



# FAMILY HOUSING FUND

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## **Housing availability and affordability shrinking in the Twin Cities**

*New report shows link between housing supply and the region's economic prosperity*

*Housing advocates and business leaders call for an increase in housing options for people at all income levels*

Minneapolis – A report released today by the Family Housing Fund reveals a significant shortage of housing for the region's workforce. The report, "Housing and Economic Growth in the Twin Cities Region," quantifies the critical link between housing supply and economic prosperity in the region.

The report shows that a number of cities across the country, including Austin, Nashville, and St. Louis, all boast housing options that are more affordable than what is available in the Twin Cities. Not only is housing in the Twin Cities less affordable than many other growing urban areas, the region is on a trajectory to becoming as expensive as places like Denver and Seattle.

According to the report, the Twin Cities is not producing enough workforce housing to meet the demand of the region's growing economy. The region is experiencing a significant shortage of housing that is affordable to low- and moderate-wage working people. Currently, one in five workers in the seven-county Twin Cities region are housing cost-burdened; those 374,259 workers are paying more than 30% of their income each month for housing costs.

It is projected that the Twin Cities will add more than 368,000 new jobs over the next 20 years, spurring demand for an estimated 176,710 net new housing units in the seven-county Twin Cities region to accommodate workers who will fill those new positions.

“Everyone needs a place to call home, and we know that stable and affordable housing is directly connected to positive health, education, and economic outcomes for the entire community,” said Ellen Sahli, President of the Family Housing Fund. “Housing affordable to people at all income levels is critical to a vibrant and sustainable regional economy. Unfortunately, it is increasingly difficult for much of our workforce to find housing they can afford in locations well connected to jobs, transportation, and services. If we do nothing, we risk losing much of what we love about the Twin Cities.”

To meet the demand created by the expected new job growth, the Twin Cities will need 176,710 new housing units by 2038. But from 2012-2017, the region produced an average of 10,874 units per year when the need was 14,368 units annually. That equals a gap of 3,495 housing units each year.

“The Twin Cities is falling short in producing enough housing to meet demand,” explained Lisa Sturtevant, President & Founder, Lisa Sturtevant & Associates, and author of the report. “There is an excess of housing affordable to people making \$85,800 or more, but there is a growing shortage of housing affordable to people under that income level. This is something we’ve seen in communities throughout the country, and we know that when the local workforce can’t find housing they can afford, the entire community suffers.”

The workers expected to fill new jobs in the region will be looking for more multifamily housing options (including townhomes, apartments, and condominiums) than single family homes. Approximately half of all rental housing will need to be at rents below \$1,250 to be affordable to future workers and 80% of housing ownership options will need to be priced below \$350,000 and will need to be built throughout the Twin Cities region, close to job centers.

“Local businesses are the backbone of our neighborhoods,” said Jim Roth, President and CEO of the Metropolitan Consortium of Community Developers, which provides technical assistance and small business loans to emerging entrepreneurs. “A reliable and stable workforce is critical to their growth and success. Local businesses are acutely feeling the pressures of our housing shortage.”

There are significant potential economic losses in the region if the Twin Cities fails to ramp up production of multifamily housing that is affordable to workers at all income levels:

- The housing shortfall could result in 48,344 fewer jobs in the region in 2038 than would have been possible with sufficient housing;
- The loss of jobs will be seen most acutely in the fields of Professional and Technical Services, Health Care and Social Services, Construction, and Administrative Support;
- The total economic loss associated with unrealized consumer spending in the region will be \$1.6 billion over the 20-year period; and
- Slower job growth could result in a loss to the Gross Regional Product of \$4.3 billion over the 20-year period.

“Housing should be considered part of our region’s economic infrastructure,” said Jonathan Weinhagen, President of the Minneapolis Regional Chamber. “When workers can’t find housing they can afford, the workforce shortage we are facing is made even worse. Business leaders, lawmakers, philanthropists and other advocates must come together to reach solutions at a state level, while also spurring innovation in our communities to lower the cost of housing and help Minnesota achieve its full potential.”

“No one can solve this problem alone, but we all have a role to play,” said Sahli. “We hope this report will serve as a wakeup call to all of us, as we contemplate and plan for our region’s future.”

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