

## Communication from Public

**Name:** Patricia Snyder

**Date Submitted:** 11/30/2021 10:10 PM

**Council File No:** 21-0829-S1

**Comments for Public Posting:** This is a huge, complex project in an environmentally sensitive area (on Grand Canal in a FEMA flood zone and tsunami inundation zone) that will have a direct impact on beach access for all of Los Angeles. Voting on a project of this magnitude without a PLUM hearing and without environmental review is indefensible. The parking plans presented to the public and the City over the past five years were not accurate. Previous plans called for replacing existing beach parking with a conventional parking tower. It now appears that the City intends to use experimental mechanical lift parking that has never been used on this scale in a beach community. This project is in a densely populated area on the primary corridor into Venice Beach. The public has a right to study and comment on this new parking technology before it is deployed. Sneaking it in at the last minute like this is unacceptable. The plans call for needless destruction of four existing units of affordable housing to make room for commercial uses and do not even come close to providing comparable replacement units in terms of size, features or accessibility, as the law requires. The RFP issued by the City for this project specifically said that proposals did not need to use the entire 3-acre lot. There is no excuse for expelling longtime Venice families from their homes to make room for this oversized project. The Project has a 60-foot tower (twice the height of surrounding structures) and the City's own architects describe it as a "large barge come ashore." This is an incredibly important piece of property. Venice—and all of Los Angeles—are entitled to scale and character consistent with the beach community location. Including a conservative estimate of land value and the cost of replacing existing beach parking, this Project comes out to more than \$1 million per unit – and the average unit is only 460 sq. ft. We need more efficient solutions to address the homeless crisis. The City's Mobility Plan 2035 calls for adding dedicated bike lines and expanding sidewalks around the building site. That is now best practice in urban planning, but if this project is approved as proposed, we will be stuck with substandard streets and sidewalks at the southern entrance to Venice Beach forever. Venice already has far more affordable housing and supportive housing per capita than any other community on the westside, including several new projects (Rose Avenue Apartments,

Lincoln Apartments, Marian Place and the Thatcher Yard Project) in the pipeline. Venice wants to continue doing its part—and more—to address the affordable housing crisis, but we deserve a balanced approach to development at this location that reflects the needs of everyone who lives, works and plays in Venice.

## Communication from Public

**Name:** Stefanie Cho

**Date Submitted:** 11/30/2021 09:35 PM

**Council File No:** 21-0829-S1

**Comments for Public Posting:** This is a huge, complex project in an environmentally sensitive area (on Grand Canal in a FEMA flood zone and tsunami inundation zone) that will have a direct impact on beach access for all of Los Angeles. Voting on a project of this magnitude without a PLUM hearing and without environmental review is indefensible. The parking plans presented to the public and the City over the past five years were not accurate. Previous plans called for replacing existing beach parking with a conventional parking tower. It now appears that the City intends to use experimental mechanical lift parking that has never been used on this scale in a beach community. This project is in a densely populated area on the primary corridor into Venice Beach. The public has a right to study and comment on this new parking technology before it is deployed. Sneaking it in at the last minute like this is unacceptable. The plans call for needless destruction of four existing units of affordable housing to make room for commercial uses and do not even come close to providing comparable replacement units in terms of size, features or accessibility, as the law requires. The RFP issued by the City for this project specifically said that proposals did not need to use the entire 3-acre lot. There is no excuse for expelling longtime Venice families from their homes to make room for this oversized project. The Project has a 60-foot tower (twice the height of surrounding structures) and the City's own architects describe it as a "large barge come ashore." This is an incredibly important piece of property. Venice—and all of Los Angeles—are entitled to scale and character consistent with the beach community location. Including a conservative estimate of land value and the cost of replacing existing beach parking, this Project comes out to more than \$1 million per unit – and the average unit is only 460 sq. ft. We need more efficient solutions to address the homeless crisis. The City's Mobility Plan 2035 calls for adding dedicated bike lines and expanding sidewalks around the building site. That is now best practice in urban planning, but if this project is approved as proposed, we will be stuck with substandard streets and sidewalks at the southern entrance to Venice Beach forever. Venice already has far more affordable housing and supportive housing per capita than any other community on the westside, including several new projects (Rose Avenue Apartments,

Lincoln Apartments, Marian Place and the Thatcher Yard Project) in the pipeline. Venice wants to continue doing its part—and more—to address the affordable housing crisis, but we deserve a balanced approach to development at this location that reflects the needs of everyone who lives, works and plays in Venice.



**Reese Davidson Community**  
*Described by City Architects as a  
“Looming Mass” & “Large Barge”*

# **ACT NOW TO STOP MIKE BONIN’S MASSIVE MONSTER ON THE VENICE CANALS!**

**2.65 acres straddling Grand Canal • 140 units plus commercial space • 420+ residents • 70-foot observation tower • 45+ foot parking tower with robotic parking • Substandard 5-foot sidewalks • Minimal setbacks on the ground floor • No setbacks above ground floor • .4 parking spaces per unit**

- **No priority for Venice homeless, does not appear to provide “artist lofts” as promised, and developers are seeking complete exemption from environmental review required under CEQA.**
- **Unnecessarily destroys 4 existing units of low-income housing, displacing Venice families who have lived there for decades, without providing comparable replacement housing.**
- **Replaces existing beach parking with 45+ ft. robotic parking tower—500-ft. further from the beach—that increases noise & traffic congestion, favors the wealthy with tiered pricing and reduces beach access for beachgoers from other parts of Los Angeles.**
- **In tsunami inundation zone / escape route and FEMA Special Flood Hazard Area “AE-EL8,” subject to sea level rise & projected floods 8 feet above sea level and 3 feet above street level.**
- **Destroys both aprons of the historic Red Car Bridge over Grand Canal and its massive footprint means no dedicated bike lanes along the Venice Boulevard entrance to Venice Beach.**
- **Uses the Linnie Canal Children’s Park to satisfy legal requirements for outdoor recreation space.**
- **Unfathomable cost of \$1 million per 460-sq.-ft. unit.**

*Mike’s Monster – a.k.a. the “Reese Davidson Community” – goes before the City Council’s Planning & Land Use Management Committee in late November*

**VENICE CAN STOP THIS ATROCITY ...  
... BUT WE CAN’T KEEP FIGHTING WITHOUT YOUR SUPPORT.**

**PLEASE ACT NOW TO STOP THE MONSTER!  
Get more info & give at [www.fightbackvenice.org](http://www.fightbackvenice.org) today!**

## Communication from Public

**Name:**

**Date Submitted:** 11/30/2021 08:07 PM

**Council File No:** 21-0829-S1

**Comments for Public Posting:** Why does affordable housing always have to be a "project?" Projects have proven to decline rapidly into communities run by criminal elements. These massive structures don't belong in Venice. They are out of character for the historic Venice Canals. Densely populated "projects." For this cost, the city could acquire and rehab existing properties and turn them into triplexes and quadplexes for lower income tenants and seniors and preserve a sense of pride and community..

## Communication from Public

**Name:** David Blocker

**Date Submitted:** 11/30/2021 07:19 PM

**Council File No:** 21-0829-S1

**Comments for Public Posting:** I am opposed to this plan (and there were no other options EVER given to the public) that is over-bearing and a calamity in the making. I live in the Venice Canals - close to the project where we have witnessed construction getting bogged down because of the water table being so high - and this project is being built in a flood and tsunami zone... With ocean waters rising the water table subsequently rises. This will be a disaster. As important (or should be) is that this is a "Gateways to Venice" one of the biggest tourist and family weekend destinations in the Southland - if not the world and we are building an ill conceived and off-putting structure that will make visiting the beach too difficult for families and tourists to navigate. For instance, the stacked parking with no sidewalk space to wait for vehicles is laughable. Families with children and grandparents with their picnic coolers have no place to wait and the wait times will increase traffic congestion in an area that is already overburdened with traffic. I am for housing the homeless that can be a positive addition to the local community and those who live there but not with this over-priced, over-sized monstrosity. I understand that the city's own architectural board has even panned it (and as I mentioned, there was NEVER ANOTHER DESIGN OPTION SUBMITTED)! How is that possible?! We should be building something that the community can be proud of that provides families and tourists visiting this tourist mecca safe access to the beach as well as housing those less fortunate. There are lists from others fighting the project that detail out so many problems with this project and I could cut and paste them here but I wanted to speak from my heart. Unfortunately, we are not listening to the scientists who tell us that this area is going to be under water soon so all of this likely doesn't matter. It is just a shame and a slap in the face to well-intentioned Venetians, who want to do the right thing. This isn't it. Please feel free to call on me at any time with any questions. Sincerely, David Blocker 310-902-2663

## Communication from Public

**Name:**

**Date Submitted:** 11/30/2021 09:17 PM

**Council File No:** 21-0829-S1

**Comments for Public Posting:** Please review this massive development before making a decision that involves zoning changes and environmental review that will affect the whole neighborhood and the people who enjoy access to the beach.



## Communication from Public

**Name:** Venice Vision

**Date Submitted:** 11/25/2021 08:11 PM

**Council File No:** 21-0892-S1

**Comments for Public Posting:** Please see Part 281 of 295 of exhibits in support of Venice Vision's October 21, 2020 comment letter in opposition to the project formerly known as the Reese-Davidson Community. City Council File No. 21-0829-S1.

# Venice Coastal Zone Specific Plan



## Exhibit 1a Venice Coastal Zone

- Venice Coastal Zone Specific Plan Area
- Dual Jurisdiction Zone

**Dual Jurisdiction** This area includes lands between the sea and the designated first public road paralleling the sea or 300' from the inland extent of any beach or of the mean high tide line if there is no beach, whichever is the greater distance. Also included are lands within 100' of streams and wetlands and lands within 100' of the top of the seaward face of coastal bluff.

If questions arise concerning the precise location of the boundary of any area defined in the above sections, the matter should be referred to the local government and/or the Executive Director of the Commission for clarification and information.

This plat may be updated as appropriate and may not include all lands where post-LCP certification permit and appeal jurisdiction is retained by the Commission.

Not to Scale



# Venice Coastal Zone Specific Plan

This map illustrates the Venice Coastal Zone Specific Plan area, bounded by the Mean High Tide Line to the south and the Venice Blvd. to the north. The map shows a dense network of streets, including Venice Blvd., Lincoln Blvd., and various local streets like 24th Ave. through 30th Ave. The area is divided into several blocks, with some streets labeled as 'Match Line (see Exhibit 1a)' and 'South Venice Blvd'. The map also shows the 'City of Los Angeles' and 'County of Los Angeles' boundaries. Key features include the 'Mean High Tide Line' at the bottom, the 'Venice Blvd.' at the top, and the 'Lincoln Blvd.' running diagonally. The map includes a legend for 'Match Line (see Exhibit 1a)' and 'South Venice Blvd'. The map also shows the 'City of Los Angeles' and 'County of Los Angeles' boundaries. Key features include the 'Mean High Tide Line' at the bottom, the 'Venice Blvd.' at the top, and the 'Lincoln Blvd.' running diagonally. The map includes a legend for 'Match Line (see Exhibit 1a)' and 'South Venice Blvd'.

 Venice Coastal Zone Specific Plan Area  
 Dual Jurisdiction Zone

This plat may be updated as appropriate and may not include all lands where post-LCP certification permit and appeal jurisdiction is retained by the Commission.

# Venice Coastal Zone Specific Plan



Exhibit 2

**Subarea: Marina Peninsula • Silver Strand •  
Ballona Lagoon West • Ballona Lagoon East**



# Venice Coastal Zone Specific Plan

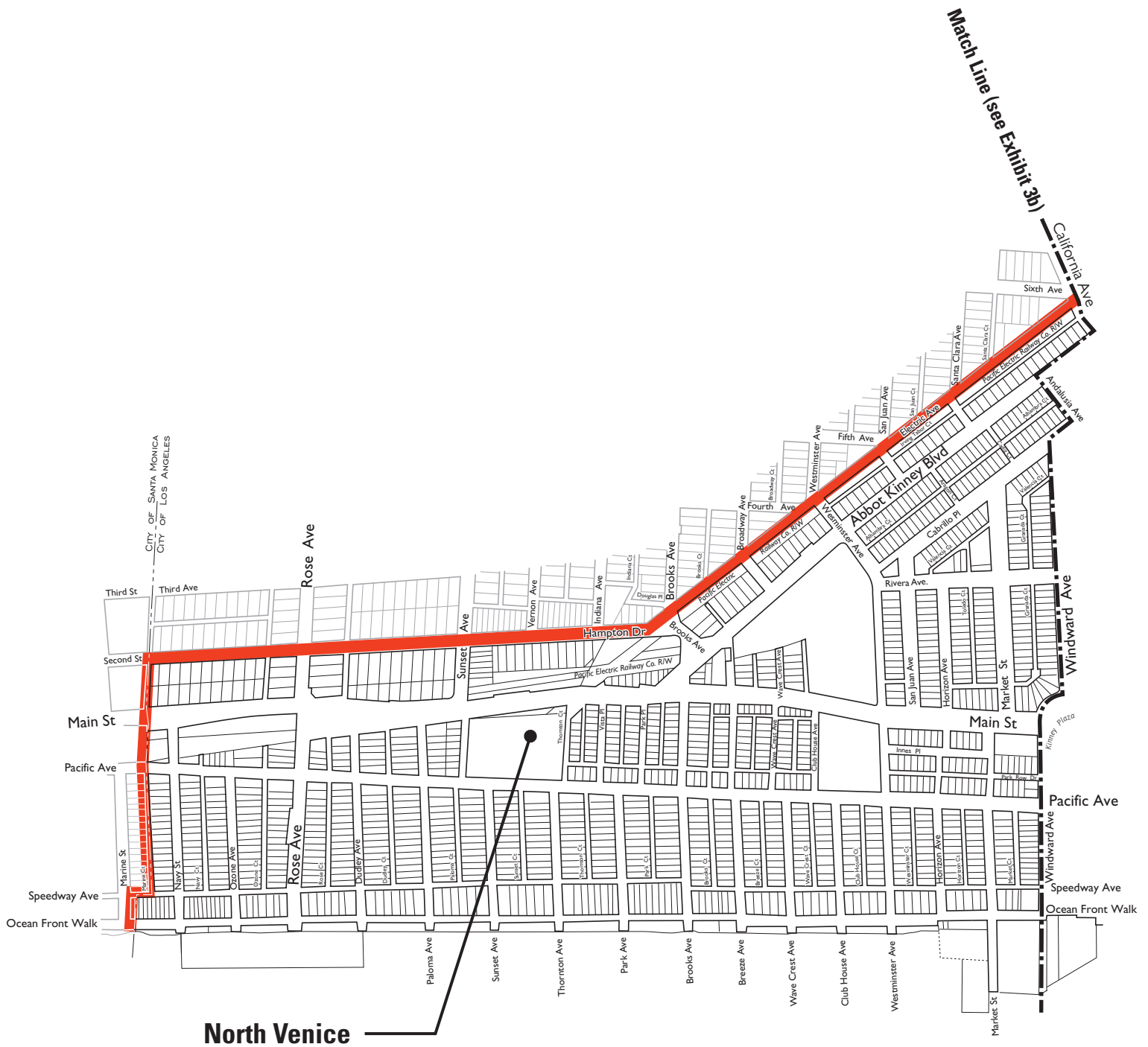
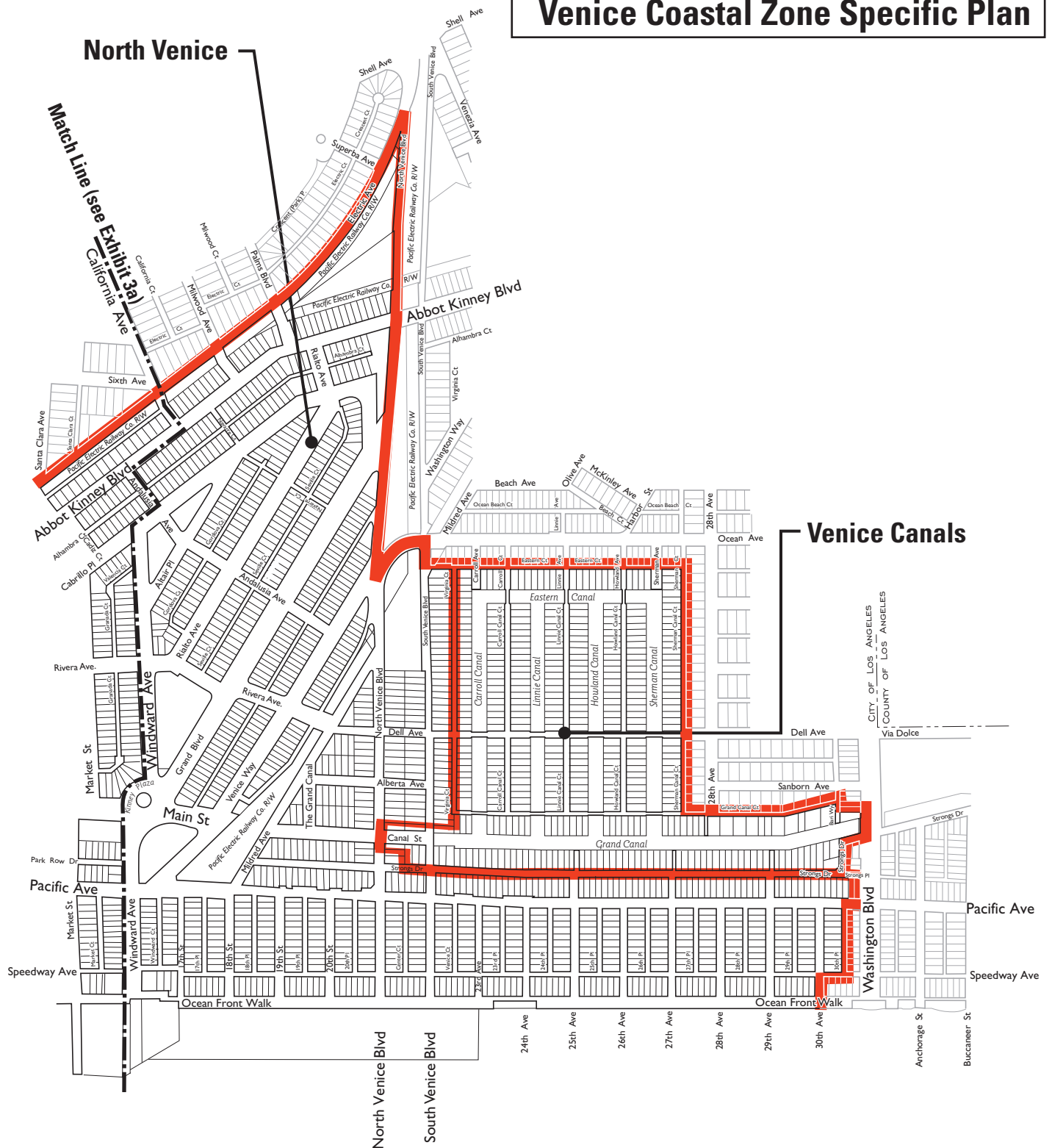


Exhibit 3a  
Subarea: North Venice • Venice Canals





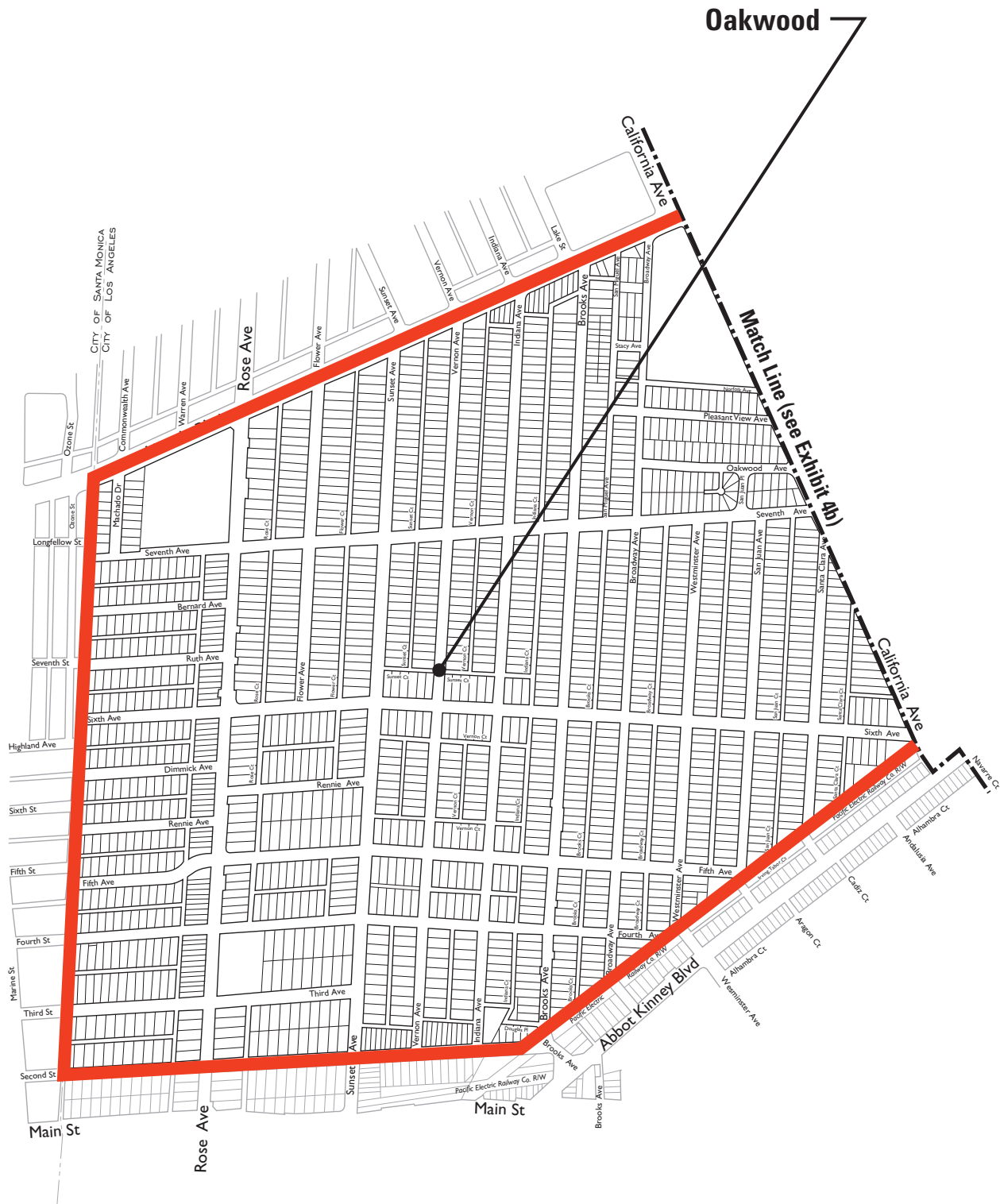
# Venice Coastal Zone Specific Plan



**Exhibit 3b**  
**Subarea: North Venice • Venice Canals**



# Venice Coastal Zone Specific Plan



**Exhibit 4a**  
**Subarea: Oakwood • Milwood • Southeast Venice**



# Venice Coastal Zone Specific Plan

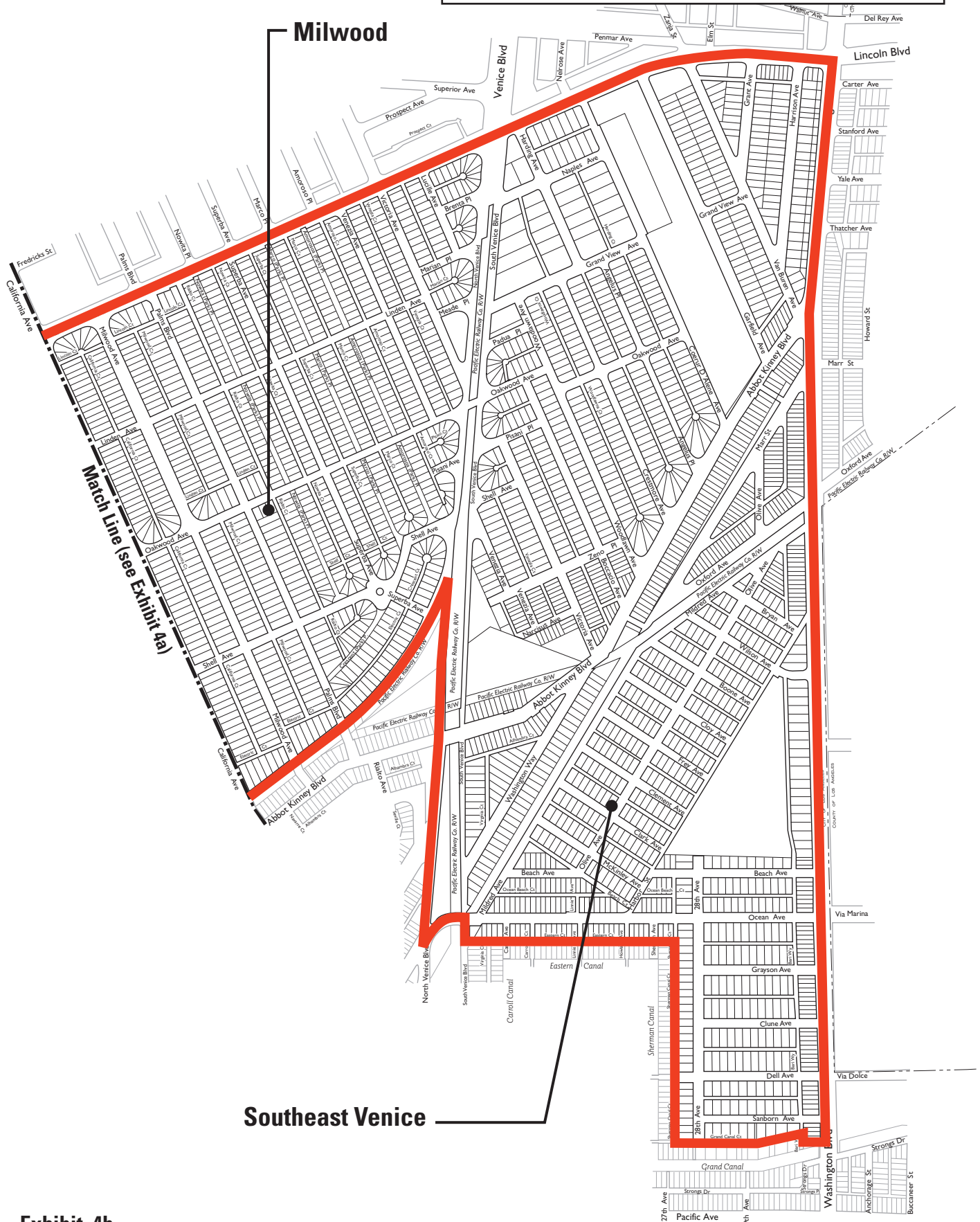


Exhibit 4b

Subarea: Oakwood • Milwood • Southeast Venice



# Venice Coastal Zone Specific Plan

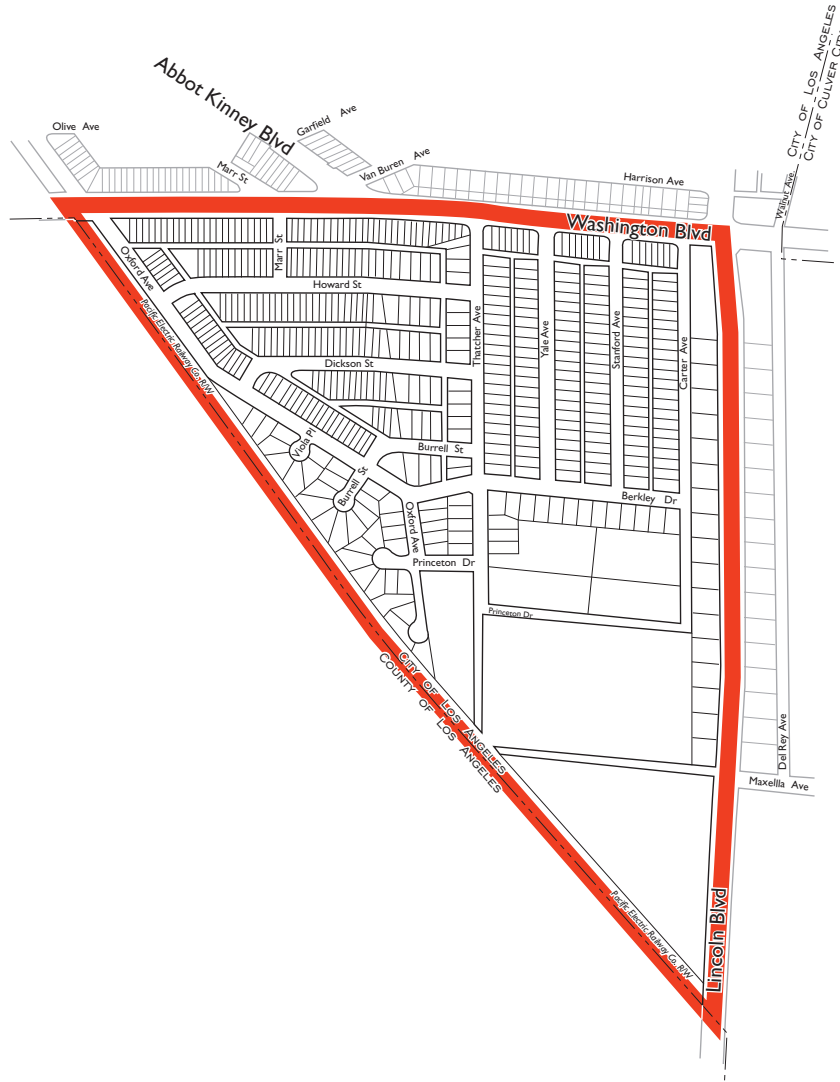


Exhibit 5  
Subarea: Oxford Triangle

# Venice Coastal Zone Specific Plan



## Buffer/Setback

----- A minimum of 20' setback

———— A minimum of 25' setback

———— 40' strip buffer with 10–15' setback

**Exhibit 14**  
**Buffer/Setback**

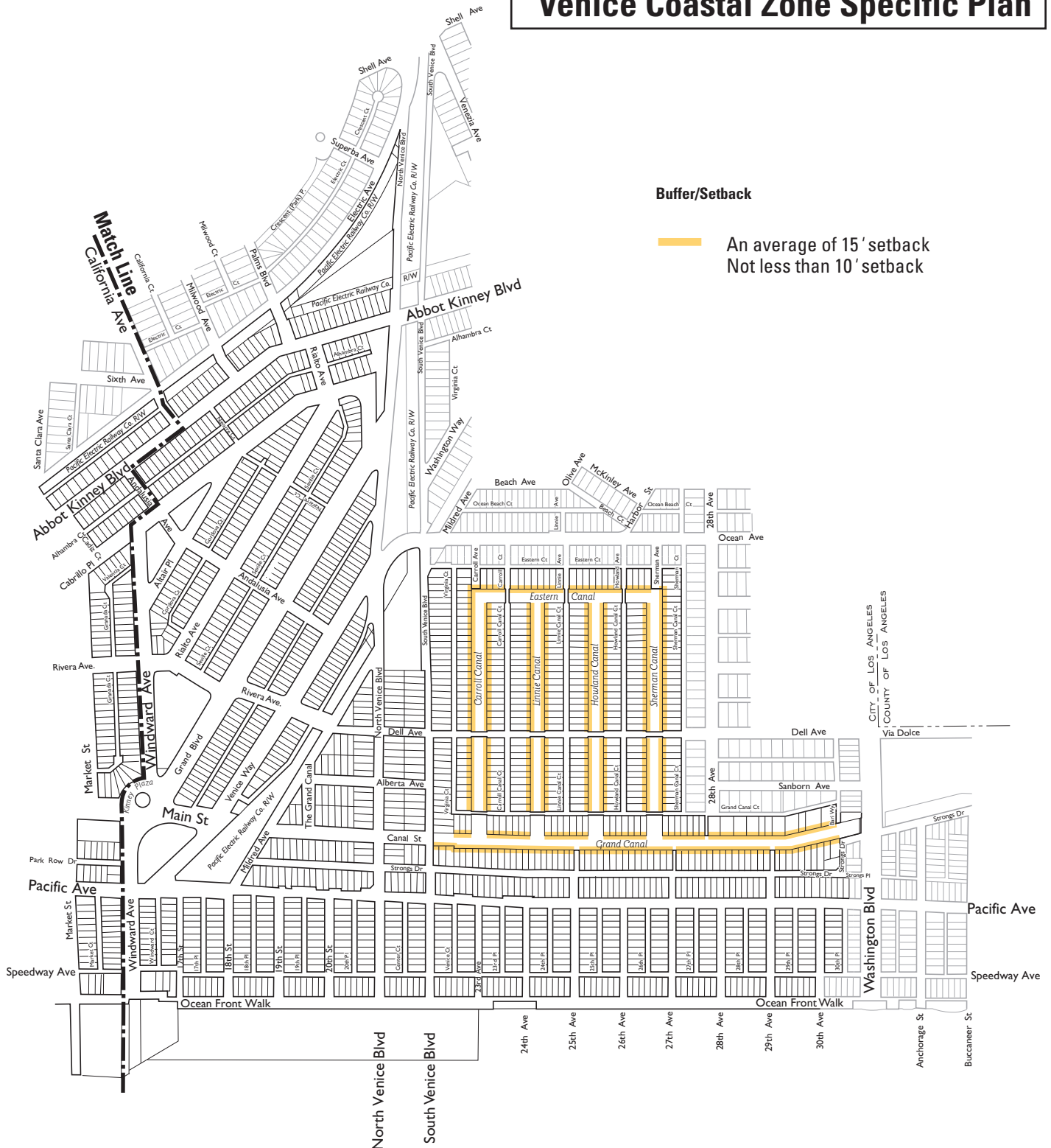
**Subarea: Marina Peninsula • Silver Strand •**  
**Ballona Lagoon West • Ballona Lagoon East**



# Venice Coastal Zone Specific Plan

## Buffer/Setback

An average of 15' setback  
Not less than 10' setback



**Exhibit 15**  
**Buffer/Setback**  
**Subarea: North Venice • Venice Canals**



# Venice Coastal Zone Specific Plan



## Maximum Building Height

- A** 30'–45'
- B** 38' North of Ironsides St  
30'–45' South of Ironsides St
- C** 45'
- D** 35'  
28' along Walk Streets

Exhibit 10  
Height

Subarea: **Marina Peninsula • Silver Strand •  
Ballona Lagoon West • Ballona Lagoon East**

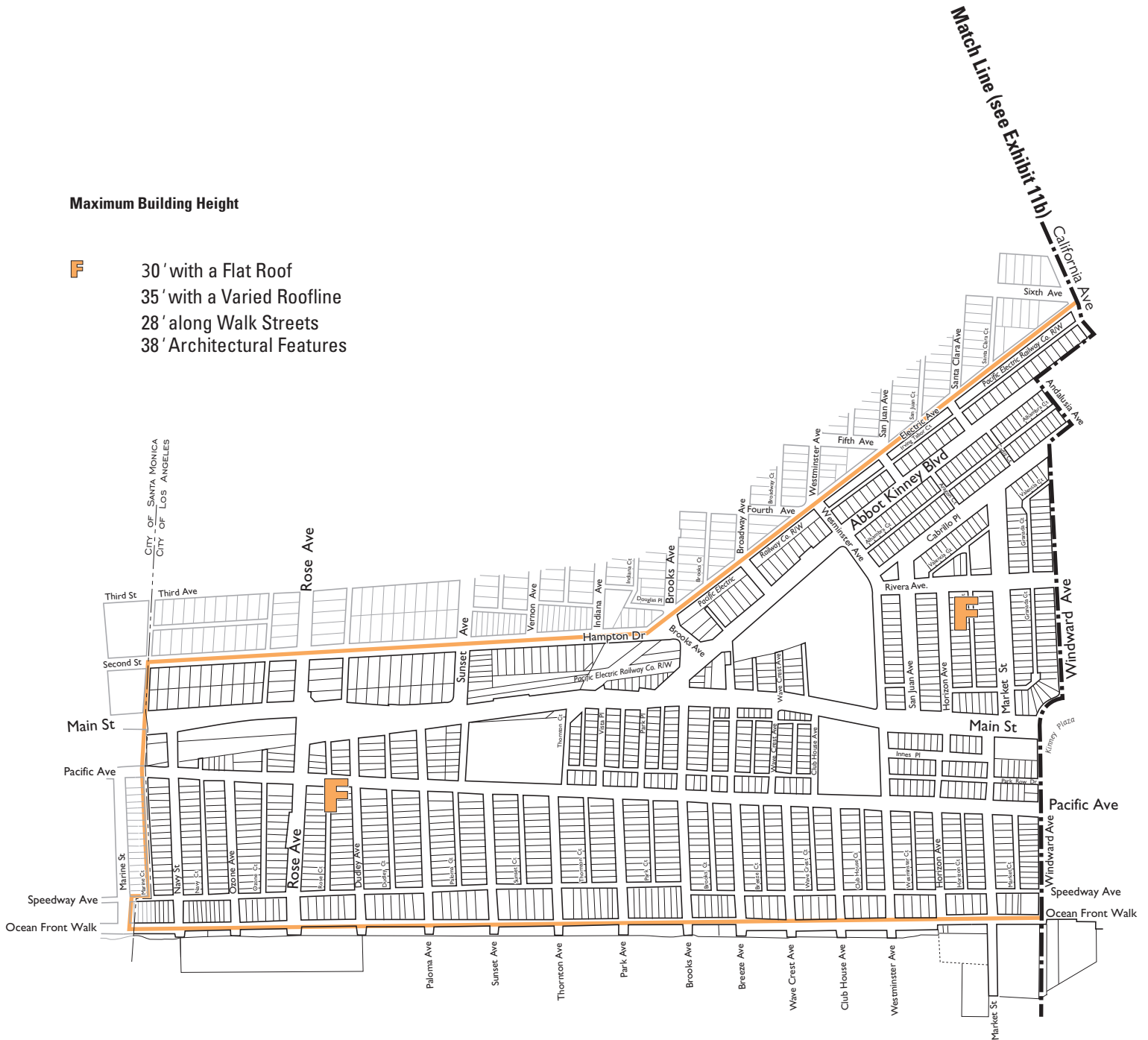


# Venice Coastal Zone Specific Plan

## Maximum Building Height

**F**

- 30' with a Flat Roof
- 35' with a Varied Roofline
- 28' along Walk Streets
- 38' Architectural Features



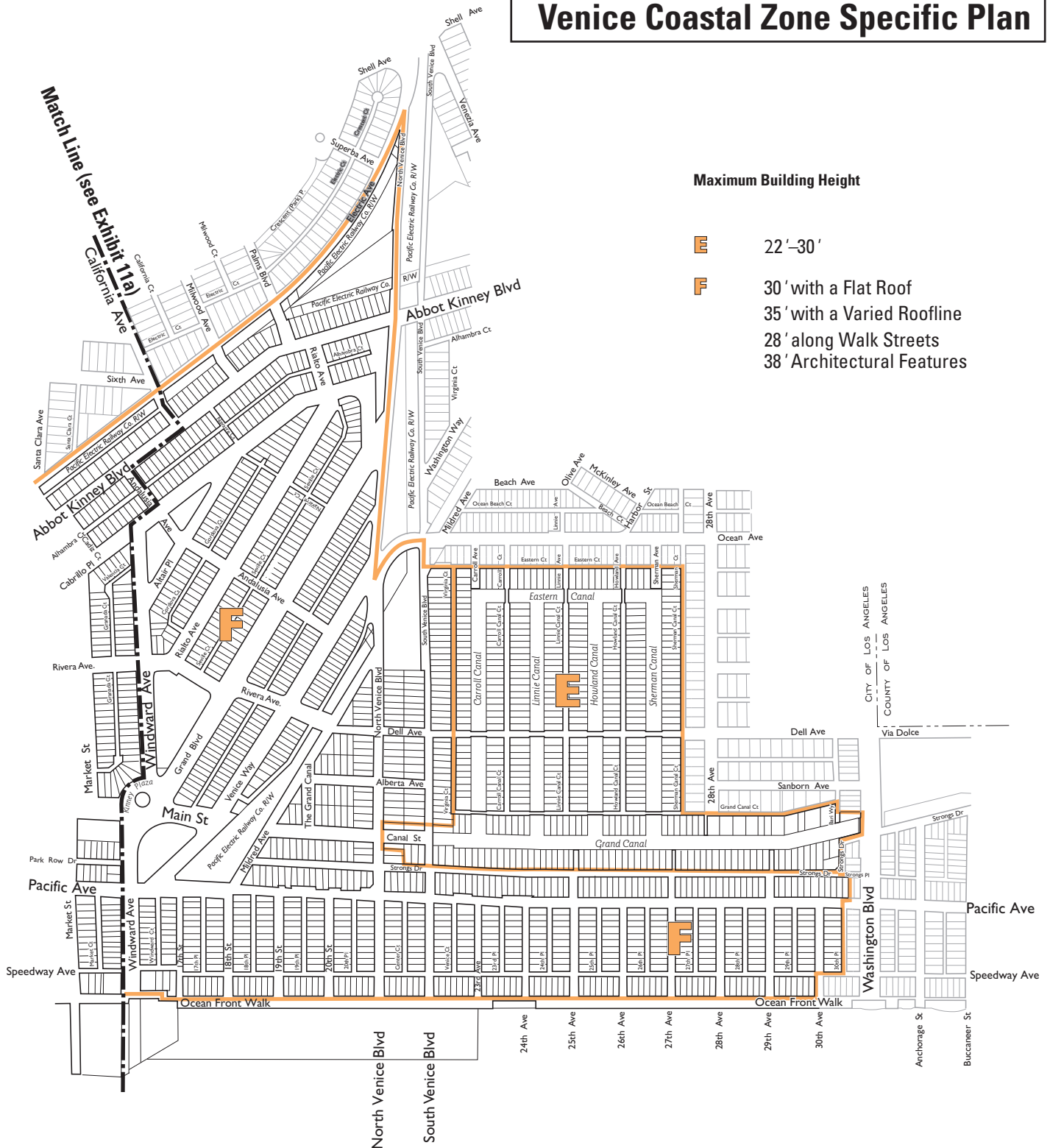
**Exhibit 11a**  
**Height**  
**Subarea: North Venice • Venice Canals**



# Venice Coastal Zone Specific Plan

## Maximum Building Height

- E** 22'-30'
- F** 30' with a Flat Roof  
35' with a Varied Roofline  
28' along Walk Streets  
38' Architectural Features



**Exhibit 11b**  
**Height**  
**Subarea: North Venice • Venice Canals**





# Venice Coastal Zone Specific Plan

## Maximum Building Height



25' with a Flat Roof

30' with a Varied Roofline

28' along Walk Streets



Exhibit 12a  
Height

Subarea: Oakwood • Milwood • Southeast Venice



Not to Scale

# Venice Coastal Zone Specific Plan

## Maximum Building Height



25' with a Flat Roof  
30' with a Varied Roofline  
28' along Walk Streets

Exhibit 12b  
Height

Subarea: Oakwood • Milwood • Southeast Venice



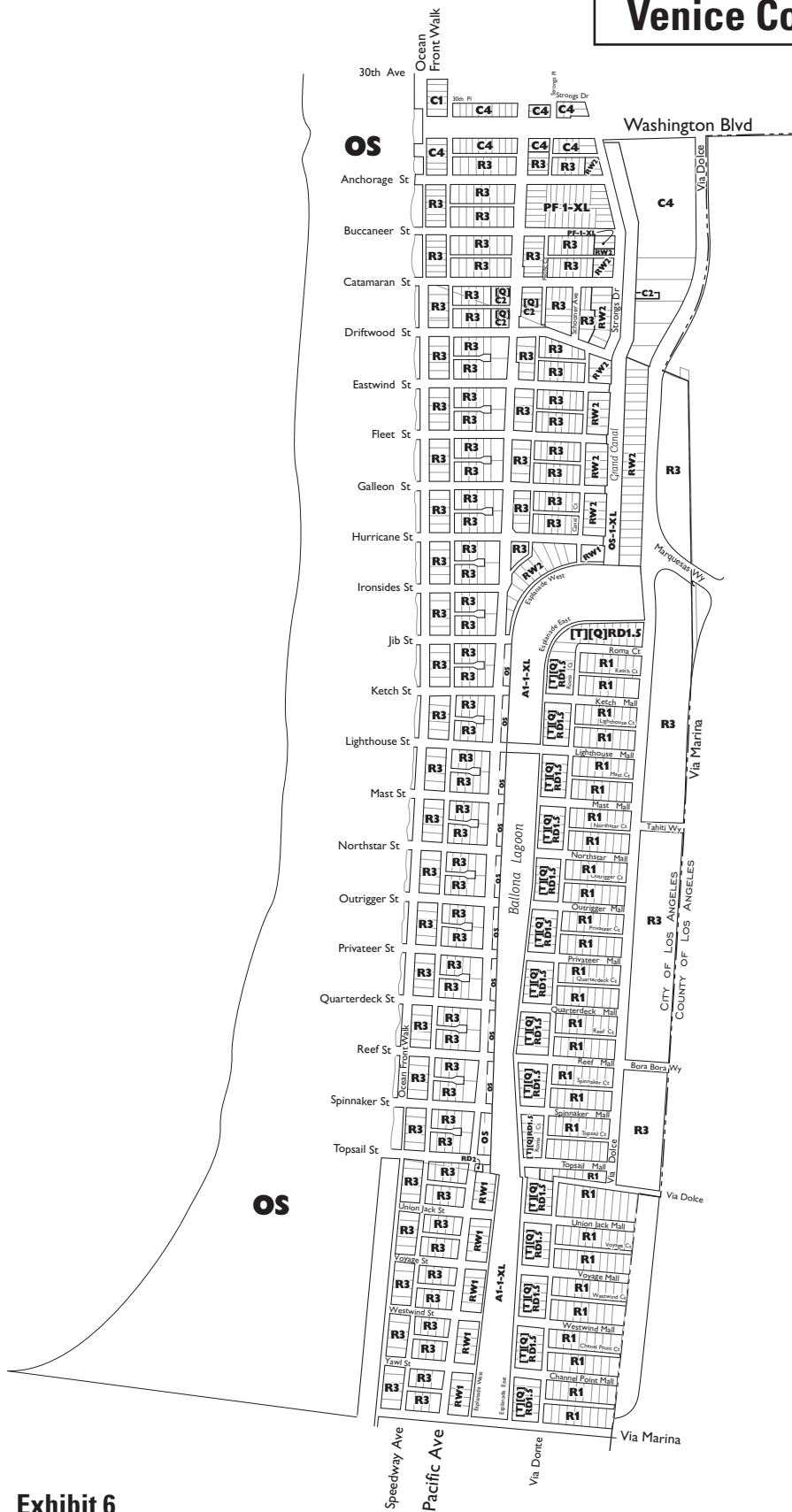


# Venice Coastal Zone Specific Plan



**Exhibit 13**  
**Height**  
**Subarea: Oxford Triangle**

# Venice Coastal Zone Specific Plan

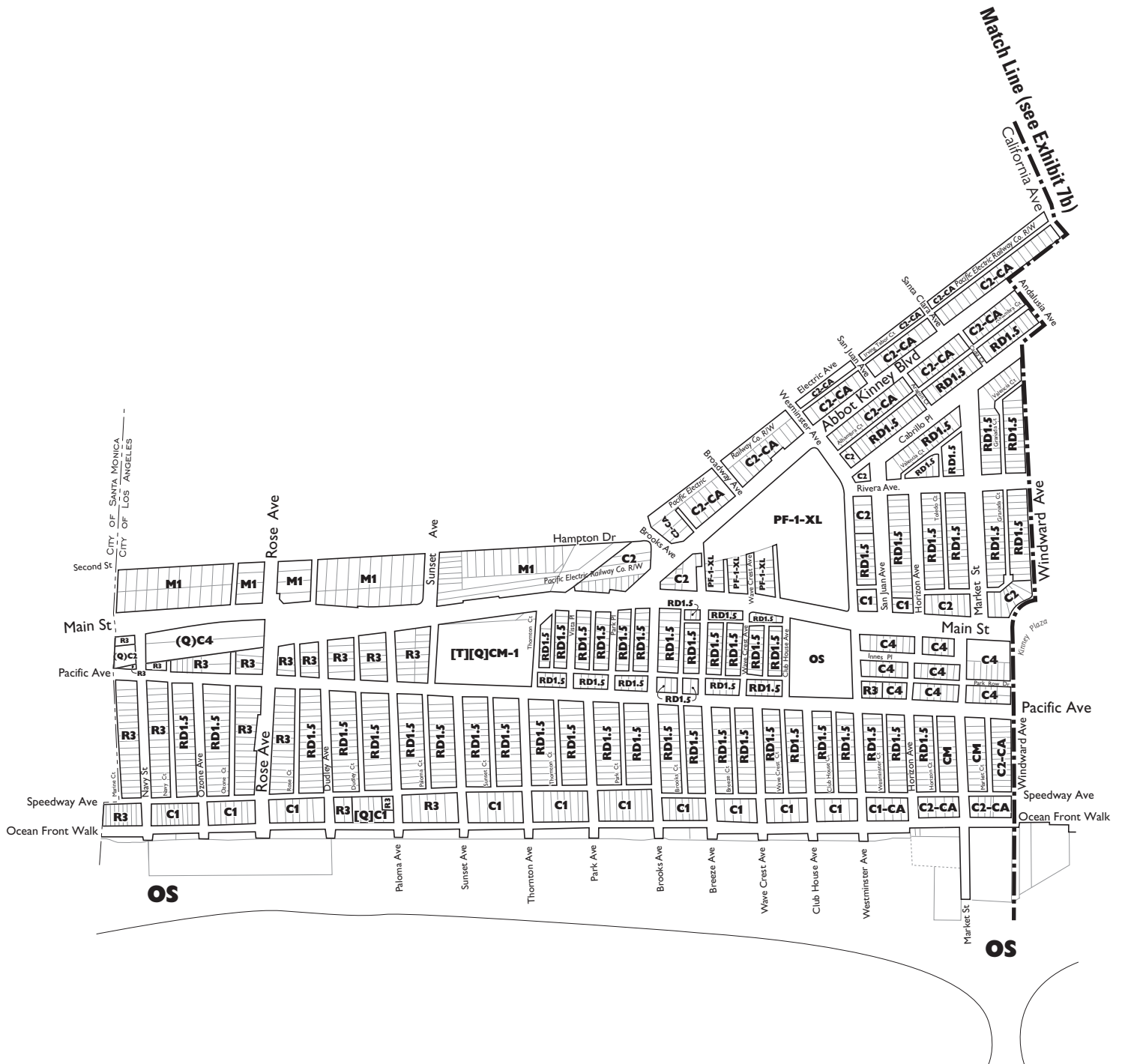


**Exhibit 6**  
**Existing Zoning**

**Subarea: Marina Peninsula • Silver Strand •**  
**Ballona Lagoon West • Ballona Lagoon East**



## Venice Coastal Zone Specific Plan



**Exhibit 7a**  
**Existing Zoning**  
**Subarea: North Venice • Venice Canals**



# Venice Coastal Zone Specific Plan

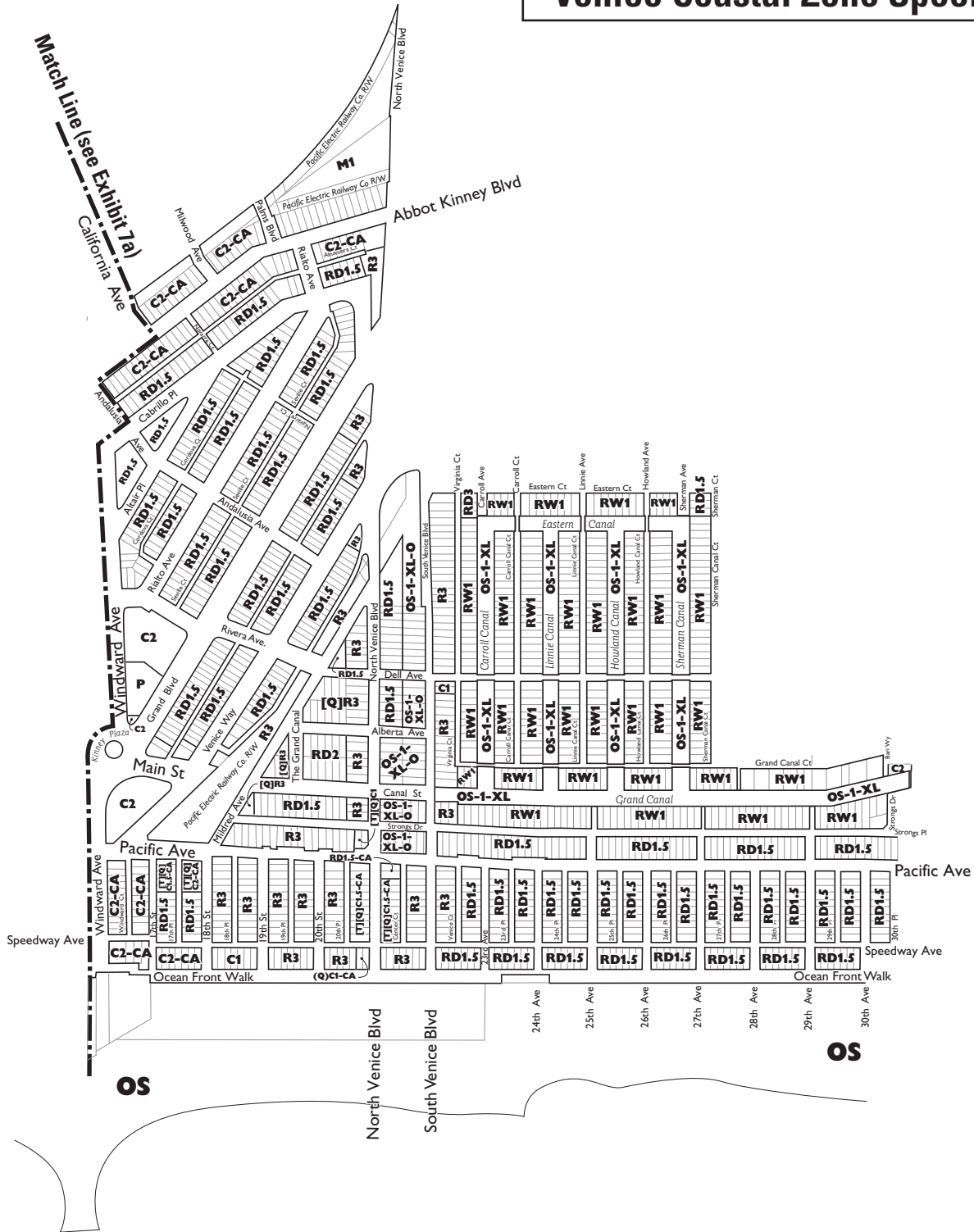


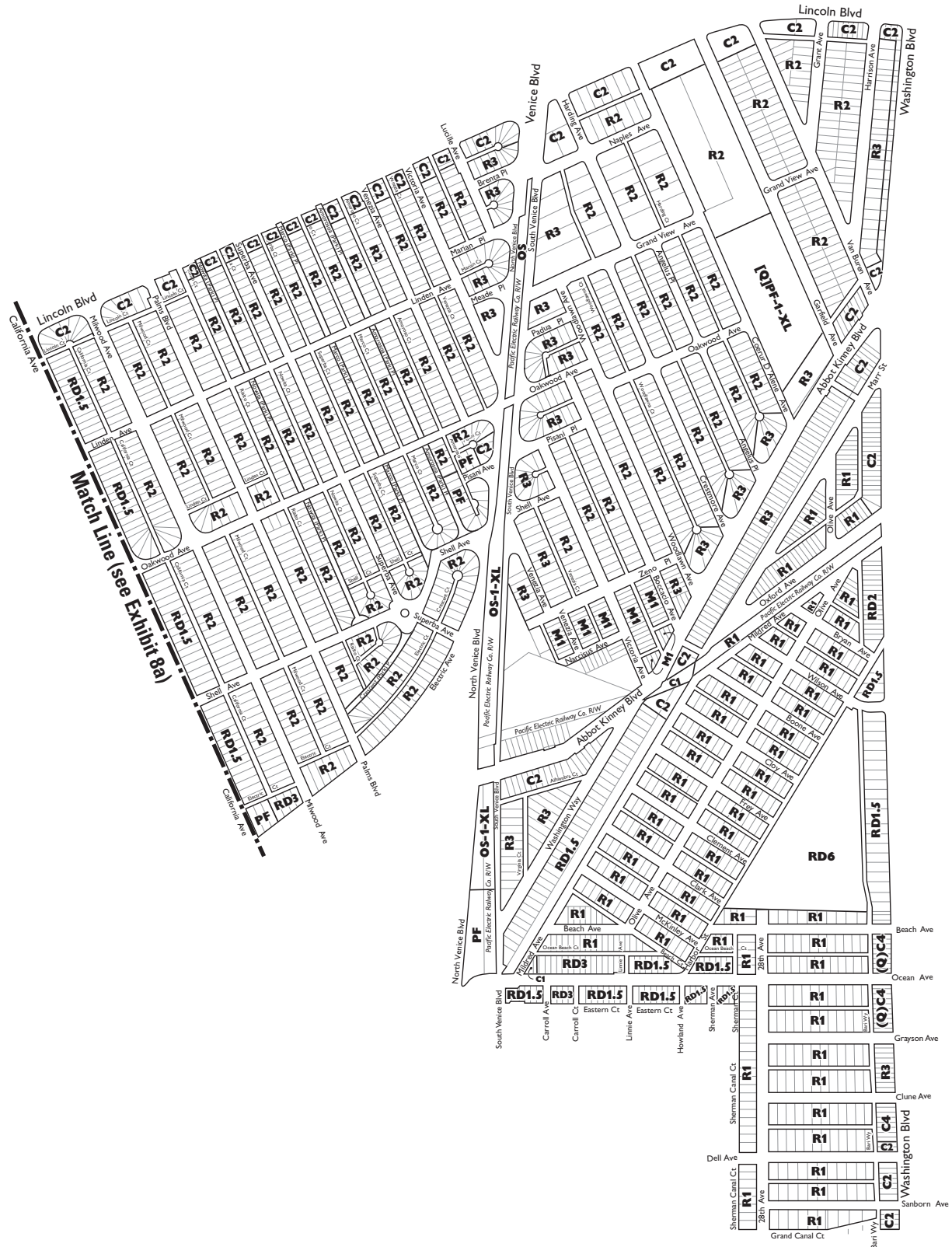
Exhibit 7b  
Existing Zoning  
Subarea: North Venice • Venice Canals

# Venice Coastal Zone Specific Plan



**Exhibit 8a**  
**Existing Zoning**  
**Subarea: Oakwood • Milwood • Southeast Venice**

# Venice Coastal Zone Specific Plan



**Exhibit 8b**  
**Existing Zoning**  
**Subarea: Oakwood • Milwood • Southeast Venice**



# Venice Coastal Zone Specific Plan



Exhibit 9  
Existing Zoning  
Subarea: Oxford Triangle

# **EXHIBIT 59**



# **EXHIBIT 60**

# **EXHIBIT 61**

# **EXHIBIT 62**

# **EXHIBIT 63**

# **EXHIBIT 64**

# **EXHIBIT 65**

# **EXHIBIT 66**

# **EXHIBIT 67**



2016

# The Rise of White-Segregated Subsidized Housing

Institute on Metropolitan Opportunity  
*University of Minnesota Law School*

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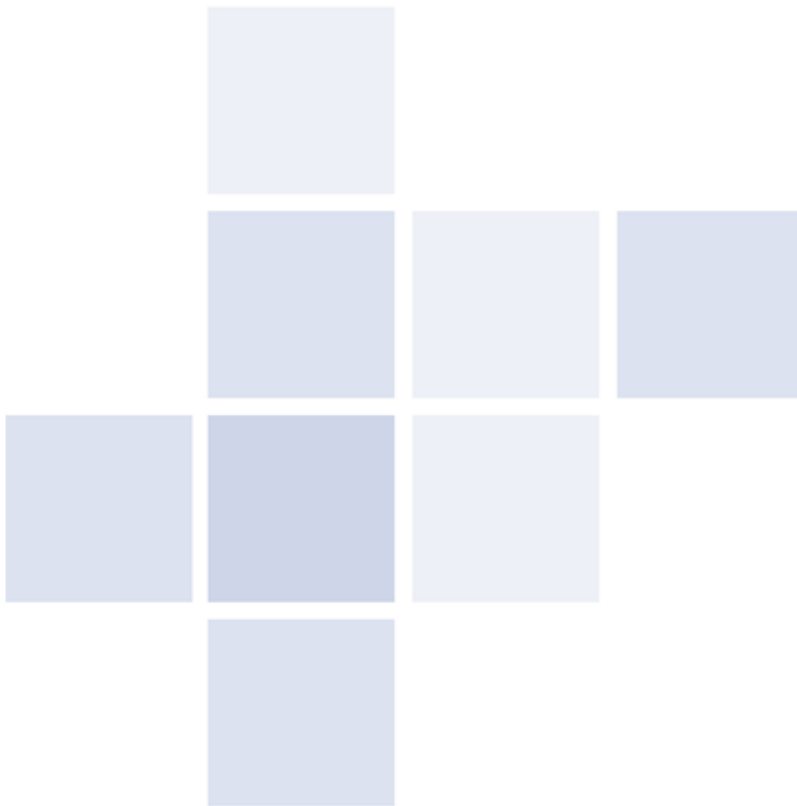
INSTITUTE ON METROPOLITAN OPPORTUNITY, THE RISE OF WHITE-SEGREGATED SUBSIDIZED HOUSING (2016).

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# The Rise of White-Segregated Subsidized Housing

May 2016



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229 South 19th Avenue  
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## EXECUTIVE SUMMARY

Subsidized housing in Minneapolis and Saint Paul is segregated, and this segregation takes two forms – one well-known, and the other virtually unknown.

At this point it is widely recognized that most Minneapolis and Saint Paul subsidized housing is concentrated in racially diverse or segregated neighborhoods, with few subsidized or otherwise-affordable units in affluent, predominately white areas. Because subsidized units are very likely to be occupied by families of color, this pattern increases the region's overall degree of segregation.

But what has been overlooked until today, at least publicly, is that a small but important minority of subsidized projects are located in integrated or even-predominately white areas. Unlike typical subsidized housing, however, the residents of these buildings are primarily *white* – in many instances, at a higher percentage than even the surrounding neighborhood. These buildings thus reinforce white residential enclaves within the urban landscape, and intensify segregation even further.

What's more, occupancy is not the only thing distinguishing these buildings from the average subsidized housing project. They are often visually spectacular, offering superior amenities – underground parking, yoga and exercise studios, rooftop clubrooms – and soaring architecture. Very often, these white-segregated subsidized projects are created by converting historic buildings into housing, with the help of federal low-income housing tax credits, historic tax credits, and other sources of public funding. Frequently, these places are designated artist housing, and – using a special exemption obtained from Congress by Minnesota developers in 2008 – screen applicants on the basis of their artistic portfolio or commitment to an artistic craft.

These places cost far more to create than traditional subsidized housing, and include what are likely the most expensive subsidized housing developments in Minnesota history, both in terms of overall cost and per unit cost. These include four prominent historic conversions, all managed by the same Minneapolis-based developer – the Carleton Place Lofts (\$430,000 per unit), the Schmidt Artist Lofts (\$470,000 per unit), the upcoming Fort Snelling housing conversion (\$525,000 per unit), and the A-Mill Artist lofts (\$665,000 per unit). The combined development cost of these four projects alone exceeds \$460 million. For reference, this is significantly more than the public contribution to most of the region's sports stadiums; it is \$40 million less than the public contribution to the controversial downtown football stadium.

These four buildings contained a total of 870 units of subsidized housing, most of which is either studio apartments or single-bedroom. For the same expense, using 2014 median home prices, approximately 1,590 houses could have been purchased in the affluent western suburb of Minnetonka.

In short, Minneapolis and Saint Paul are currently operating what is, in effect, a dual subsidized housing system. In this system, the majority of units are available in lower-cost, utilitarian developments located in racially segregated or diverse neighborhoods. These units are mostly occupied by families of color. But an important subset of units are located in predominately

white neighborhoods, in attractive, expensive buildings. These units, which frequently are subject to special screening requirements, are mostly occupied by white tenants.

As a matter of policy, these buildings are troubling: they capture resources intended for the region's most disadvantaged, lowest-income families, and repurpose those resources towards the creation of greater segregation – which in turn causes even more harm to those same families.

Legally, they may well run afoul of the Fair Housing Act and other civil rights law. Recent developments have established that the Fair Housing Act forbids public or private entities from discriminating in the provision of housing by taking actions that create a disparate impact on protected classes of people, including racial classes. Moreover, recipients of HUD funding, such as the state and local entities which contribute to the development of these buildings, have an affirmative obligation to reduce segregation and promote integration in housing.

The following report explains this dual system: its characteristics, how it came to be, how it represents a growing national trend in subsidized housing development, and its relationship with civil rights law.

A vast array of research has shown that the Twin Cities have the nation's largest racial disparities in poverty rates, homeownership, employment, and educational attainment; they have the nation's fourth-largest disparities in per capita income. Racial gaps in Minnesota arise from systemic, institutionalized discrimination that prevent families of color from accessing the state's considerable economic and educational resources. The segregation of the region's nonwhite population into low-opportunity urban and suburban neighborhoods, and the ongoing existence of high-opportunity white enclaves, enables and perpetuates systemic discrimination. Only by undoing these segregated living patterns can existing disparities be reversed.

Instead, however, subsidized housing in the Twin Cities currently *sustains* segregation. It does this in part by operating a divided system in which the most desirable housing units are reserved for white families. Until leaders and policymakers are ready to confront these policies, there is little hope that all the region's residents will be able to share fully in its prosperity.

## **The Rise of White-Segregated Subsidized Housing**

In March of 2016, U.S. Secretary of Housing and Urban Development Julián Castro came to Minneapolis to talk about fair housing. Castro's visit, framed around a public discussion of the agency's upcoming Prosperity Playbook, was prompted in part by ongoing concerns about Twin Cities segregation – including a HUD fair housing complaint against Minneapolis and Saint Paul which alleges that the cities have unlawfully segregated their subsidized housing. In a well-attended gathering, the secretary listened to mayors, policymakers, and housing activists as they shared their opinions on how to address one of the Twin Cities' most intractable, most harmful social issues.

The discussions were held in the A-Mill Artist Lofts, a new and monumental subsidized housing development on the edge of the Mississippi. A landmark project for Minneapolis, the A-Mill no doubt seemed a natural forum to plan the fight against segregation and discrimination in Twin Cities housing.

But unbeknownst to the secretary or many of the attendees, this choice of setting was terribly ironic. The A-Mill, as it happens, is not ordinary affordable housing. Instead, it is the region's – and perhaps even the nation's – most potent example of how unmonitored, privately-dominated, profit-driven subsidized housing development can create profound segregation, rewarding or penalizing families along racial and economic lines.

Five minutes in the A-Mill will yield no shortage of clues that it is different from most subsidized housing. Although cities have come a long way since the day of cookie-cutter high-rise apartment blocks, most modern affordable projects are still more concerned with providing functional lodging than breaking new architectural ground. By contrast, everything about the A-Mill is visually striking. Glass panes and concrete floors contribute an industrial, modern aesthetic to the entryways and the lobby. The rental units sport fifteen foot-ceilings with trendy industrial styling, fashioned out of the innards of the old flour mill. In many units, large windows overlook the Minneapolis city center.

The building's amenities are no less impressive. They include a fitness center, a yoga studio, complimentary wi-fi, in-unit laundry, full kitchens with dishwashers, and underground parking. The A-Mill also houses a range of artistic facilities and services, including separate studios for paint, pottery, photography, dance, music, and a performance space. The project is powered by an integrated hydroelectric plant that extends into the nearby Mississippi, taking full advantage of its riverfront location.

This is all topped off – literally – with an expansive resident lounge, which boasts designer furniture, restaurant-style booths, a large bar, televisions, and a sound system. The lounge opens onto a spectacular rooftop patio, perched over the Mississippi, directly across from downtown. The building's website describes the patio as offering the “best view in Minneapolis,” and it's hard to disagree.

The A-Mill is the largest and most visible structure in St. Anthony Main, one of Minneapolis's most sought-after stretches of real estate. It is flanked on the east by the Mill and Main Luxury

Apartments, in which single-bedroom units rent for as much as \$2,550 a month and tenants are required to earn thrice their rent monthly in order to even apply. It is flanked on the west by the Phoenix on the River condominium complex (tagline: “Luxury has a new neighborhood”), where, at the time of this writing, a one-bedroom unit is on the market for \$3,975,000.

At the A-Mill, monthly rent for a one-bedroom apartment is \$962.

Low rents aside, the A-Mill is the most expensive subsidized housing project in the history of Minnesota. It includes 251 units – primarily single-bedroom apartments – developed at an average price of more than \$665,000 apiece.

Yet despite the project’s exorbitant cost, and despite the fact that subsidized housing is traditionally controversial among neighbors, the A-Mill has been met with a positive reception. During the project’s two-year development period, local press closely followed construction progress. At the March HUD forum, the Minneapolis mayor lauded the project as a prime example of the city’s commitment to affordable housing. The Minneapolis & St. Paul Home Tour recently featured the building. Remarkably, the press or public never seriously critiqued the project, even as the cost ballooned from an estimated \$112 million to \$138 million, and then again to \$151 million, finally topping out at an unprecedented \$170 million.

Most subsidized housing is of limited appeal to those who aren’t hard-pressed to find housing elsewhere. It is frequently located in low-opportunity neighborhoods; it is spartan in design; it offers only the barest amenities. The primary appeal of such places is cheap, restricted rent – not creature comforts or a spot in a trendy, otherwise unaffordable neighborhood.

The A-Mill is different – a luxury complex by another name. Those lucky enough to score an A-Mill unit have won the housing lottery, scoring a luxury apartment for a subsidized unit’s price.

But there’s a catch. At the A-Mill, the people who win that lottery are overwhelmingly white.

In data provided to the state, only 14 percent of reported A-Mill households were families of color. None were headed by an individual over 62, and less than one in five had children. Less than one in twenty received any form of rent assistance – which is perhaps less surprising when one considers that average incomes in the building are \$10,000 higher than the annual average for Minneapolis subsidized housing.

By contrast, most of the rest of Minneapolis’s subsidized housing is located in high-poverty neighborhoods that are segregated or diverse. Most the people living in this housing are black; only 20 percent are white. Many have children and a substantial fraction are elderly. The majority are reliant on rent assistance. At the A-Mill Artist Lofts, these families seem nowhere to be found.

\*\*\*

The A-Mill is so far unique in scope, but it is hardly alone. Instead, it is the flagship project for a new style of subsidized development that is becoming increasingly common in Minnesota and around the nation. These places are diverse but share a number of key characteristics. They’re usually built around historic properties. They’re often restricted to particular occupations or

professions, such as artists. They're found in high-priced neighborhoods and are themselves costly to develop. And they're mostly white.

Many of these places – including the A-Mill – are designated “artist housing,” and require potential residents to pass through a special screening process that proves their commitment to art. The screening process would disqualify them from federal subsidy, but for a special “artist preference” exemption that Minneapolis developers helped pass through Congress in 2008.

Minnesota has seen perhaps two dozen properties developed in this vein over the past decade and a half, with the pace and size of new proposals accelerating. Minnesota-based companies and nonprofits have developed dozens of similar projects nationally. Although this style of development still constitutes a small share of subsidized housing, it has demonstrated considerable political appeal for cities and citizens alike.

That appeal is rooted in the fact that, in every way but one, projects like the A-Mill Artist Lofts are hard to distinguish from the luxury condos and rentals that have heralded the return of money to American cities. The A-Mill and its contemporaries can be seamlessly integrated into the kind of hip urban neighborhoods where young corporate workers buy craft cocktails at \$12 apiece, and where art studios outnumber convenience stores four to one. In form, these places mimic converted industrial lofts that would otherwise rent for thousands of dollars a month. They offer top-of-the-line amenities targeted at the young and active, with plentiful space for yoga, art, and exercise. Their common areas seem designed with album launch parties in mind. And the residents themselves are in many ways indistinguishable from their upwardly mobile peers: they are mostly white, mostly childless, non-disabled, and virtually never reliant on any form of rent assistance.

But while luxury development is undeniably conducted as a profit-making venture, this new style of housing ostensibly promotes the public good. That's why they're funded almost entirely out of public sources, like tax credits or low-interest government loans. As a result, as with most subsidized housing, rents in these buildings are capped, and residents are subject to income restrictions. (Though perhaps not for long: while many subsidized building owners agree to maintain affordability restrictions for at least 30 years, the owners of these places have frequently preserved the option to seek a release from those restrictions after only 15 years. In such cases, the owners would find themselves in possession of what is, for all intents and purposes, a publicly-subsidized luxury apartment building, often on prime real estate.)

For decades, subsidized housing policy in Minneapolis and Saint Paul has contributed to racial and economic segregation. But historically, it has done so by concentrating units, which are predominately occupied by families which are very poor and black, in areas that are themselves very poor and segregated. Meanwhile, the predominately white areas, where the greatest economic and educational resources are available, have seen little or no subsidized housing development, restricting access to these high-opportunity neighborhoods.

The segregation and concentration of subsidized housing reflects broader trends that continue to impact the region. Out of the nation's predominately white metropolitan regions, the Twin Cities area is now the nation's most starkly segregated, with severe impacts in both neighborhoods and

schools. (See the following subsection, Growing Segregation in the Twin Cities, for a summary of previous research on these trends and their impacts.)

But the A-Mill and similar projects represent a new kind of segregation in the region – not just as a result of where subsidized housing is located, but *within* the subsidized housing system. It divides the publicly funded rental units in Minneapolis and Saint Paul into a racial hierarchy, where the most expensive projects, with the most desirable locations, are effectively held aside for white people. Meanwhile, more traditional subsidized units are generally located in one of the two cities’ expanding hubs of racial and economic segregation, where research suggests that occupants will find few avenues to employment, educational advancement, or other means of breaking the cycle of poverty.

The following report analyzes this new trend in Twin Cities subsidized housing. It focuses on the increasingly common development of high-cost and pseudo-luxury subsidized projects.

These places exist because they serve a constellation of political and pragmatic interests, while their unusual demographics help them neatly avoid hot-button questions of racial and economic integration. Because no preexisting term exists for such places, we have selected the name “Politically Opportune Subsidized Housing,” or POSH, because it simultaneously conveys their appeal to developers and local politicians, their comparative luxury, and their origins as a product of unusual political incentives. The following report lays the groundwork for better understanding of this phenomenon, by:

- Describing the shared features that characterize POSH projects.
- Demonstrating how the demographics of POSH residents differ from residents of more traditional subsidized housing residents.
- Explaining ways in which POSH projects may be narrowing their tenant pool and screening out many traditional subsidized housing residents.
- Examining the legal, political, and financial incentives that have made POSH development possible and appealing.
- Discussing the accelerating national spread of POSH projects.
- Analyzing whether POSH development violates fair housing law.

As the following pages will demonstrate, POSH projects can advance historic preservation, make funding more plentiful, provide economic development, and support well-regarded groups like artists or teachers. They allow developers to cleverly repurpose affordable housing tax credits and other funding into unique projects that serve interests far beyond those of low-income families.

But the apparent cost of this choice is sustaining and worsening segregation. In the Twin Cities, POSH projects have made winners of developers, cities, politicians, and neighborhoods. It has harmed only one group: very low income families of color. These families have seen hundreds of millions of dollars of public subsidy, intended to provide stable, integrated housing for their



benefit, diverted instead into the production of rent-restricted luxury lodging for a favored class of residents. Instead of helping the struggling urban poor escape poverty and segregation, the region's most celebrated housing projects instead appear aimed at helping white, moderate-income "creatives" live comfortably in Minneapolis and Saint Paul's most exclusive urban quarters.

Are these the Twin Cities policymakers want to build?

## **Growing Segregation in the Twin Cities**

Segregation is a root cause of the many extraordinary racial disparities that plague the Twin Cities region. Although the area was once home to the nation's most effective housing integration program and strong school integration rules, both have come under systematic attack from political elites and private interests. The result has been several decades of increasing racial isolation.<sup>i</sup>

Minnesotans of color have become increasingly concentrated in racially and economically segregated neighborhoods.

- Between 1970 and 1990, the percentage of black Twin Cities residents living in census tracts where the majority of the population was also nonwhite dropped by more than ten percent, even as the black population increased. However, between 1990 and 2010, this percentage began increasing again, from 34 to 42.
- In 1970, 5 percent of American Indian residents, 4 percent of Hispanic residents, and 1 percent of Asian residents lived in majority-nonwhite census tracts. By 2010, these figures were 32 percent, 31 percent, and 30 percent, respectively.
- In 2000, 13 percent of low-income black Twin Cities residents lived in high-poverty census tracts. By 2012, that figure had increased to 19 percent. For comparison, in 2000, less than 2 percent of black Portland residents and less than 4 percent of black Seattle residents lived in high-poverty areas – and in both cities, that percentage declined slightly over the following 12 years. This occurred despite all three cities experiencing only small, nearly identical increases in racial diversity and poverty.

Educational segregation can interact with residential segregation to create a downwards feedback loop: racially isolated schools can trigger white flight from neighborhoods, which in turn accelerates the resegregation of those same schools. This process is well underway in the Twin Cities, with school segregation increasing even more rapidly than residential segregation. This increase cannot be explained by the region's changing demographics.

- Between 2000 and 2012, the number of schools in the Twin Cities that are more than 90 percent nonwhite increased from 37 to 117. In Portland over the same period, the number increased from 0 to 2; in Seattle, from 14 to 30.
- Today, 59 percent of children of color in the Minneapolis Public School District and 65 percent of children of color in the Saint Paul Public School District attend a school that is more than 80 percent nonwhite segregated.
- In the Minneapolis school district, the percentage of children attending schools more than 80 percent nonwhite segregated has increased slightly since 2001, despite the district becoming over seven percent whiter.

Intensifying segregation has both reflected and been reinforced by the region's subsidized housing policy. In the 1970s, an explicit regional "fair share" housing policy resulted in upwards

of 70 percent of all new subsidized housing being constructed in affluent suburban regions. But those policies were gradually abandoned, and today, subsidized housing reflects segregated living patterns. The region's subsidized units, which are far more likely to be occupied by families of color than other housing, are highly concentrated in areas and municipalities with a great deal of preexisting segregation.

- In 2011, over 55 percent of the region's subsidized housing was located in census tracts more than 30 percent nonwhite, compared to 22 percent of housing overall.
- The same year, 58 percent of subsidizing housing was located in areas served by predominately nonwhite schools, which only serve 23 percent of the overall student population.
- About 60 percent of subsidized units were located in the two central cities of Minneapolis and Saint Paul alone, which contain the region's greatest concentrations of poverty and most-segregated neighborhoods. Regionally, however, 75 percent of all housing units are found in the suburban areas surrounding the cities.
- Minneapolis's whitest quartile of census tract contains 30 percent of all the city's housing units, but less than 2 percent of the city's subsidized housing units.

In short, for the many low-income Minnesotans who are dependent on public subsidies to find an affordable housing unit, there is little choice about where to live. The concentration of affordable housing means these families are likely to be trapped in one the region's expanding hubs of racial and economic segregation – neighborhoods that, research suggests, offer few avenues for employment, educational advancement, or otherwise breaking the cycle of poverty.

Voluminous social science research has connected segregation with dramatically lower economic, educational, and health outcomes.

Decades of research show that racially and economically segregated communities and schools suffer a number of disadvantages.

- Residence in segregated, high-poverty neighborhoods is highly correlated with low labor market participation, reduced educational attainment, exposure to violence, and poor physical health outcomes.<sup>ii</sup>
- Residents of segregated, high-poverty neighborhoods who relocate to less-segregated, higher-income areas experience improved employment, higher incomes, and superior health outcomes, particularly for children.<sup>iii</sup>
- Many negative effects of segregated neighborhoods can be lifelong or multigenerational, even for residents who later leave: a landmark 2015 Harvard study showed that each successive year a child spends in a segregated or lower-income neighborhood before age 18 reduces the child's future income, level of educational attainment, and odds of graduating college.<sup>iv</sup>

- Highly segregated neighborhoods are associated with severe economic disinvestment and housing market decline.
- Segregated schools exhibit reduced academic achievement and larger achievement gaps between white children and students of color. They produce lower graduation and pass rates and lower college attendance rates. Integrated schools are associated with higher achievement, smaller achievement gaps, and higher adult incomes.<sup>v</sup>
- Students who attended segregated schools are more likely to enter the juvenile justice system as children, and as adults, more likely to enter the criminal justice system.<sup>vi</sup>
- Sociological study has demonstrated that integrated schools reduce interracial prejudice and facilitate more positive interactions between racial groups. Students attending integrated schools report an increased sense of civic engagement, and more stable interracial friendships as adults.<sup>vii</sup>

It is important to note that the harms of segregation do not arise because there is a “correct” demographic mix for a particular neighborhood or school. Instead, it is the existence of segregation itself that enables economic and racial stratification and creates inequality and suffering. More affluent residents – including more affluent residents of color – flee the perceived disparities of segregated neighborhoods and schools, creating ever-greater concentrations of low-income families of color in a handful of places, which run the risk of being overwhelmed by endemic need and near-universal poverty. This in turn strengthens the association between racial and economic segregation and extreme hardship, starting the cycle anew.

It is hardly surprising, then, that with segregation worsening in the Twin Cities, the region is regularly subjected to new research identifying some egregious racial disparity in employment, education, or welfare.

For white families, the Twin Cities region is one of the most prosperous in the nation. A 2014 report found that the region ranked first out of the region’s major metros in percentage of population with a high school diploma, in overall employment, and homeownership rates. It had the nation’s second-lowest poverty rate and seventh-highest per capita income.<sup>viii</sup>

But few of these benefits have reached families of color – and in particular, black families. That same report found that the Twin Cities have the nation’s largest racial disparities in poverty rates, homeownership, and employment; they have the nation’s fourth-largest disparities in per capita income. A vast array of other reports have consistently made similar findings.<sup>ix</sup> For example:

- A 2016 analysis found that black families earn average median incomes that are 41 percent of those earned by white families.<sup>x</sup>
- Poverty rates for Hispanic families exceed 20 percent; for black and African American families they exceed 30 percent. These numbers have grown over time. The poverty rate for white families is 5 percent.<sup>xi</sup>