

State of the Industry

Homeownership & New Construction

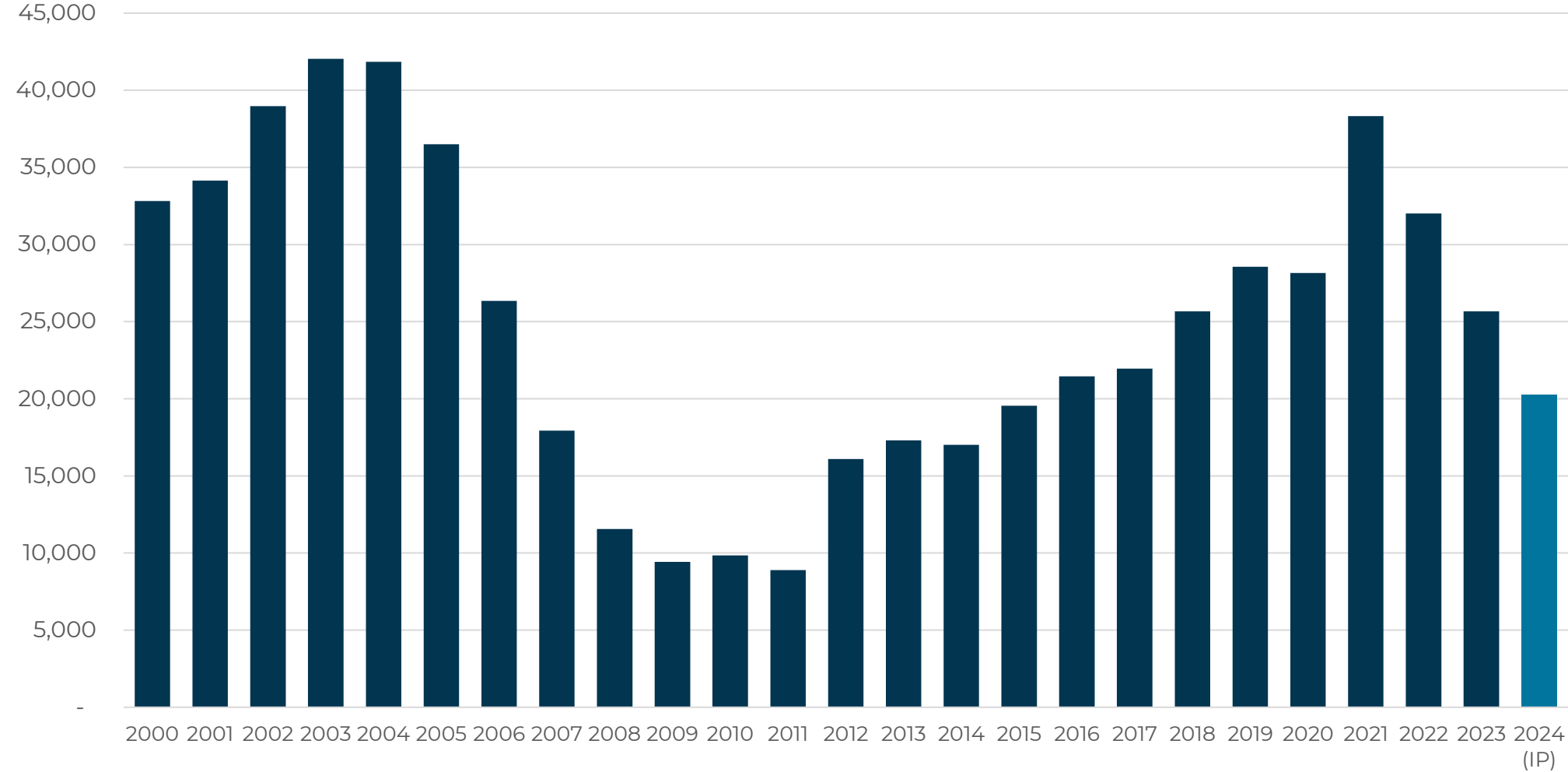
Mark Foster, Housing First Minnesota



Looking Into 2025

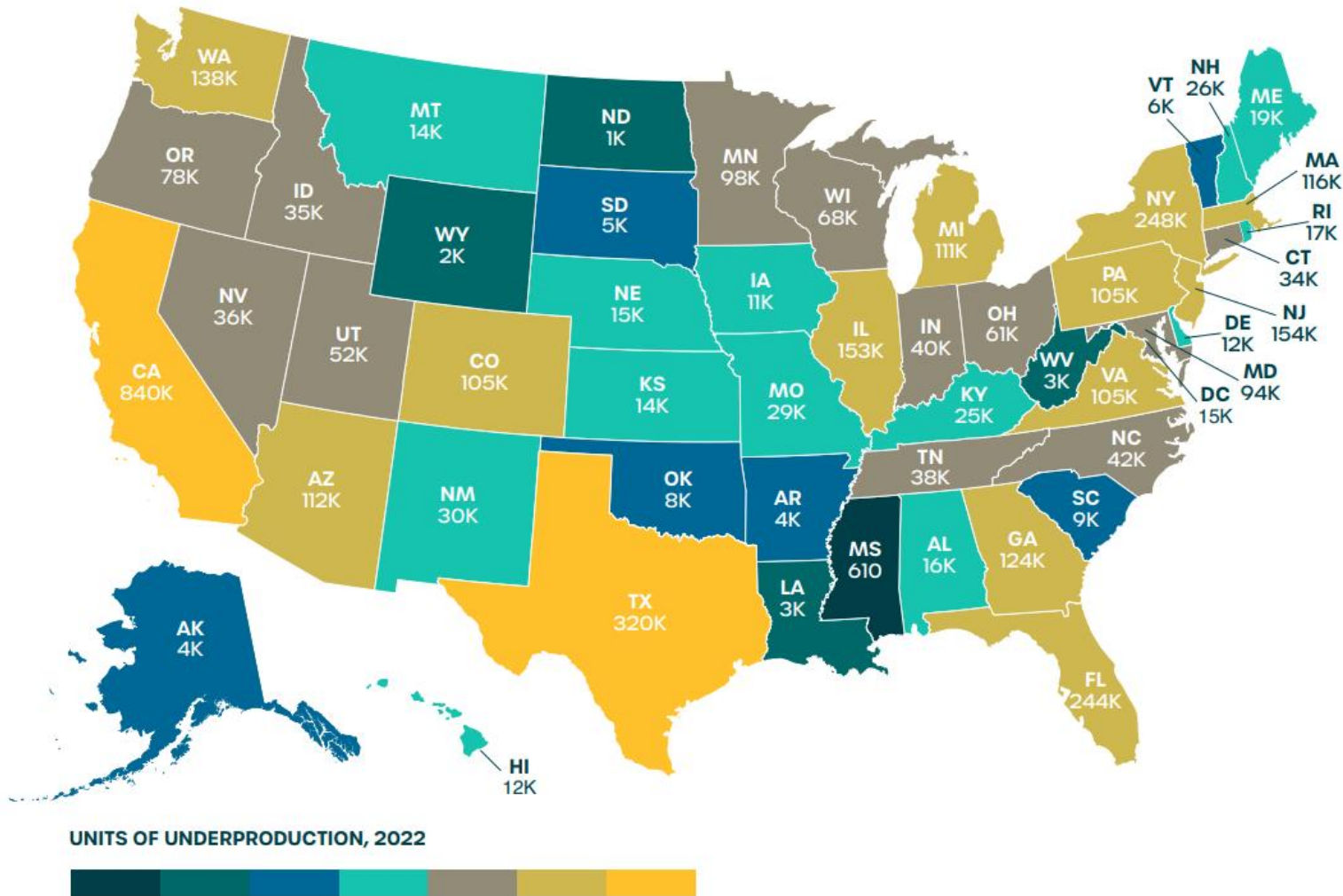
- Our concern about the future of homeownership in Minnesota has grown immensely.
- Chronic under-supply of homes surges home values, limits and delays homeownership.
- Supply-side challenges – the collection of processes, requirements, and infrastructure policies are in conflict with a healthy housing market supplied with enough homes.

Minnesota New Housing Units 2000-2024



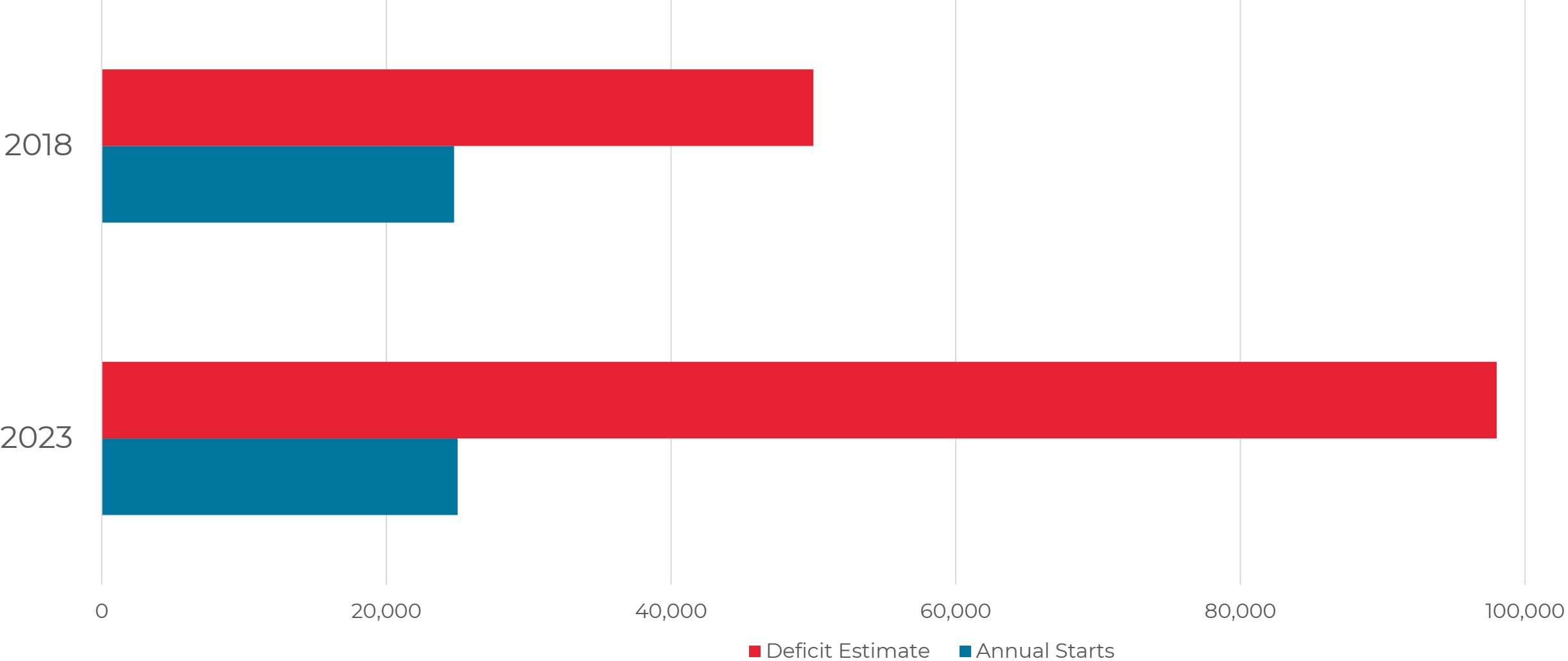
Source: US Census Bureau, Building Permit Survey, 2000-2024 (Nov.)

Minnesota's Growing Housing Deficit



Source: Up For Growth (2024)

Minnesota's Growing Housing Deficit



Sources: US Census Bureau; 2018 MN Housing Taskforce (2018); Up For Growth (2024)



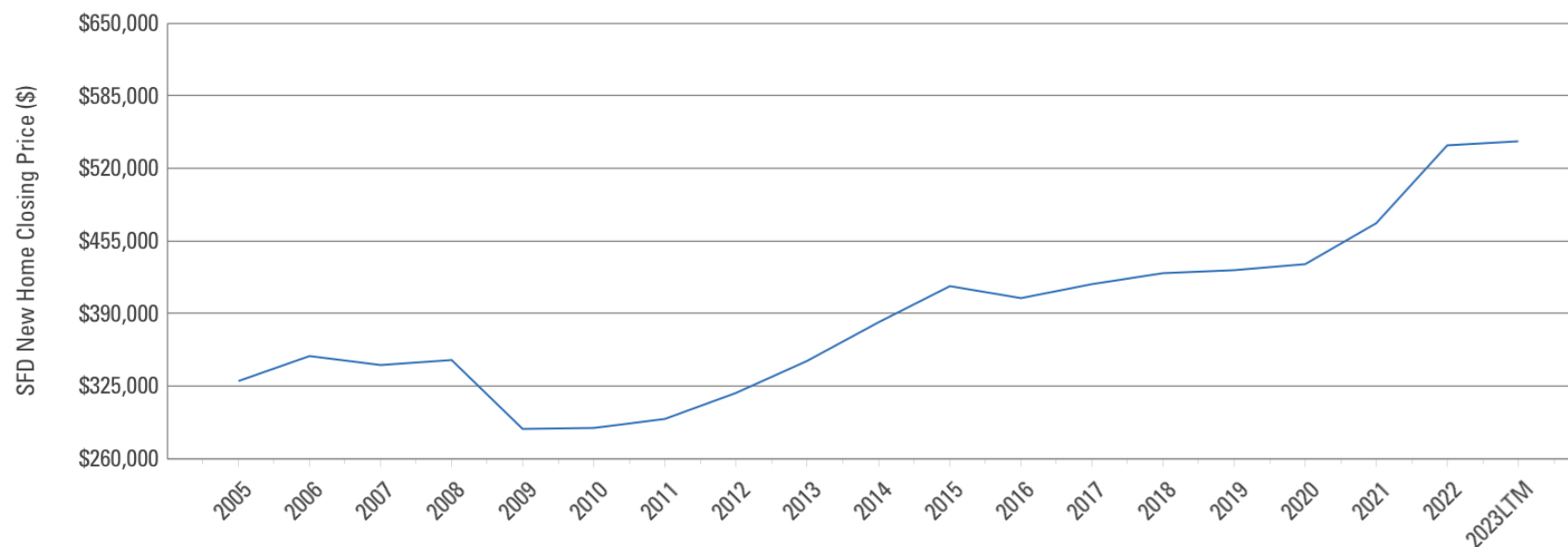
MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI CBSA

Median SFD New Home Closing Price

↑ \$543,560

Change over 2022: **-8.0%** Change over month: **-2.0%**

Updated 01-18-2024



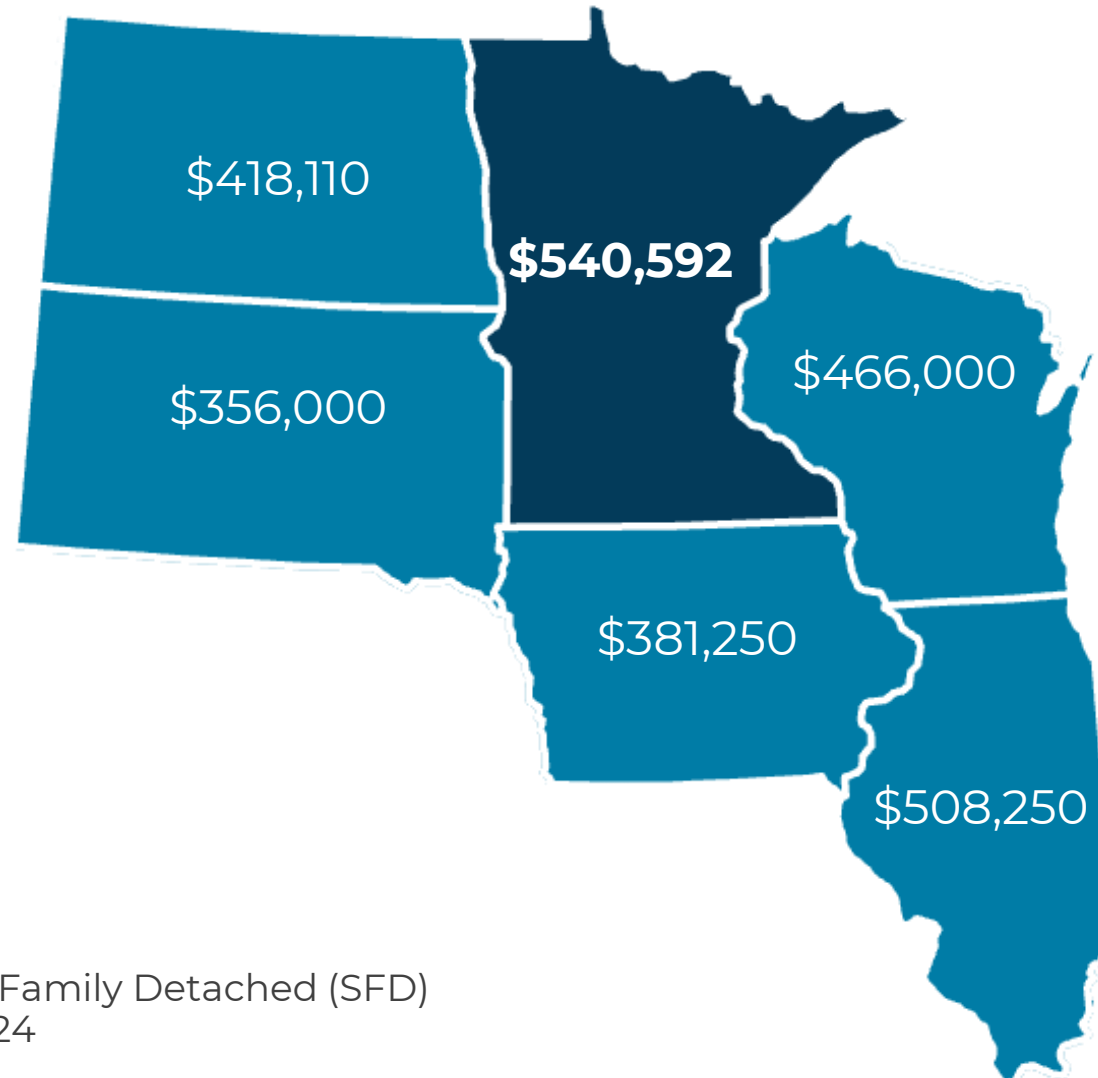
Minimum: **\$286,749** in 2009

Maximum: **\$543,560** in 2023

20 Period Average: **\$387,711**

Source: Public Record Data; Zonda by Meyers Research

Midwest Median New, Single-Family Home Price



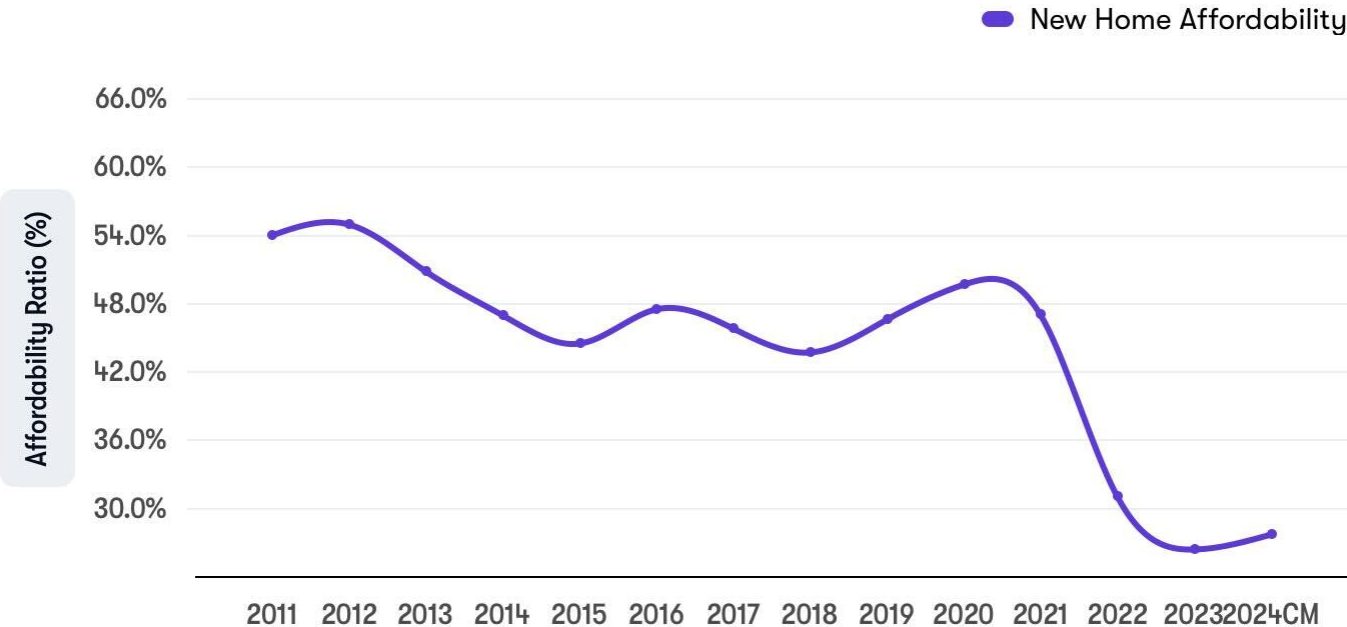
Source: Zonda – New Single Family Detached (SFD)
Median Closing Price: Q3 2024

Minneapolis-St. Paul-Bloomington, MN-WI CBSA

Updated Jan. 20, 2025

New Home Affordability Ratio: 27.7% ↑

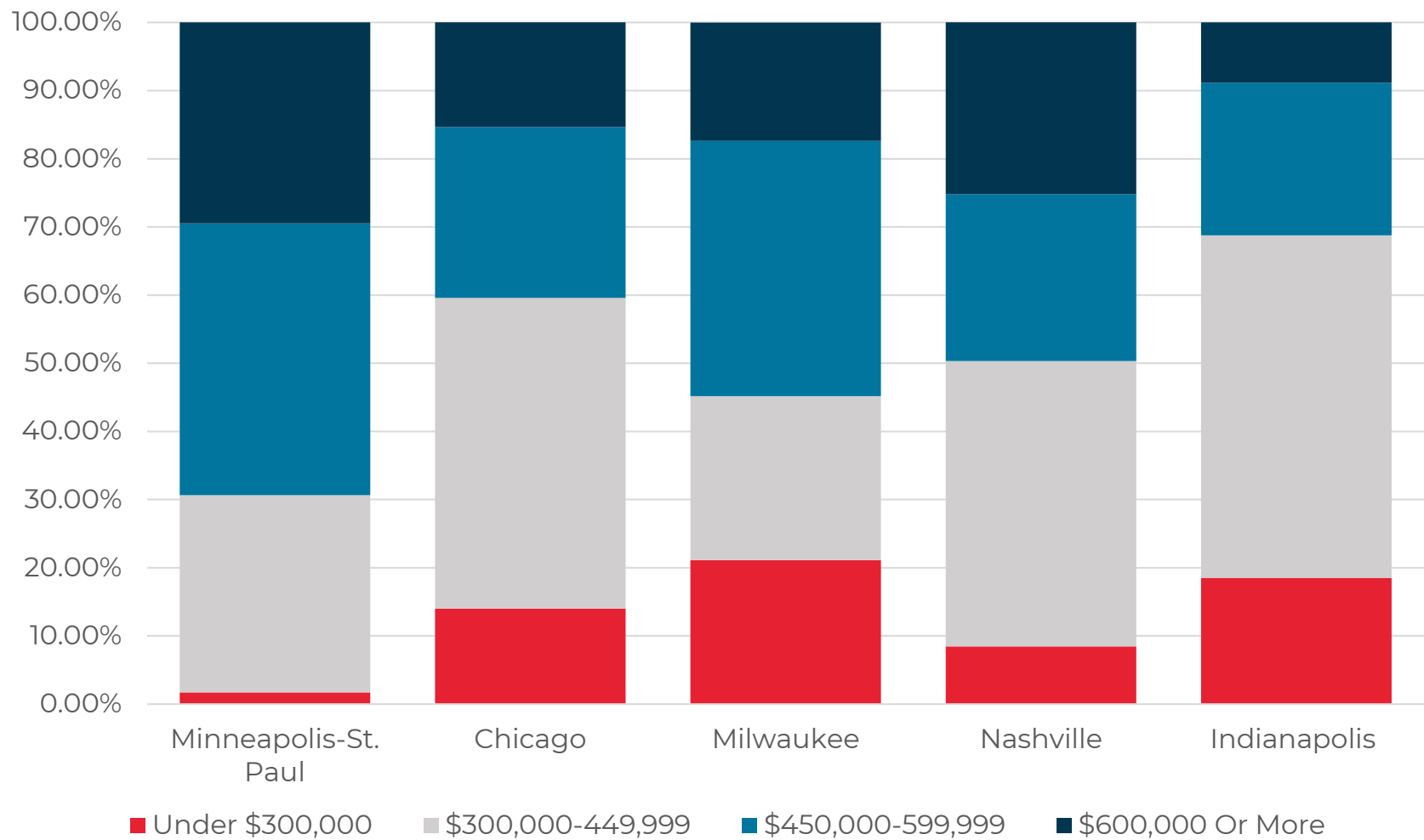
Change over 2023: -0.20% pts | Change over month: 2 % pts



Minimum: 26.4% in 2023 Maximum: 55.0% in 2012 20 Period Average: 44.1%

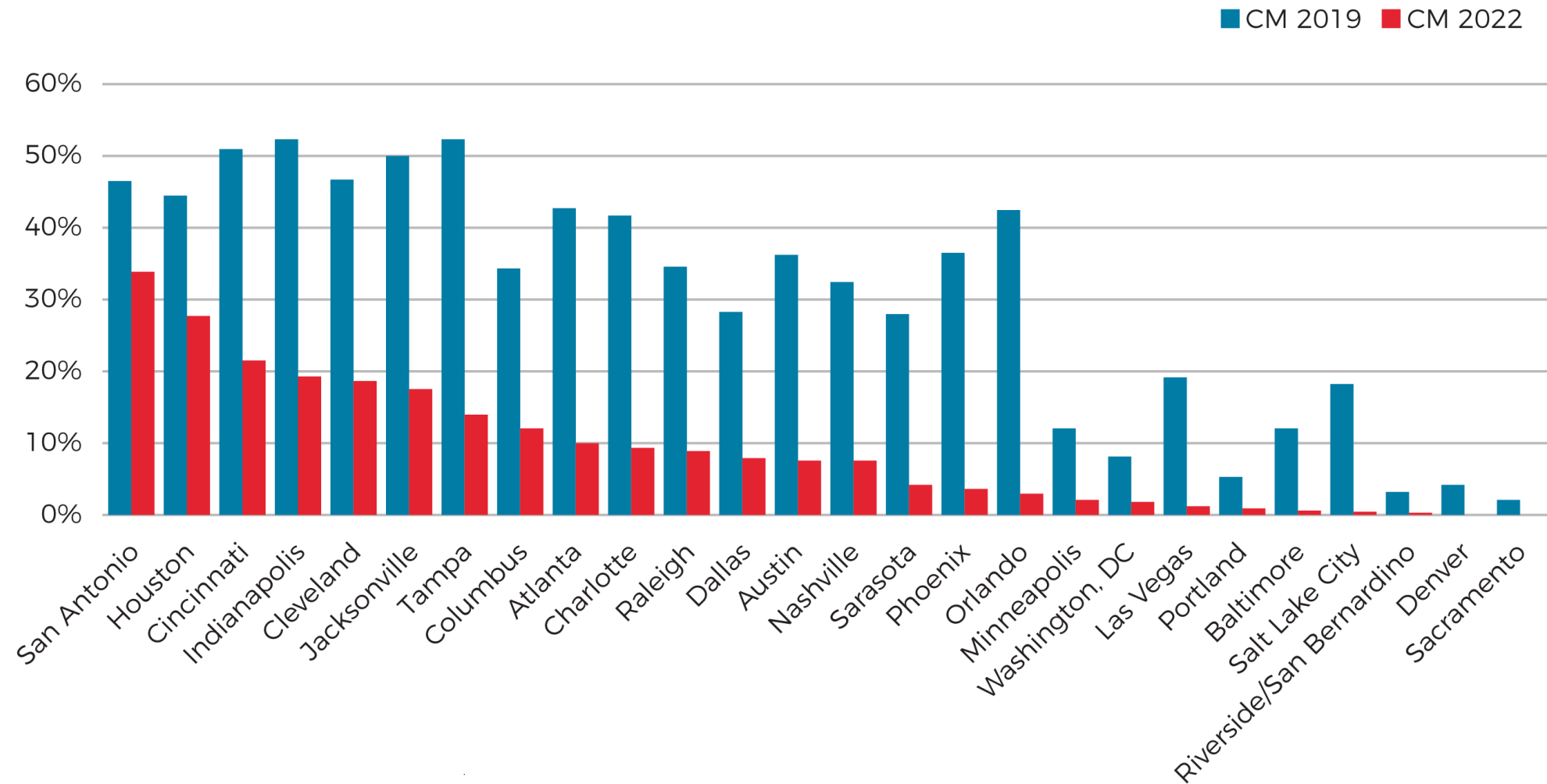
Source: Zonda

Midwest New Home Price Point Distribution



Source: Zonda, Midwest Price Point Data, Jan. 2023-Feb. 2023

Major MSAs, Share of Homes Under \$300,000



Source: Zonda, March 2023

Many Issues Impact the Cost of a Home.

- MSP region has the most expensive raw land in the Midwest.
- Building material costs have increased throughout the pandemic – lumber moderated, steel/components still high
- Labor is a challenge and associated costs impact housing.
- The industry is working on numerous technological advances including modular construction to save some money and time.
- **Regulatory costs in Minnesota stand out.**
 - Beyond fees
 - Regulatory requirements such as 3 car garage mandates, aesthetic mandates, larger lots dramatically add to the price of homes.

Housing Industry is Attempting to Serve the Demand

- **Modest Densification** – Changes in density do not have to be drastic at scale.
- **Demographic Trends** – Household formation is happening later, households are smaller, and WFH trend is a game-changer.
- **Land Use Patterns** – In the future – where will Minnesotans choose to live and what will be their priorities? Schools, transportation corridor access, housing costs/choice, natural amenities?
- **Long View** – This problem will not resolve itself – we are committed to the housing supply issue over the long term.



Governor Kathy Hochul

@GovKathyHochul

There's only one solution to New York City's housing crisis:

Build.
More.
Housing.

12:06 PM · Feb 9, 2024 · 148.3K Views

Lots of Housing Discussion



Governor Glenn Youngkin

@GovernorVA

...

The Make Virginia Home plan is designed to address the restrictions on housing supply, improve and streamline permitting processes, and protect property owner rights. Our focus is accessible, affordable, attainable housing for all Virginians.

How the Bipartisan 'Montana Miracle' Confronts the Housing Crisis Head On

Governor Greg Gianforte explains how the state passed sweeping zoning reforms that boost supply and expand housing choice.

Gov. Jared Polis delivers housing-centric State of the State speech to Colorado lawmakers

Support of housing bills depends on whether they ease cost of housing, governor says

Gov. Cox wants 35,000 starter homes built within the next 5 years. Here's how he wants to do it

Guiding Principles

- We need a structure for safe, durable and efficient homes
- Protecting wetlands and minimizing environmental impacts is a shared value
- Homeownership and equity are also shared values
- Housing industry is proud to pay strong wages in MN
- A balanced housing supply is achieved only by providing choices in the housing market
- **This requires us to bring starter homes back to Minnesota**

Starter Home Examples



Starter Home Examples





Starter Home Examples

Housing First
Minnesota
Foundation is
working to end
homelessness
in Minnesota.



HOUSING FIRST
MINNESOTA FOUNDATION

Veteran Village

- First ever multi-unit complex
- 22 ADU's
- 60 beds
- Permanent supportive housing
- Project that leads to effective end to veteran homelessness
- Lennar/Lennar Foundation/MACV/Housing Industry



Housing For Heroes

Housing For Heroes / MACV/ Lennar

Home #15 (St. Paul-Dayton's Bluff)

Expected to break ground end of January/early February



HOUSING FIRST
MINNESOTA FOUNDATION

Bravo Zulu

Bravo Zulu House (Winnebago)

- 14-bedroom home for veterans suffering from PTSD and in active addiction recovery.



HOUSING FIRST
MINNESOTA FOUNDATION

Elevate Hope House

- **Elevate Hope House (Ham Lake)**

- Spring Lake Park High School construction trades program
- 3-bedroom home for young single mothers and their children in crisis.
- Project completion: January 2025



Hope House

Hope House (Chanhassen)

- 9-bedroom youth crisis shelter offering temp residence
- Ideal ground-breaking in Spring 2025



HOUSING FIRST
MINNESOTA FOUNDATION

Conclusion:

Minnesota's housing dashboard has several worrying trendlines

- Housing market is desperately under-supplied
- New home costs are the highest in the Midwest
- We need all types of homes (apartments, condos, townhomes, single family). **BUT especially new starter homes.**
- There are more households than houses.
- Statewide issue of competitiveness and equity.



Thank You.

Questions?

Contact: Mark Foster,
Vice President of Legislative & Political Affairs,
mark@housingfirstmn.org