

This report outlines the Itasca Project Housing Innovation Working Group's recommendations for how corporate, government, nonprofit and other leaders can use innovative practices to increase production and lower the cost of housing in the Minneapolis-St. Paul (MSP) region.

The MSP region has not built enough homes and, as a result, housing is now too expensive for many residents. For most of the past decade (2010-2020), the region's home production did not keep pace with job or population growth. Home production also lagged peer regions on a per capita basis, with the gap most acute for homes at modest price points. The increased housing costs threaten the overall prosperity of the region and worsen racial and economic gaps. Our region must act quickly if it hopes to increase and sustain a higher level of housing production.

In partnership with the Federal Reserve Bank of Minneapolis, the Itasca Project set an ambitious production target for the MSP region: producing 18,000 homes per year through 2030, or a total of 180,000 new homes. To meet this target, the region will need to employ new, innovative practices in housing production. To identify these practices, the Itasca Project assembled a small group of cross-sector housing leaders.

The Itasca Project Housing Innovation Working Group identified the most promising innovations for the MSP region and organized them into three 'innovation bundles.' They are at their most impactful when they are adopted together with complementary measures and implemented across the region and state:

- Reduce land costs: Assemble and prepare large parcels of land next to transit and transport corridors.
- Reduce development costs: Establish design standards that can be produced with modular or off-site methods and use faster approval processes as an incentive to motivate developers to use them.
- Reduce operating costs: Reduce commercial property taxes through the 4D property tax and focus this reduction on affordable units.

With these and other innovations, the MSP region can meet its production target of 18,000 homes per year.

The working group emphasized that leaders in all sectors will need to approach housing production creatively if our region is to meet this ambitious goal year after year. Leaders must not only adopt the new and familiar innovations from this report and encourage others to do the same, but find new ways to collaborate with each other.

Learning to do things differently will be uncomfortable, but the payoff will be immense. Stable and affordable housing is the foundation for business and economic growth as well as a host of other positive individual and systemic outcomes. Increasing housing production and improving housing affordability will benefit families, firms, and the entire MSP region for generations to come.

