

Addressing Exclusionary Zoning in Minnesota

SF 915 (Draheim)/HF 1840 (Elkins)

Bill Description

SF 915 is the first major step toward addressing the exclusionary impacts of zoning in Minnesota that have dominated much of our housing market for the past several decades. In its earliest days, zoning was used as a tool to restrict access to homeownership opportunities for people of certain races and ethnicities. While those blatant exclusionary tactics have been ruled illegal, contemporary zoning policies still exclude too many buyers based on the high cost of compliance. Zoning controls in many growing communities are designed to ensure larger homes on larger lots, which too few Minnesotans can afford.

Ending Zoning By Loophole

Decades ago, Planned Unit Development Agreements (PUDs) were meant to be the exception to the rule, allowing builders a variance from zoning standards when the established zoning didn't align with community growth objectives. Today, suburban communities approve virtually all new housing projects through the one-off PUD process, leading to higher costs and less affordably-priced housing.

The PUD process almost always includes cost-driving terms and conditions like exterior aesthetic requirements, big lots, big garages and big homes, expensive tree replacement plans, elaborate park systems, and a host of fees and exactions – some of which have been stricken down by the Minnesota Supreme Court as illegal.

Why These Changes Are Desperately Needed

- The MSP region has the worst housing affordability in the Midwest. The median existing home price is \$305,000. The median new home price is \$430,000.
- Our inventory of homes is among the worst in the country, currently sitting at less than 1 month. A healthy market would have 5-6 months.
- Our housing equity gap is one of the largest in the country with 76% of white households owning their home, but only 25% of black households owning their home.

Why SF 915 Increases Housing Availability and Affordability

The only fix for our ailing housing market is a sustained surge of newly built homes, primarily those priced modestly. SF 915 takes a regional approach to housing and returns affordability and access into the housing market equation. With this legislation, more starter homes can be built, and more Minnesotans will be able to access the dream of homeownership.