

CHALLENGES AND OPPORTUNITIES TO HOUSING AFFORDABILITY

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FEDERAL RESERVE BANK
OF MINNEAPOLIS



CHALLENGES AND OPPORTUNITIES TO HOUSING AFFORDABILITY:

- Lack of new housing
- Lack of new affordable housing
- Low homeownership rates among households of color

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.



A long train of shipping containers stretches into the distance on a track. The image is overlaid with a blue tint. The text "LACK OF NEW HOUSING" is centered in white. The container in the foreground has "Hapag Lloyd" and "GL" logos, and technical specifications: "MAX GROSS 32 500 kg 71 850 lbs" and "TARE 4 010 kg 8 840 lbs".

LACK OF NEW HOUSING

LACK OF NEW HOUSING

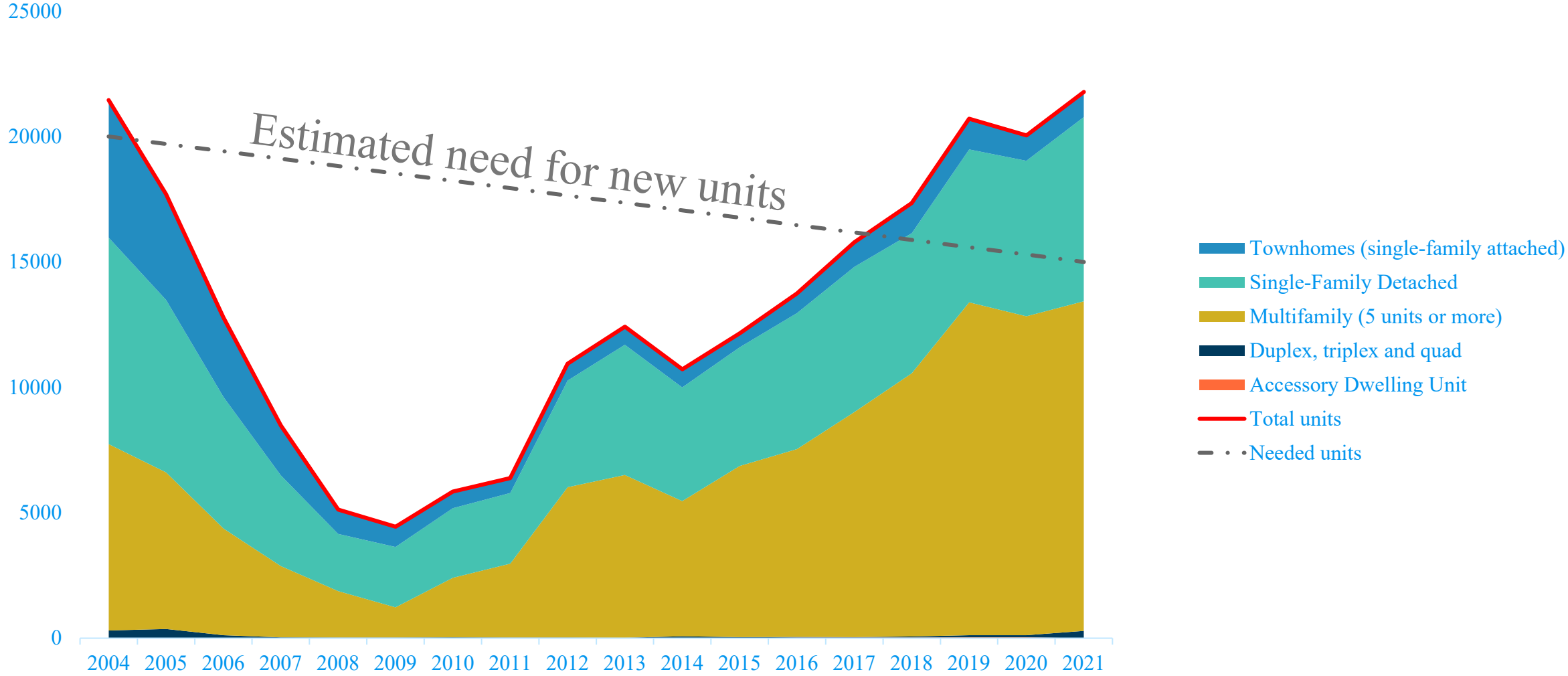
DESPITE NEW HOUSING CONSTRUCTION, THE TWIN CITIES HAS THE LOWEST HOUSING VACANCY RATE

“The housing shortage in the Twin Cities is now the worst in the nation, topping even high-demand metros such as Los Angeles, Seattle, Denver and Austin, Texas. Last year a mere **4.6% of all for-sale and rental housing in the metro was vacant**, according to a new analysis of U.S. census data of the nation's 56 largest metros by the Minnesota Population Center.”

-- Jim Buchta, *Star Tribune*, September 18, 2021

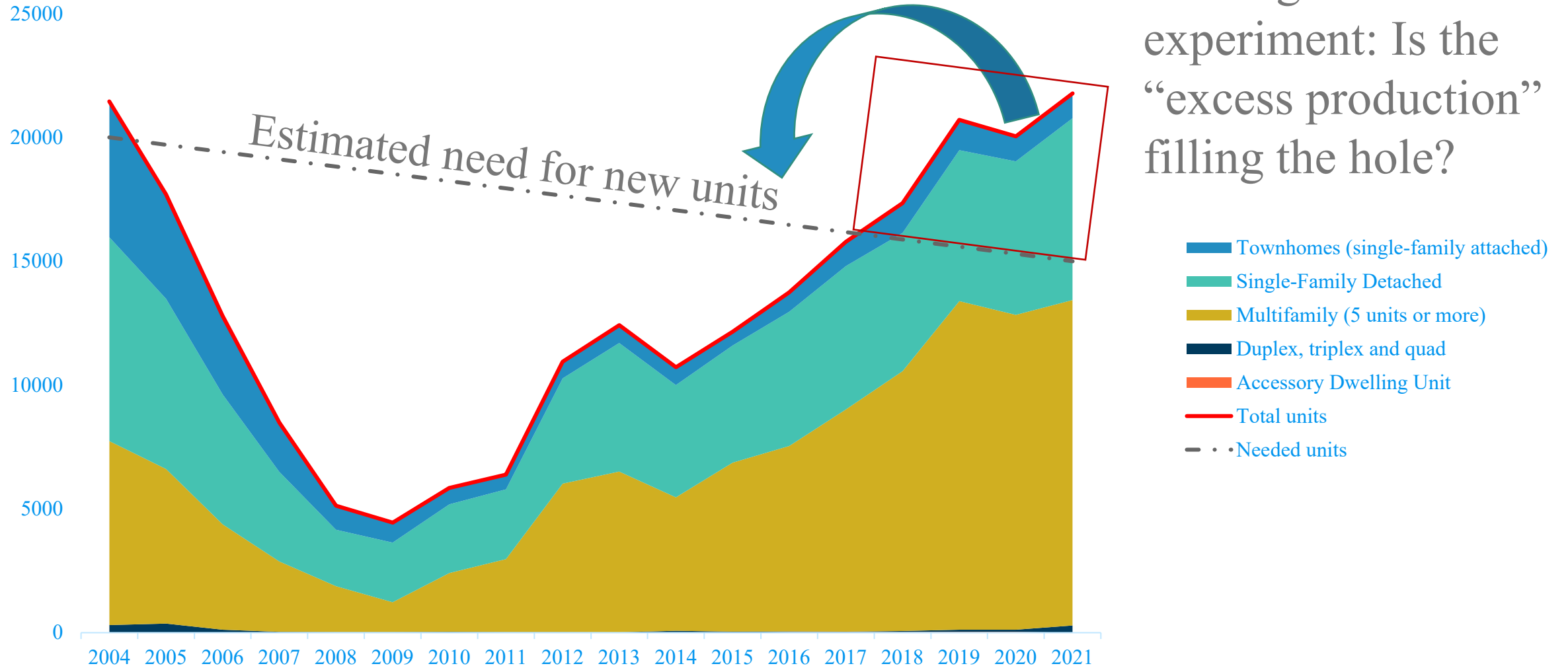


NEED FOR NEW HOUSING IN THE TWIN CITIES



Source: 2004-2020 data from Metropolitan Council, Building Permits Survey; 2021 data from U.S. Census Bureau, Building Permits Survey

NEED FOR NEW HOUSING IN THE TWIN CITIES

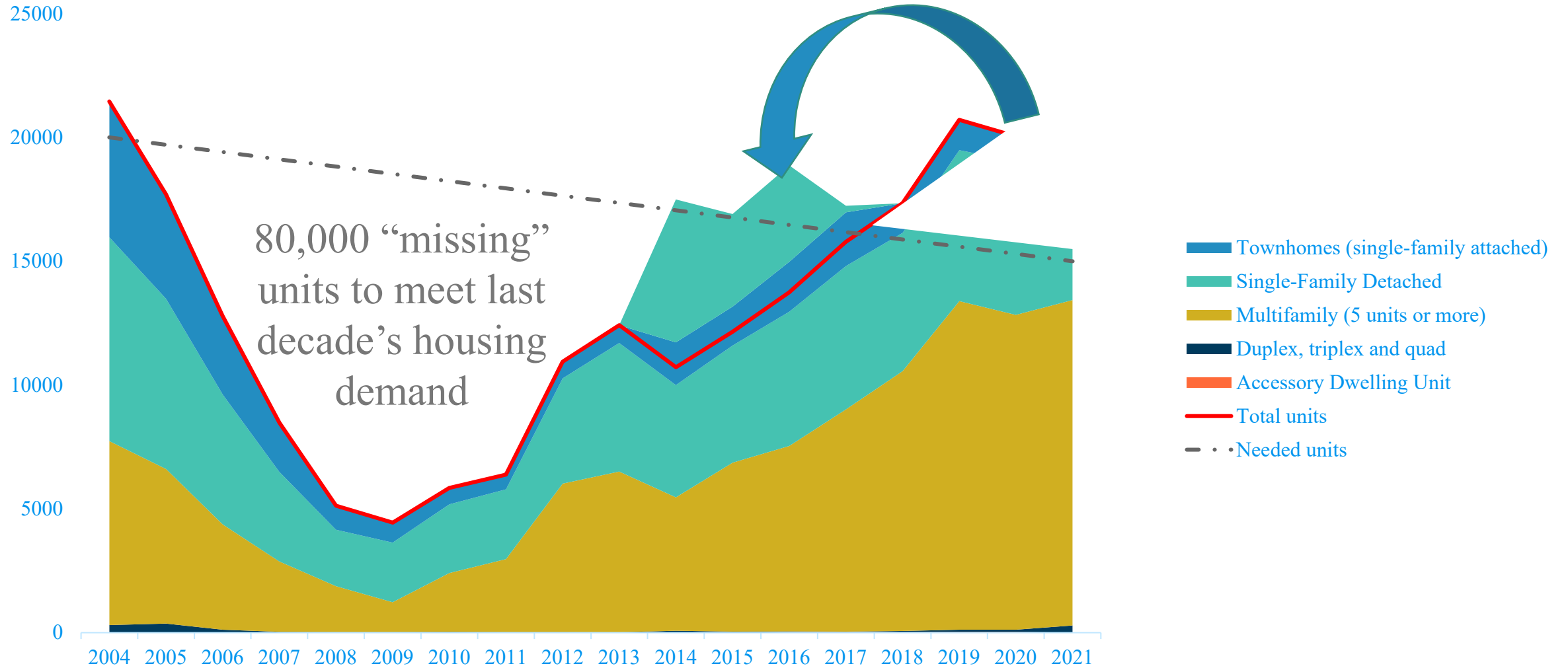


A thought experiment: Is the “excess production” filling the hole?

Source: 2004-2020 data from Metropolitan Council, Building Permits Survey; 2021 data from U.S. Census Bureau, Building Permits Survey



NEED FOR NEW HOUSING IN THE TWIN CITIES



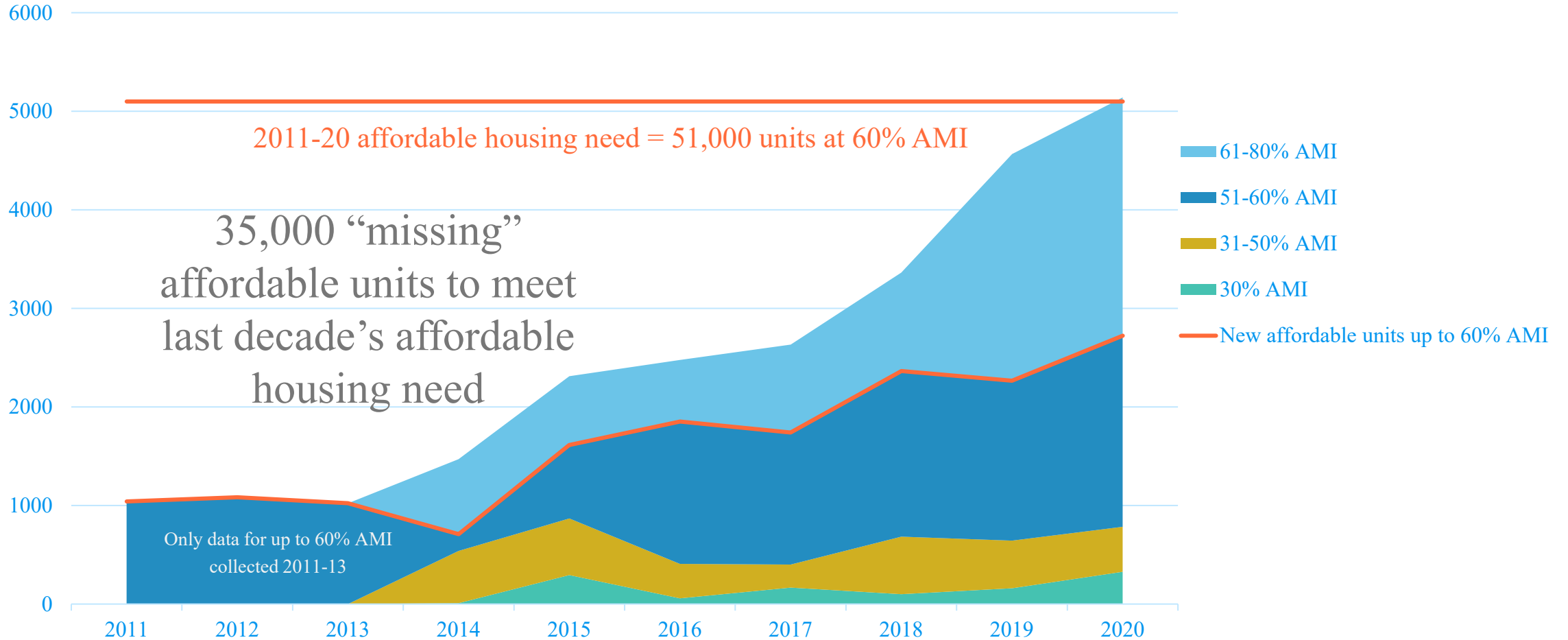
Source: 2004-2020 data from Metropolitan Council, Building Permits Survey; 2021 data from U.S. Census Bureau, Building Permits Survey

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LACK OF NEW AFFORDABLE HOUSING


NEW AFFORDABLE UNITS LAG FAR BEHIND NEED

New affordable units in the seven-county Twin Cities area



Source: Metropolitan Council, Housing Performance Scores Survey





**LOW HOMEOWNERSHIP
RATES AMONG
HOUSEHOLDS OF COLOR**

Hapag Lloyd

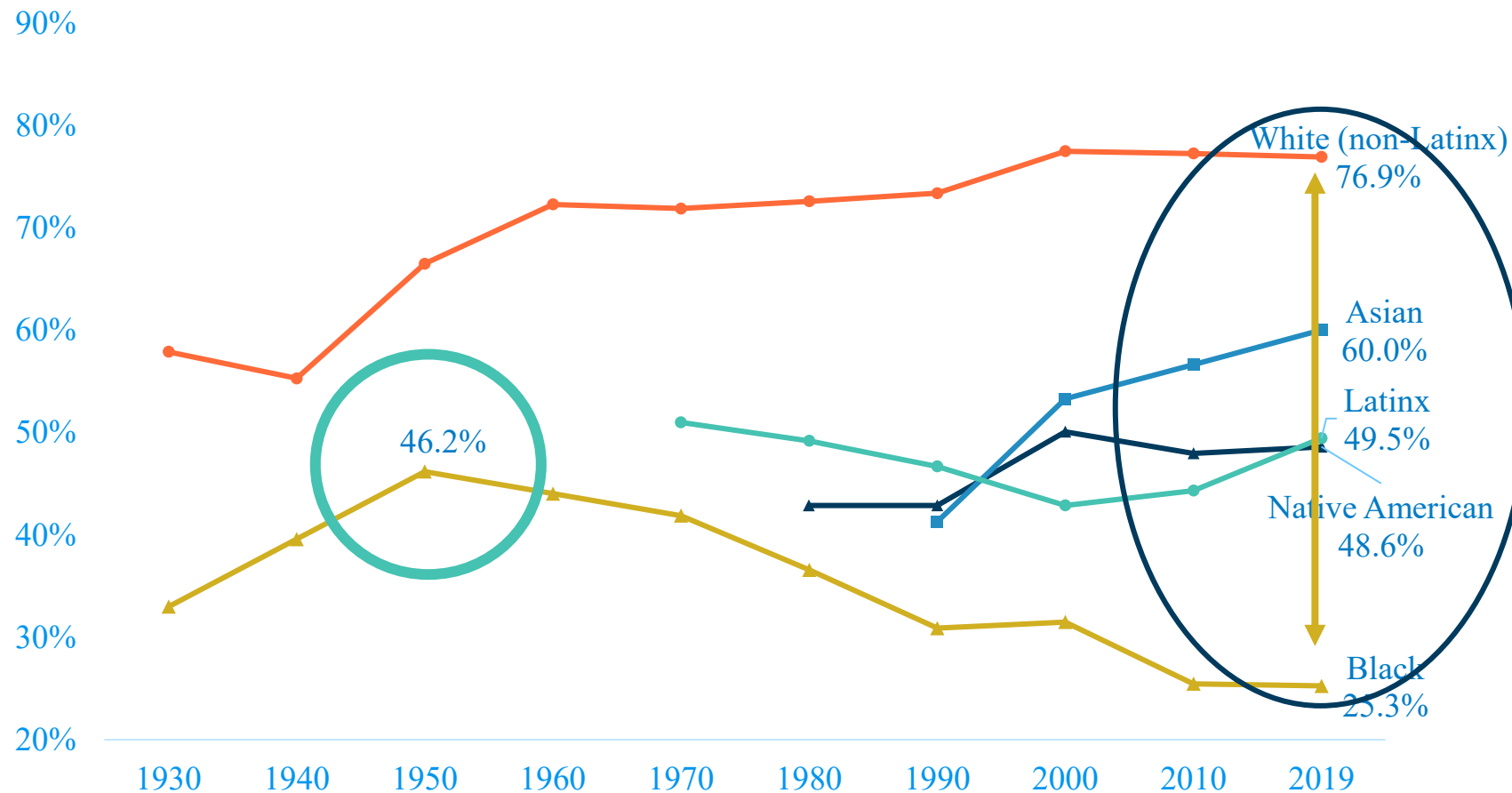
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GL

MAX GROSS 32 500 kg
71 650 lbs
TARE 4 010 kg
8 840 lbs

LOW HOMEOWNERSHIP AMONG HOUSEHOLDS OF COLOR

PEAK BLACK HOMEOWNERSHIP IN MINNESOTA IN 1950



- One of the highest homeownership rates
- Among the highest homeownership rates for White households
- One of the largest gaps between White households and households of color





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THANK YOU!

For more information: libby.starling@mpls.frb.org

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