



Housing affordability in Minnesota

Martha Njolomole



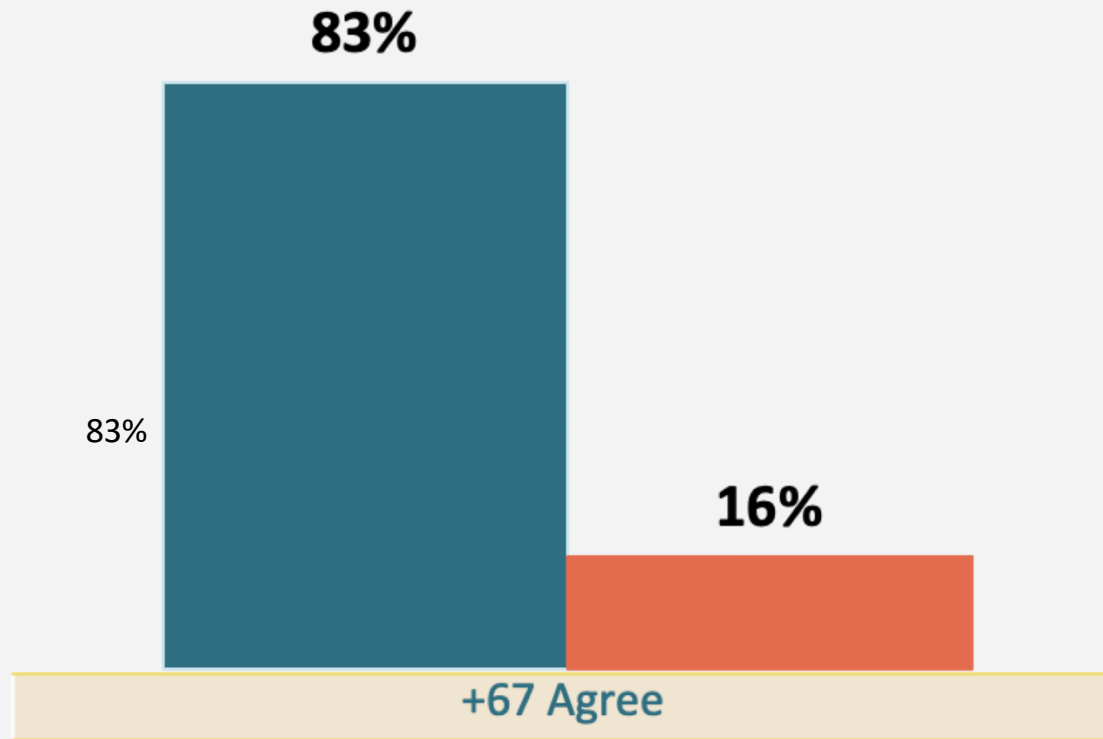
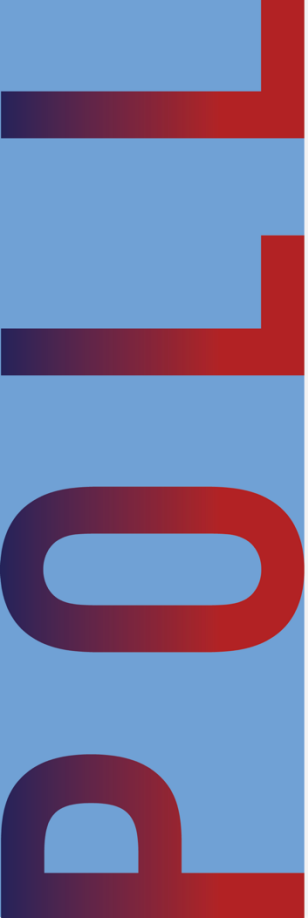
@mnthinktank



American Experiment



@mnthinktank



83%

CONCERNED
ABOUT
ABILITY TO
AFFORD A
HOUSE

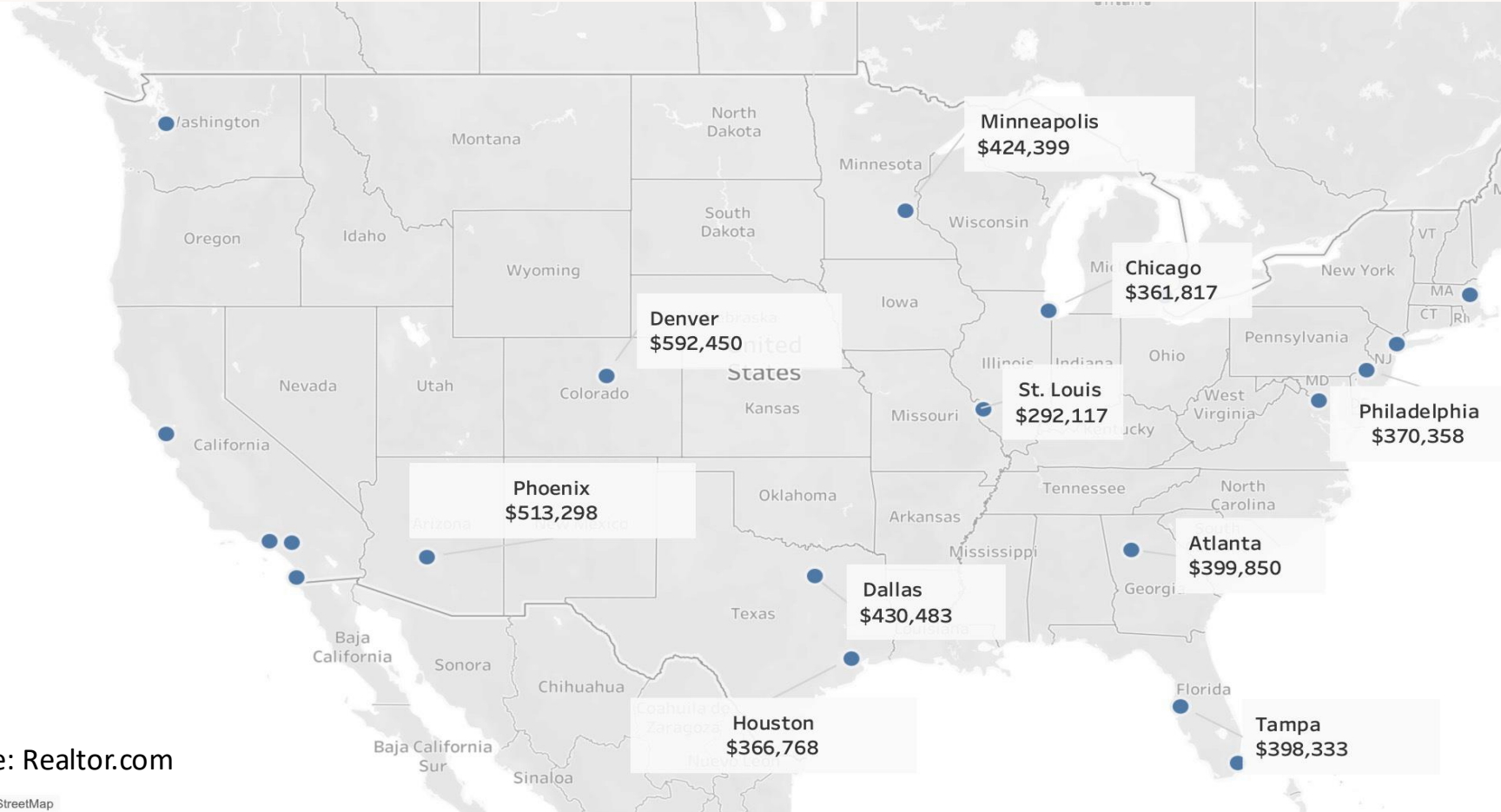


FALSE PROMISES TOUR

■ Agree

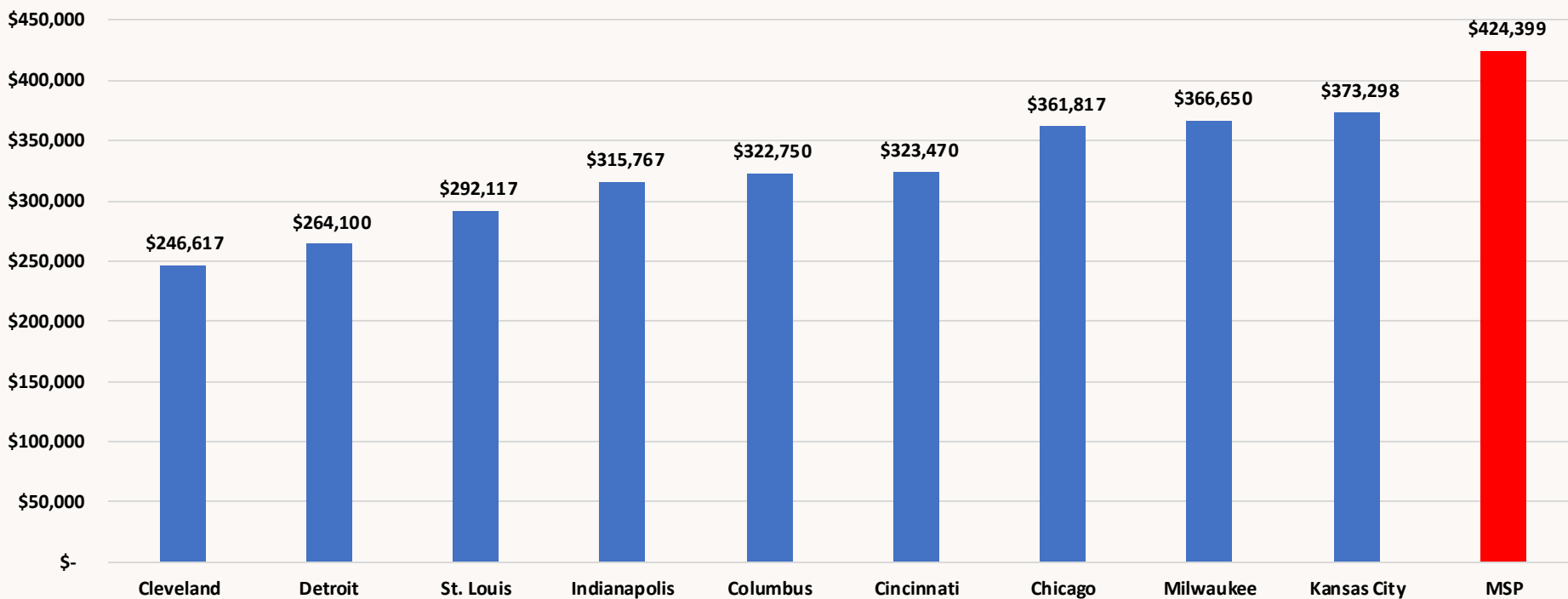
■ Disagree

The Twin Cities is one of the most expensive non-coastal metros in America

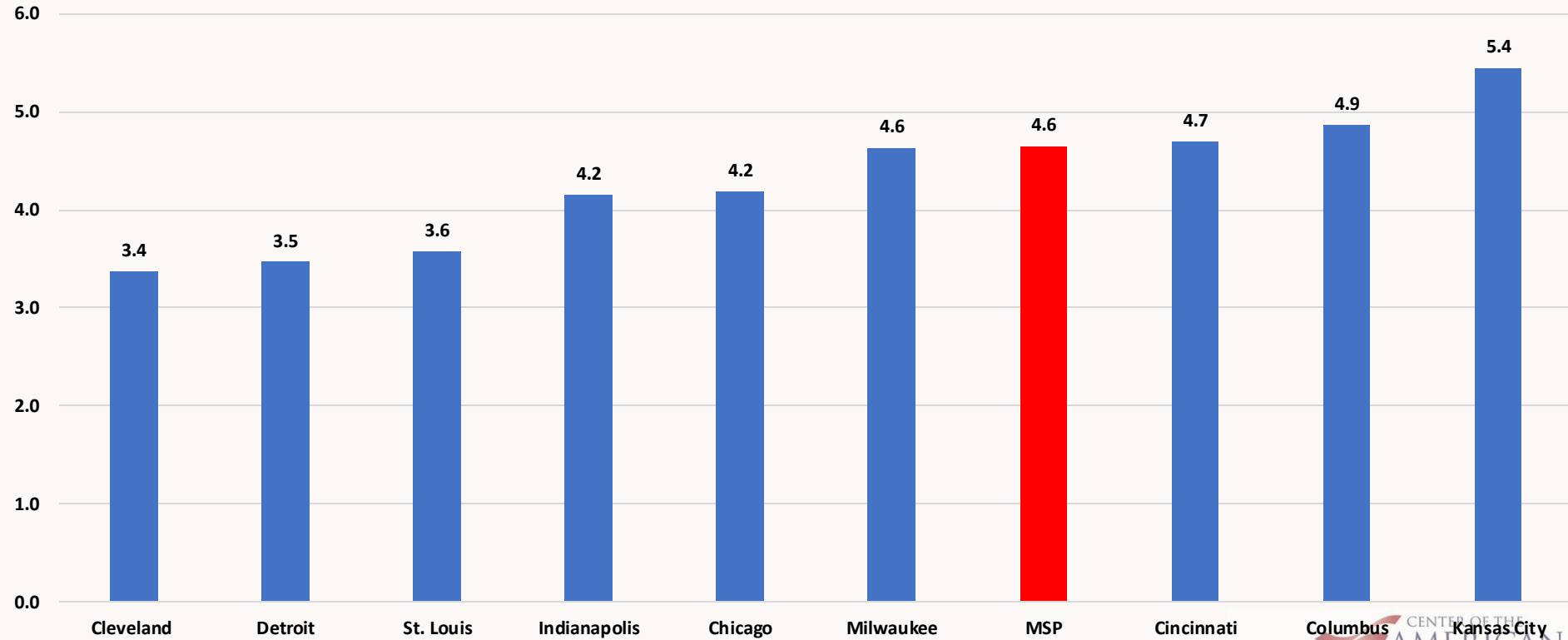


Source: Realtor.com

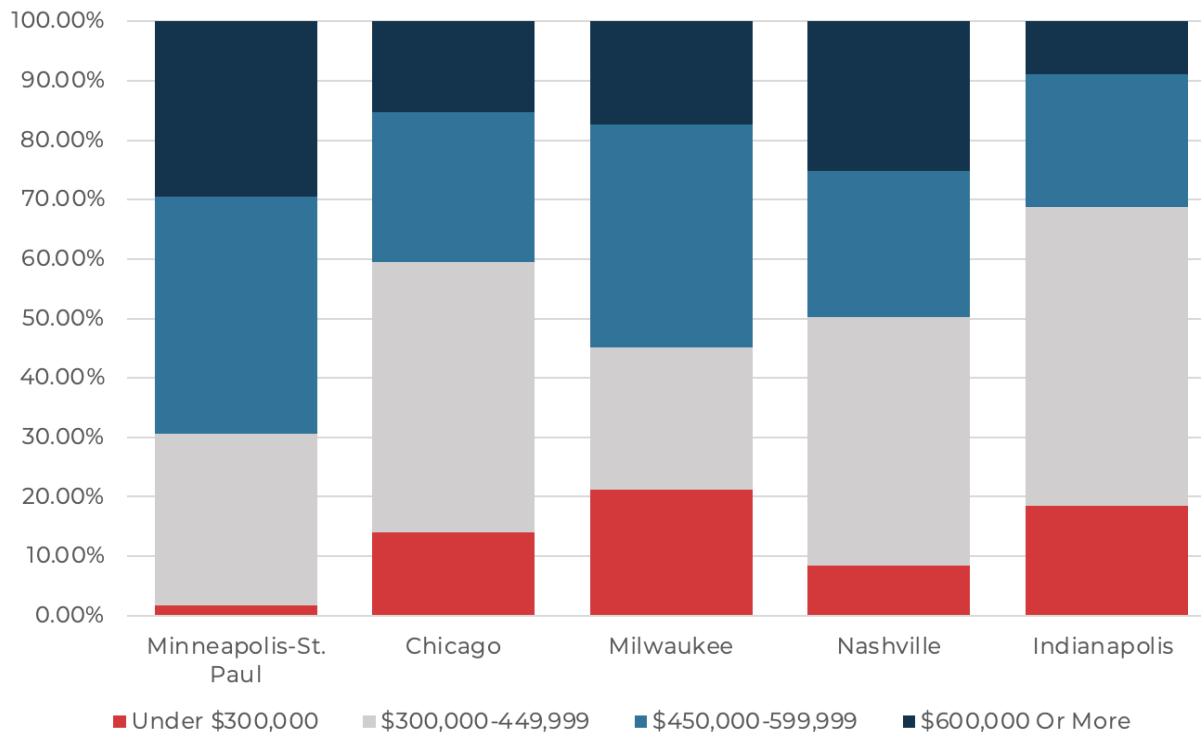
Midwest Metros



Median House price to Income ratio, 2023



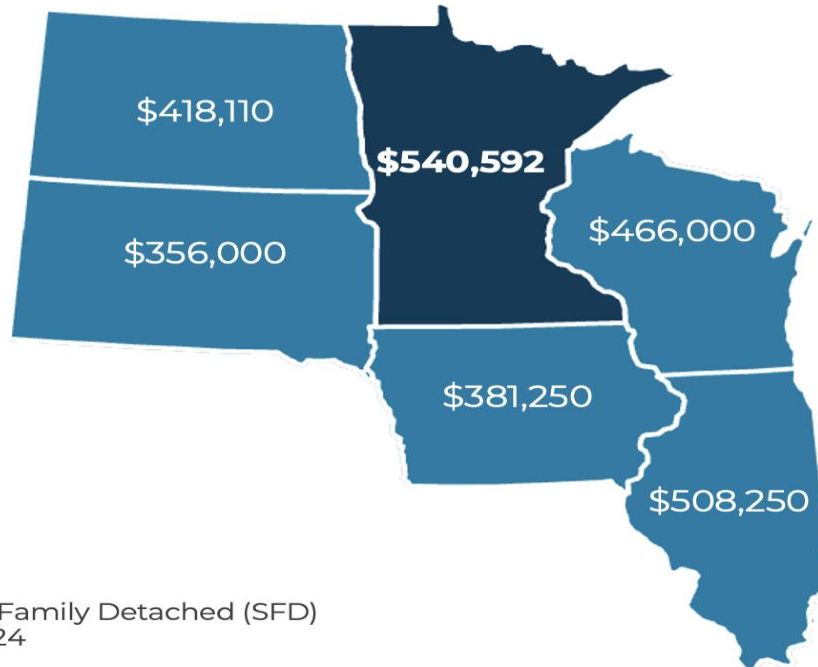
Midwest New Home Price Point Distribution



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

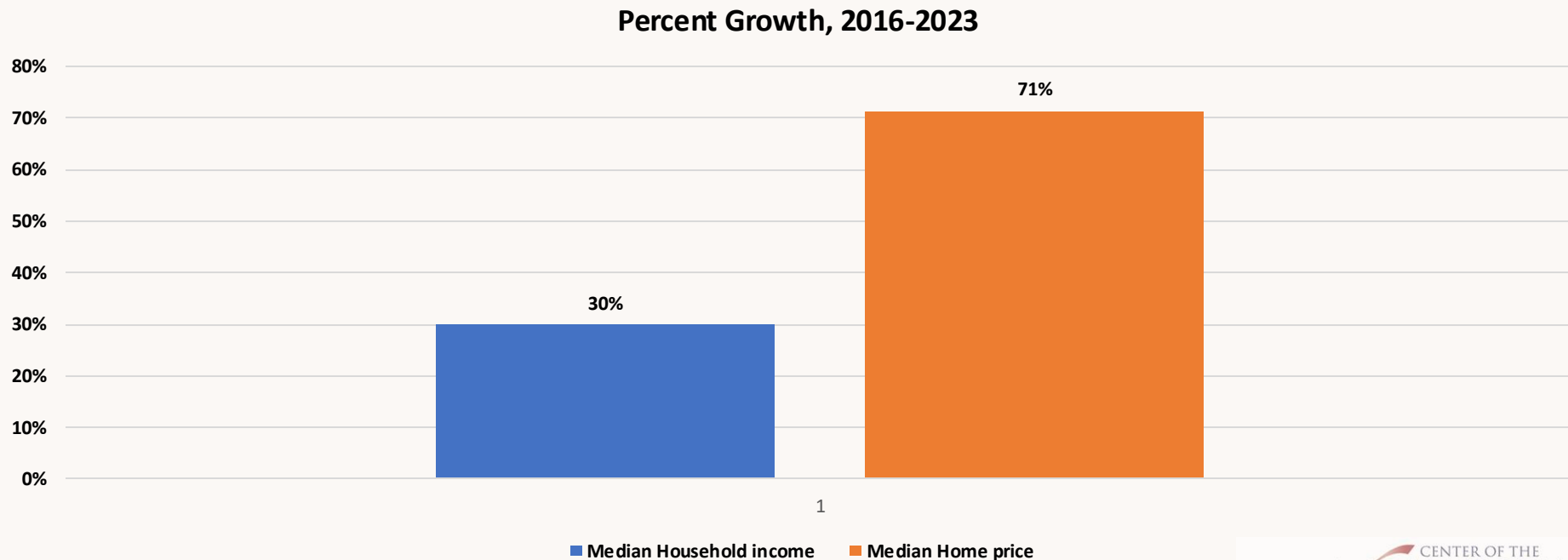
Midwest States

Midwest Median New, Single-Family Home Price

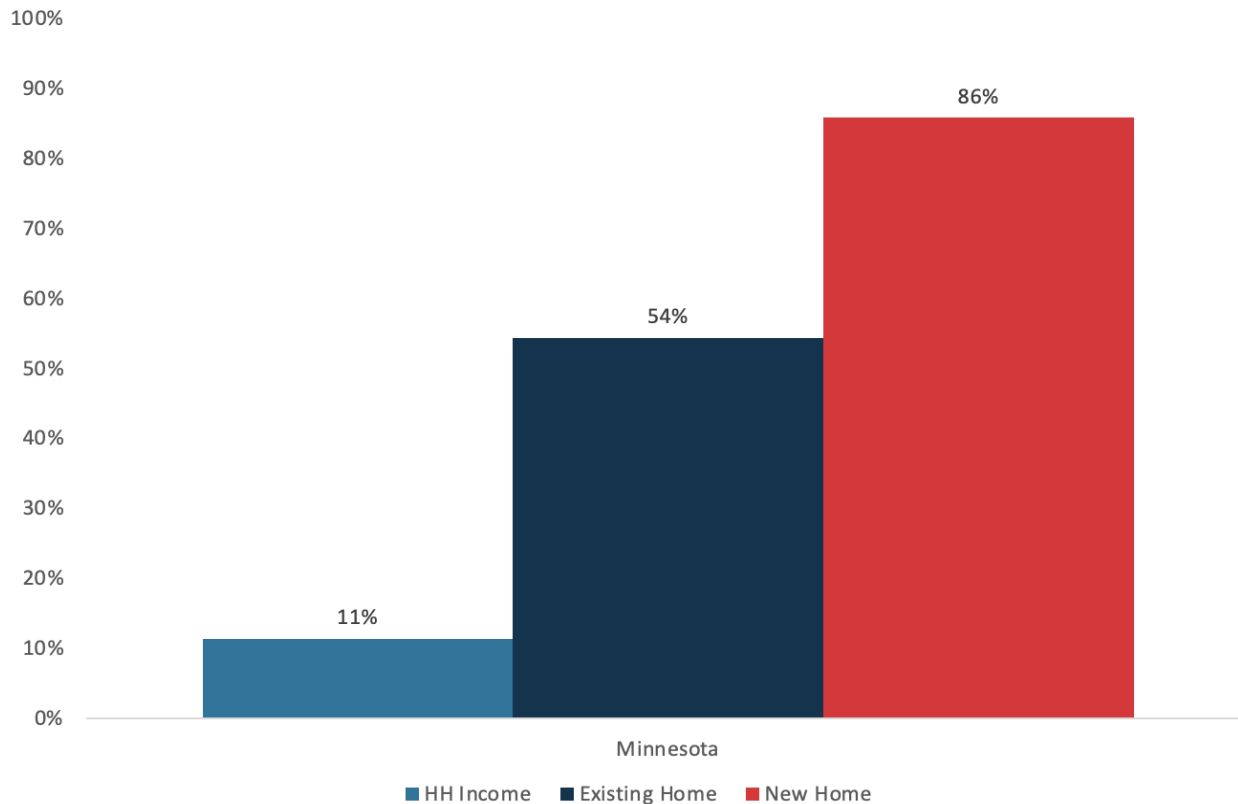


Source: Zonda – New Single Family Detached (SFD)
Median Closing Price: Q3 2024

MSP Percent Growth, 2016-2023 (inflation adjusted)



Minnesota: Median Housing and Income Growth: 2005-2023



Source: US Census Bureau, Zonda, Minnesota Realtors

Housing

- 1) Yes, it is more expensive here
- 2) **Why is it more expensive here?**

Non-reasons:

- Labor costs
- Corporate developers
- Safety
- Weather

ALWAYS ASK 'WHY IS IT MORE EXPENSIVE HERE'?



[illegible]

- ## Actual reasons:

- **Taxes**
- **Fees**
- **Regulations**

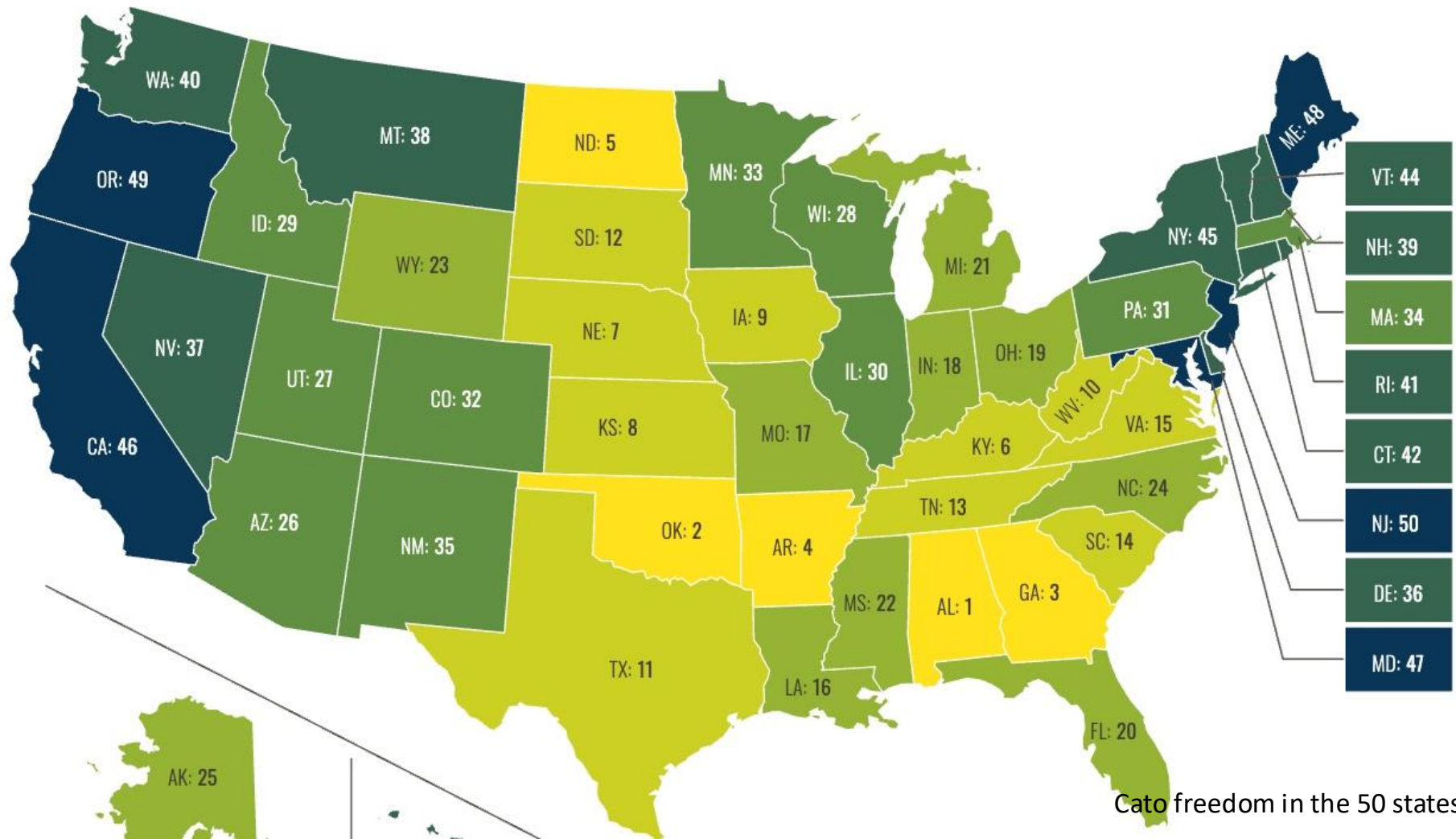
[illegible]

- # BUILDING PER
- rd must be kept posted in a conspicuous place on the site of cons



Energy + Environmental rules

- High efficiency light bulbs
- Completing Environmental Assessment Worksheets for modest-size neighborhoods
- Having five or six wetland experts meet on-site to verify that wetland boundaries are correct



Cato freedom in the 50 states

Local rules

- **Zoning:** A lot of land reserved for detached single family homes
- **Land use requirements:**
 - Minimum lot size requirements
 - Parking requirements
- **Density restrictions**
 - Maximum height
- **Aesthetic mandates**
 - Requiring stone on the fronts of starter homes
- **City fees can add tens of thousands to the cost of a new home**

COST OF BUILDING NEW HOUSE

SAME BUILDER, SAME FLOOR PLAN, SAME MATERIALS



LAKE ELMO, MN

\$376,990



HUDSON, WI

\$329,990

+\$47,000

10 MILES



FALSE PROMISES TOUR

Proposed solutions

- Rent control
- Subsidies
 - Downpayment assistance
 - Rent assistance
 - Grants to developers
 - TIF districts
 - Tax credits



Housing

- 1) Affordable housing is rare because it is effectively illegal to build
- 2) **Subsidies will do nothing to solve these problems**
– costs remain high, they are just absorbed by the taxpayer
- 3) **Rent control only exacerbates the problem In the long-term**





MINNESOTA'S THINK TANK