

# BUILD MORE HOMES IN MSP

## TO SECURE A PROSPEROUS FUTURE FOR OUR REGION

The Minneapolis-St. Paul (MSP) region is home

to many assets and amenities:



3 million residents



World-class universities and colleges



Renowned parks systems



Vibrant art and music scene



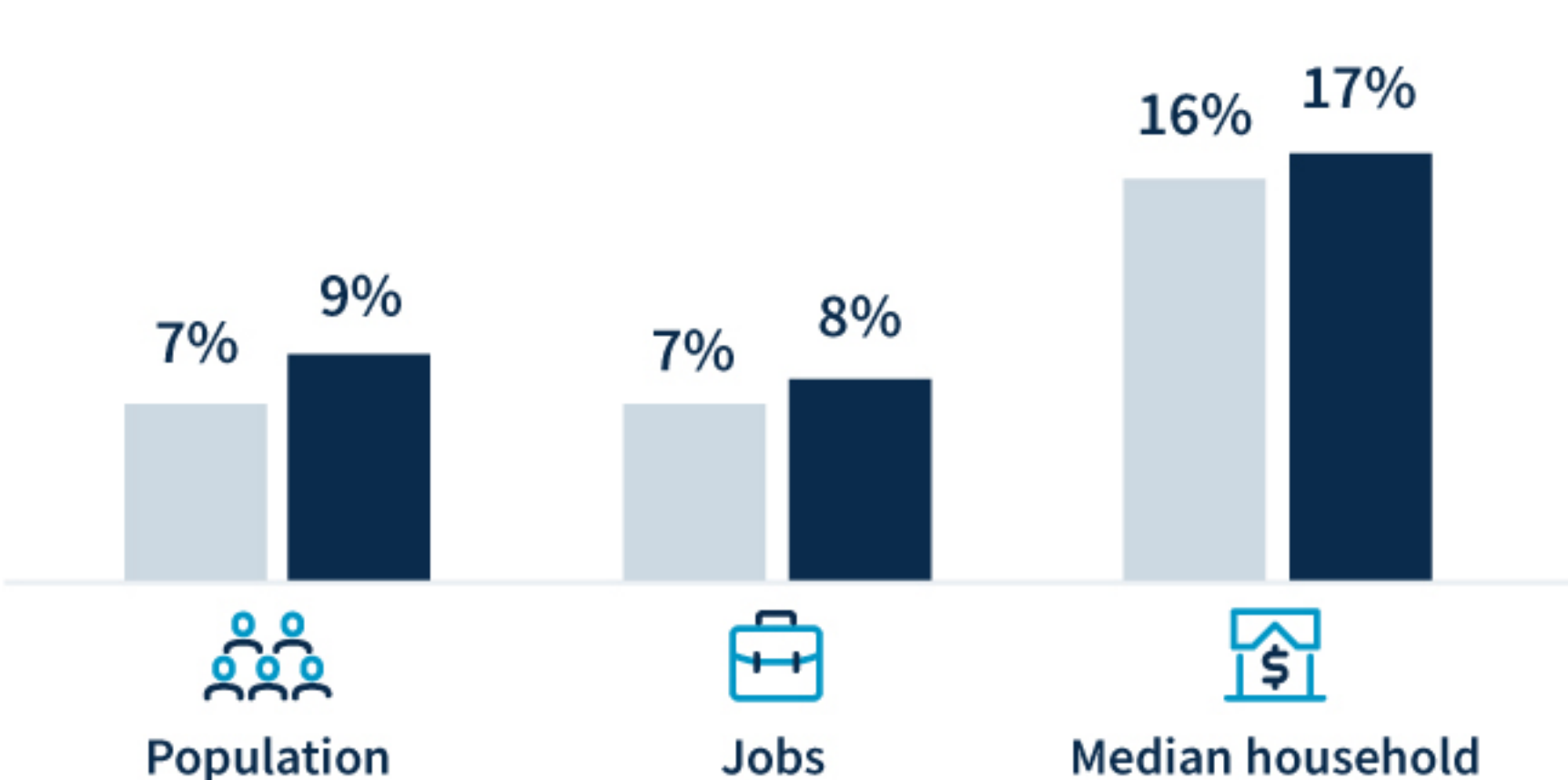
16 Fortune 500 businesses



Over the past decades, partly due to these amenities, the MSP region has grown faster than the national average.

Growth over 2006–2017

● NATIONAL AVERAGE ● MSP REGION



Housing has been a key driver of strong performance for MSP, making up for the area's lack of mountains, oceans, and consistently clement weather.

Housing affordability and housing availability

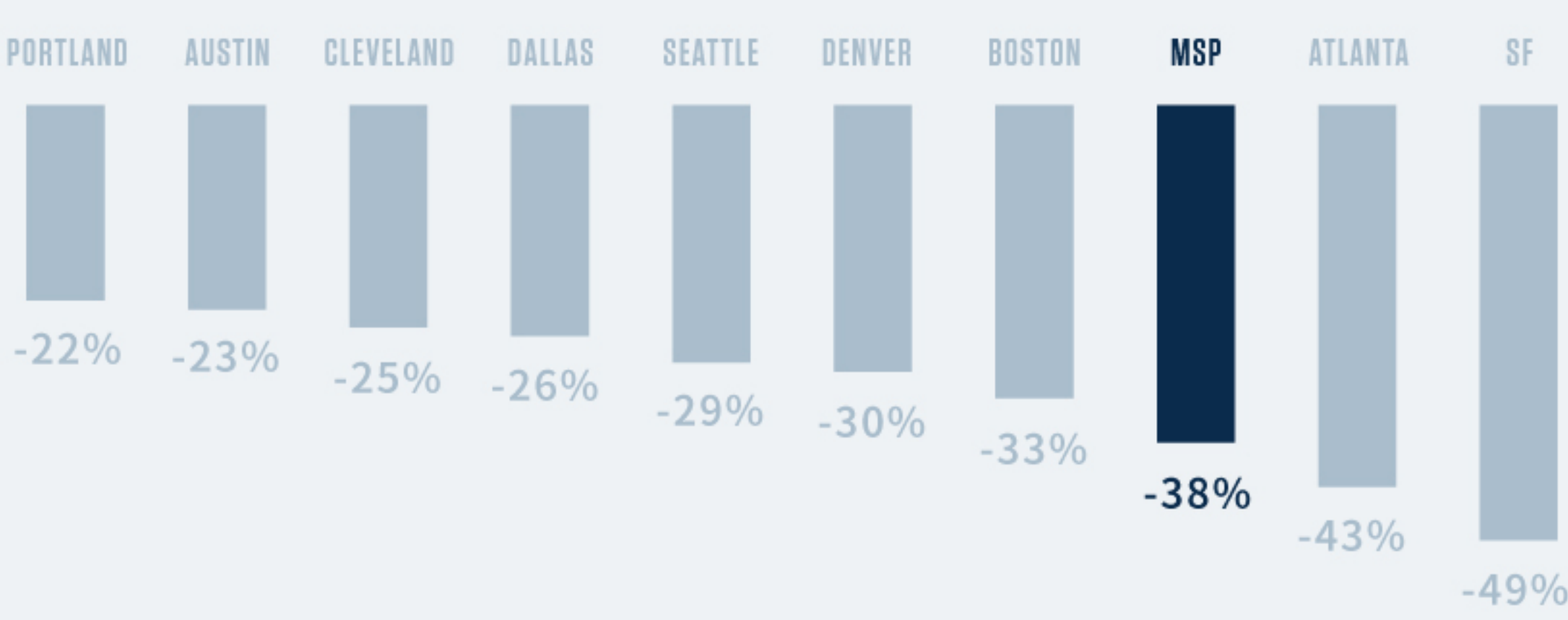
are two of the top three considerations for professionals who relocate.



However, that key driver is now at risk.

Relative to population growth, most peer regions are building more homes than MSP.

Percentage difference between population growth and housing unit growth 2010-2018



To meet projected future growth and make up for a decade of underbuilding, the MSP region needs to produce 18,000 housing units per year, a 30% increase over the 2000-2016 average of ~13,000.

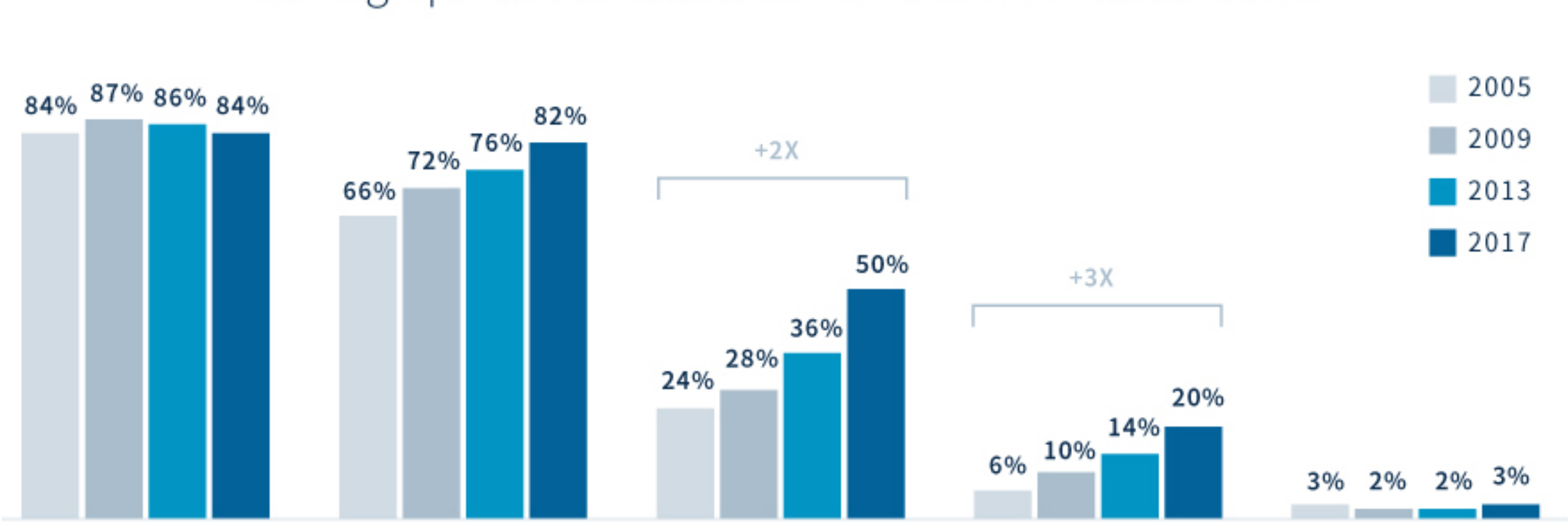


Adding homes in the region will help MSP grow, attract residents and jobs, and moderate housing price increases.



Building more modestly priced homes is critical, but research shows that even market-rate and high-end homes can moderate prices where they are built.

To address the housing issues, The Itasca Project has developed recommendations that will disproportionately benefit households making less than \$75,000 annually, a severe and increasingly cost-burdened demographic that includes over 40% of all households.



Some examples of jobs earning salaries in this range include office clerks, truck drivers, surgical technicians, and licensed practical nurses.



### ITASCA PARTICIPANTS WILL LEAD THROUGH THREE KEY EFFORTS:



#### Develop a housing affordability dashboard.

Provide clarity through data on how affordability challenges impact all residents, identify gaps needing action, and measure progress against goals.



#### Design and pilot an innovative, housing-forward benefits package.

Support employers to survey employees to understand and design benefits to assist with affordability challenges.



#### Test and learn.

Identify new, innovative actions for public and private entities to spur increased housing production.

To learn more and get involved, visit [TheItascaProject.com](https://TheItascaProject.com) or contact [Julia\\_Silvis@McKinsey.com](mailto:Julia_Silvis@McKinsey.com) or [Justin\\_Freiberg@McKinsey.com](mailto:Justin_Freiberg@McKinsey.com)

#### The Itasca Project

An employer-led alliance drawn together by an interest in new and better ways to address regional issues that impact our future economic competitiveness and quality of life in the Twin Cities area.

**ITASCA**project

#### Sources:

KEY SOURCES (for a complete list of sources, please consult the full report on the [ItascaProject.com](https://TheItascaProject.com)): Governor's Minnesota Housing Task Force, 2018; Development Counselors International, Talent Wars, 2019; Evan Mast, The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market, Upjohn Institute, 2019; McKinsey Global Institute, A Blueprint for Addressing the Global Affordable Housing Challenge, October 2014; Minnesota Chamber Benchmarks Report 2019; Regional Indicators Dashboard 2019; Family Housing Fund, Housing and Economic Growth in the Twin Cities: Quantifying the Critical Link Between Housing Supply and the Region's Economic Prosperity, 2019

Chart 1: Metropolitan Council analysis of U.S. Census Bureau population estimates. Population growth rate includes only people in households. Pittsburgh and Chicago are in our peer set, but were excluded because they lost population, so housing growth exceeds population growth.

Chart 2: U.S. Bureau of the Census – American Community Survey; Minneapolis-St Paul-Bloomington Metropolitan Statistical Area