September 20, 2021

Property Ownership in Minneapolis: Racialized Gaps & Investment Holdings

Research findings

Metropolitan Housing and Communities Policy Center
Introductions

Yonah Freemark
Senior Research Associate,
Metropolitan Housing and Communities
Urban Institute
yfreemark@urban.org
About the Urban Institute

- The Urban Institute is the trusted source for unbiased, authoritative insights that inform consequential choices about the well-being of people and places in the United States. We are a nonprofit research organization that believes decisions shaped by facts, rather than ideology, have the power to improve public policy and practice, strengthen communities, and transform people’s lives for the better.

- The views expressed are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

OUR MISSION IS TO OPEN MINDS, SHAPE DECISIONS, AND OFFER SOLUTIONS THROUGH ECONOMIC AND SOCIAL POLICY RESEARCH.
Research this presentation is based on...

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

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

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 and 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 homeownership gap, where the gap is expanding most quickly, and how local policymakers can promote Black homeownership and wealth-building opportunities.
Our Partners

- The Alliance
- Center for Economic Inclusion
- Family Housing Fund
- 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.
Neighborhoods experiencing growth and displacement are concentrated in central Minneapolis.

“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

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

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

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

- 0%
- 0 to 1%
- 1 to 5%
- 5 to 10%
- >10%

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

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

0%  
0 to 1%  
1 to 5%  
5 to 10%  
>10%

Investor properties are heavily concentrated in North Minneapolis

Share of housing units owned by investor landlords, 2020

- 0%
- 0 to 1%
- 1 to 5%
- 5 to 10%
- >10%

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