



September 20, 2021

Property Ownership in Minneapolis: Racialized Gaps & Investment Holdings

Research findings



Metropolitan Housing and Communities Policy Center

Introductions



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SHAPE DECISIONS, AND OFFER
SOLUTIONS THROUGH ECONOMIC
AND SOCIAL POLICY RESEARCH.**

Research this presentation is based on...



RESEARCH REPORT

Who Owns the Twin Cities?

An Analysis of Racialized Ownership Trends in Hennepin and Ramsey Counties

Yonah Freemark

Eleanor Noble

Yipeng Su

June 2021

What Does the Rise in Single-Family Rentals Mean for the Twin Cities?

Implications for equitable housing and ownership opportunities

Yonah Freemark, Eleanor Noble, and Yipeng Su

WHY ARE SINGLE-FAMILY RENTALS ON THE RISE?

Large-scale investment in single-family homes has been common throughout US metropolitan areas since the Great Recession.

Over the past 15 years, the Twin Cities real-estate market has been transformed by the rise of single-family rental (SFR) units—stand-alone homes that, rather than being owned by their residents, are rented out (often by large corporate investors). Growth in SFRs isn't unique to the Twin Cities, but the area's rise in SFRs has coincided with declining homeownership among residents, a widening Black-white homeownership gap, and a growing number of corporate landlords.

Understanding the Black-White Homeownership Gap in the Twin Cities

Who is experiencing the most harm, and what strategies can help?

Yonah Freemark, Eleanor Noble, and Yipeng Su

WHAT FACTORS ARE CONTRIBUTING TO THE GROWING BLACK-WHITE HOMEOWNERSHIP GAP?

Rising poverty levels, caused in part by broader economic inequities that limit the wealth of people of color, make it difficult for some families to pay for basic needs such as food and shelter, let alone a down payment on a home.

During the Great Recession, Black,

Homeownership offers an avenue for families to build wealth and find stability in a community. But access to homeownership in the Twin Cities, just as in the rest of the United States, is not equitably distributed. In fact, the Twin Cities region has the largest Black-white homeownership gap in the country, and that gap is growing. This stark divide, which is rooted in historical and ongoing housing and economic discrimination, limits wealth-building opportunities for the region's hundreds of thousands of Black residents.

We examined homeownership trends in Hennepin and Ramsey Counties between 2000 and 2018 to explore what factors may be contributing to the Black-white ownership gap, where the gap is expanding most quickly, and how local policymakers can promote Black homeownership and wealth-building opportunities.

Our Partners



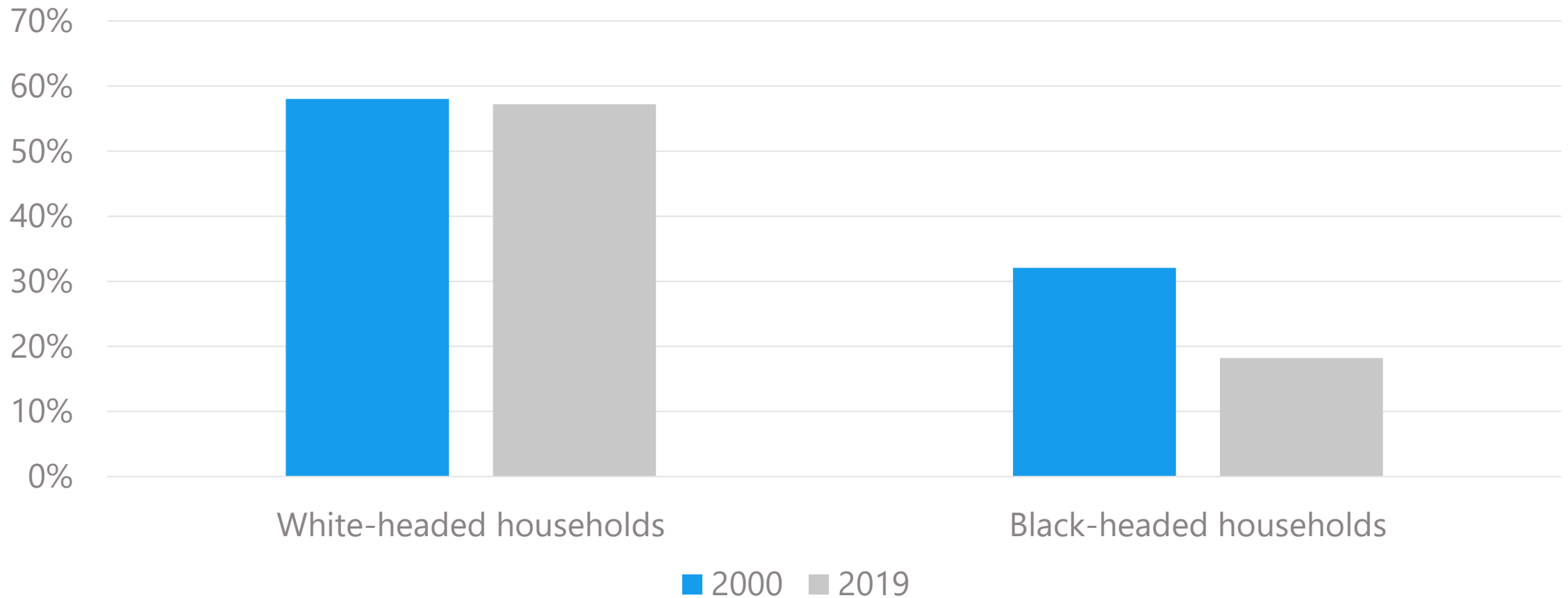
McKNIGHT FOUNDATION

Agenda

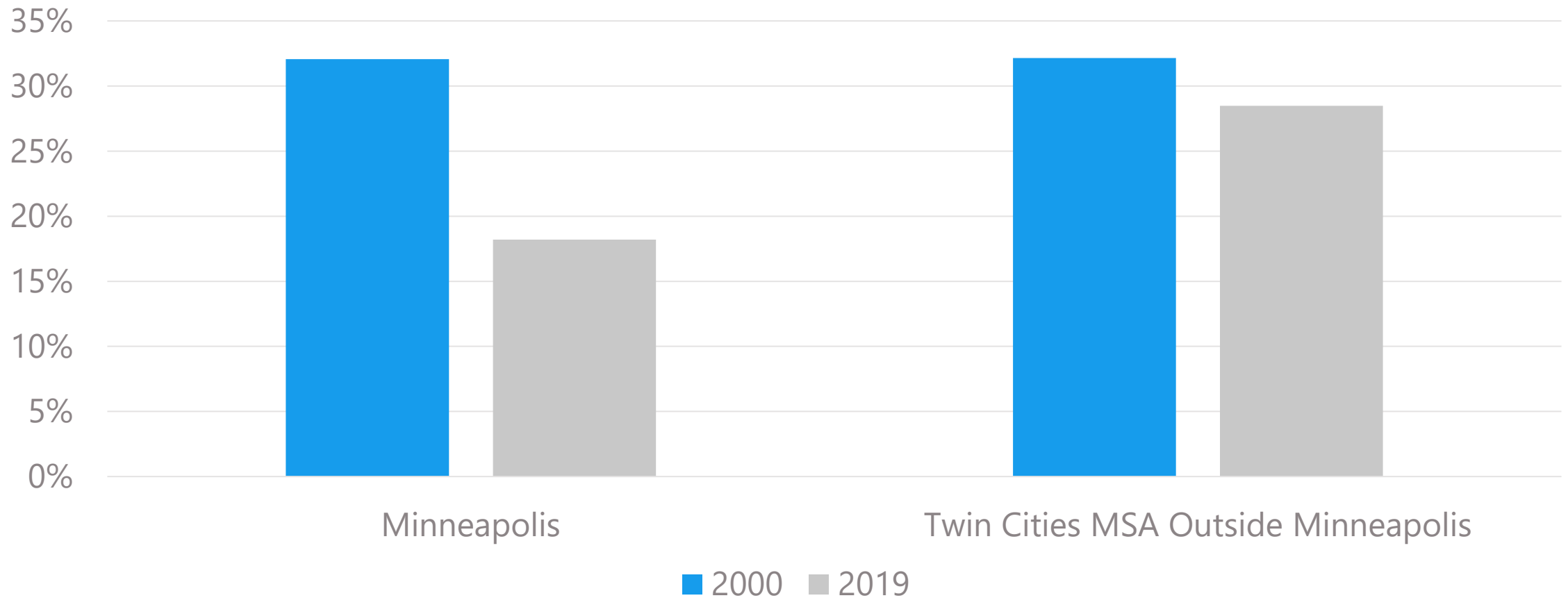
- The racialized gap in homeownership in Minneapolis
- The rise of single-family rentals
- Increases in investment ownership
- Q&A

The Black-white homeownership gap

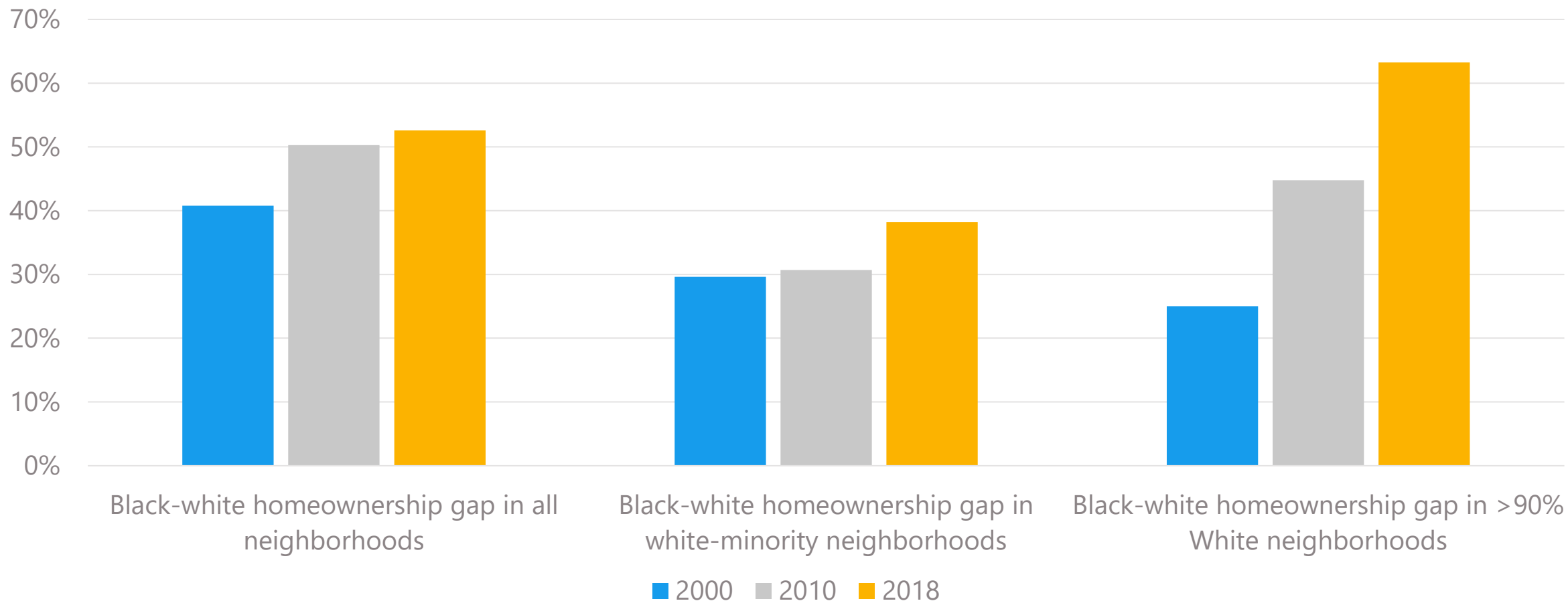
White families have consistently higher homeownership rates overall, and over time in Minneapolis



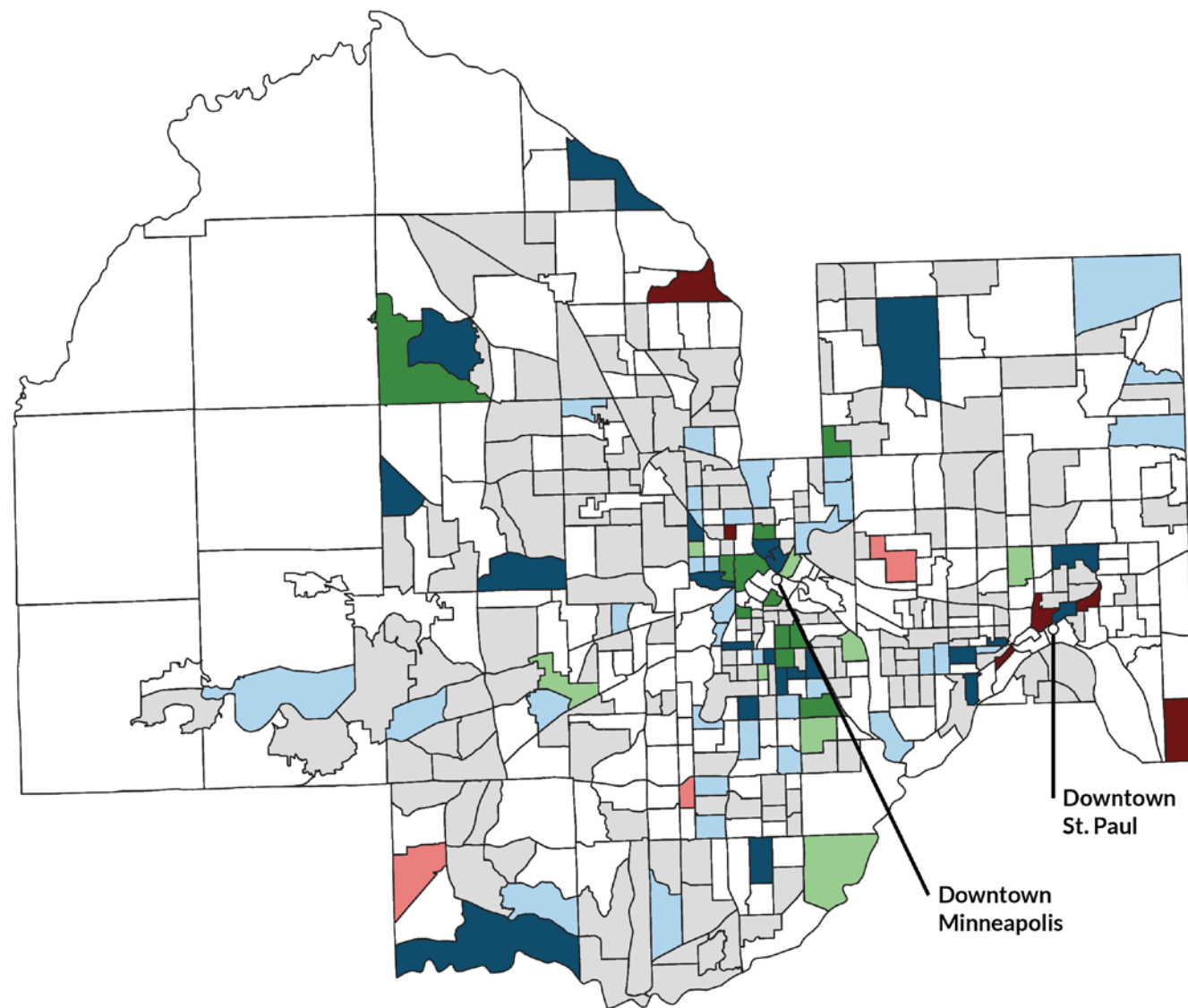
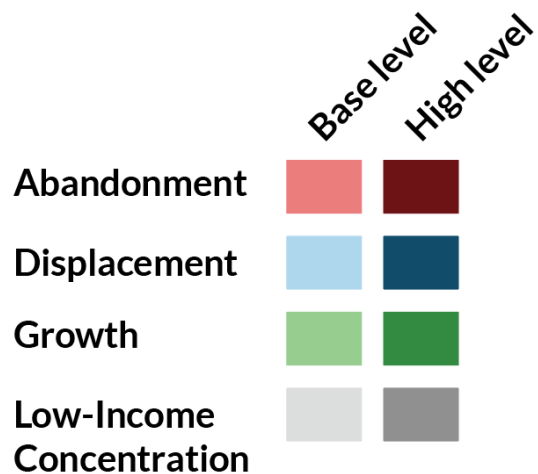
Declining Black homeownership is a bigger concern in Minneapolis than the Twin Cities overall



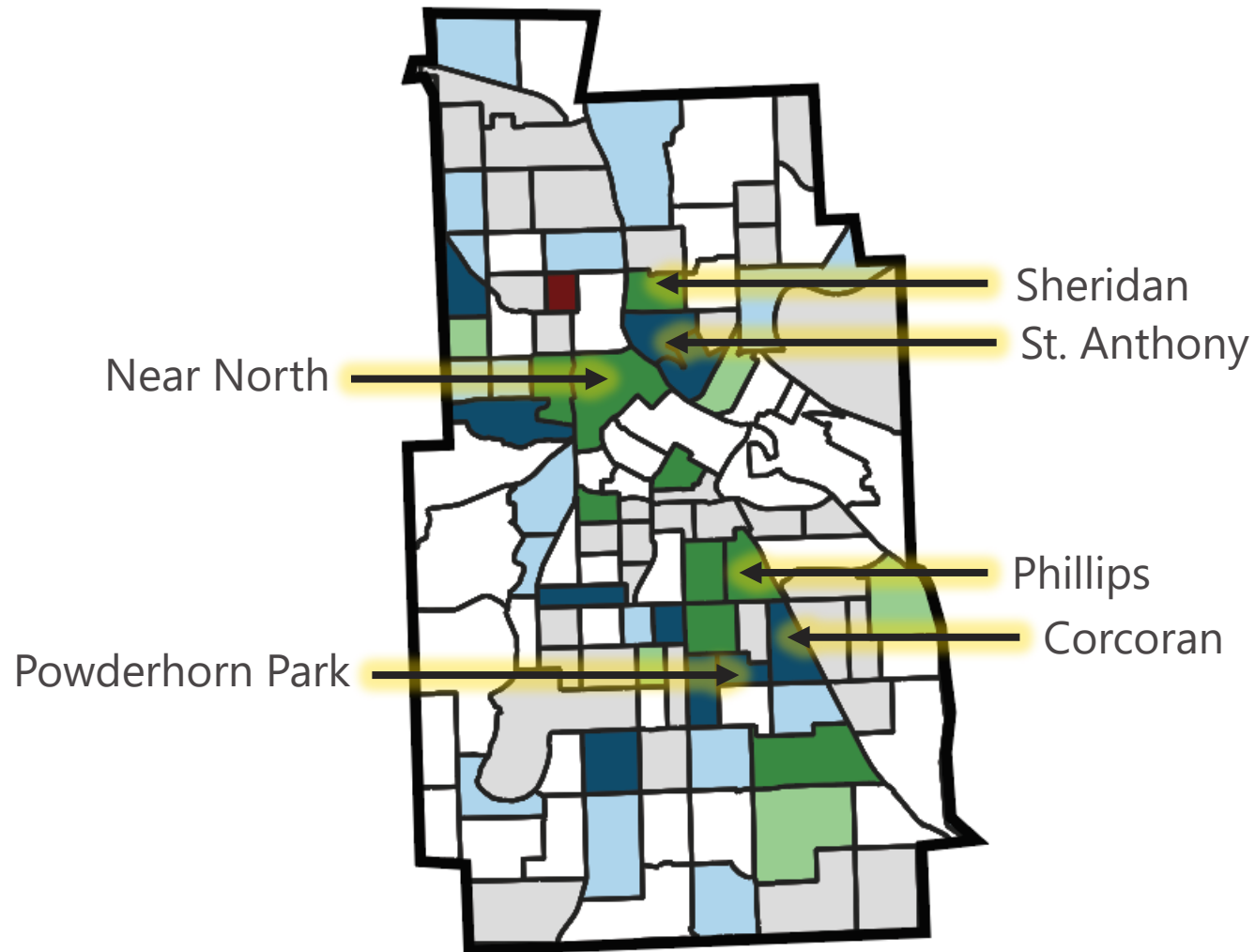
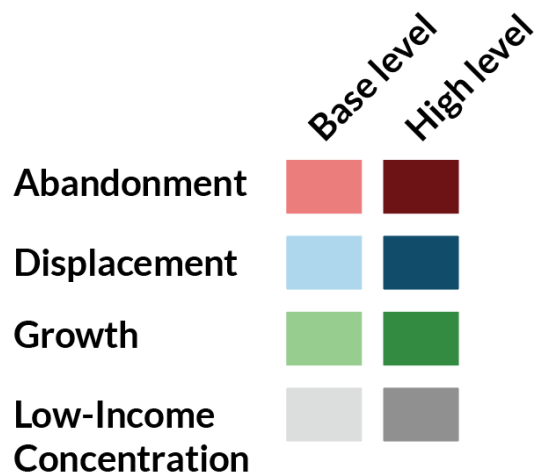
The gap is worsening in the Twin Cities overall—particularly in largely white neighborhoods



Neighborhoods experiencing growth and displacement are concentrated in central Minneapolis



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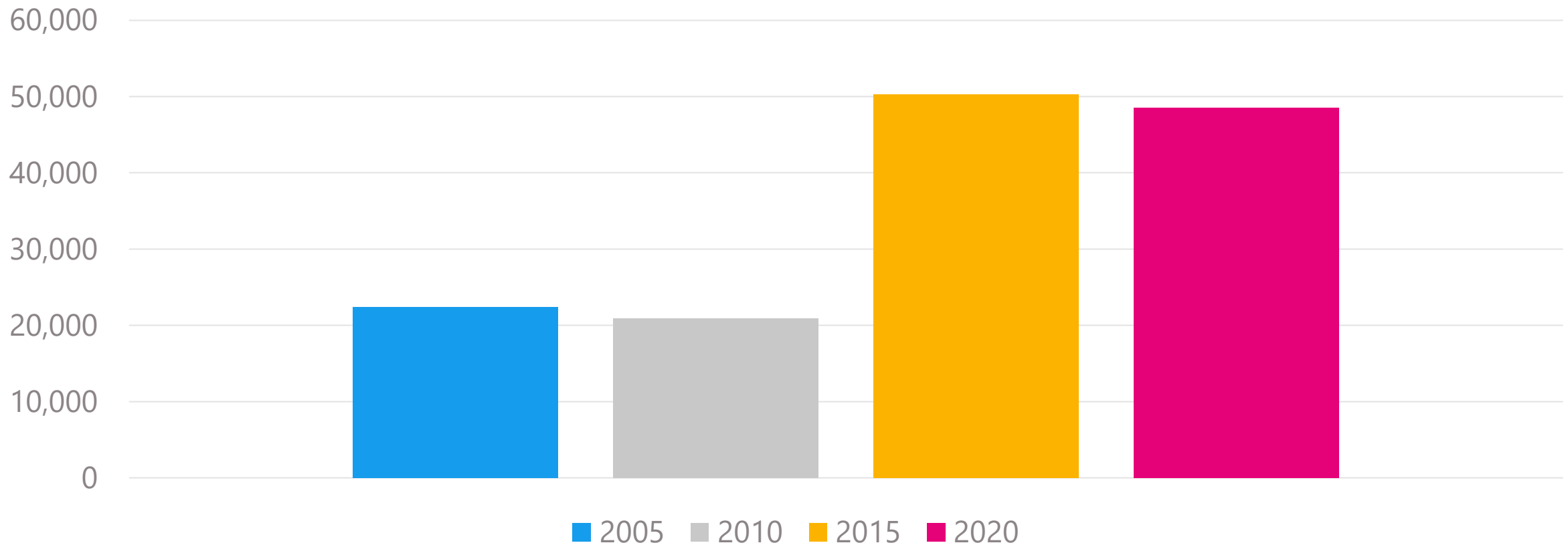
“Displacement” neighborhoods have suffered greatest increase in Black-white homeownership gap

- In such communities, the gap increased by >10% points over the past two decades
- Median rent increased by 18% over that period
- **Such neighborhoods are negatively impacting *both* low-income renters *and* homeowners of color**

The rise of single-family rental homes

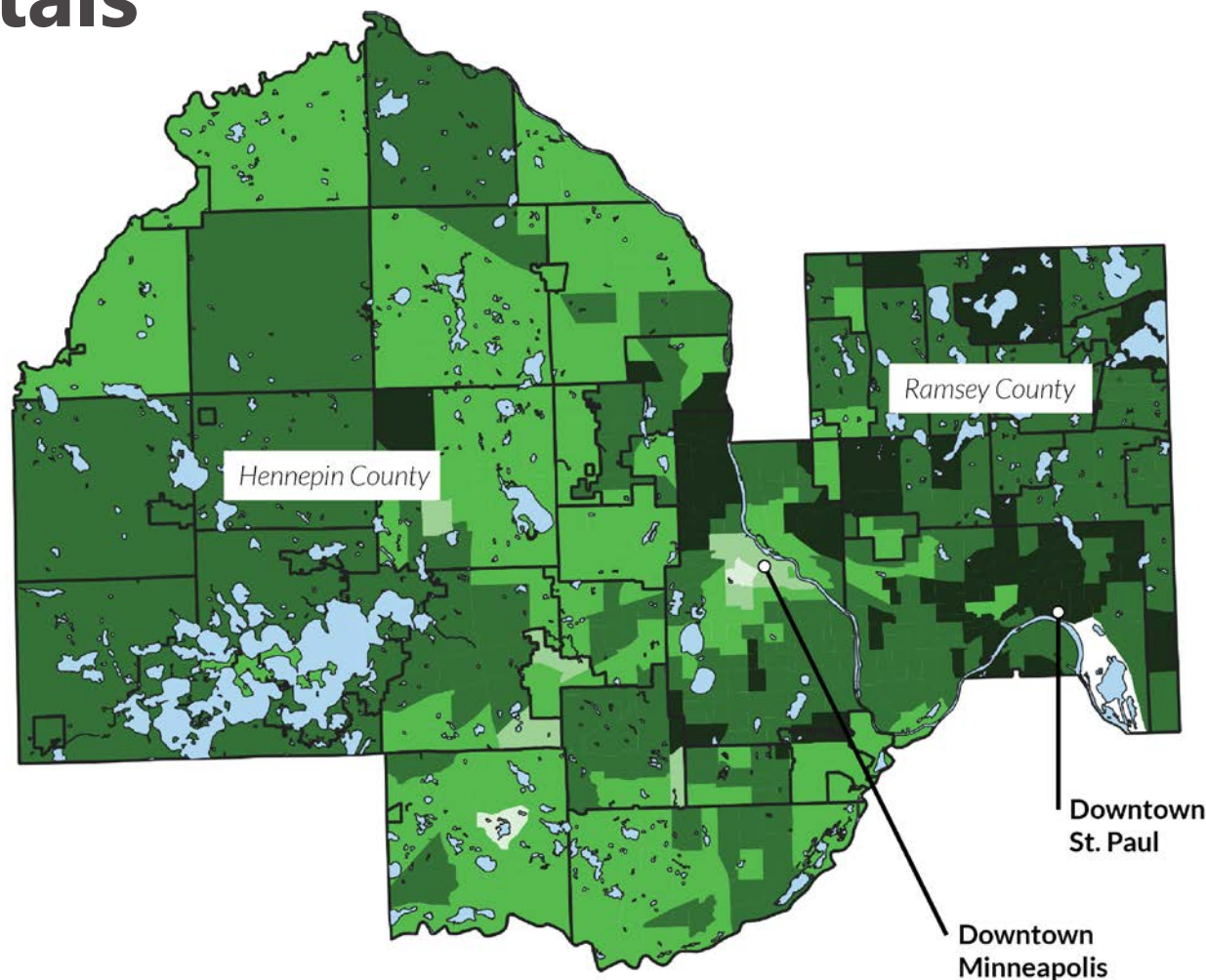
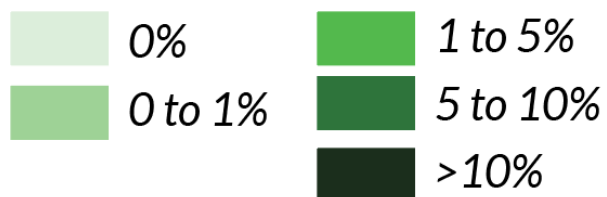
Single-family rentals are on the rise throughout the Twin Cities

Single-family rental units



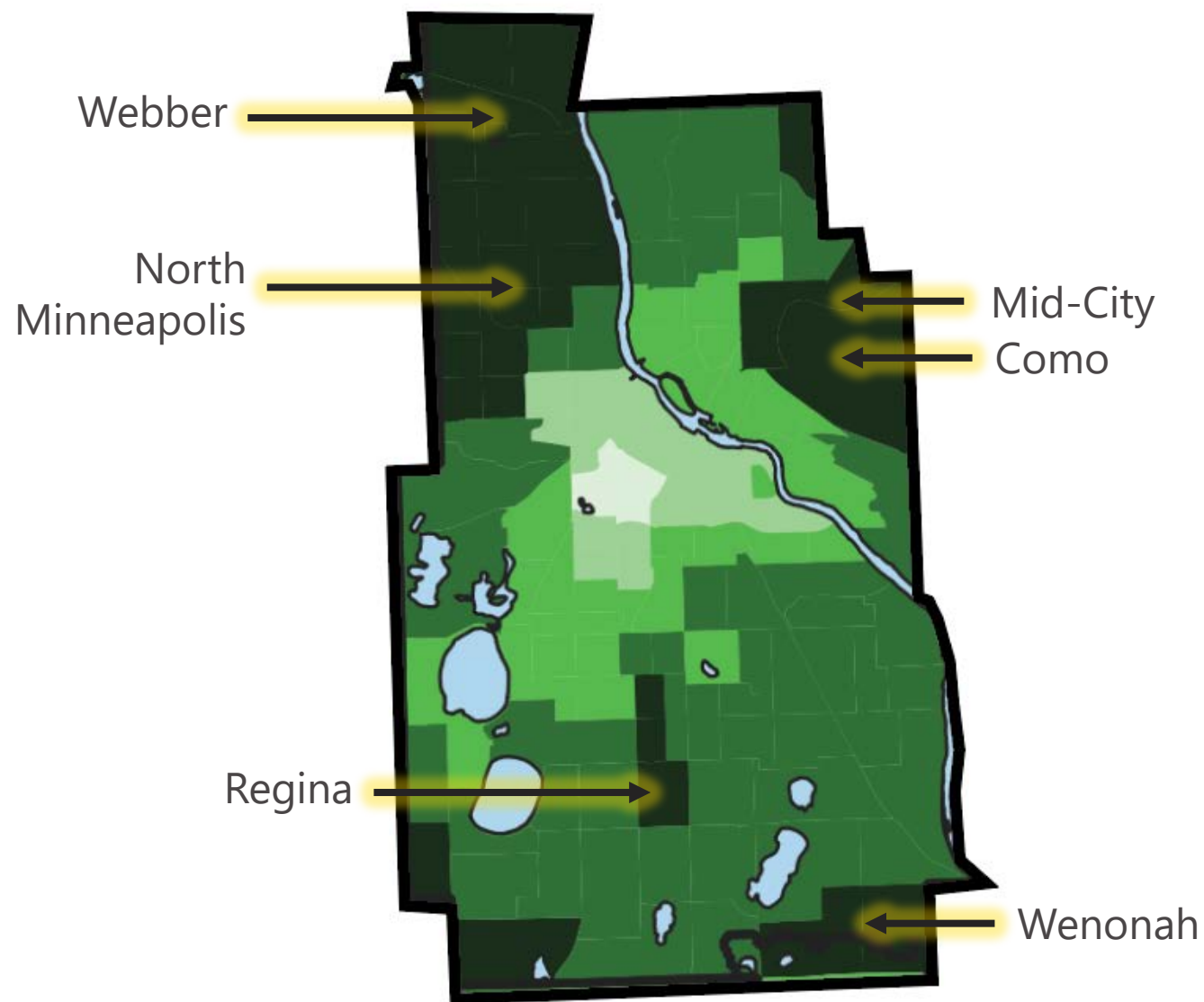
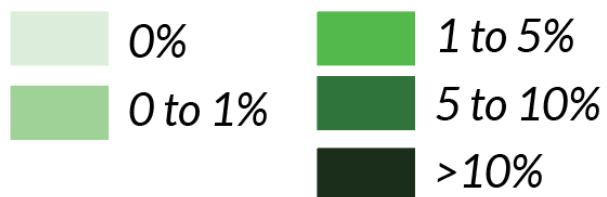
Neighborhoods throughout the region see high levels of single-family rentals

Share of housing units that are rented and single-family, 2020



Single-family rental units are distributed away from the city center

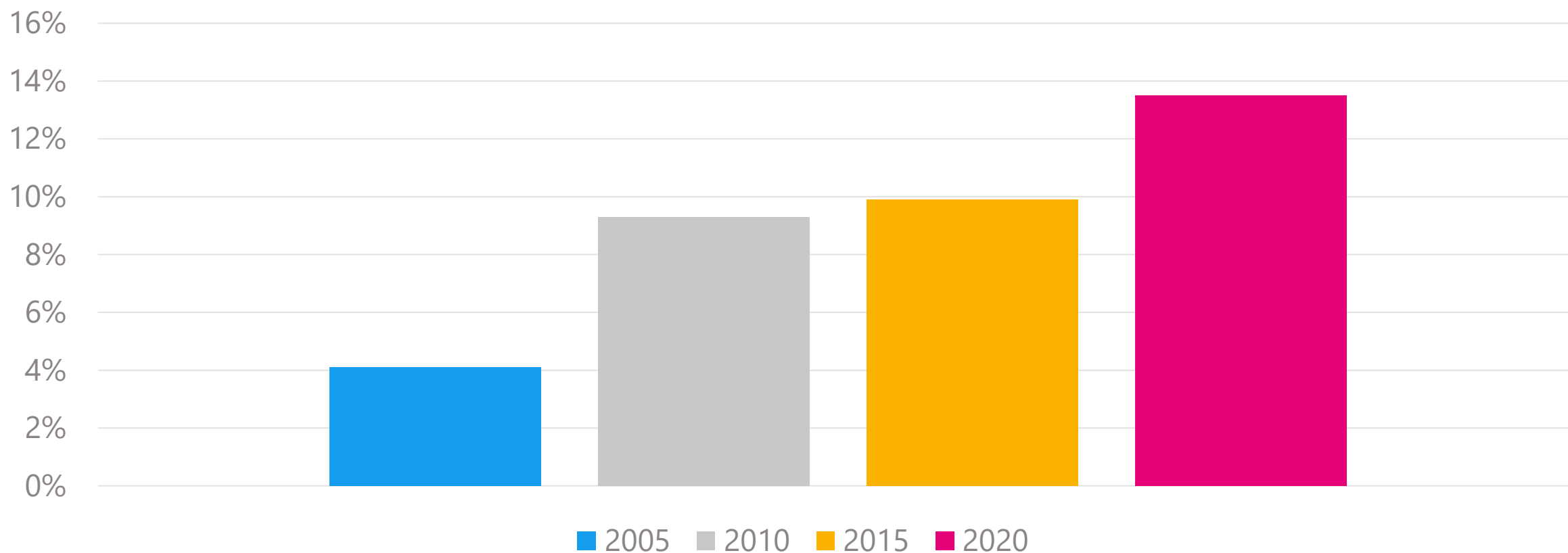
Share of housing units that are rented and single-family, 2020



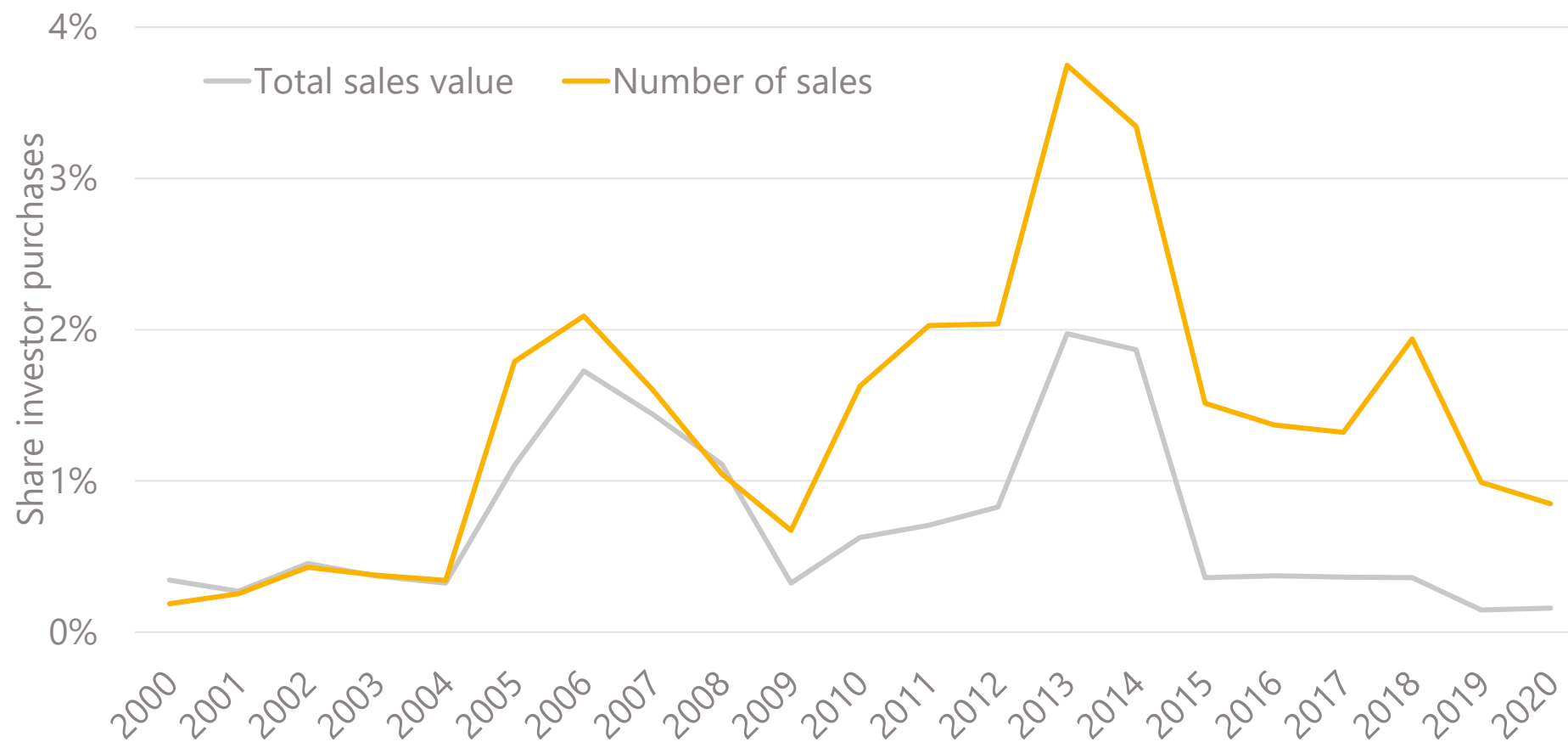
Increasing corporate investment

Investor ownership of single-family rentals rose from 4% to almost 14% in Hennepin & Ramsey Counties

Share SFR owned by investor with 3+ units

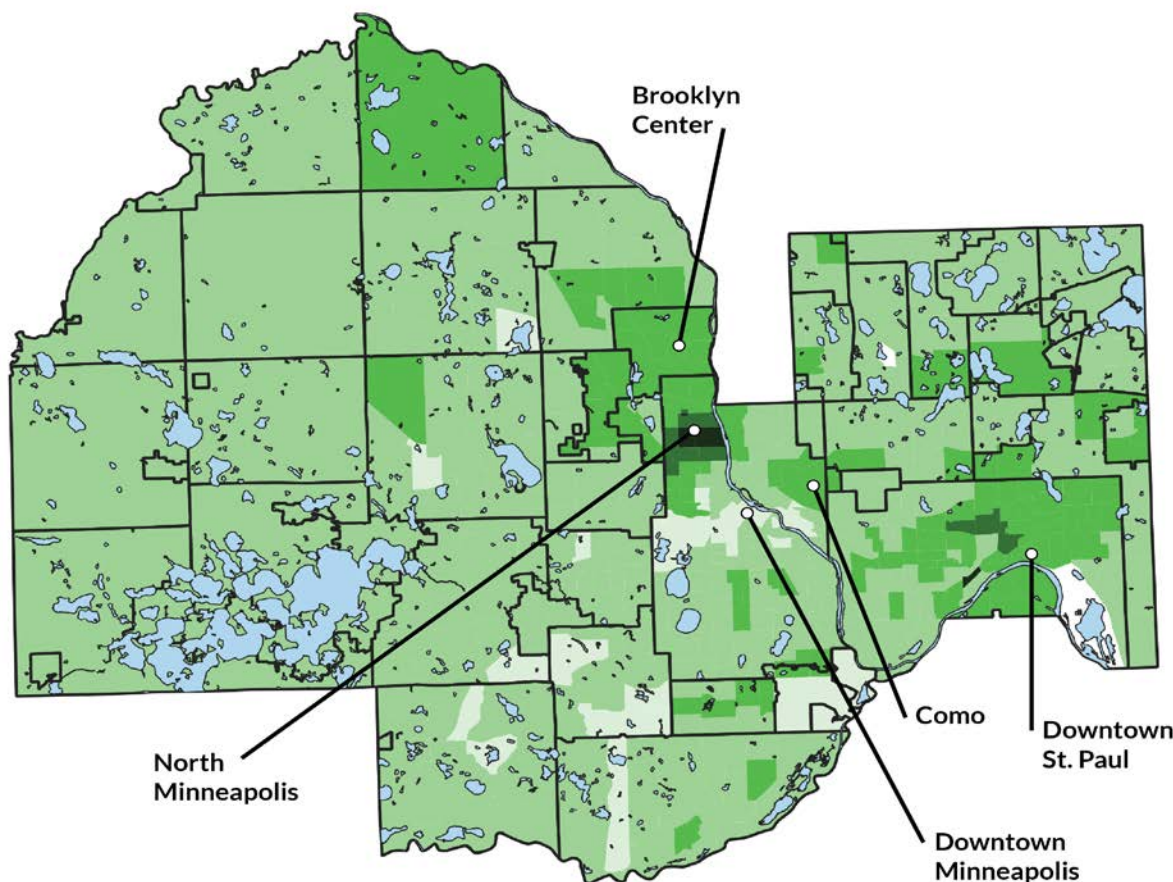
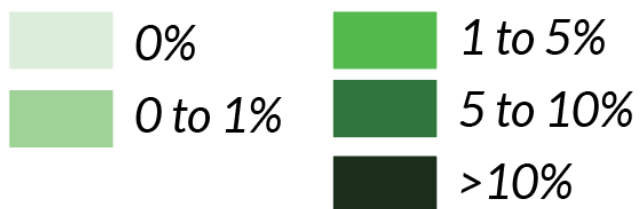


Investors took advantage of the Great Recession to buy homes—and did so at a cut-rate price



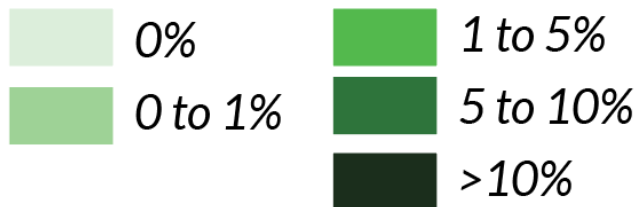
Investor-owned properties are uncommon in most parts of the Twin Cities

Share of housing units owned by investor landlords, 2020



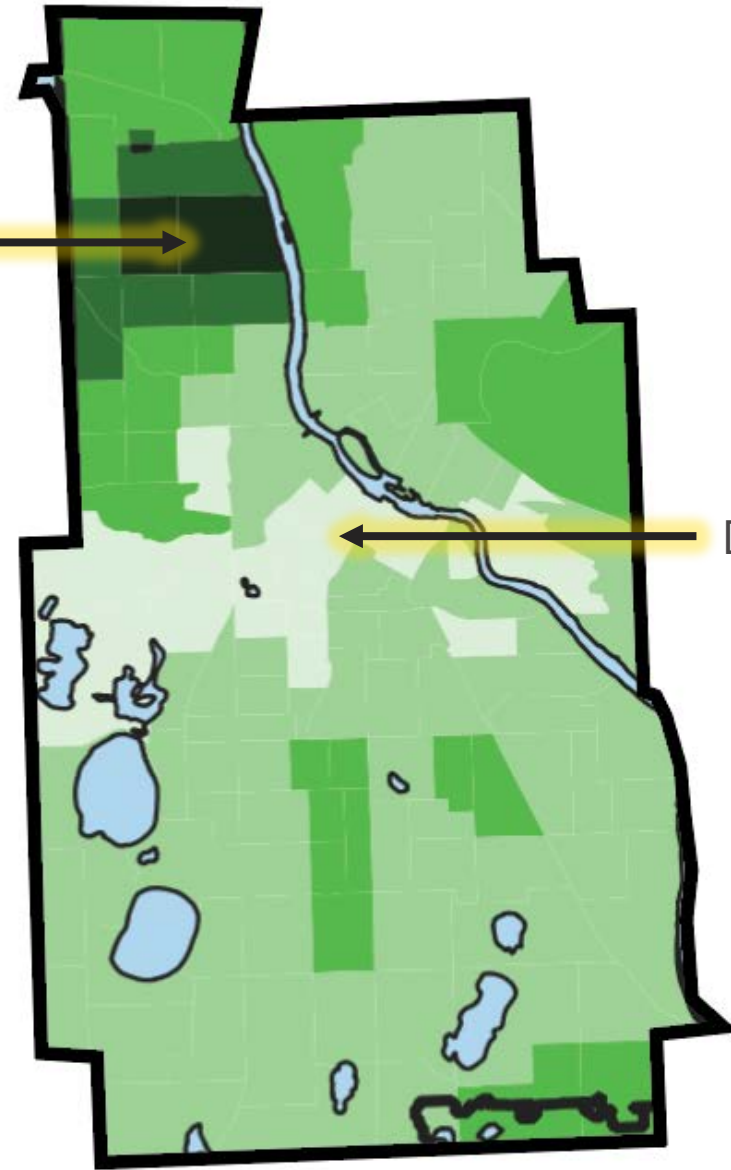
Investor properties are heavily concentrated in North Minneapolis

Share of housing units owned by investor landlords, 2020

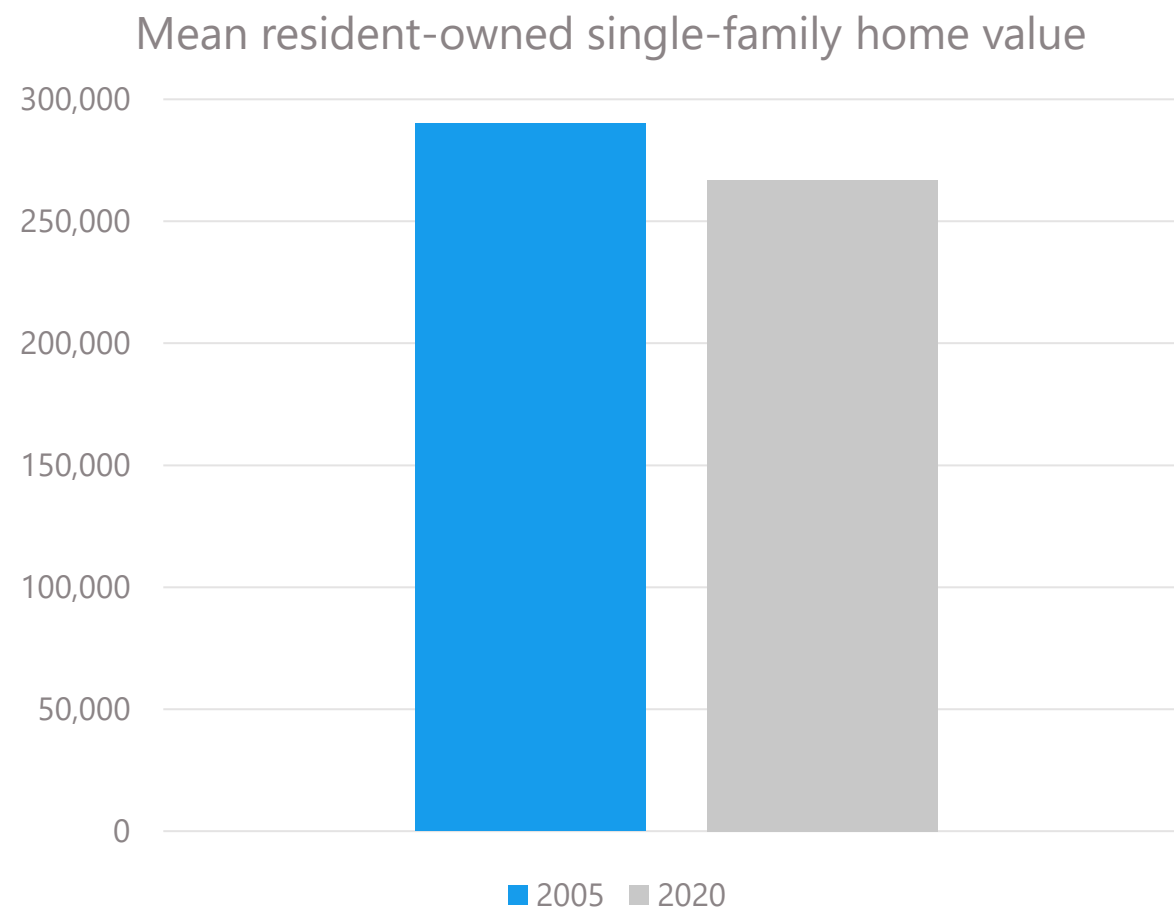
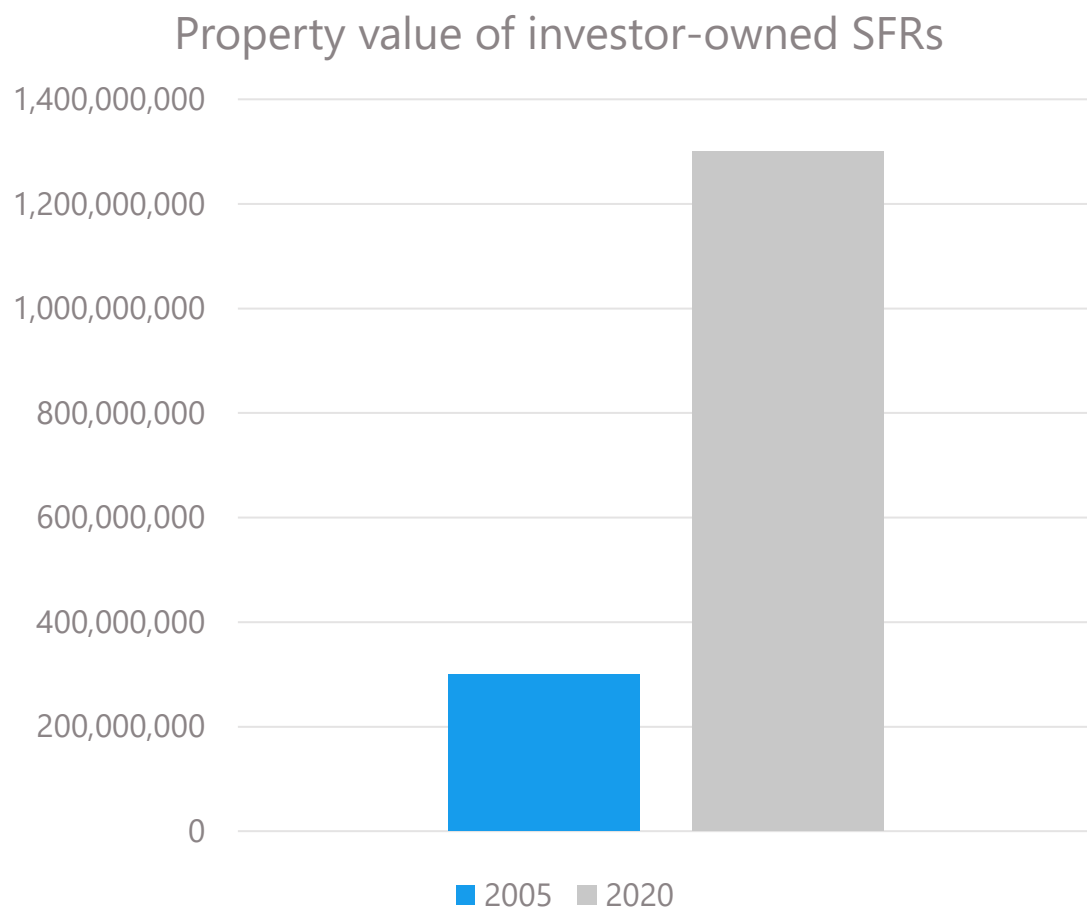


Folwell and
McKinley

Downtown



Investors control \$1 billion more in value than they did in 2005—even as resident-owned homes declined in value



Recommendations to expand equitable housing access in the Twin Cities

- Develop solutions for both renters and homeowners in gentrifying neighborhoods to allow people to stay in place.
- Provide enhanced assistance to prospective homebuyers and existing homeowners.
- Offer opportunities for rent-to-buy.

Q&A