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Housing Deregulation in Progressive Clothes

Facing an affordability crisis, Minneapolis plans to encourage denser development citywide.

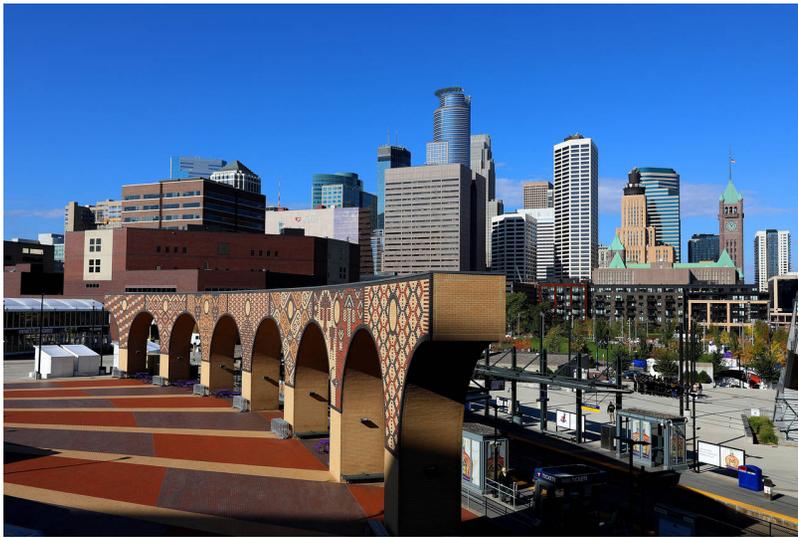
By Elliot Kaufman

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Like many U.S. cities, Minneapolis has a housing shortage. Unlike most, it's trying to do something about it. Earlier this month the City Council overwhelmingly approved an ambitious plan to encourage higher-density development and increase the supply of housing. The trick was to couch pro-development policies in progressive pieties.

Minneapolis's housing problem is becoming severe. Population growth has outpaced new construction, leaving a shortfall of about 20,000 homes since 2010. This has driven the rental vacancy rate from a healthy 5% in 2014 down to a tight 2%. "Rents are rising out of control and people are being displaced," Mayor Jacob Frey tells me.

Once a decade, municipalities in the Twin Cities area submit "comprehensive plans" to the Metropolitan Council, a regional planning commission. Local officials typically



Downtown Minneapolis, Oct. 13, 2018. PHOTO: RAYMOND BOYD/GETTY IMAGES

make these documents vague to allow for maximum flexibility. But the “Comp Plan” the Minneapolis City Council just passed is different. Its detailed zoning maps and rule changes leave little wiggle room for officials next year, when Minneapolis embarks on its first citywide rezoning since

1999.

The Comp Plan would allow the construction of duplexes and triplexes in areas once reserved for single-family homes, rezoning areas near public transportation for larger apartment buildings, and doing away with parking requirements for new housing. These provisions stirred controversy. Red “Don’t Bulldoze our Neighborhood” signs went up in areas zoned for single-family homes.

The Comp Plan takes a market-based approach but proclaims left-wing goals. It vows to “eliminate” racial and economic disparities and aggressively fight climate change.

Former Metropolitan Council Chairman Peter Bell sees it as social engineering. He says many people don't want to send their children to schools with "more individuals from disorganized families." Nor do they want to live in or alongside triplexes or apartments above stores. Mr. Bell, who is African-American, fears young and middle-class families will flee to the suburbs if they can't find suitable single-family homes in the city.

Mr. Frey, finishing his first year in City Hall at the age of 37, has no time for such talk. "Minneapolis embraces our diversity," he says, and "should be prepared to lean into that vision." But not everyone wants to lean in, and writing off their concerns could backfire. If the wealthy flee the city and its public schools, everyone else will suffer. Advocates retort that nothing pushes families out quicker than the high cost of housing.

Some aren't persuaded that increasing supply will make housing more affordable. That's only "an academic theory," says Linea Palmisano, the lone City Council member who voted against the Comp Plan. She thinks developers will replace affordable housing with expensive "boutique triplexes." But cheaper homes are already being torn down and replaced by fancier single-family homes. Under the plan, however, three more affordable units could be built in lieu of one larger home, increasing supply and accommodating different types of households.

The Comp Plan promotes denser development, which urbanists on both left and right see as the solution to a host of problems. More density in a city like Minneapolis could help renew both geographic and economic mobility. High housing costs prevent many lower-income workers from moving to America's most productive areas, where they could earn higher wages and drive growth. Density is also better for the environment, even if it shrinks Minneapolis's "green space," as it limits urban sprawl and shrinks commutes, burning less fuel.

Still, one worries about the city's natural beauty. The plan's supporters have been impatient with these and other prosaic concerns, like the loss of parking. "We're not going to save the world by recycling batteries," sighs Nick Magrino, a Minneapolis

planning commissioner. “We have to actually change our transportation patterns and our land-use patterns to reduce carbon emissions.” Fair enough, but saving the world is a lot to ask from a city of 420,000. Eliminating parking minimums is a good way to lower the cost of housing, but it’d be a shame if smart policies gave way to utopian overreach.

Local officials crow that the Comp Plan passed because they crafted it in response to popular concerns, gauged through extensive outreach. In truth, the planners advanced their own ideas—most of which are good—and rallied the City Council with appeals to fashionable liberal causes. Advocates showed that many neighborhoods that once kept blacks out with restrictive covenants are now zoned exclusively for single-family homes, and thereby cast the Comp Plan as a blow against racism. For that reason, Ms. Palmisano says, she knew she was fighting a losing battle on the council. Mr. Bell puts it bluntly: “When you raise the specter of race, that tends to shut white people up.”

That may be what it takes to shame progressives into relaxing housing regulation. Finding ways to build more isn’t obviously right- or left-wing—for now. Last week Oregon’s Democratic House speaker announced plans to end single-family zoning in cities statewide. The GOP, however, shouldn’t cede the issue. A policy intertwining the power of markets with the interests of working- and middle-class constituents could be exactly what Republicans need.

Mr. Kaufman is the Journal’s Joseph Rago Memorial Fellow.

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