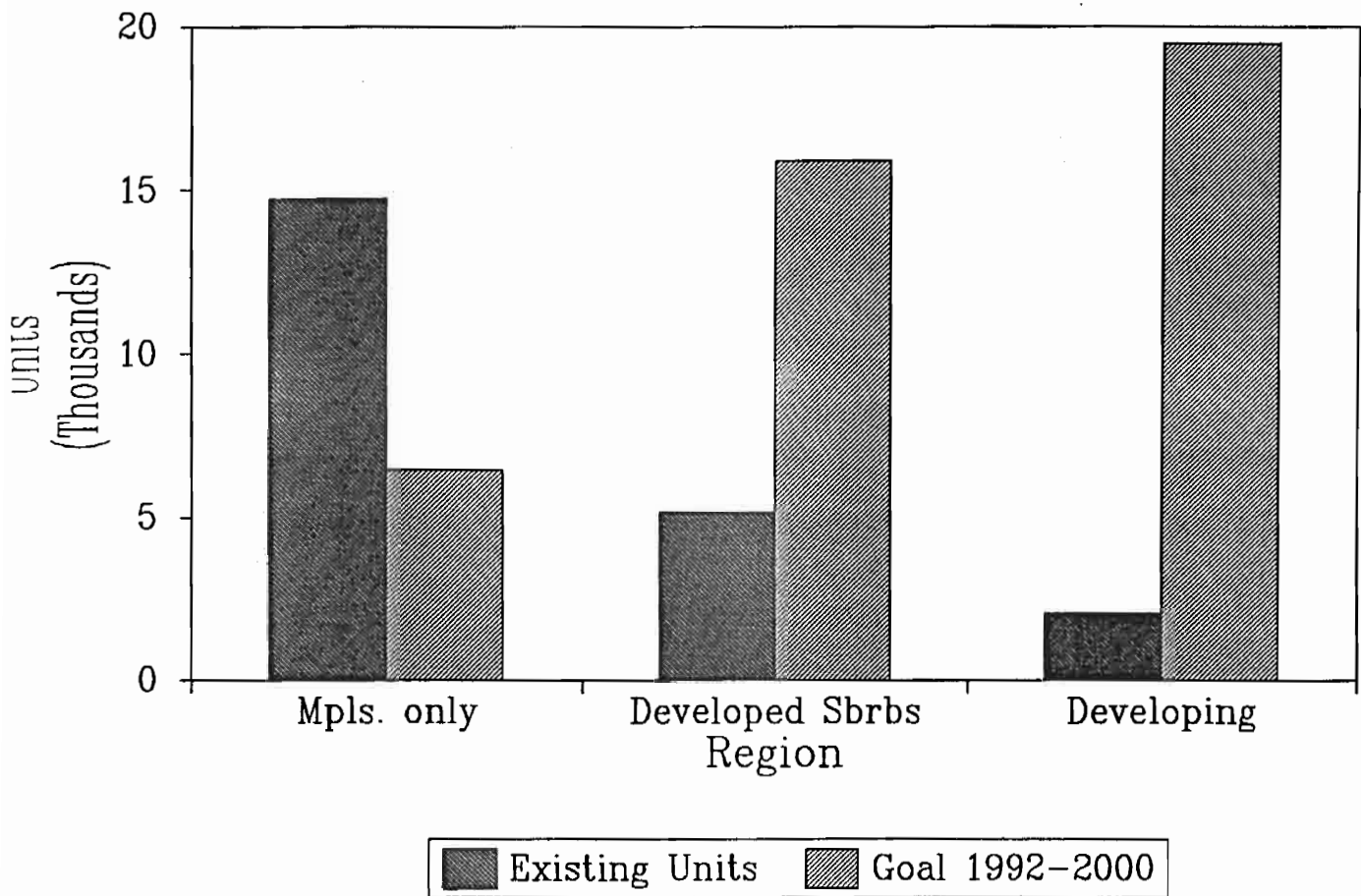


Fig. 4: Existing Units/Fair Share Goals
(Hen. Cty. Communities > 10,000 Pop.)



IV. Evaluation of Hennepin County's Current Fair Housing Profile

The process of filing a fair housing complaint and pursuing legal remedy is the essence of fair housing law enforcement. Using the number of reported cases as a means of measuring the extent of fair housing discrimination has been subject to some criticism largely because many acts of discrimination are not reported. Among the findings of this report are the following:

- Recent fair housing complaints in this area have been small and have varied widely from year to year despite the large increases in this region's minority population.
- Enforcement resources, particularly for random testing for discrimination, have been scarce and local authorities contend they cannot adequately perform all their functions.

A. Fair housing complaints

A 1978 national study found that a black family had a 50 percent chance of encountering discrimination when buying a house.¹¹⁰ Another national study in 1988 documented discrimination in 59 percent of black efforts to buy a home. It has been estimated that less than one percent of the actual acts of housing discrimination result in a complaint.¹¹¹

Underreporting is a problem of both identification and incentives. Discrimination in housing has become more subtle and difficult to identify since passage of the Fair Housing Act. The subtle discrimination of today may not be recognized until the experience of one person is compared to that of another. Even when identified, an individual encountering discrimination may decide that the rewards of prevailing in a fair housing claim do not offset the considerable time and effort involved in pursuing the case. Financial rewards have increased in recent years, but by the time a case is resolved a household will likely have already moved elsewhere.

The number of housing complaints filed over the past 5 years in Hennepin County has been small and the number has varied greatly from year to year, even though the racial and ethnic populations in Minneapolis, Hennepin County and throughout Minnesota have grown over the decade and continue to grow. The number of fair housing complaints in all three local jurisdictions declined from 1991 to 1993, as seen on Table 3 below. The reasons for this across the board decline are unknown. Housing complaints in 1994 appear to be on the rise.¹¹²

The Regional HUD Office in Chicago, the Minnesota Department of Human Rights,

and the Minneapolis Civil Rights Department are charged with fair housing enforcement in Hennepin County. A discussion of each public agency and their respective complaint filing process is provided in the Appendix.

Table 3: Fair Housing Complaints¹¹³		
Enforcement Agency:	Jurisdiction Covered	Number
Minnesota Department of Human Rights:	State	
As of July 1, 1994 ¹¹⁴		67
1993		59
1992		79
1991		89
1990		68
Chicago HUD Office:	Hennepin County	
As of July 1, 1994		40
1993		45
1992		63
1991		98
1990		73
Minneapolis Civil Rights Department:	Minneapolis	
As of July 1, 1994		31
1993		41
1992		46
1991		60

B. Other fair housing concerns or problems

Though underreporting may be the primary reason for the sporadic and fluctuating number of fair housing complaints during a time of rapid growth in the protected class

population, there are other explanations as well.

1. Resource Problems

Enforcement resources for fair housing have historically been scarce. Recent years have seen not only increases in the protected class population in this region, but also an expansion of fair housing laws to include family and handicapped status.

Since the passage of the Fair Housing Act in 1968, and in particular during the 1980s, many have claimed that the federal government has not been fully committed to fair housing implementation. The Minneapolis HUD office and the regional Chicago HUD office have both admitted to being understaffed, and cannot adequately investigate fair housing claims or test for discrimination.¹¹⁵ There are additional local resources for the investigation of fair housing claims, but these are also limited. The Minnesota Department of Human Rights and the Minneapolis Civil Rights Department investigate fair housing claims. The former currently has a load per investigator of approximately 60 cases, and the latter has only one housing investigator.¹¹⁶ Again, these staffing shortages have persisted even as the minority population in this region expands rapidly. The latter two agencies also have a broader enforcement scope than the national fair housing laws. In addition to the protected classes covered by federal law, the Minnesota Human Rights Act also covers discrimination based on creed, marital status, public assistance status, and sexual orientation and the Minneapolis Civil Rights Ordinance adds creed, marital status, age, affectional preference, and public assistance status.¹¹⁷

Both the Minnesota Human Rights Department and the Minneapolis Department of Civil Rights used to have work-share agreements with HUD whereby they were paid by HUD to investigate and resolve fair housing complaints. Since the 1988 amendments to the Fair Housing Act, the two agencies have lost that enforcement power.¹¹⁸ The two organizations have tried and continue to try to become qualified under the new HUD guidelines, but as yet have not succeeded. Meanwhile, people who want to file complaints under federal law now have their cases referred to the HUD office in Chicago for investigation. This additional workload has impeded the ability of the HUD office in Chicago to process federal cases in a timely fashion.

The 1988 amendments also added familial and handicapped status to the list of individuals protected under the Federal Fair Housing Act. HUD complaints filed in Minnesota increased by 35 percent from 1989 to 1990 and by 41 percent from 1990 to 1991.¹¹⁹ From fiscal years 1991 to 1992, HUD's Minnesota caseload increased 19.7 percent while its budget was sliced 41 percent.¹²⁰ From 1990 to 1994, the fair housing complaints taken by the Chicago HUD office involved handicap or familial status discrimination 38 percent of the time. Sixteen percent of the Minneapolis Civil Rights Departments' and 22 percent of the Minnesota Department of Human Rights' complaints in recent years have involved the new categories. Each agency has also experienced some growth in the percentage of cases involving familial status and handicap discrimination, probably a result of growing public awareness that such

actions are illegal. During recent years the percentage of Chicago HUD and MN Human Rights complaints dealing with race and national origin has remained fairly constant. The Minneapolis Civil Rights Department's percentage dealing with race and national origin declined from 85 to 34 percent of the total complaints between 1991 and 1993, but rose to 77 percent during the first half of 1994 (Tables breaking down the distribution of each agency's cases are provided in the Appendix¹²¹).

2. Testing

The lack of testing for fair housing violations in this region has been identified as a significant problem. Testing generally involves the structured pursuit of housing by two "testers" who are similar in all respects save one tester's protected class status. Differential treatment of the testers then documents discrimination. Such testing can be done either after a complaint has been filed to gather evidence, or without a complaint in a random fashion to survey a targeted area's housing practices. Testers have standing themselves to file claims in court. Moreover, courts have expressly acknowledged the value of testing evidence in proving fair housing violations. Yet until recently resources for testing have been meager or nonexistent. This is one of the few areas in the country without an ongoing, well-coordinated testing program, although the newly formed Minnesota Fair Housing Center intends to begin doing this work.¹²² Many scholars and advocates argue that testing is the only way to detect the subtle discrimination that now exists and to help address the reluctance of some individuals to pursue their cases.¹²³

Even after a complaint is filed, many complainants do not appear willing to go through the legal process. Between 1990 and 1994, 20 percent of the Chicago HUD cases originating in Hennepin County were closed because the complainant either could not be located, failed to cooperate, or simply withdrew the complaint (A breakdown of all Chicago HUD case resolutions for this period is provided in the Appendix). The Minnesota Department of Human Rights is trying to develop a systematic approach to fair housing that would involve testing, but currently has "zero money" for testing.¹²⁴ The Department often coaches people to test for themselves. Although this testing may not stand up in court, it provides additional information.¹²⁵ Another difficulty within the Department is that intake personnel are usually different from the complaint investigators. As a result, intake personnel may inadvertently alert a party charged with a complaint by requesting information about the case from them, rendering later testing ineffective.

The Legal Aid Society of Minneapolis has recently received a grant from HUD to undertake housing discrimination cases. The grant includes funding for testing. This grant should result in greater capacity to address housing discrimination complaints throughout Hennepin County.¹²⁶

V. Identification of Impediments to Fair Housing Choice

Impediments to fair housing choice are both historical and institutional. In Hennepin County, impediments that are intentionally discriminatory infrequently manifest themselves overtly, but often appear in subtle forms. In addition to subtle forms of intentional conduct, the County has a variety of policies and programs that have discriminatory impacts on choice. The findings in this report include the following:

- Testing of landlords in the Phillips neighborhood of Minneapolis found strong evidence of discrimination. Property managers often refuse to accept housing assistance vouchers. Anecdotal evidence of discriminatory practices is common.
- Minorities are underrepresented in the real estate industry, and minorities in the industry have reported discrimination.
- Discrimination is the likely cause of 70 percent of the difference between white and non-white home mortgage loan rejection rates. Neighborhoods with concentrated minority populations receive less investment than areas with fewer minorities.
- Excessive zoning regulations exist in a variety of forms throughout Hennepin County. Several lower income housing projects in recent years have met active community resistance. Regional resources facilitate the outward movement of households and jobs into areas with few minorities.
- Property taxes in this area disproportionately impact lower income and minority populations, particularly renters. Local housing assistance authorities have preferences for individuals already in their communities, making it harder for minorities to receive assistance.

A. The sale or rental of housing

In theory, the housing market is based on competition among informed individuals. In practice, most buyers have limited knowledge of the housing market or of the processes involved. Knowledge is particularly hard to come by in concentrated low income areas where the market may be stagnant and homeownership is not usually the norm. The housing market process is also likely to be difficult for individuals whose first language is not English. Protected class populations in this environment are particularly subject to the more subtle types

of discrimination that exist today - the types of discrimination that are not stated but manifest themselves through practices such as real estate agents' withholding information from black clients on housing opportunities in white neighborhoods.

1. Real estate practices such as "steering" or "blockbusting"

Steering refers to a real estate practice of restricting a potential home buyer's choice among locations. Minorities may be steered into neighborhoods with higher concentrations of minorities, while whites are referred elsewhere. "Blockbusting" capitalizes on the ignorance of the home seller, and refers to the use of prejudices and fears to scare homeowners into selling at reduced prices.

The Camden neighborhood of Minneapolis has experienced both of these practices. In 1990, the community reacted against blockbusting and what was called "the demoralizing of residents by bombarding them with unsolicited offers to sell at cut-rate prices."¹²⁷ Community members reported talking anonymously to real estate agents who steered them away from Camden saying they could not recommend the neighborhood or called it a ghetto. Still other black residents reported not knowing about the option to live in Camden until they looked around for themselves, and being steered by realtors to the North Side where more of the population is black than in Camden.

There is also anecdotal evidence that some realtors take advantage of the relative lack of knowledge that most individuals have concerning the housing market. Dawn Goldshmitz of the East Side Neighborhood Development Corporation notes that some real estate agents are believed to charge a higher rate for selling a home in a low-income neighborhood based on an exaggerated claim of difficulty in selling property in those neighborhoods.¹²⁸

2. Property management firm barriers to rental housing

In 1991, the Minneapolis Department of Civil Rights funded an independent group of 31 trained testers to apply for housing in Minneapolis' Phillips neighborhood.¹³⁰ This testing of rental housing in the neighborhood found probable evidence of landlord discrimination in 26 percent of the cases.¹²⁹ Other findings included: blacks were more likely to be asked questions about lifestyle, sexual relationships and sources of income; minority applicants were shown units of lesser quality; and light-skinned blacks had more favorable treatment than dark-skinned blacks.

While the actions documented above are illegal, property managers can legally refuse to accept Section 8 Certificates (defined in the appendix under "Federal housing assistance programs").¹³¹ The increasing use of tenant-based rather than site-based housing assistance during the 1980s has theoretically given housing assistance recipients a greater range of choice about where to live. Such choice should allow movement around the region, and deconcentrate clusters of low income households. Because minorities are disproportionately represented in

the low income population, such choice could also theoretically combat segregation. In fact, however, since landlords have the option of not accepting Section 8 Certificates, actual choice around the region may be severely restricted. Choice is also restricted by the existence of HUD's fair market rents, which cap the rent a unit can have and still qualify for the certificate.

A more complete examination of the extent to which these factors restrict housing choice in the suburbs is underway at Community Action for Suburban Hennepin. But the findings of the Plymouth Housing and Redevelopment Authority do not give reason for optimism.¹³² Of 5,314 rental apartment/townhome/condominium units in Plymouth, owners of 1,691 of these units report that they accept Section 8 Certificates. This amounts to 32 percent of all rental units. Of these 1,691 units, only 301 have rents at or below the fair market rents. This amounts to six percent of all units and 18 percent of units that accept Section 8 Certificates. The 301 units are located in 3 buildings in a community of over 50,000 people.

The number of units open to a certificate-holding household is further reduced by the fact that the household will need a particular size unit. Of the 301 units currently available in Plymouth, 96 are 1-bedroom, 203 are 2-bedroom, 2 are 3-bedroom. Assuming that Plymouth has a fairly high vacancy rate (of 10 percent), a one or two person assisted household would probably have 10 units to choose from, a three or four person household might have 20 units to choose from and a five or more person household likely would have no options in the city. Even these may be optimistic assumptions given that scarcity of affordable units would seem to lead to a lower vacancy rate and advertising for appropriate openings is likely to be scarce.

Eight suburban Hennepin County communities and the Metropolitan Council Housing and Redevelopment Authority have been granted exceptions to the Fair Market Rents (FMRs) by HUD; the distribution of communities with FMR exceptions is shown on a map in the appendix. The additional rents allowed range from about 11 percent higher than the FMR in Wayzata to 20 percent higher in Edina and Minnetonka. These exceptions appear to make a substantial difference.¹³³ The Plymouth HRA has been granted FMR exceptions about 15 percent above the FMRs set by HUD.¹³⁴ These rents expand the eligible stock (that both accept and qualify for certificates) of Plymouth rental units to 1,345.¹³⁵ This increases the eligible rental stock in Plymouth from 6 to 25 percent of all units, and 80 percent of units that accept Section 8 Certificates. This also expands the options for those with certificates to 11 buildings within the city. See Figure 5 below.

Landlord policies like rental admission standards may also have the effect of reducing housing choice more for low-income minority families than for nonminority families. Housing providers in the Hennepin County Family Homeless Prevention and Assistance Program and lawyers at the Legal Aid Society of Minneapolis report that clients regularly confront barriers to admittance in rental housing.¹³⁶ Owner application fees restrict the number of places a low-income family can apply. Minimum income requirements (typically 2½ times the rent) can rule out many apartments that families could actually afford. Minimum occupancy requirements cause problems for larger families. Though the practice is legal only under

certain special circumstances, the Minneapolis HUD office receives several calls from rental property owners each year about the possibility of making their buildings all-adult.¹³⁷

Strict tenant screening, a landlord practice that may be becoming more common, can also restrict fair housing choice. Many communities are looking at toughening tenant screening as a means of "cleaning up" problem rental properties and assuring that new properties do not have problems (see the "Demolition, displacement, and neighborhood revitalization" section below). The existence of an unlawful detainer on a tenant's record may often disqualify an applicant regardless of the age of the unlawful detainer or whether the tenant won the eviction case.¹³⁸ A 1993 study by the Center for Urban and Regional Affairs found that one quarter of the individuals in the study with an unlawful detainer did not understand what had happened in court, and half reported not understanding what impact an unlawful detainer would have on their future.¹³⁹

B. Provision of housing brokerage services

Lower income households are likely to be in the market to sell or buy housing that is less lucrative for agents to handle. In this context, it is important that protected class populations have representation in the real estate industry and that there are marketing initiatives designed to meet their specific needs.

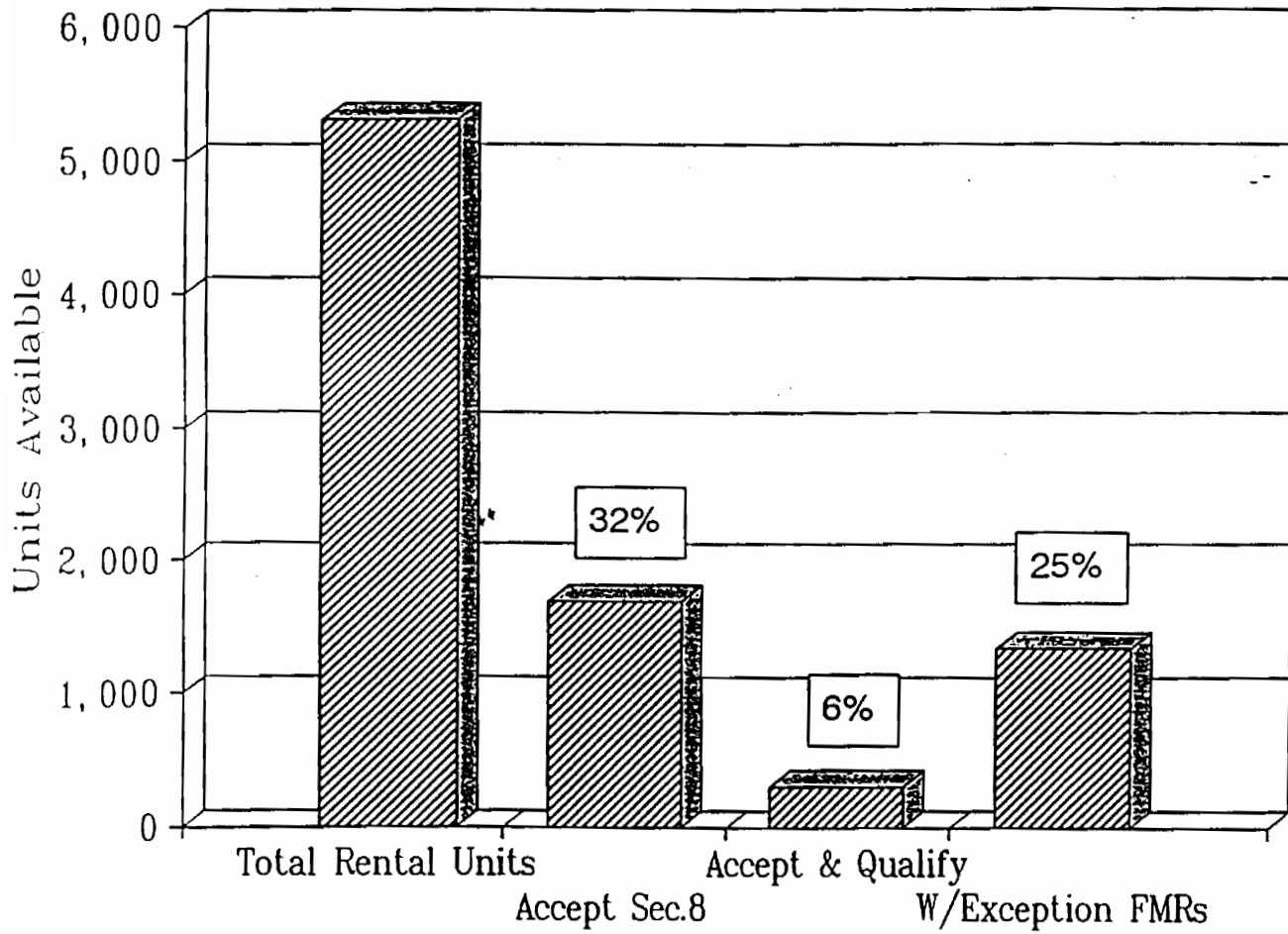
1. Minority underrepresentation

Given the complexities of the real estate process, most individuals are susceptible to the subtle discrimination they do not have the knowledge to identify. Given their concentration in lower income areas with lower housing quality and price, minorities in particular may be taken advantage of by agents who cannot identify with or understand their particular needs. This vulnerability of minorities is exacerbated by the dominance of whites within the industry.

Minorities have historically been underrepresented in the real estate industry.¹⁴⁰ A 1991 study of the Phillips neighborhood in Minneapolis (noted in the "Barriers to admission into rental housing" section above) found that 77 percent of the rental agents in the neighborhood were white, even though only 42 percent of the neighborhood's residents were white.¹⁴¹ As the report states, "Compared with the ethnic composition of the residents, the whites were clearly over-represented as rental agents and all groups of color were grossly under-represented."¹⁴²

Minority respondents interviewed in a 1985 study also reported that they believed real estate firms discriminated in hiring, and that after hiring they still faced discrimination. One problem is that minority real estate agents tend to be concentrated in inner city areas, perhaps limiting their knowledge of and their clients access to housing outside these areas. All of the respondents felt they had been "ghettoized" into predominantly minority areas throughout their careers.¹⁴³

Fig. 5: Sec 8 Units Avail. in Plymouth



2. Marketing

There are programs which target low-income and protected class populations, but the marketing and recognition of these options may be a problem. In 1990 a real estate agent in the Phillips neighborhood of Minneapolis estimated that 80 percent of agents do not even bother to find out what programs exist to serve lower income populations.¹⁴⁴ A First Minnesota bank manager confessed that same year that he was "not sure if there are special programs in the neighborhood."¹⁴⁵ There are also no financial incentives to practice in lower income areas because commissions are lower for lower valued homes, and transaction costs are higher because more time in paperwork and red tape is often required to complete a sale.

Programs have attempted to address the need for marketing to low-income and protected class populations. Sixty-one percent of the membership of the Minneapolis Area Association of Realtors (MAAR) have signed the Voluntary Affirmative Marketing Agreement (VAMA) for their firms, down from 80% in 1992. This represents 90 percent of all the sales people in the area affiliated with these brokers. MAAR will not provide information on who has and has not signed the VAMA, for fear it would reflect poorly on a non-signing broker. The traditional criticism of the VAMA program is that there are neither sanctions nor incentives to encourage progress toward their goals.¹⁴⁶

C. Provision of financing assistance for dwellings

Homeownership is this country's most common source of accumulated wealth. Blacks lag even farther behind whites in this cumulative wealth than they do in income. Mortgage lending and home insurance and underwriting practices, together with the general disinvestment of banks from areas with minority concentrations, impede the ability of minorities to reach homeownership.

1. Discriminatory lending patterns, practices and disclosures

Lending discrimination has been the subject of much recent attention. Newly revised (1989) requirements for the Home Mortgage Disclosure Act data now allow examination of lending patterns based upon race, gender, and income.¹⁴⁷ This source of information is particularly useful because lending discrimination is often thought to be severely underreported. Loan applicants may not be knowledgeable enough about the lending process to know whether or not they have been victims of discrimination. A 1994 Gallup poll found that while 83 percent of black homeowners believed banks discriminate in determining mortgage eligibility, only 16 percent believed they had been personally discriminated against.¹⁴⁸ Most people in the Gallup poll overestimated the amount of money needed for a down payment. Discrimination appears to take place subtly at the margin, as loan officers may work harder with or give more leniency to whites. Despite many studies which have documented extensive

lending discrimination around the country (see below), only 5 percent of 1993 HUD complaints involved claims of lending discrimination.

Several studies have documented disparities in mortgage lending to people of different races. Differences in loan rejection rates are particularly striking. Samuel L. Myers Jr. and a team of researchers from the University of Minnesota's Humphrey Institute of Public Affairs studied 1992 Home Mortgage Disclosure Act data in the upper midwest. Loan rejection rates for most minorities across most loan types were higher than the corresponding rates for whites. Blacks in particular had rates almost three times (21.7 percent rejected) and Hispanics two times (14.1 percent) that of whites (7.5 percent with a white co-applicant).¹⁴⁹ The study states, "The conventional explanation for persistent disparities in loan outcomes between whites and non-whites is that because non-whites have poor credit records and other unfavorable economic characteristics, lending to them is more risky."¹⁵⁰

To examine this explanation, Myers et. al. used a statistical procedure to control for a variety of applicant and neighborhood characteristics thought to affect the chances for obtaining a loan. Even after the controls, 38 percent of the gap in rejection rates was unexplained. An unexplained gap in the treatment of similarly qualified applicants is often referred to as discrimination.¹⁵¹ For the Twin Cities metropolitan area, 70 percent of the gap was unexplained. A subset of upper midwest loans for home purchase alone (excluding refinancings and home improvement loans) found 58 percent of the white/non-white gap unexplained. These results are similar in magnitude to those found across the country.¹⁵² Translated back into rejection rates, the study found that in a discrimination-free environment (ie. if the unexplained gap were eliminated) Black rejection rates would fall from 21.3 to 14.7 percent.¹⁵³ American Indian rates would drop by an even more dramatic percentage, from 16.5 to 10.4 percent.

2. Discriminatory appraisal and underwriting practices

The amount an individual can borrow to purchase a home depends on the value of that home. Appraisers determine a home's value. The appraiser's determination of value may discriminate against lower income neighborhoods and neighborhoods with high minority concentrations. In addition, underwriting guidelines for home loans are largely set by the secondary mortgage market, where banks sell the majority of their loans after origination. Many argue that these guidelines are inflexible and cannot respond to the particular circumstances of individual applicants or communities, resulting in fewer loans in lower income and minority areas.

Appraisers' judgments about the quality of a home's neighborhood can result in lower assessments of homes in lower income and minority areas. Particularly in older urban neighborhoods, appraisers may devalue homes. Realtors report that appraisers more familiar with suburban areas often undervalue city properties.¹⁵⁴ For example, in 1983 a realtor appraised a home at \$83,000 in the Phillips neighborhood. The bank appraised the property at

\$73,000 and it sold in five days after three offers were made, all above the \$73,000 asking price.

Underwriting standards can be strict and inflexible. This inflexibility disproportionately impacts protected class populations. Some individuals pay more than 30 percent of their income on their housing and have been doing so for years, even though underwriters usually require that a household spend no more than 28 percent of its income on housing.¹⁵⁵ Often banks insist on meeting these underwriting requirements to satisfy the standards of the secondary mortgage market. Not uncommon are stories of individuals paying more in rent than they would pay on a mortgage payment but are unable to find a bank to make them a loan.

Dan Hardy with the local Mortgage Bankers Association believes that HUD's underwriters' ratings impede lending to lower-income populations. Because a negative rating for underwriting loans that default can be devastating, underwriters tend to be very conservative with mortgages. This conservatism may effectively exclude those low-income or minority applicants who, if some flexibility were permitted, could get a loan. As noted above, lending discrimination often takes place at the margin, where lenders make judgment calls, choosing to help some applicants and not others. The rating system may preclude the possibility of special considerations for households on the margin which would otherwise be turned down for a loan.

3. Disinvestment and redlining practices

When the Federal Housing Administration was created in 1934, it adopted a set of national standards for underwriting home loans in order to stimulate development after the Depression. These standards included the income of the applicants, the type of jobs they had, and neighborhood criteria. Neighborhoods thought to be severely deteriorated or declining were outlined for rejection by FHA in red, hence the name redlining.¹⁵⁶ These red lines corresponded directly with areas inhabited by minorities. In order to obtain the guarantee of the FHA, the practice of not lending and insuring in minority areas became commonplace, and eventually the industry standard for all home loans. Though the practice was technically discontinued 16 years later, in 1950, the practice had nonetheless become a part of the system.

While blatant redlining may be largely a thing of the past, its impacts live on today in the concentrated communities of color in this region and elsewhere around the country. Furthermore, depository institutions continue to reinvest the deposits of white communities in predominantly white neighborhoods while not reinvesting deposits from minority communities into their neighborhoods. In the Minneapolis-St. Paul area a 1992 ACORN study found that 6 percent of the deposits made in areas with populations less than 25 percent minority were reinvested in those areas in the form of loans.¹⁵⁷ The loan-to-deposit ratio in areas 25 percent minority or more was only 0.8 percent. This disparity in investment between areas was the second largest among six metropolitan areas. While more lending in predominantly white areas may not be surprising in itself given the connection between racial concentrations and wealth,

the disparity in the ratio of deposits *from* a community and loans *to* a community suggests a disparity in the commitment to extending credit to areas based upon race, a violation of the Community Reinvestment Act of 1977.

A lack of investment in loans to minorities was also revealed in another ACORN study which found only 0.8, 2.3 and 1.7 percent of all loans in 1990, 1991, and 1992 respectively from seven Minneapolis-St. Paul lenders going to blacks and Hispanics.¹⁵⁸ As of the 1990 census, these two groups made up 15 and 12 percent of the respective populations of Minneapolis and St. Paul.¹⁵⁹ Many banks in the area are attempting to increase low-income and minority lending. These efforts are in part made difficult because these types of mortgages are unable to be sold in a secondary market like most conventional mortgages. The secondary market often has more restrictive requirements for loan purchases than can be met by low-income and minority buyers.

Evidence of another type of redlining also exists. In 1990 a Phillips neighborhood newspaper asked for community experiences with redlining. By far most people called the paper to complain about insurance.¹⁶⁰ ACORN has documented the difficulty low-income homeowners have in buying homeowner's insurance. Significant disparities appear to exist in the availability, quality, and price of insurance based upon the racial and economic make-up of neighborhoods. Residents of low-income neighborhoods with minority concentrations were denied insurance coverage three times as often as applicants from middle-class white neighborhoods.¹⁶¹ Test callers also widely perceived insurance agents to be more receptive and eager when calling from an upper-income or suburban area than from a low-income area. Insurers argue that a variety of factors make insurance harder to come by in the inner city areas. Insurance is typically cheaper the more that is purchased, which hurts lower value homes; crime and housing age also increase the insurance rate, all of which adversely affect inner city areas.

Further, redlining and disinvestment are not simply a problem of unavailable loans and unavailable insurance. Loans and insurance may be provided, but only at greater cost or with special conditions attached. Several incidents have been documented in Minnesota in which Hispanic populations have been required to produce citizenship papers for ordinary loans or rental applications.¹⁶² Anecdotal evidence of disparate treatment in the Phillips neighborhood of Minneapolis abounds.¹⁶³ Several residents have reported excessive conditions for loans in the neighborhood, conditions and questions that likely would not be asked in other neighborhoods. One resident, a black woman, had a hard time insuring a home she bought from a white owner, even though she wanted the same policy from the same agent on the same house.

Other incentives in the loan market may also inhibit investment in low income and minority areas. Loan officers' commissions are based upon the size of loans. The incentive works to concentrate efforts on higher income areas. In addition to generating lower commissions, loans for lower income people often require more work than standard loans.

D. Public policies and actions affecting the location and construction of affordable and publicly assisted housing

New infrastructure, such as water and sewer access and road construction, is approved and paid for by the region as a whole. This process subsidizes new development and so both responds to and encourages outward movement. Resources, jobs and expensive housing projects flow to the developing low density suburbs while minorities remain centralized and concentrated. The low road congestion and low density made possible by new road construction reduce the feasibility of reverse commute systems and mass transit. Suburbs, particularly in the growing areas, establish cost-inflating zoning regulations and sometimes protest new lower income developments. These policies and actions restrict the choices of protected class populations in need of affordable and assisted housing.

1. Equalization of municipal services

The equalization of municipal services in a fair housing context generally refers to the unequal provision of resources, for things such as roads in poor or minority neighborhoods. New housing construction and development in outer suburban areas cannot take place without new investments in infrastructure. In Hennepin County, unequal distribution of municipal services is an issue not within one community but throughout the area. Specifically, resources for developing infrastructures vary significantly from suburb to suburb. These investments in water and sewer access and new road construction, among others, are largely approved by and funded by the region as a whole. Regional expenditures, therefore, can play a role in reducing the costs facing outward development. As a result, new infrastructure both responds to and encourages outward movement. As resources flow outward, many protected class populations remain centralized and concentrated.

Suburban Hennepin County has received a large share of the region's municipal resources in the past decade. Particularly in the developing suburbs, resources in the form of new sewers and roads have facilitated outward expansion in both housing and job growth. The job growth in these expanding areas has been diverse, encompassing a mix of jobs and wage levels similar to those found in the developed areas.¹⁶⁴ The housing expansion in these areas, however, has not been diverse, but has been concentrated solely in the higher priced units. The result is a mismatch of entry level jobs and higher priced housing that has been fostered and facilitated by public policy.

The suburbanization of both housing and commercial property is well documented. New infrastructure largely responds to the needs of the market, but also may be influenced by constituencies. As roadways become congested and land values more expensive in developing areas, demand is created for expenditures to expand roads and services outward. While other regions have addressed these demands in different ways, most notably Oregon through the use of growth controls and density targets, this region has met the demand largely with service

expansion.¹⁶⁵ One of the results of such a system is that this region ranks second lowest of 20 U.S. urban centers in terms of congestion, but has a density which makes mass transit unfeasible in many areas.¹⁶⁶ This reality disproportionately impacts the low-income and minority populations who tend to be located in the central cities and inner suburbs and who depend upon mass transit. The Metropolitan Council's "Metropolitan Development Guide" states that "A congestion-free highway system would produce negative impacts on transit usage which would make it increasingly difficult to serve transit dependent people. These negative impacts would especially affect central cities and first-ring suburbs."¹⁶⁷

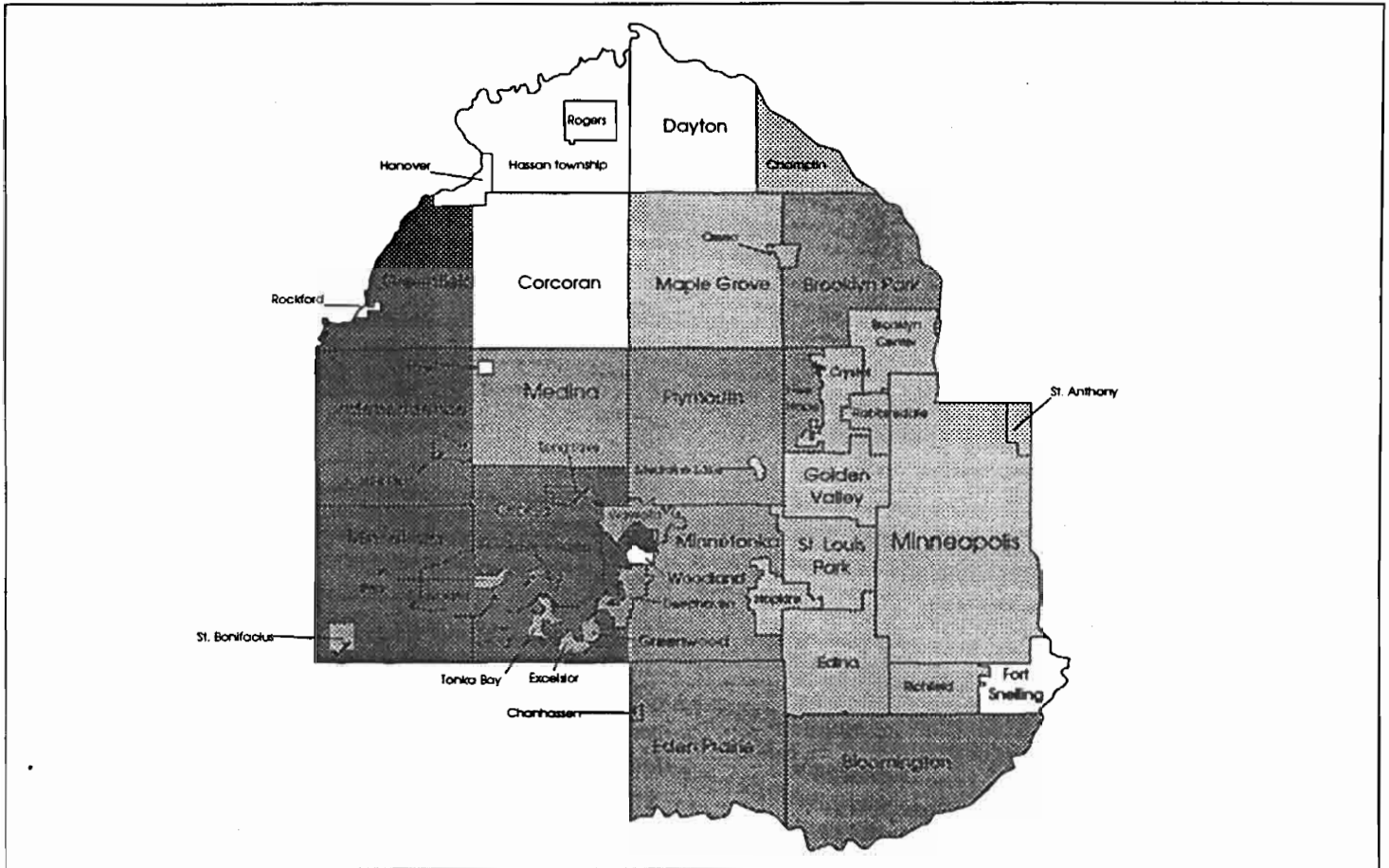
The expansion and subsidization of new infrastructure are particularly noticeable in suburban Hennepin County. During the 1980's this region spent a disproportionate amount of money on a small and wealthy percentage of the population when it expanded roads, sewers, and urban service area boundaries in developing suburbs of southwestern Hennepin County. State Representative Myron Orfield has divided this region into five sub-regions. His "Southwest Developing" region is largely made up of suburban Hennepin communities.¹⁶⁸ Orfield defines this region as a commercial, high tax capacity area with few socioeconomic needs.¹⁶⁹ The sub-region has 27 percent of the region's population, and the highest tax base (after fiscal disparities), commercial/industrial value per household, and average home value of the five sub-regions Orfield defines.¹⁷⁰

Road construction, sewer expansion, and urban service boundary expansions all disproportionately benefitted the southwestern developing sub-region in general - and the developing suburbs of Hennepin County in particular. From 1980 to 1990 approximately 85 percent of road construction money was spent in the southwest developing region.¹⁷¹ Within the southwest developing region, construction resources were further concentrated in southern Hennepin County.¹⁷² Because sewer and treatment plant costs are financed on a regional level, communities pay uniform fees regardless of whether or not they are getting more or less service. As a result, central cities and inner suburbs essentially subsidize new construction in developing and outlying suburbs.¹⁷³ Map 7 below shows the distribution of sewer subsidies in Hennepin County. Finally, with road, sewer and treatment plant construction, disproportionate resources were directed toward the Metropolitan Urban Service Area boundaries that were expanded between 1987 and 1991, 59 percent of which were in the developing region, including the suburban Hennepin developing suburbs of Champlin, Eden Prairie, Minnetrista, Orono, and Plymouth - communities with few minorities or opportunities for fair housing choice.¹⁷⁴

The Metropolitan Council's Metropolitan Development and Investment Framework, now replaced by the Regional Blueprint, stipulated that growth forecasts would determine where and when MUSA extensions would be provided.¹⁷⁵ Rather than control development as some regions have chosen to do, the Council has opted to encourage development in the outer suburbs by using demand-responsive criteria. The Metropolitan Council has conceded that MUSA extensions have been excessive in some cases. A 1993 staff report states that the region as a whole had more than enough vacant land to accommodate the growth between 1988 and

Map 7: Subsidies for New Sewers

(In Dollars Per Household)



Source: Regional Sewer System
Rate Structure Study

Subidy Per Household	
■ \$40 or More	(9)
▨ \$1 to \$39	(15)
▧ Loss	(14)
□ No Information	(9)

1992, but an additional 19 square miles of vacant land was added to the Metropolitan Urban Service Area at the request of local governments.¹⁷⁶ The Council estimates that 25 to 30 percent of the 10,000 acres added to the developing area from 1988 to 1992 were not justified by their framework's criteria for expansion. The staff report states:

Some of these excess additions resulted from staff reviews that did not adequately address whether the additions were consistent with framework policy. Some resulted from errors in calculation of land supply, and some were the result of decisions by the Council to approve an expansion despite staff recommendations to the contrary.¹⁷⁷

In part because of these regional decisions and expenditures, the developing suburbs of Hennepin County have experienced tremendous job growth. But John Adams, a Professor of Geography at the University of Minnesota, has noted that "today it is often unclear whether the fastest growing industries or locations are demonstrating a fair and healthy economic advantage over others and therefore should be accommodated with appropriate infrastructure at public expense."¹⁷⁸ According to Adams, if we do not examine our actions, "it is easy for situations to develop in which capital losers subsidize capital winners, instability increases, and infrastructure is wasted."¹⁷⁹

In its new Regional Blueprint, the Council states that one of its critical policy directions will be to "foster reinvestment in distressed areas."¹⁸⁰ Its new action steps include efforts to "retain the current urban service area for year 2000, verifying land demand and supply," and "plan higher-density development along selected transportation corridors and hubs."¹⁸¹ In setting growth directions for the region, the Council recognizes the need to establish guidelines that address the interrelationship of jobs, housing and transportation, and the need to make more efficient use of local and regional infrastructure.¹⁸²

2. Local zoning laws and policies

The Minnesota Association of Realtors estimates that between 25 to 30 percent of the costs of new construction today are imposed by federal, state, and local regulations.¹⁸³ While most of these provisions are necessary for the health and safety of the community, some go well beyond necessity.¹⁸⁴ The intent of regulations beyond safety concerns is not entirely clear. The incentives facing communities suggest that cost-inflating regulations to increase home values may be pursued for financial reasons. The city of Lakeville (Dakota County) has adopted what it calls "fiscal zoning" in order to assure that new housing developments do not burden the city.¹⁸⁵ Higher end housing developments expand a community's tax base without expanding the population in need of social services. While the region's fiscal disparities act distributes tax base from commercial development, it does not capture tax base from housing development. These financial considerations disproportionately impact lower-income and minority populations.

The Metropolitan Council has long proposed a more even placement of assisted housing

around the region, but limited enforcement of its housing policies and standards has resulted in sporadic compliance.¹⁸⁶ The Metropolitan Land Planning Act calls in part for local government housing plans to provide for the "use of official controls and land use planning to promote the availability of land for the development of low- and moderate-income housing."¹⁸⁷ While the Land Planning Act permits the Council to review the local housing plans and suggest changes should plans not meet local and regional needs, the Council cannot require compliance and one of its major incentive tools used during the 1970s and early 1980s has been lost.¹⁸⁸ A 1994 report by Barbara Lukermann and Michael Kane entitled "Land Use Practices: Exclusionary Zoning, De Facto or De Jure", concluded that "Suggested guidelines for the housing element of local comprehensive plans have not been followed -- many plans skirt the issue or remain vague; other plans with good stated goals have not been implemented."¹⁸⁹ The Minnesota Planning agency conducted a survey of 57 metropolitan area communities in 1993 and found that few communities meet all of the Council's recommendations for affordable zoning standards, and many meet almost none.¹⁹⁰

Since 1977 little progress toward voluntary compliance with Council standards has been made, and many communities have made their zoning codes less amenable to affordability. Nor has progress been made in meeting Council recommendations on minimum lot size , multifamily densities, and manufactured housing provisions.¹⁹¹ While four communities have decreased their floor area minimums since 1977, 10 more have added the requirement where there was none before and a number of others have increased their requirement. Only five percent of communities had a two-car garage requirement in 1977, compared to 28 percent of communities today. Of communities with garage requirements, 88 percent have added or increased this requirement since 1977.

While each individual zoning measure surveyed (and discussed below) is unlikely to substantially affect affordability standing alone, many communities have excessive requirements in a variety of areas that have the effect of excluding affordable housing. Many communities have requirements that exceed Council standards by fifty percent. Minnetonka's minimum lot size requirement is 180 percent higher than the Council's standard. For example, Edina and Maple Grove have apartment floor area minimums 90 percent higher than the requirements of the state building code. The numbers may also be misleading; a community may have one small zoning district that complies with an affordability standard while all other districts in the community violate the standard. The numbers may also be misleading where communities have Planned Unit Developments, (PUDs) which allow greater flexibility in zoning, particularly for multifamily units. The use of PUDs is widespread, but such developments do require special approval and they are not generally used as affordability-enhancing devices. (A more complete discussion of the implications of special administrative approvals is discussed in the "Multifamily Restrictions" section below.)

The Minnesota Planning survey included 23 Hennepin County communities: Minneapolis, 10 of the 12 developed suburbs, and nine of 19 developing suburbs - including all of the largest (the communities can be seen on a map in the appendix).¹⁹² Additional

information on the cities of Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth is also available from the "Land Use Practices" study. A comparison of overall compliance

Table 4: Communities with Zoning Regulations in Excess of Metropolitan Council Affordability Standards¹⁹³

	Minimum Floor Area Req.	Min. Lot Size > 8,000 sqft	Density < 20 Units per Acre	Two Car Garage Req.	No Manu. Housing Provisions
Core City:					
Minneapolis					X
Developed Suburbs:					
Bloomington	X	X		X	
Brooklyn Center					X
Crystal	X				X
Edina		X	X	X	X
Golden Valley		X			X
Hopkins	X				
New Hope	X	X			X
Richfield			X		
Robbinsdale	X				X
St. Louis Park					X
% Not in Compliance:	50%	40%	20%	20%	70%
Developing Suburbs:					
Brooklyn Park	X	X	X	X	
Champlin	X	X	X	X	X
Deephaven		X	X		X
Eden Prairie		X	X		X
Maple Grove	X	X		X	
Minnetonka		X	X	X	X
Orono		X	X		X
Plymouth		X	X		X

Wayzata					X
% Not in Compliance:	33%	89%	78%	44%	78%

between developed and developing areas proves interesting. The developing communities tend to have lower compliance rates with Council recommendations for affordable housing. These communities are important because much of their land has not yet been developed. Table 4 above shows the communities which do not comply with a variety of zoning standards (as described below).

Floor Area Minimums¹⁹⁴

Requirements that establish minimum square footage for single-family homes are the most important factor in housing unit price. The Metropolitan Council recommends the elimination of floor area minimums, though the state building code requires minimums of 625 and 700 square feet for two- and three-bedroom homes respectively. Many of the Hennepin County communities surveyed still have floor area minimum requirements, as noted on Table 4.¹⁹⁵ In addition, 30 percent of Hennepin County surveyed communities have single-family floor area minimums in excess of 1,000 square feet, 60 percent higher than the building code requirement for a two-bedroom single-family home.

Many communities in the region also require multifamily floor area minimums well in excess of building code requirements. Edina and Minnetonka, for example, require a minimum floor area for two-bedroom apartment units of 950 square feet. This is 90 percent higher than the building code requires for a two-bedroom apartment and over 50 percent higher than the building requirement for a house.

Minimum Lot Size Requirements¹⁹⁶

Minimum lot size requirements can add significantly to the price of single-family homes. For example, if a developer pays \$43,000 for an acre, decreasing lot sizes on that acre from 10,800 square feet to 7,200 square feet can save \$3,600 per lot.¹⁹⁷ Because home size is associated with lot size, smaller lots are also more likely to have smaller and more affordable homes. The Council recommends that communities allow minimum single-family lot sizes of 6,000 to 8,000 square feet in some areas, but as seen on Table 4, many communities exceed this standard.¹⁹⁸

Density Allowances¹⁹⁹

Multifamily rental housing provides the most affordable option for low-income individuals. Greater densities of multifamily construction allow greater development savings per apartment unit, and subsequently can result in lower unit rents. The Council recommends allowing multifamily densities of 20 units per acre or more in areas with appropriate sewer services.²⁰⁰ While many communities do not meet the standard, as seen on Table 4, many do allow density credits for extras such as underground parking. While savings from density can then be made, these savings are likely to be offset by the extra requirements of, in this

example, underground parking.²⁰¹

Garage Requirements²⁰²

A double garage can add about \$9,000 to the price of a home.²⁰³ The Council recommends the elimination of garage requirements, but several Hennepin County communities still have them (see Table 4).²⁰⁴ Many communities, such as Maple Grove, Minnetonka, and Plymouth as identified in the "Land Use Practices" study, also require enclosed garage spaces for multifamily units. These requirements can add 10 percent to the cost of a unit.²⁰⁵

Manufactured Housing²⁰⁶

Manufactured housing can provide a viable affordable option for many low-income households. The Council recommends that communities have specific provisions for manufactured housing in some areas. As seen on Table 4, few Hennepin County communities have such provisions.²⁰⁷ Communities cannot forbid manufactured homes in standard single-family districts, but they can attach conditions that make such units far less affordable.²⁰⁸

Multifamily Restrictions²⁰⁹

Communities in the region restrict the development of multifamily housing. In the "Land Use Practices" study, Edina, Minnetonka and Plymouth were found to have such barriers. Edina requires an extra layer of administrative review for the approval of "planned residential developments" and "mixed developments" which are likely to have multifamily housing. All multifamily housing in Minnetonka requires that a single-family area be rezoned. All multifamily developments in Plymouth require a conditional use permit. These administrative barriers expose proposed multifamily developments to more scrutiny than single-family developments. Such examination may facilitate the rejection of multifamily projects and also gives community opposition a forum. More likely, communities may use the approval process to attach amenities to projects that make them less affordable. At a minimum, such administrative processes add permit fees and time and opportunity costs, costs that may lead to higher rents or deter developers altogether.

Multifamily housing development is also restricted by the availability of land zoned for that purpose. The down-zoning of land from high density to lower density usage has amounted to a loss of more than 130 acres in Eden Prairie, Maple Grove and Plymouth since 1985. During the 1980s, the city of Brooklyn Park changed the amount of undeveloped land zoned at low density from 76 to 83 percent of the total, while land zoned at high density fell from 6 percent to 1 percent of the total. Though the city's 1980 comprehensive plan set forth goals to increase the diversity and affordability of its housing stock, single-family units have since grown in absolute numbers while the relative share of multifamily units fell from 35 to 28 percent of the city's total housing stock. Brooklyn Park currently has a moratorium on multifamily development.²¹⁰ Zoning restrictions on rental properties are not limited to suburbs; the Elliot Park neighborhood of Minneapolis has also imposed a moratorium on low-income rental housing.²¹¹

Another restriction on multifamily housing that, while not necessarily a local control, may impact protected class populations severely is the number of people in a household for a given number of bedrooms. Restrictions on the number of people allowed per bedroom are to an extent culturally defined. They exist as they do in this country in part because there has historically been a great deal of space. Other cultures do not necessarily share the familiarity with or need for such large amounts of space. Asian and Pacific Islander populations, for example, are accustomed to somewhat larger numbers per bedroom.²¹² Some have suggested that custom in the American Indian community may lead to extended families living together; these families may have a harder time finding housing because of current restrictions and the scarcity of apartment units over two bedrooms.²¹³

Fees²¹⁴

All communities charge a variety of fees for the development of their land. These fees are intended to pass all development costs onto developers. While a few fees are nearly uniform, there is substantial variation among communities in the types and amounts of fees charged. The "Land Use Practices" study took platting fees, sewer and water connection charges, and park dedication fees for a hypothetical single-family development in each of its case study communities. Among the Hennepin County communities involved, the estimated fee costs per unit ranged from \$1,225 in Edina to \$2,999 in Maple Grove. A single building permit can range in price from \$1,500 to \$6,000, a difference between communities that local officials have a hard time justifying.²¹⁵ These are only a sample of the 25 building construction and 16 zoning and planning fees that area communities can potentially assess builders.²¹⁶

Review and Approval Processes

While the delays and approval processes facing multifamily developments tend to be more daunting than for single family projects, even a normal review and approval process can be burdensome on developers. The review period for subdivision approval in this region ranges from two to 12 months.²¹⁷ Recently in Maple Grove a project was delayed because approval from three environmental agencies was needed before the project could begin.²¹⁸ Such approvals may be completely necessary, but they are often uncoordinated and conflicting, leading to costly time delays.

In its new Regional Blueprint, the Metropolitan Council has stressed a renewed commitment to "expanding housing opportunities in the region."²¹⁹ This commitment may lead to more compliance with regional zoning and other housing-related goals. While the Council still cannot require changes in local housing plans, it intends to "Give priority for regional infrastructure investments or expenditure of public dollars to communities that have implemented plans to provide their share of the region's low- and moderate-income and life-cycle housing opportunities."²²⁰ The Council also intends to establish affordability goals and density standards for individual communities or for clusters of communities - goals which will then be monitored.

3. Land use policies and exclusionary zoning

Exclusionary zoning and land use policies may not simply be based on the economic incentives facing communities, but may also stem from discriminatory feelings toward minorities and low-income populations. Several affordable housing developers in the community have gone so far as to suggest that discrimination alone and not economic considerations is the basis for excluding affordable housing.²²¹ Where exclusion is blatant, communities use small, picky, relatively insignificant zoning regulations to stop developments. With community support for a project, many zoning problems and cost-inflating regulations can be resolved or avoided altogether. Without community support, zoning regulations can be used as a powerful and effective barrier.

Case Studies

Minneapolis:	Percentage of housing stock assisted:	8.6%
	Low-income renters in unaffordable housing: (Making 31-50% of the median income and paying 30% or more of income on housing)	72%

The Central Community Housing Trust has rehabilitated thirteen buildings in Minneapolis. The two projects that were attempted without community support both ran into zoning problems.²²² One of these efforts involved an attempt to turn a vacant building into a youth shelter. After what CCHT's president termed "considerable digging for a technicality," local business people found a zoning provision to block the development, necessitating a legal battle. Even if such blocks are not successful, they add costs to a project and may scare off project funders.

Edina:	Percentage of housing stock assisted:	2.6%
	Low-income renters in unaffordable housing:	88%

In November of 1993, an organization that takes inner-city students from across the country and puts them in Edina's public schools met community resistance when trying to get approval for a new home site.²²³ Over 500 community residents signed a petition resisting the group's proposal, citing a zoning problem and stating that their opposition had nothing to do with the race and poverty of the would be residents. The proposed site was in a single-family zoned area, but this area also contains churches and country clubs. City planners determined that the use was compatible with the zoning regulations, but residents protested that the code was being read too narrowly. The foundation president noted that zoning issues were used to try to block a similar project in 1969.

Maple Grove:	Percentage of housing stock assisted:	0.3%
	Low-income renters in unaffordable housing:	78%

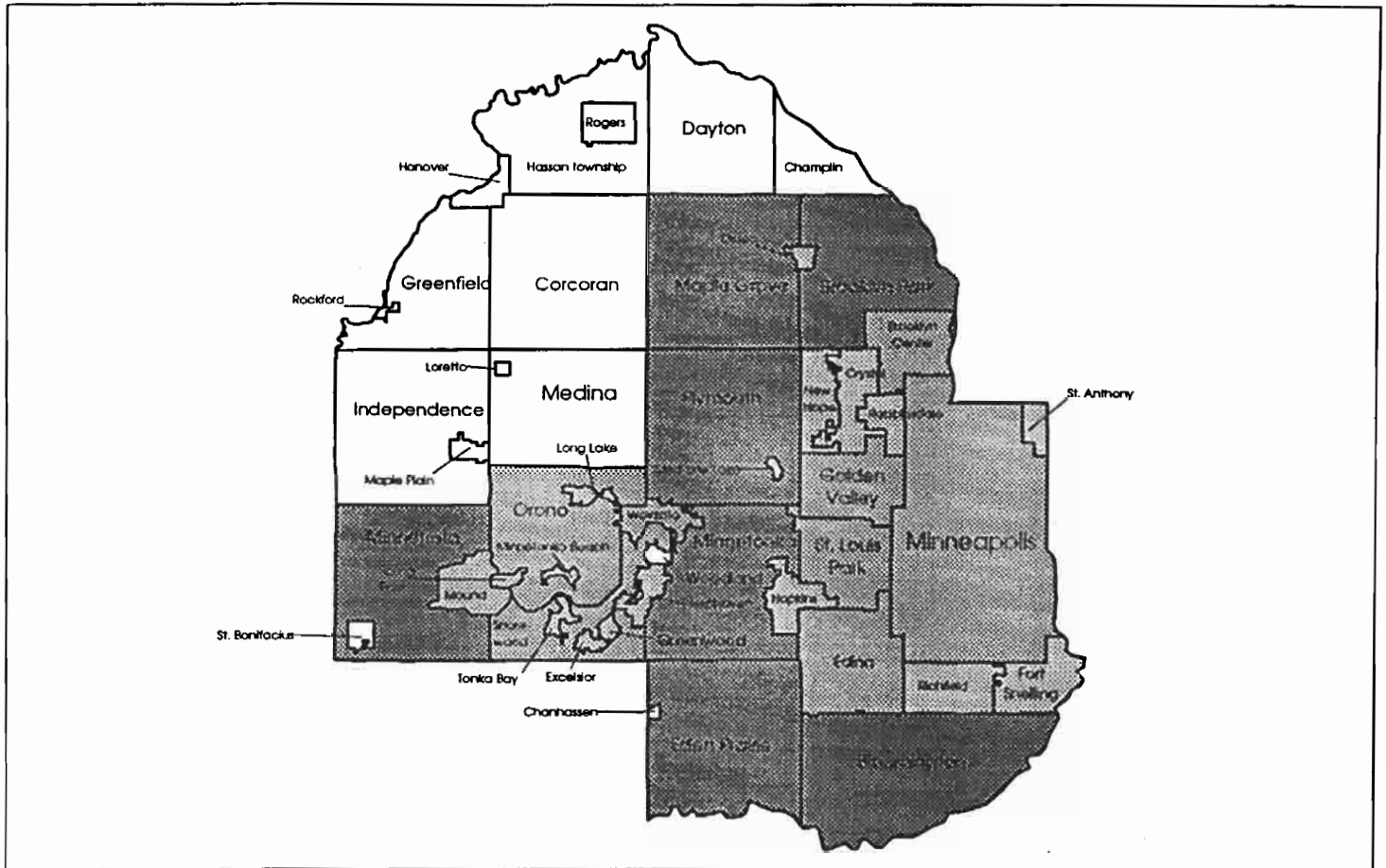
Elm Creek Village, 48 townhomes for low- and moderate-income residents and 47 townhomes for seniors to be built on the city's northeast side, was the subject of recent community outrage.²²⁴ Hundreds of community residents attended a city council meeting to express their opposition to the project. Concerns over crime and the location next to a school were voiced. A legislator from the city argued that opposition to the project revolved around concerns about traffic, parking, garage spaces, and other zoning issues - not about fears of low-income housing. The city's planning commission, however, had unanimously approved the project and a planner for the city has stated that zoning was not the issue.²²⁵

4. Sites for assisted housing by community

To get a sense of the land available for the construction of new assisted or affordable housing units, several maps were constructed and can be seen in the map appendix. Map 8 below shows the distribution of vacant land within the current Metropolitan Urban Service Area (MUSA) boundaries. (A map in the Map Appendix weights this land available by the total land in the community, using the vacant MUSA land as a percentage of all MUSA land. Another map shows the distribution of total vacant land, MUSA and non-MUSA.) No matter how "available land" is defined, land is far more available as one moves west from Minneapolis and into the suburbs. Within the MUSA boundaries, the developing suburbs have the most land available. Total vacant land is more prevalent beyond the developing suburbs, though this land is not yet ready for development.

Map 8: Vacant Acres within the Metropolitan Urban Service Area

(Hennepin County Communities as of 1990)



Source: Metropolitan Council

Vacant MUSA Acres	
1,000 or More	(7)
200 to 999	(8)
Less than 200	(17)
Entirely Outside MUSA	(15)

E. Administrative policies and programs that affect opportunities of minority households to select housing inside or outside areas of minority concentration

As detailed in the section above ("D"), a variety of programs and policies exacerbate the centralization and concentration of minorities in this region. Furthermore, the manner in which these programs and policies are implemented can also have an important affect on housing options for minorities. Neighborhood revitalization efforts and other attempts to remove poor quality housing and rental units reduce the supply of affordable stock, disproportionately impacting the choice of lower income households. Stricter tenant screening may result in minority exclusion. Property taxes on rental properties impede the development of affordable rental units in the suburbs. Locally administered housing assistance programs have preferences for local residents, which impede minority movement to the suburbs. Both the Section 8 Certificate and Voucher programs have qualifying rent limits which greatly restrict the housing options available in the suburbs.

1. Demolition, displacement, and neighborhood revitalization

As shown in Table 5 below, there has been a steady increase in the number of housing units lost to demolition in the city of Minneapolis and in the remainder of Hennepin County since 1991. Most of these units were in low-income neighborhoods and represent reductions in the affordable housing stocks of their respective areas.²²⁶ According to Charlie Warner of Community Action of Suburban Hennepin, the cities of Brooklyn Center and Brooklyn Park, which contain the largest concentrated populations of minorities outside of Minneapolis and St. Paul, have recently lost 54 and 324 affordable units respectively.²²⁷ Brooklyn Center's units were all lost to demolition. Some of the units were demolished and not rebuilt; others were redeveloped and now have higher rents.

	1991	1992	1993	6/94	Total
Minneapolis	377	366	542	271	1,556
Remainder of Hennepin County	118	131	192	127	568

Neighborhood redevelopment efforts may also impair fair housing choice. Many communities are encouraging more rigorous screening procedures as a means of "cleaning up" problem rental properties where high rates of police calls are a problem. Brooklyn Park has a concentrated stock of affordable rental units that is suffering from deterioration,

concentrated stock of affordable rental units that is suffering from deterioration, mismanagement, and a lack of screening partly thought to be the result of 1986 tax changes that reduced the incentive of rental property owners to maintain their buildings.²²⁹ Such concerns are valid, but screening techniques may also be abused and lead to the impermissible exclusion of groups of people protected under fair housing laws.

An additional problem emerged in the late 1980s as some of the subsidy contracts between landlords and the government began to expire. Landlords had the right and in some cases financial incentives to "buy out" the remainder of the federal contracts which required that their units charge below market rents. Buyouts would substantially reduce the affordable stock in the County. Several communities in Hennepin County have privately owned units subject to possible prepayment under the Low Income Housing Preservation and Resident Homeownership Act of 1990. Although the intent of the federal statute is to preserve the affected projects as affordable housing, monitoring the statute's implementation may be useful. (The distribution and number of LIHPHRA units is show by Hennepin County municipality on a map in the Map Appendix.) Table 6 shows the current status of the LIHPHRA units:

Table 6: Units Subject to LIHPRHA²³⁰				
Project:	City:	# of Units:	Households:	Status:
Dover Hill	Golden Valley	196	Mixed	No notice filed
Carriage House	Brooklyn Park	176	Family	No notice filed
Shingle Creek Towers	Brooklyn Center	122	Senior	No notice filed
Yorktown	Edina	264		2nd notice to sell - 6/94
Archer Heights	Minnetonka	172		1st notice to stay - 2/4/94
Hopkins Village	Hopkins	160		1st notice to stay - 5/27/94
Briar Hill	Eden Prairie	126		1st notice to stay - 7/7/93

2. Property taxes

Lower income households pay a higher percentage of their income for property taxes than do higher income households. The mean Minnesota household with an income between \$5,000 and \$15,000 in 1990 paid four percent of its income on property taxes. The mean household with an income over \$105,000 paid only 1.3 percent of its income on these taxes.²³¹ This situation is only moderately reduced by existing tax relief programs.²³² This regression is particularly blatant in the rental property tax categories. Rental property is taxed well above homesteaded property, even though rental units are occupied by a far larger share of the low-income and minority households. In 1990, 65 percent of very low income households and 58 percent of low income households in suburban Hennepin County lived in rental housing.²³³ The Minnesota Multihousing Association estimates that a household in a \$500 a month unit pays about \$100 dollars, or 20 percent of the total, to cover property taxes (while the average percentage around the country is nine percent).²³⁴ The disparity in residential homestead and apartment tax rates in Hennepin County from 1983 to 1992 can be seen in Figure 6.²³⁵ The disparity more than doubled in this time period.

A variety of property tax exemptions or subsidies reduces the tax burden on low-income rental properties, but these properties are still taxed above their homesteaded counterparts and above what they contribute to market values.²³⁶ Many low-income units are also missed by some of the tax exemptions and subsidies, which target public housing units and other privately owned project-based assisted units. Units assisted with certificates and vouchers are taxed like other rental properties, effectively exacerbating the problems renters with these subsidies face when looking for units with qualifying rents and deciding between housing consumption and other needs. (These issues are discussed in-depth in section below on "Assisted Housing Mobility.")

In addition to inflating the costs of rental units, property taxes on rental property affect the maintenance of current rental properties and the construction of new properties. Minnesota's comparatively high tax rate leaves less room for profit and new multifamily developments are correspondingly more difficult to finance. This lack of incentive for new development, combined with the 1986 tax reforms that also removed incentives, may result in fewer vacancies in the future. As vacancies decline, competition declines and rents may rise while maintenance falls.

Furthermore, one of the easy ways to cut costs is to decrease maintenance. The Multihousing Association states that, as a result of its high rental property taxes, Minnesota landlords spend 23 percent less as a percentage of income on maintenance than the average state.²³⁷ Protected class populations concentrated in unaffordable rental units with severe maintenance problems are familiar with the results of the property tax system. Many are concerned that rental property owners would simply increase their incomes if taxes were cut, and not pass the savings on to tenants or improve maintenance. In 1992, the Minnesota Department of Revenue argued for lower property taxes: "in the long run, lower property

taxes do benefit renters in the form of lower rents, better maintenance, and greater availability of high-quality rental units."²³⁸

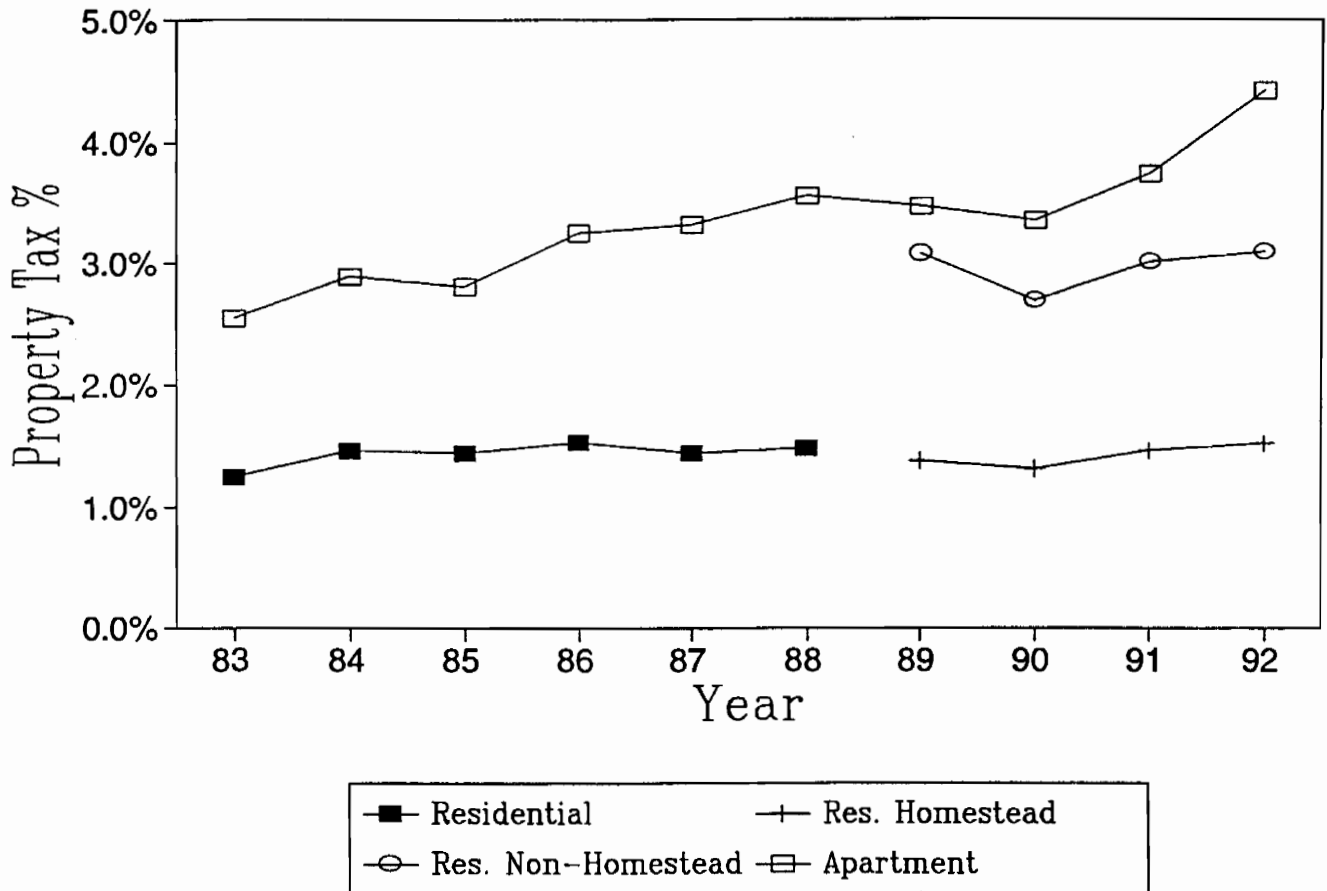
3. Section 8 waiting lists

The scarcity of assisted housing units together with the surplus of need for them leads to waiting lists. These lists are usually opened to applicants only at specified times, with no guarantee of housing assistance, and those who do receive assistance will likely wait a substantial period of time. The lists are also routinely capped so that only applicants with a reasonable chance of receiving assistance in the relatively near future are included. This procedure means that the size of waiting lists in Hennepin County does not indicate the extent of the actual need for housing assistance in each community.

While the size of the waiting lists is an unreliable indicator of housing needs, the demographics of the list is instructive. The percentage of blacks is higher on the waiting lists than in the Section 8 Certificate program. There are six housing authorities within Hennepin County, which operate Section 8 Certificate programs: Bloomington, Minneapolis, Plymouth, Richfield, St. Louis Park, and the Metropolitan Council's Housing and Redevelopment Authority. The information available on the racial characteristics of those in the programs and those on waiting lists reveals a consistent racial pattern (Bloomington does not consistently collect racial information on its waiting list population and information on current program participants has not yet been received from Minneapolis). As shown in Figure 7 below, each authority, with the exception of the Council HRA which has regional scope, has a significantly higher percentage of blacks on its waiting list than in its Section 8 Certificate program.²³⁹ It is likely that these same disparities exist in assisted site-based housing projects as well; the Section 8 program data was used because it was more readily available.

Each of the five community-based Section 8 Certificate authorities has a selection preference for "local roots," a preference for those who have lived and worked in the community.²⁴⁰ This often discriminates against households that are new to the region or want to move to the community from somewhere else. Households without the local preference are skipped over on the waiting list for households with the preference. Because minorities are overrepresented in the population moving to the area, and possibly in the population trying to move from the central cities to the suburbs, local selection preferences are likely to discriminate against minorities disproportionately. As seen in Figure 7, the only authority without a local preference, the Council's HRA, exhibits a racial pattern opposite that of the community-based authorities. The preference for local roots is the only selection preference that all the community-based authorities share (see a chart of each community's preferences in the Appendix). St. Louis Park has a preference for the elderly, a preference which could also disproportionately impact minority populations because they tend to be younger than whites.

Fig 6: Prop Tax as % of Market Value
Hennepin Cty: MN Taxpayers Assoc. Data



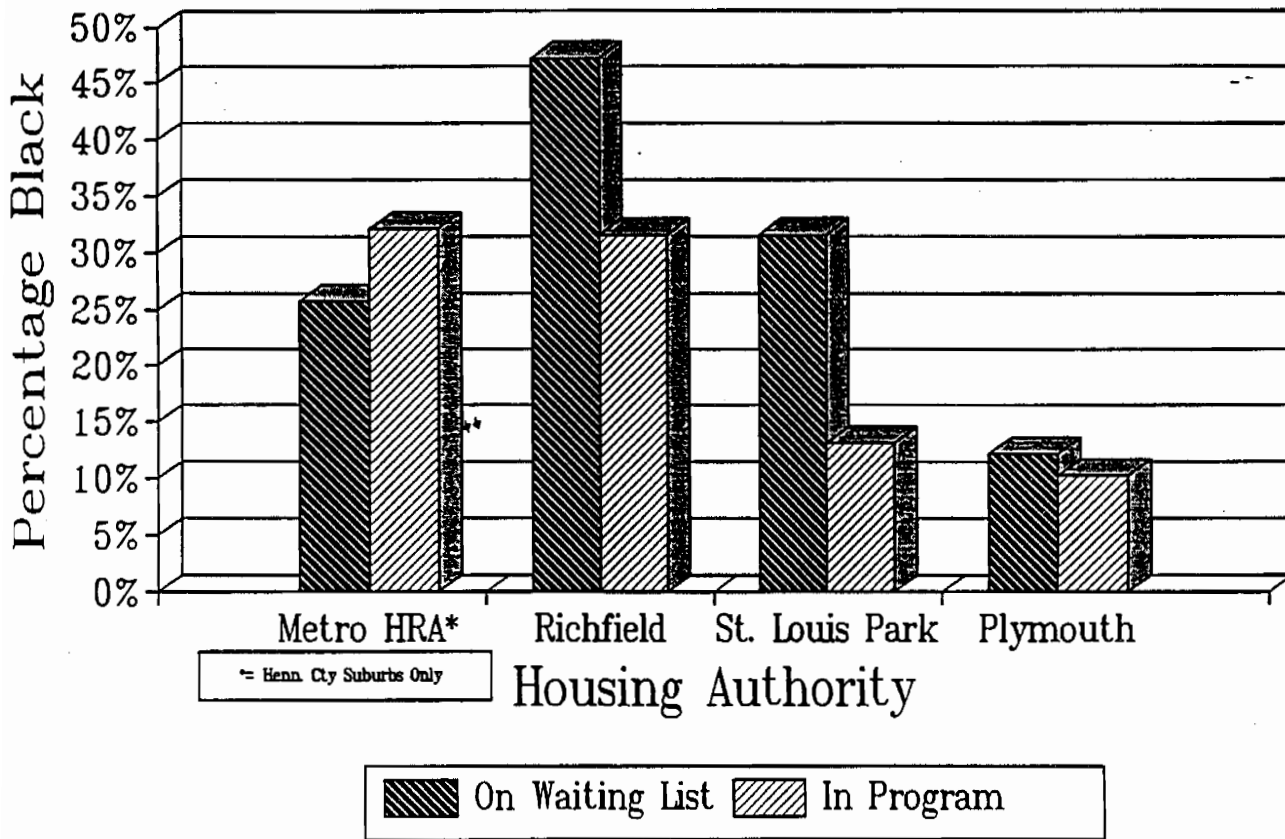
4. Assisted Unit Mobility

Assistance in this region has recently begun to focus on Section 8 Certificates and vouchers. The portable, tenant-based assistance these programs provide can be used outside the municipality that provides the assistance. This provides an interesting case study for the impact of increased choice on the movement of protected class populations. On the surface this would seem to provide a good test of where poor people want to live based upon where they choose to use their housing assistance. Initial results indicate that households with portable certificates are more likely to move into or remain in the core cities than move out of these cities and into the suburbs.²⁴¹

These results appear to indicate that among the reasons for segregation noted earlier (discrimination, affordability, and choice), the decision whether to remain or move into more segregated areas plays a role. In fact, however, little is known from studying the movement counts. In some cases, an individual who appears to be moving into Minneapolis with a certificate may have been a Minneapolis resident who was able to receive a suburban certificate and chose to return to the city after 12 months, as required by the Section 8 program. More significantly, choice may actually be restricted and individuals may move to the city for a variety of reasons. Anticipated rejection based upon discrimination may be sufficient in some cases to discourage a widespread housing search. Social services and transportation options are better in the central cities. Many families lack adequate information on housing options in the suburbs, and may not be able to find transportation to different locations to look at or apply for housing. There are also extreme shortages of three and four bedroom apartments in the suburbs. Alternatively, subtleties in the housing assistance programs themselves may be restricting the actual choice that portability provides. Vouchers do not necessarily target money solely on housing expenditures, and Section 8 Certificates can only be used where the recipient finds both a landlord willing to accept the subsidy and a qualifying "fair market rent." The Metropolitan Council's Housing and Redevelopment Authority is currently studying the movement rationales of portable voucher participants.

Vouchers may provide a more restricted choice than it would first appear because of the tradeoffs associated with moving to higher-rent areas like the suburbs. A voucher household receives a set amount of housing assistance. As a result, if the household chooses to live in cheaper housing, the excess assistance money can be used for other needs. Vouchers eliminate the need to focus entirely on housing consumption. Program recipient choice over how to spend housing allowance funds during the housing allowance experiments of the early 1970s revealed that voucher payments were often used for non-housing expenditures.²⁴² As economic theory would predict, individuals in the experiments would balance the benefit of more housing with the benefits derived from other goods and services.²⁴³ In the end, the housing allowance experiments found the voucher-type program to be more of an income maintenance program than a housing improvement or increased housing consumption program.

Fig. 7: Black % on Wait Lists & in Units
 Met HRA, Richfld, St.Louis Prk, Plymth



The fact that voucher payments are not restricted to housing expenditures likely reduces the potential movement and choice of households because increased housing expenditures are less likely to be large enough to enable a move to the wealthier suburbs. The housing allowance experiments showed only small increases in mobility by users of vouchers.²⁴⁴ This may suggest that low income households may have wanted to move to better areas, but few actually chose to do so because of other more pressing needs. The problem with a lack of targeting on housing expenditures also makes "skimming the cream" of the poor more likely. Those with relatively greater incomes are more likely to spend a greater percentage of their increased voucher income on housing, and so could move. Relatively poor households may choose to stay in cheaper housing and spend excess voucher payments on other things.

Unlike the voucher, where the assistance is fixed and the individual's contribution to rent may vary, the Section 8 Certificate allows the assistance to vary (up to the "fair market rent") while the household must spend 30 percent of its income on housing. Under this structure the program leaves tremendous incentives for improvements in housing consumption and movement because the individual's expenditure is not affected if a higher rent unit is found.

While the current Section 8 Certificate program assures more of a focus on housing expenditures than vouchers, it still has a hard time targeting wealthier communities and opening them up as realistic choices for those with this type of housing assistance. The example of Plymouth cited earlier, where only 18 percent of the rental units that would accept Section 8 Certificates were priced within the fair market rents, is instructive.

Another problem restricting choice for Section 8 Certificate holders (because they must inform a landlord if they are receiving Section 8 assistance) is that it is legal for a landlord to refuse to rent to them. It is quite likely that landlords will not be willing to rent to the poor. One ad in a local Brooklyn Park newspaper reads in part "no pets or Sec. 8."²⁴⁵ Communities may also put pressure on landlords in much the same way they currently put pressure on zoning officials to restrict assisted developments. Even if landlords do accept certificates, they may only take the certificates of those with relatively higher incomes. If a policy attracts only the wealthier of the poor out of the central city areas, this may worsen the position of those left behind.

Site-based assisted housing units may also allow for varying degrees of mobility. Further examination is needed to determine the extent to which federally funded low-income housing programs in Hennepin County are providing integrative opportunities. A class action lawsuit filed in July 1992, *Hollman v. Cisneros*, alleges that the public housing and Section 8 Certificate programs in Minneapolis have been administered in a means which has perpetuated patterns of racial segregation in the city by limiting the mostly minority clients served by these programs to minority neighborhoods of the city. Further analysis is needed of other low income housing projects, including their racial composition and location, both in Minneapolis and suburban communities in Hennepin County.²⁴⁶

VI. Fair Housing Programs/Activities in Hennepin County

This analysis concludes with a short listing of a few of the local bodies responsible for and involved in fair housing. From these sources, particularly the newly established Minnesota Fair Housing Center, further resource information can be obtained.

The following are officially designated to enforce fair housing laws in Hennepin County:

The Minnesota Dept. of Human Rights	Bremer Tower, 7th Pl. & Minnesota St. St. Paul, MN 55101 # (612) 296-5663
The Minneapolis Civil Rights Department	239 City Hall Mpls., MN 55415 # (612) 673-3012
The Department of Housing and Urban Development, Minneapolis Office	220 Second Street, South Mpls., MN 55401-2195 # (612) 370-3000

In addition, the following organizations have received grant money for enforcement, education, testing or research efforts:

Legal Aid Society of Minneapolis	430 First Ave. No., Suite #300 Mpls., MN 55401-1780 # (612) 332-1441
Minnesota Fair Housing Center	2322 Blaisdell Ave. So. Mpls., MN 55404 (612) 872-6088

For any further information or questions about this report, contact the Minnesota Fair Housing Center or:

Center for Urban and Regional Affairs	330 Hubert H. Humphrey Center 301 19th Avenue South Mpls., MN 55455 # (612) 625-1551
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Endnotes

1. The following summary is based upon: U.S. Department of Housing and Urban Development. *Fair Housing - The Law in Perspective*. Twentieth Anniversary: April 11, 1968-1988.
2. Title VIII: Section 808 (e) (5).
3. Housing and Community Development Act: Section 104 (b) (2).
4. Mansfield, Gordon H. "SUBJECT: Affirmatively Furthering Fair Housing." A memorandum to all entitlement grantees. Assistant Secretary for Fair Housing and Equal Opportunity: May 31st, 1991.
5. U.S. Department of Housing and Urban Development, Fair Housing and Equal Opportunity. *Fair Housing Planning: Requirements for Affirmatively Furthering Fair Housing in the Community Development Block Grant Program (Proposed - not yet published for comment)*. May 5th, 1994: Section III (D).
6. Thompson, Timothy L. and Thomas A. Streitz. "RE: Hennepin County Consortium 1994-1997 CHAS." A memorandum to Thomas T. Feeney, Area Manager, United States Department of Housing and Urban Development. Legal Aid Society of Minneapolis: November 23rd, 1993.
7. Feeney, Thomas T. "SUBJECT: Comprehensive Housing Affordability Strategy (CHAS)." A memorandum to Phil Eckhert, Director, Hennepin County Office of Planning and Development. Housing and Urban Development: February 14th, 1994.
8. Pedraza, Jaime D. "SUBJECT: Analysis of Impediments." A memorandum to CDBG, CHAS and HOME grantees. Director of Fair Housing and Equal Opportunity: July 5th, 1994.
9. Minneapolis Star. "City Suburbs--for Whites Only?: Few Negroes have homes there." Staff Writer Paul Gilje: December 14th, 1961.
10. Schmid, C.F. "The Negro and Other Colored Races in Minneapolis." Chapter Seven in *Social Saga of Two Cities*. 1970: Page 41.
11. *Booker, Jeanette, et al., Plaintiffs, v. Special School District No. 1, Minneapolis, Minnesota, Defendant*. No. 4-71-Civil 382. United States District Court, D. Minnesota, Fourth Division. May 24th, 1972: Page 806.
12. Metropolitan Council. *Trouble at the Core: The Twin Cities Under Stress*. A staff report prepared for the 1992 State of the Region event. November 18th, 1992: Page 2.

13. While these categories obscure some detail (for instance many would argue that the developing city of Brooklyn Park is more like a developed city, and the developed city of Edina is more like a developing city), comparisons on the whole are useful.
14. Metropolitan Council. "Minority Population Distribution Trends in the Twin Cities Metropolitan Area." *Data-Log*. Social and Demographic Report, Publication No. 620-93-085. October, 1993: Page 3.
15. Metropolitan Council. "Racial and Ethnic Diversity Growing." *Metro Monitor*. May/June, 1991: Pages 4-5.
16. Hennepin County Census Analysis Center. *Hennepin County Racial and Hispanic Characteristics*. 1990 Census Report #2. November 1991: Page 3.
17. Star Tribune. "Racial breakdowns in metro area." Star Tribune graphic. February 22nd, 1991: Page 1B.
18. Hennepin Housing Consortium 1994-1998. *Comprehensive Housing Affordability Strategy*. Urban Hennepin County, City of Bloomington, City of Plymouth. Approved by HUD January 6th, 1994: Page 8.
19. Star Tribune. "Blacks in the suburbs." Star Tribune graphic. March 17th, 1991: Page 11A.
20. Information derived from: Hennepin County Census Analysis Center. *Hennepin County Racial & Hispanic Characteristics*. 1990 Census Report #2: November 1991. Page 22.
21. Information derived from: Hennepin County Census Analysis Center. Page 3.
22. Star Tribune. "Racial breakdowns in metro area."
23. Metropolitan Council. *Trouble at the Core*. Page 14.
24. Hennepin Housing Consortium 1994-1998. Page 7.
25. Metropolitan Council. "Racial and Ethnic Diversity Growing." Pages 4-5.
26. Craig, Will, and John Tichy. Draft paper. Center for Urban and Regional Affairs: October 1994.
27. Star Tribune. "Blacks on the move: Many choosing life in the suburbs." Staff Writer Paul Klauda. December 17th, 1991: Page 12A.
28. Star Tribune. "Study finds concentrations of poverty in metro area: Poorest tracts have high minority percentages." January 21st, 1994: Page 1B.

29. Jargowsky, Paul A. "Ghetto Poverty Among Blacks in the 1980s." forthcoming in the *Journal of Policy Analysis and Management*.
30. Star Tribune. "Twin Cities should take lead against the increase in disparities." Editorial: Myron Orfield. October 16th, 1994: Page 25A.
31. Star Tribune. "Twin Cities' core has worst poverty rate for minorities." Staff Writer Norman Draper. December 13th, 1993: Page 1A.
32. Star Tribune. "Must suburbs be abolished to save cities?: Urban scholar proposes provocative prescription to address the crisis in nation's inner cities." Washington Bureau Correspondent Steve Berg. July 11th, 1993: Page 5A.
33. Gillaspay, Tom. "Affordable Housing Study--Analysis of 1990 Census PUMS Data." Memorandum to MN Planning staff to the Governor's Blue Ribbon Task Force on Metropolitan Housing. September 2nd, 1993.
34. Information tabulated from 1990 Census STF 3A, at the Wilson Government Documents Library. The five percent black population criterion was chosen arbitrarily to omit outlier census tracts where, for instance, 7 of 10 blacks (70 percent) might be in poverty.
35. Star Tribune. "Twin Cities should take lead against the increase in disparities."
36. Wilson, William J. "The American Underclass: Inner-city Ghettos and the Norms of Citizenship." *The Godkin Lecture*. JFK School of Government: April 1988.
37. *Making the Connection: Linking Housing, Jobs and Transportation*. DRAFT report for the Governor's Blue Ribbon Task Force on Metropolitan Housing. Compiled by: Minnesota Planning, Metropolitan Council, and Minnesota Housing Finance Agency. December 1993: Page 14.
38. Metropolitan Council. *Housing Policy for the 1990s*. A Metropolitan Council Position Paper Adopted January 20th, 1994: Page 2.
39. Calculation based on: Metropolitan Council. *Forecasts of Population, Households and Employment: 2000 to 2020*. Publication No. 620-93-066. July 20th, 1993.
40. Metropolitan Council. *Trouble at the Core*. Page 35.
41. Gillaspay, Tom.
42. Metropolitan Council. *Trouble at the Core*. Page 36.
43. Ahlberg, Dennis. Draft paper. Center for Urban and Regional Affairs: October 1994.
44. *Making the Connection*. Page 21.
45. Metropolitan Council. *Trouble at the Core*. Page 21.

46. Northwest Hennepin Human Services Council. *Success by 6 Northwest: Transportation Final Report*. A report produced by the Transportation Committee: July 1992.
 47. St. Paul Public Housing Agency, as cited in: Metropolitan Council. *Housing Linkages: Relationships of Housing to Transportation, Jobs, Infrastructure, other Council Policies*. One in a Series of Papers to Discuss Issues for the Metropolitan Council's Housing Policy Revisions. Joanne Barron. October 1992: Page 12.
 48. Metropolitan Council. *Housing Policy for the 1990s*. Page 3.
 49. Research Department, Minnesota House of Representatives. *Jobs and Housing: Policy Options for Metropolitan Development*. February 1994: Page 6.
 50. Metropolitan Council. *Forecasts of Population, Households and Employment: 2000 to 2020*.
 51. 1990 Comprehensive Housing Affordability Strategy (CHAS) documentation for Hennepin County includes only communities greater than 10,000 in population.
 52. 1990 Census CHAS Data.
 53. 1990 Census CHAS Data.
 54. Minorities are also disproportionately affected by another type of housing assistance. The largest housing assistance in this country is in the form of a tax subsidy rather than a unit subsidy. Homeowners receive large tax deductions for their mortgage payments, deductions which do not reach the rental populations that are disproportionately minority. This impact on minorities may be regarded as the result of impediments which restrict minority access to homeownership.
 55. Metropolitan Council *Trouble at the Core*. Page 42.
 56. *Making the Connection*. Page 21. Numbers were adjusted by taking out the rural areas.
 57. *Making the Connection*. Page 14
 58. *Making the Connection*. Page 3.
 59. These numbers use 1992 site-based assisted housing numbers and 1993 and 1994 certificate and voucher numbers because the more recent information was available and the latter assistance types vary more over time.
- 1992 Data from: Metropolitan Council. *Subsidized Housing in the Metro Area*. July 1992.
1993 Data from: Hennepin County Consortium, 1994-1998. *CHAS*, January 1994: Page 15.
and : City of Minneapolis. *CHAS*. FY94 Annual Plan: December 1993.
1994 Data from: Hennepin County Office of Planning and Development. *Regular Contracts*

by *Type and Community*. September 30th, 1994.

60. "Deep" assisted units were calculated using Metropolitan Council data by subtracting July 31st, 1986 assisted units from 1994 assisted units. "Shallow" assisted units were calculated using MHFA data and are from the beginning of 1987.

1994 "Deep" Data from: Metropolitan Council. "Directory of Subsidized Rental Housing in the Twin Cities Metropolitan Area." *Regional Research Update*. June 1994.
and : Hennepin County Office of Planning and Development. *Regular Contracts by Type and Community*. September 30th, 1994.

1986 "Deep" Data from: Metropolitan Council. "Total Subsidized Housing Units by Community and Program." July 31st, 1986: Table 11.

1987-present "Shallow" Renter Data from: Minnesota Housing Finance Agency. *Multifamily Activity Summary for Region 11*. "Project #" category used to determine origin date.

1987-present "Shallow" Ownership Data from: Minnesota Housing Finance Agency. *Loans Purchased in Region 11 by City 1/1/87 thru 7/31/94*.

61. Metropolitan Council "Deep" assisted unit data is from July 31st, 1986, rather than January 1st, 1987.

62. Minneapolis' new units were distributed as 75 percent shallow rental, 23 percent shallow homeownership and 2 percent deep (all deep subsidies are rental).

63. The developed communities new unit subsidies were 21 percent shallow rental, 50 percent shallow homeownership, and 29 percent deep rental. The developing suburbs' newly assisted units were 44 percent shallow renter and 44 percent shallow homeownership, with 12 percent deep rental.

64. Star Tribune. "Blacks on the move: Many choosing life in suburbs." Page 11A.

65. Metropolitan Council. *Data-Log*. Page 11.

66. Urban Coalition. "Housing segregation in the Twin Cities." *Census Analysis Update*. Winter 1994: Page 1.

Federal standards consider a tract identified if a racial group percentage of the population is 15% above or below that group's city average.

67. Metropolitan Council. *Data-Log*. Page 11.

68. Minneapolis' relatively small physical size may also be a contributing factor in the concentration of economic need in the city without the larger tax base available to larger central cities. Larger central cities are likely to encompass more prosperous areas because their boundaries are farther away from the central business district, and so these large cities are likely to have more tax base to combat centralized social problems. For more on this topic see John Adams, Professor of Geography at the University of Minnesota.

69. Massey, Douglas S., and Nancy A. Denton. "Hypersegregation in U.S. Metropolitan Areas: Black and Hispanic Segregation Along Five Dimensions." *Demography*, Vol. 26, No. 3, August 1989: Pages 373-391.

70. Massey, Douglas S., and Nancy A. Denton. Page 373.

71. Massey, Douglas S., and Nancy A. Denton. Page 378, and

U.S. Department of Housing and Redevelopment. *National Analysis of Housing Affordability, Adequacy, and Availability: A Framework for Local Housing Strategies*. Office of Policy Development and Research; Prepared by: The Urban Institute. November 1993: Page A-84.

This region's dissimilarity index for blacks in 1980 was .69, meaning 69 percent of the region's population would have to have moved in order to achieve complete evenness in distribution. In absolute terms this is a substantial proportion of the black population, and Massey and Denton put this region in the "high" category for the index. However, in relative terms, this region's index value is about average. This region ranked 35th when compared to 59 other metropolitan regions in 1980. It was in roughly the same relative position in 1990, when it ranked 112th of 170 metropolitan regions with a dissimilarity index value of .62.

72. Exposure measures of the potential contact between, for example, blacks and whites. It is intended to capture the alienation of blacks from the "mainstream" white culture. This region ranked 46th highest of 60 metropolitan areas in 1980. Clustering measures the extent to which predominantly minority areas border one another. This region ranked 47th highest of 60 in 1980. Therefore, blacks in this region, at least in 1980, had comparatively frequent contact with whites and were not linked together geographically to a great extent.

73. Massey, Douglas S., and Nancy A. Denton. Page 387.

74. One of the interpretation problems this creates is that although the region's dissimilarity value dropped in 1990, it is difficult to know whether this reflects a real movement of the black population toward a more even distribution around the region, or is a product of the inclusion of more Counties in our regional MSA in the 1990 Census.

This region may be doing "better" in terms of integration when looking at the dissimilarity, exposure and clustering indexes, but it is important to note that this may have little to do with anything particular to this region other than its small black population. The lower scores are more likely a product of this region's small black population than they are likely to be a product of the lack of discrimination here, or of this region's efforts to integrate or enforce fair housing law.

75. Massey, Douglas S., and Nancy A. Denton. Pages 378-79.

76. In 1980, this region ranked 6th highest of 60 metropolitan regions in terms of black centralization. The region's index value was .94, indicating that 94 percent of the black population would have to move to achieve uniform distribution.

77. Concentration is likely to be high because minorities live in higher density areas, but it is also influenced by the high degree of centralization because the census tract units of measurement tend to be smaller in size near the region's center.

78. Between 1980 and 1990, centralization fell from .94 to .91, and concentration fell from .89 to .83. The 1990 index values were computed using Census STF 3A census tract values and Massey and Denton's chosen equations. Two centers were used to make this centralization calculation for this region. A central business district tract was chosen in both Minneapolis and St. Paul.

Because the centralization and concentration indexes are not significantly determined by the percentage of the region's population that is minority, they provide better index comparisons over time because changes in the minority population, like the large minority growth in this region from 1980 to 1990, do not greatly impact the results.

79. The county indexes allow some comparison, but the smaller number of census tracts within the counties makes the index values less reliable because there are fewer observations from which to determine a pattern. The indexes for Carver and Scott counties in particular are suspect. Both counties had a sample size of only about 12 (census tracts).

80. 1990 Census of Population and Housing, cited in: Orfield, Myron. *Metropolitics: A Regional Agenda for Community and Stability*. DRAFT: Page 101.

81. Fairbanks, Donna. Minnesota Housing Finance Agency. Comments made at an October, 1994 Fair Housing Planning meeting at the MHFA.

82. Adams, John S. "Directional Bias in Intra-Urban Migration." *Economic Geography*. Vol. 45, No. 4, October 1969: Pages 302-323.

83. While these restricted choice arguments downplay the role of discrimination, they still have strong fair housing implications for how a region distributes its resources and how that distribution affects protected-class populations.

84. Research Department, Minnesota House of Representatives. *Jobs and Housing, Policy Options for Metropolitan Development: A Background Paper*. Prepared by: Kathy Novak. February, 1994: Page 15.

85. Citizens League. *The Case for a Regional Housing Policy in the Twin Cities Metropolitan Area: Why We Should Build Inclusive Communities*. Final Report of the Committee on Housing Policy and Metropolitan Development. Randy Peterson, Chair. May 1994: Page 8.

86. Boger, John Charles. "Toward Ending Residential Segregation: A Fair Share Proposal for the Next Reconstruction." *North Carolina Law Review*. 1993: Page 436.
87. Minnesota Center for Social Research. *Twin Cities Area Survey and Low Income Survey 1984: Summary of Findings on Housing*. University of Minnesota. Prepared by: Rossana Armson. March 29th, 1985: Page 8.
88. Minnesota Center for Social Research, Page 7.
89. Boger, John Charles. "Toward Ending Residential Segregation." Pages 436-37.
90. The correlation between the percentage of the population that was black and median rents was -.19, the correlation with median home values was -.30.
91. Fair Housing Center of Metropolitan Detroit. *Wayne County Fair Housing Needs Analysis*. Submitted to: Wayne County Community Development Division. March 25th, 1994: Page 8.
92. Cited in: Lukermann, Barbara L., and Michael P. Kane. *Land Use Practices: Excursionary Zoning, De Facto or De Jure: An Examination of the Practices of Ten Suburban Communities in the Twin Cities Metropolitan Area*. Center for Urban and Regional Affairs, University of Minnesota. April 1994: Page 30.
93. Metropolitan Council. "Directory of Subsidized Rental Housing in the Twin Cities Metropolitan Area." *Regional Research Update*. June 1994.
94. John Powell, professor at the University of Minnesota's Center on Law and Poverty, discussed this issue at a meeting with this project's working group in July 1994. This topic is also discussed in the following:

Boger, John. "Toward Ending Residential Segregation: A Fair Share Proposal for the Next Reconstruction." *North Carolina Law Review*, Vol. 71, Pages 1573-1618.
95. Metropolitan Council. *A "Fair Share" Plan: Subsidized Housing Allocation in the Twin Cities Metropolitan Area*. 1977.
96. The formula revolves around regional distribution issues. While the lack of federal resources available may make the unit goals suggested by a fair share formula unrealistic, on a *relative* level this only means that each community's "share" is drawn from a smaller total. Unit goals may also be thought of as the ideals, against which the actual provision in a community might be compared. With that in mind, comparisons between communities and County sub-regions are quite interesting. The distribution of assisted housing units has implications for the locational choices of protected-class populations.
97. The "Fair Share" formula was taken from: Metropolitan Council. *A "Fair Share" Plan*. Page 15.

The necessary information was compiled from the sources detailed in the appendix section entitled "Fair Share Calculation - Metropolitan Council."

98. Because the Met Council calculation relies on a variety of information forecasts, a 1994 fair share calculation would require the actual 1984 numbers and projections made at that time to the year 1994.

99. Calculations based upon the following sources:

Metropolitan Council. *Forecasts of Population, Households and Employment*.
Metropolitan Council. *Subsidized Housing in the Metro Area*. July 1992.

100. See the Appendix for a description of how the fair share calculation was made and a listing of the information sources that were used.

101. Each of the sub-regions is similar in total fair share, with Minneapolis at 13.9 percent of the region's total, the developed suburbs at 13.8 percent and the developing suburbs at 14.1 percent. However, given that many smaller communities in the developing areas are not included in the calculation, this sub-region's overall share is underestimated somewhat. The average fair shares per community in the developed suburbs are well below those of the developing suburbs. The average is 1.4 percent (2,136 units) of the regional total per developed community and 2.4 percent (3,661 units) of the total per developing suburbs. This is an average fair share of approximately 2,140 units in the developed suburbs and 3,660 units in the developing suburbs. These number should be used with caution, however, because a wide variety of community types is contained within each average.

102. As noted earlier, it is important to point out that the sub-region aggregations hide some important individual information. In this case it is noteworthy that Brooklyn Park's 25 percent of goal realization raises the developing suburb average significantly.

103. Subtracting past provision (as of 1992) from the year 2000 fair share goal reveals unit goals for each community.

104. The developed suburbs' fair share rises from 13.8 percent of the overall assisted units, to 14.8 percent of new assisted units, meaning these suburbs' actual share of units in the past has fallen behind their fair share. This difference between past provision and fair share provision is even larger in the developing suburbs, where the fair share rises substantially from 14.1 percent of the overall assisted units to 18.1 percent of the new assisted units needed.

105. The developed suburbs average a need of 1,591 new units per community (an average of 1.5 percent of the region's new assisted units per community), while the developing suburbs average a need of 3,248 units (a 3 percent per community average). As noted earlier, while interesting, these averages hide a considerable amount of between-community differentiation within the sub-regions. The overall need for the 10 developed communities is 15,911 units, and there is an overall need of 19,490 units in the six developing communities.

106. The Metropolitan Council sub-regions in Hennepin County follow a rough east to west pattern from most to least developed. Sub-region definition based upon:

Metropolitan Council. *Trouble at the Core*.

107. Orfield, Myron. *Metropolitica: A Regional Agenda for Community and Stability*.
DRAFT: Pages 107-08.

108. Orfield's "Inner Ring" and "Southwest Developing" categories in Hennepin County do not precisely correspond with the Council developed and developing distinctions used in this report, but they are very similar.

109. According to Orfield, no sub-region meets its need for those at or below 30 percent of the median income. Minneapolis had affordable housing for 66 percent of those in the lowest income category, while the developed suburbs had housing for 40 percent, and the developing suburbs 50 percent.

110. Citizens League. Page 9.

111. Galster, George C. "Federal Fair Housing Policy: The Great Misapprehension."
Building Foundations: Housing and Federal Policy. Edited by Denise DiPasquale and Langley C. Keyes. University of Pennsylvania Press, Philadelphia. 1990: Page 145.

112. The Minnesota Department of Human Rights fiscal year total for 1994 is 14 percent above the previous years total and the Chicago Housing and Urban Development Office and the Minneapolis Civil Rights Department are on pace to take 77 and 51 percent more fair housing claims this year than last respectively.

113. All information provided by the respective enforcement bodies.

114. Represents the end of the 1994 fiscal year.

115. Star Tribune. "Staffers say HUD can't meet goal of enforcing U.S. fair housing laws."
Staff Writer Willard Woods. January 6, 1994. Page 6A, and

Star Tribune. "Civil rights enforcement falls behind; agencies cite lack of staff and money." Staff Writers Wayne Washington, Willard Woods. January 9, 1994.
Page 1A.

116. Elftmann, Tracy L. Interview: Minnesota Department of Human Rights. August 1994,
and

Prock, Bill. Interview: Minneapolis Civil Rights Department. July 1994.

Bill Prock also estimates that while no conciliators are specifically assigned housing cases, the equivalent of 2¼ full-time employees conciliate housing cases every year.

117. National Neighbors, Inc. *Fair Housing Resource Directory*. Free Hand Press, 1994: Pages 126-27.
118. Prock, Bill. "Substantially equivalent" status lost after 1988.
119. Star Tribune. "Staffers say HUD can't meet goal of enforcing U.S. fair housing laws."
120. Star Tribune. "Civil rights enforcement falls behind; agencies cite lack of staff and money."
121. Data for the calculation of the statistics provided here was obtained from each enforcement agency. There are some differences in the data provided by each agency. These distinctions are noted at the bottom of each table in the appendix.
122. Pedraza, Jamie. Department of Housing and Urban Development. Comments made at a Fair Housing Planning meeting sponsored by the Minnesota Housing Finance Agency. October 1994.
123. Examples: Galster, George C. "Federal Fair Housing Policy: The Great Misapprehension." and
David Thornberg. Interview: Oregon Legal Services. August 1994.
124. Westoff, Pat. Interview: Minnesota Department of Human Rights. July 1994.
125. Hagen, Kathy. Interview. August 1994. Ms. Hagen is a former employee of the Minnesota Department of Human Rights. She now works with the Minneapolis Legal Aid Society.
126. Thompson, Timothy. Interview: Minneapolis Legal Aid Society. November 22nd, 1994.
127. Star Tribune. "Camden residents: Real estate agents unfair." Staff Writer Jill Hodges. June 27th, 1990: Page 1B.
128. Dawn Goldshmitz. Interview: East Side Neighborhood Development Corporation. October 1994.
129. Star Tribune. "Study says racial bias affects rentals in Phillips neighborhood." February 21st, 1992: Page 1B.
130. People of Phillips. *Fair Housing Report*. Trellis A. Powell and Yu Zhou. September 30th, 1991: Page 26.
131. Under Minnesota law, you cannot discriminate against someone on the basis of their status as recipient of public assistance. It is therefore illegal to turn someone down just because they have a Section 8 Certificate. However, under federal law, participation by the landlord in the program is supposed to be voluntary, so a tenant can be turned down for a

legitimate business reason, such as a Section 8 rent being too low, a higher damage deposit is required, etc. Again under federal law, once a landlord rents to a Section 8 tenant, he cannot refuse to rent to other Section 8 tenants just because of the assistance.

132. Information taken from:

Urban, Julie. "SUBJECT: Apartments that accept Section 8 Certificates in Plymouth."
Memorandum to Joe Stahl from the Plymouth Housing and Redevelopment Authority.
October 5th, 1994.

133. A large number of buildings currently say they will accept the Section 8 Certificates, but do not have units with qualifying FMRs. It is possible that some buildings would raise their rents in response to an increase in the FMR, so that they could not qualify for the certificates rather than have to refuse accepting them.

134. The 15 percent estimate is based upon the difference between the current exception rent for a one bedroom unit in Plymouth and the FMR for that unit as of September 1994.

135. Urban, Julie. "SUBJECT: Apartments that accept Section 8 Certificates in Plymouth."

136. Thompson, Timothy. "Memorandum: RE: Barriers to Rental Housing Admission in Hennepin County." Minneapolis Legal Aid Society. October 6th, 1994.

137. Pedraza, Jamie. Interview: U.S. Department of Housing and Urban Development.
November, 1994.

138. Thompson, Timothy. "Memorandum: RE: Barriers to Rental Housing Admission in Hennepin County."

139. Lipkin, Rachel S. *Unlawful Detainer Court Study*. State of Minnesota, Hennepin County, Fourth Judicial District Court, First Division, Minneapolis. Funded by: Center for Urban and Regional Affairs, University of Minnesota. February 1993: Page 71.

140. Metropolitan Community Housing Resource Boards. *People of Color and Women in Real Estate: A special focus on Hennepin, Ramsey and Dakota Counties*. Prepared by: Gary L. Cunningham and Alberta O. Gary. November 1985: Page 40.

141. People of Phillips. Page 26.

142. As cited in: Star Tribune. "Study says racial bias affects rentals in Phillips neighborhood." February 21st, 1992: Page 1B.

143. Metropolitan Community Housing Resource Boards. Page 60.

144. The Alley. "Behind the Red Line: The Subtle Red Line." By Ken Meter. April 1990: Page 2.

145. The Alley. "Behind the Red Line: The Subtle Red Line." Page 2.
146. Galster, George C. Page 144.
147. Abariotes, Andriana, Sarita Ahuja, Helen Feldman, Carol Johnson, Lekha Subaiya, Nathan Tiller and Julie Urban with Samuel L. Myers, Jr. *Disparities in Mortgage Lending in the Upper Midwest: Summary of Results Using 1992 Home Mortgage Disclosure Act Data*. Hubert H. Humphrey Institute of Public Affairs. December 3rd, 1993, Revised June 27th, 1994: Page ES-1.
148. Star Tribune. "Home buyers believe discrimination exists in mortgage lending industry." Associated Press. March 11th, 1994: Page 8D.
149. Abariotes, Andriana, et al. Page 12.
150. Abariotes, Andriana, et al. Page 1.
151. Abariotes, Andriana, et al. Page ES-3.
152. Abariotes, Andriana, et al. Page 34.
153. Abariotes, Andriana, et al. Page 32.
154. The Alley. "Behind the Red Line: How do you know if you're being redlined? A realtor explains." Page 12.
155. The Alley. "Behind the Red Line: How do you know if you're being redlined? A realtor explains." Page 12.
156. Goetz, Edward G. "Class Lecture." *Housing Policy*. University of Minnesota. October 5th, 1994.
157. Association of Community Organizations for Reform Now. *Take the Money and Run: The Siphoning of Deposits from Minority Neighborhoods in 14 Cities*. June 4th, 1992: Page 4.
158. Association of Community Organizations for Reform Now. *Treading Water: Racial Disparities in Home Mortgage Lending in 23 Cities: 1990-1992*. Study Results: Minneapolis--St. Paul. 1993.

This study includes only conventional one-to-four family loans, and so is not biased by the large numbers of refinancings done during the time period. Refinancings largely involve wealthier households that are already homeowners and are therefore disproportionately white.

159. Star Tribune. "Racial breakdowns in metro area."

160. The Alley. "Behind the Red Line: Do insurance firms discourage investment?"
Page 11.
161. Star Tribune. "Insurance redlining is alleged: Group says low-income homeowners frozen out." Staff Writers Neal St. Anthony and Ingrid Sundstrom. February 5th, 1993: Page 1B.
162. Garza, Roy. Comments made at a Fair Housing Planning meeting sponsored by the Minnesota Housing Finance Agency. October 1994.
163. Information summarized from: The Alley. "Behind the Red Line: The Subtle Red Line." Page 2.
164. Metropolitan Council. "Job Location: Appendix Nine." *Keeping the Twin Cities Vital*. Prepared by: Regan Carlson. February 1994: Page 9-1
165. See: Liberty, Robert L. "Oregon's Comprehensive Growth Management Program: An Implementation Review and Lessons for Other States." *Environmental Law Reporter*. June 1992: Pages 10367-10391. and

City Pages. "Stop Where You Are or This Town Gets It." B.J. Williams.
October 19th, 1994.
166. Hanks, J. and T. Lomax. "Roadway Congestion," as cited in: Orfield, Myron.
Metropolitics: A Regional Agenda for Community and Stability. DRAFT: Page 100.
167. Metropolitan Council. *Metropolitan Development Guide*, as cited in: Orfield, Myron.
Metropolitics: A Regional Agenda for Community and Stability. DRAFT: Page 101.
168. Within Hennepin County, Orfield's "Southwest Developing" region consists of the developing and rural areas as noted on the earlier development region map, subtracting Brooklyn Park and Osseo on the north and adding Edina and Bloomington on the south.
169. Orfield, Myron. *Metropolitics: A Regional Agenda for Community and Stability*.
DRAFT: Page 48.
170. Orfield, Myron. "Selected Regional Statistics." Memorandum. Minnesota House of Representatives, 1994.
171. Orfield, Myron. "Selected Regional Statistics."
172. Orfield, Myron. *Metropolitics: A Regional Agenda for Community and Stability*.
DRAFT: Map on page 99.
173. Luce, Thomas F., Barbara L. Lukermann and Herbert Mohring. *Regional Sewer System Rate Structure Study*. December 7th, 1992: Page 68.

174. Orfield, Myron. *Metropolitics: A Regional Agenda for Community and Stability*. DRAFT: Map on page 119.
175. Metropolitan Council. *Evaluation of the Metropolitan Development and Investment Framework*. Staff Report. February 22nd, 1993, Revised Feb. 25th, 1993: Pages 8-9.
176. Metropolitan Council. *Evaluation of the Metropolitan Development and Investment Framework*. Page 3.
177. Metropolitan Council. *Evaluation of the Metropolitan Development and Investment Framework*. Page 8.
178. Adams, John "Growth of U.S. Cities and Recent Trends in Urban Real Estate Values." *Cities and Their Vital Systems. Infrastructure: Past, Present, and Future*. Edited by J. Ausubel and R. Herman. National Academy Press, 1988. Page 131.
179. Adams, John. Page 144.
180. Metropolitan Council. *Regional Blueprint: Twin Cities Metropolitan Area*. Adopted September 22nd, 1994: Page i.
181. Metropolitan Council. *Regional Blueprint*. Page iii.
182. Metropolitan Council. *Regional Blueprint*. Page 40.
183. Dorfman, Glen. Minnesota Association of Realtors. Comments made at a Fair Housing Planning meeting sponsored by the Minnesota Housing Finance Agency. October 1994.
184. Some communities have used the market as the justification for high zoning standards. In Lakeville, where a 3 car garage is required in some areas, the justification is that people moving in are demanding such amenities. However, traditionally the market is restricted with such regulations, not assisted. If the market and the demands of the public are the key, then forcing a three-car garage may be both unnecessary and counter-productive. Municipal zoning decisions are made under monopolistic conditions within the community.
185. Star Tribune. "Suburban zoning shuts out the poor." February 28, 1994: Page 7A.
186. *Making the Connection*. Page 25.
187. Metropolitan Council. *Regional Blueprint*. Page 52.
188. *Making the Connection*. Page 25.

The Metropolitan Land Planning Act requires all municipalities and townships in the seven-county metropolitan area to undertake comprehensive planning. The housing element of this plan is subject to Metropolitan Council review and approval. The Council reviews the plans, and amendments to those plans, for consistency with the Metropolitan Development

Guide. This review includes assessments of a community's affordable housing stock, unit goals for the future, and affordable housing implementation efforts. The Council's policies suggest the movement of assisted and affordable housing into communities that currently have little (Policy 39). However, as noted in the text, the Council cannot enforce this policy because housing is not considered one of the major metropolitan systems. Furthermore, while control over the channeling of federal funding to suburbs during the 1970s and early 1980s had given the Council influence, declines in federal funding during the 1980s meant that the Council lost one of its incentive tools.

189. Lukermann, Barbara L., and Michael P. Kane. Page 30.

190. *Making the Connection*. Pages 25-33.

The affordable zoning standards were discussed in a series of reports as follows:

Metropolitan Council. *Residential Zoning Ordinances in the Twin Cities Metropolitan Area*. Published jointly by the Metropolitan Council and the Association of Metropolitan Municipalities. May 1977.

Metropolitan Council. *Advisory Standards for Multifamily Housing: To Promote Diversity in the Twin Cities Metropolitan Area*. Published jointly by the Metropolitan Council and the Association of Metropolitan Municipalities. December 1978.

Metropolitan Council. *Advisory Standards for Multifamily Housing: To Promote Diversity in the Twin Cities Metropolitan Area*. Second in a series published jointly by the Metropolitan Council and the Association of Metropolitan Municipalities. December 1978.

191. The results of the zoning survey in 1977 are presented in: Metropolitan Council. *Residential Zoning Ordinances in the Twin Cities Metropolitan Area*.

192. *Making the Connection*. Page 24.

193. *Making the Connection*. Pages 25-33.

194. *Making the Connection*. Page 28, Maps on 29 and 30.

195. The entire region's minimum floor area requirement compliance rate for the developed and developing areas is 44 and 45 percent respectively.

196. *Making the Connection*. Page 28, Map on page 26.

197. *Making the Connection*. Page 28.

198. In the suburbs of Portland, Oregon, lot sizes in the range of 5,000 to 6,000 square feet are not uncommon. The lot size compliance rates for Hennepin County compare to compliance rates of 51 percent in the developed areas and 15 percent in the developing suburbs around the entire region.

199. *Making the Connection*. Page 28, Map on page 27.
200. In comparison to the Hennepin County communities, the region's compliance rate for density allowances is 78 percent in developed areas and 30 percent in the developing areas.
201. A density credit allows increased unit density per acre in exchange for some other development feature.
202. *Making the Connection*. Page 31, Map on page 32.
203. A single garage adds about \$7,000 to the price of a home, but very few communities require a single garage.
204. The County numbers compare to 17 and 39 percent of the entire region's developed and developing communities respectively not complying with the Council's garage standard.
205. *Making the Connection*. Page 31.
206. *Making the Connection*. Page 31, Map on page 33.
207. In the region, 44 percent of developed communities and 52 percent of developing communities have either permitted or conditional provisions for manufacture housing.
208. These conditions include minimum home widths, permanent foundations, and large lot sizes.
209. Lukermann, Barbara L., and Michael P. Kane. Pages 51, 65 and 69.
210. *Making the Connection*. Page 45.
211. The Surveyor. "EPNI, CCHT Disagree Over Moratorium on Low-Income Housing." By Mike Anderson. July 1993: Page 1.
212. Albert V. deLeon. State Council on Asian Pacific Islanders. Comments made at a Fair Housing Planning meeting sponsored by the Minnesota Housing Finance Agency. October 1994.
213. Donna Fairbanks. Minnesota Housing Finance Agency. Comments made at a Fair Housing Planning meeting sponsored by the MHFA. October 1994.
214. Lukermann, Barbara L., and Michael P. Kane. Pages 19-23.
215. Dorfman, Glen. Minnesota Association of Realtors.
216. *Making the Connection*. Page 23.

NOTE: No community assess all of the possible fees.

217. *Making the Connection*. Page 34. Delays and lengthy processes can result in additional property taxes, interest payments and idle equipment. Delays involving environmental regulations appear to be particularly common.
218. Dorfman, Glen. Minnesota Association of Realtors.
219. Metropolitan Council. *Regional Blueprint*. Page 51.
220. Metropolitan Council. *Regional Blueprint*. Page 51.
221. Arthur, Alan. Interview: Central Community Housing Trust. November 1993.
222. Lindsay, Brooke, and Shirley Schultz, Stacy Sorenson, Joe Stahl, Claudia Waring and Julianna Zdunich with Charles B. Finn. *DRAFT: Race and Housing Policies in the Midwest: An Examination of Cause and Effect*. Hubert H. Humphrey Institute of Public Affairs, University of Minnesota. December 3rd, 1993: Page 56.
223. Information was taken from the following: Star Tribune. "ABC program's Edina home runs into Z - zoning." November 13th, 1993: Page 1A.
224. Information was taken from the following series of articles:
- Star Tribune. "Maple Grove tables low-income project after angry meeting." November 18th, 1993: Page 1B.
- Star Tribune. "Maple Grove accused of bias against housing deal." January 5th, 1994: Page 1B.
225. Graves, Randy. Interview. Maple Grove Planning Department. November 1993.
226. Data and conclusion taken from: Brunsvold, Ken. "III. Loss of Affordable Units Due to Condemnations and Demolition." Memorandum to Mid-Minnesota Legal Assistance. September 19th, 1994: Page 3.
227. Warner, Charlie. Memorandum: Community Action for Suburban Hennepin. December 1994.
228. *Making the Connection*. Page 45.
229. Brunsvold, Ken. "III. Loss of Affordable Units Due to Condemnations and Demolition."
230. Warner, Charlie. Memorandum.
231. Minnesota Department of Revenue. *Property Tax Regressivity in Minnesota*. Tax Research Division. Prepared by: Gordon Folkman and Carolyn MacDonald. January 1993: Page 2.
232. Minnesota Department of Revenue. Page 12.

233. Hennepin County Housing Consortium 1994-1998. *CHAS*: Page 24.
234. Horner, Jack. Minnesota Multihousing Association. Comments made at a Fair Housing Planning meeting sponsored by the Minnesota Housing Finance Agency. October 1994.
235. Data provided by: Minnesota Taxpayers Association.
236. House Research. "Property Tax Subsidies for Low Income Rental Housing." *Information Brief*. February 1993: Page 15.
237. Horner, Jack.
238. Minnesota Department of Revenue. *Model Revenue System for Minnesota*. July 1992: Page 36. As cited in: Minnesota Taxpayers Association. *Reforming Minnesota's Local Property Tax and State Aid System: Ending the Fiscal Illusion*. December 1992.
239. Racial composition data was collected from each of the respective housing authorities.
240. Local preferences are legally subordinate to the required federal preferences based on involuntary displacement, substandard housing, and rent burden.
241. Hendrickson, Mark. "Memorandum: SUBJECT: Section 8 Portability." Hennepin County Office of Planning and Development. July 27th, 1994.
242. Bradbury, Katherine L., and Anthony Downs eds. *Do Housing Allowances Work?* The Brookings Institution, Washington D.C. 1981.
243. This is not surprising given that housing affordability is pegged at 30 percent of household income, or only 30 cents of every one dollar of income, so that a typical household might be expected to spend only 30 cents of each additional dollar of income on housing.
244. Bradbury, Katherine L., and Anthony Downs eds. Page 28.
245. Northwest News. "Classifieds." September 26th, 1994.
246. Thompson, Timothy. Interview: Minneapolis Legal Aid Society. November 22nd, 1994.