



Citizens League
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Why We Should Build Inclusive Communities



The Case for a Regional Housing Policy in the Twin Cities Metropolitan Area

*An overview of a report
prepared by the
Committee on Housing Policy and
Metropolitan Development*

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Current housing policies and market forces have contributed to the concentration of poor people, many of them people of color, in the oldest and lowest-value housing stock in concentrated areas of the central cities and inner-ring suburbs.

Trouble signs in the Twin Cities

The Twin Cities metropolitan area is in good shape, compared to many U.S. cities. But there are **signs of trouble**.

Poverty is increasing fast, and becoming more concentrated in certain areas. The trends have hit people of color especially hard—minorities in Minneapolis and St. Paul are more likely to live in poverty than are minorities in any of the U.S.'s largest 25 metro areas.

Social and economic disparities between cities and suburbs, on average, have widened. Many inner-ring suburbs are experiencing troubles that used to be considered “inner-city” problems.

Citizens should be concerned about the changes. Poverty concentration is costly, regardless of whether such concentrations occur in central cities or suburbs.

Metropolitan areas pay a price when the gap between central cities' and suburbs' economic health becomes extreme. Urban regions where the population of the central cities is rapidly declining also have declining or slowly growing suburbs. Regions with bigger city-suburb gaps in income and employment growth have slower employment gains.

And the **forces of urban decline often have a snowball effect.** The Twin Cities can expect things to get worse unless we choose a better course.

Housing and poverty concentration

The housing market shapes the pattern of poverty and affluence in the Twin Cities. The market is driven by many factors that are outside the immediate control of government—people's tastes in housing and demographic trends, for example.

But **the housing market is not a “free market.”** Federal, state and local governments strongly influence the market through their income and property-tax policies, mortgage insurance regulations, and zoning and other land-use decisions.

These **policies favor some citizens to the disadvantage of others,** exacerbate the difficulty of providing low-cost housing, and contribute to the concentration of poverty.

In the Twin Cities metropolitan area:

- There were 35,427 fewer low-rent housing units than low-income renters in 1989.
- The oldest and lowest-cost housing is concentrated in the central cities.
- The poverty population is concentrated most heavily in the core areas of Minneapolis and St. Paul, but there are also pockets of poverty in some suburban areas.
- 63 of the 130 census tracts in Minneapolis are racially segregated. In St. Paul, 15 of 82 census tracts are racially segregated.

Regional problems need regional solutions. The Twin Cities region should adopt new policies to stem the concentration of poverty and widening disparities between central cities and suburbs. And housing should be part of the solution.

Recommendations

Regional strategies

The State of Minnesota should designate housing in the metropolitan area as a regional system. The Legislature should delegate to the Metropolitan Council the responsibility for proposing how the regional housing system should be operated and the policies enforced. The Council's proposal should be developed in cooperation with local governments and submitted to the Legislature within two years of the Legislature's direction.

The goals of the regional housing policy should be to:

- (1) increase the availability of housing opportunities affordable to low-income people throughout the region;
- (2) reduce the concentration of poverty in areas where poverty now prevails;
- (3) increase the stability of neighborhoods;
- (4) foster communities that integrate housing types that serve people of diverse household sizes, lifecycle stages and incomes; and
- (5) improve the fairness of the housing market, and reduce racial segregation throughout the metro area.

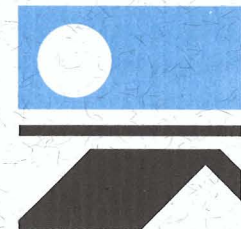
(For more detail on the League's suggestions for the regional housing policy, request a copy of the report.)

Tax reform

The State of Minnesota should phase out the preference for homestead property in the property-tax code, cap the amount of interest on a home mortgage that can be deducted from income when calculating state income tax, and direct the savings achieved from these measures to other forms of housing assistance that are targeted on the basis of financial need.

Enforcement

The federal, state and local governments should substantially increase their commitment to enforcing Fair Housing rights.



The threat of urban decline is here now. Urgency is needed—but so is caution. Many of today's problems are the result of yesterday's solutions.

About the study

The Citizens League report, *Why We Should Build Inclusive Communities: The Case for a Regional Housing Policy in the Twin Cities Metropolitan Area*, was the work of a 75-member committee chaired by Randy Peterson. The committee met about once a week from August 1993 through February 1994. Committee members heard testimony from experts on housing and metropolitan development, read research literature and listened to concerned citizens.

Citizens League Speak Ups! on housing

"You'd have to pay me to live in the city." "I'd die if you put me out in Lakeville. I love the city." "Cheap rent will get you killed." "I'm proud of where I live and I don't want the value of my neighborhood to go down." "It's racist out here." "I don't care if the neighborhood is all black, as long as there are some successful people there."

These were just a few of the comments from the more than one hundred people who participated in Citizens League Speak Ups!, small discussion groups convened as part of the housing study. Details of the Speak Ups! are included in the report.

The Citizens League acknowledges gratefully the following organizations who hosted the Speak Ups!:

Community Action for Suburban Hennepin (CASH)
Fourth Baptist Church (Minneapolis)
Medtronic, Inc.
Minnesota Multi Housing Association
Neighborhood House
Northwest (Minneapolis) YMCA
Project for Pride in Living
St. Paul Police Department
West Hennepin Regional Planning Board
Westminster Corporation

Acknowledgement

Meeting space for this project was provided by the accounting firm of Lurie, Besikof, Lapidus & Co., Lutheran Social Services and the City of Golden Valley.

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Copies of the full report, "Why We Should Build Inclusive Communities: The Case for a Regional Housing Policy in the Twin Cities Metropolitan Area" are available from the Citizens League office. Copies are free to members and \$10 for non-League members. To request a copy, please call 612/338-0791. Orders may be mailed or faxed to 612/337-5919.