



Minnesota Advisory Committee to the U.S. Commission on Civil Rights

Examining Fair Housing and Equal Access to Housing Opportunities in Minnesota

State officials in Minnesota have long recognized the persistent challenge to adequately address housing needs, particularly impacting vulnerable populations for several decades. Over time, Minnesota has consistently fallen short in providing housing for low-income families. This [report](#) by the Minnesota Advisory Committee, examines fair housing and equal access to housing opportunities; and any disparities impacting federally protected groups using the state housing agency's, [Minnesota Housing Finance Agency, 2020-2023 strategic plan](#) to identify notable civil rights concerns.¹

Which communities are affected by housing issues in Minnesota?

Virtually everyone in the state is impacted by housing issues to some extent. Minnesota has a significant housing gap of approximately 104,000 homes. The Twin Cities region bears much of the burden with an estimated shortage of 50,000 homes. The shortage of homes in Minnesota stems from a historical mismatch between the supply of housing and the growing unmet demand for housing, exacerbated by a growing population. This shortage has led to effectively zero percent vacancy rates for rental homes affordable to low-income households. For extremely low-renter households, there is roughly a shortage of 104,000 homes. This scarcity has disproportionately burdened owners and renters, with households of color experiencing a higher rate of cost burden compared to White households.

Minnesotans seeking homeownership also experience cost burdens as median sale prices for single family homes went up by 46 percent between 2017 to 2022. Racial disparities in homeownership persist, with significantly lower rates among Native American (50 percent) and Black (31 percent) households compared to White (78 percent) households in Minnesota.

What are the potential barriers to ensuring equitable access to affordable housing and achieving fair housing?

The following phenomena, among others, are cited as

Key points:

- Minnesota faces a shortage of 106,000 homes ranking among the top 10 states with the most severe housing shortages.
- Racial disparities in homeownership persist, with significantly lower rates among Native American (50 percent) and Black (31 percent) households compared to White (78 percent) households in Minnesota.
- It is legal for state landlords to refuse to rent to housing applicants based on how they intend to pay for rent.
- Communities with strict zoning requirements tend to have higher home prices, rent growth, and impact homelessness than those with more permissive zoning laws.

potential barriers to ensuring equitable access to affordable housing and achieving fair housing in Minnesota.

Testimony indicated that *source of income discrimination* poses a significant barrier to ensuring equitable access to affordable housing for certain protected groups. Currently, it is legal for state landlords to refuse to rent to housing applicants based on how they intend to pay for rent. In Minnesota, this becomes an issue of racial equity, as 44 percent of Housing Choice Voucher assistance recipients are Black or African American. Similarly, individuals with disabilities are vulnerable to housing instability.

While federal law does not classify income as a protected class, protections for individuals using housing assistance have been enacted at the state and local levels across the country. Currently, 21 states and over 90 local municipalities have implemented source of income protections against discrimination. In Minnesota, Saint Paul and Minneapolis stand as the only cities in Minnesota that prohibit discrimination among renters who use any rent subsidies to pay for housing.

Landlords frequently rely on *tenant screening tools* to review tenant applications to objectively mitigate the risk of renting to potential tenants. These screening companies utilize proprietary algorithms that consider various criteria such as

¹ Full and complete citations can be found in the report.

eviction filings, criminal records, and credit history to produce a risk score or recommendation for landlords. The opacity of these algorithms can obscure intentional discrimination by concealing whether they improperly rely on data about protected classes, making disparate impact claims difficult to prove. The reliance on big data in the tenant selection process disproportionately impacts the BIPOC community as they are more likely to be renters.

The *geographic location and availability of housing* has important consequences for residents. Racial and socioeconomic segregation have historically been associated with a lack of access to opportunity. By confining historically disadvantaged or discriminated groups, researchers have found that residential segregation has been empirically demonstrated to reduce individuals' ability to enter social networks of opportunity, including in schools and workplaces. Testimony indicated that segregation persists in Minnesota and is perpetuated by the geographic allocation of subsidized housing. Most affordable housing in the state has been built in the urban core cities of Minneapolis and Saint Paul.

Affordable housing construction has not been distributed equally across Minnesota because of zoning restrictions. Though some cities have loosened zoning restrictions to allow for a greater density of units or more unit types including Accessory Dwelling Units, other municipalities have not done so. Stringent requirements effectively create barriers to building a more diverse supply of housing which exclude lower-income individuals and families, thereby reinforcing economic and racial segregation. Housing providers report neighborhood resistance, sometimes manifested through zoning regulation or local review of affordable housing proposals.

Zoning laws wield significant influence over housing disparities and economic mobility. Communities with strict zoning requirements tend to have higher home prices, rent growth, and levels of homelessness than those with more permissive zoning laws. These disparities are particularly pronounced in the Twin Cities metro area, where the distribution of affordable housing presents a challenge to economic advancement, notably for lower-income individuals and BIPOC communities.

What role does the Affirmatively Furthering Fair Housing rule play in ensuring access to housing?

The Affirmatively Furthering Fair Housing (AFFH) rule, established in 2015 by HUD, aimed to bolster the Fair Housing Act's (FHA) mandate. The AFFH rule required communities receiving federal housing funds to scrutinize their housing patterns for discrimination and segregation, aligning with the FHA's objective of fostering fair and inclusive housing practices. This rule requires communities to develop strategies to dismantle barriers to fair housing, like zoning ordinances that perpetuated segregation or inadequate access to affordable housing.

Recommendations (selected):

The U.S. Congress should:

- Expand the Fair Housing Act to bar discrimination on the basis of source of income.
- Increase funding of the housing choice voucher Section 8 program to encourage homeownership in Minnesota.
- Strengthen the Affirmatively Furthering Fair Housing provision within the Fair Housing Act.
- Pass legislation to fund universal rental assistance.
- Pass legislation to establish protections for renters.

The Minnesota Governor should:

- Review all housing policies to emphasize that housing is a gateway for services, jobs, education, etc.
- Work to ensure that affordable housing units are available in all geographies throughout the state to allow Minnesotans to maximize housing choice.

The Minnesota Housing Finance Agency should:

- At a minimum, incorporate the full scope of federal civil rights laws, especially language similar to the Affirmatively Furthering Fair Housing mandate of the Fair Housing Act into future strategic plans and agency objectives.

The Minnesota Legislature should:

- Pass legislation to fund universal rental assistance.
- Pass tenant protections and tenant supportive measures.
- Amend the Minnesota Human Rights Act to clarify that housing discrimination based on a person's source of income is illegal.
- Pass legislation to ensure housing agencies provide services to a minimum standard as determined by a statewide policy.
- Pass legislation to create statewide uniformity around property rights to allow more housing production.



Policy Brief

The U.S. Commission on Civil Rights (Commission) is an independent, bipartisan agency established by Congress and directed to study and collect information relating to discrimination or a denial of equal protection of the laws under the Constitution because of race, color, religion, sex, age, disability, national origin, or in the administration of justice. This product is part of the Minnesota Advisory Committee's study, Examining Fair Housing and Equal Access to Housing Opportunities in Minnesota. This policy-oriented summary of the published report is intended to aid stakeholders seeking solutions to this complex issue. You can find the full report here: https://www.usccr.gov/files/2025-01/mn-sac-access-to-affordable-housing-report_0.pdf.