



STRENGTHS AND VULNERABILITIES OF RENTAL HOUSING IN SAINT PAUL'S WEST SIDE NEIGHBORHOOD

Prepared for

**The City of Saint Paul's
Human Rights and Equal Economic Opportunity Office**



**SAINT PAUL
MINNESOTA**

BACKGROUND

About the West Side Community Organization (WSCO)

The West Side Community Organization (WSCO) is a 501(c)(3) nonprofit community-based organization and a Saint Paul District Council (District 3). WSCO works to increase the civic participation of residents by initiating organizing campaigns, providing leadership development opportunities for youth and adults and by educating and building the power base of residents to tackle civic issues. WSCO works on issues of racial, economic, social, and environmental justice towards systemic change.

WSCO also acts as a vehicle to inform and shape issues concerning the “built” environment through community economic development planning, organizing resources to clean up urban blight and advocating for equitable development. Finally, the organization works to promote a healthy natural and social environment by addressing food security issues, promoting urban agriculture, recycling and residential energy efficiency.

Purpose of this report

STRENGTHS AND VULNERABILITIES OF RENTAL HOUSING IN SAINT PAUL'S WEST SIDE NEIGHBORHOOD, is part of a funded project between the City of Saint Paul's Human Rights and Equal Economic Opportunity Office (HREEO) and the West Side Community Organization to explore rental housing issues, and engage and organize renters on their rights and fair housing practices.

Over the past year, WSCO staff have compiled and distributed resources for tenants and conducted “Know Your Rights” trainings to renters on the West Side. They've facilitated action and resolution between renters and landlords. This work continued through the COVID-19 pandemic, where existing housing issues, especially concerning adequacy and affordability, became more pronounced.

This report compiles data from the U.S. Census Bureau, Metropolitan Council, the City of Saint Paul, and other sources to illustrate current conditions and recent trends from a data-driven lens. However, quantitative, tabular data has considerable limitations and should be interpreted with caution. For example, a real-time data source for monthly contract rent on private market units at small geographic areas simply does not exist. Though the American Community Survey offers high-quality estimates at census tract level, it is based on a rolling sample over a five-year period, thus not reflecting the most recent market conditions. In other words, quantitative data alone is inadequate and incomplete alone, and must be considered alongside the lived experiences of West Side renters and housing providers to achieve the most holistic understanding from which to base policy and programmatic decisions.

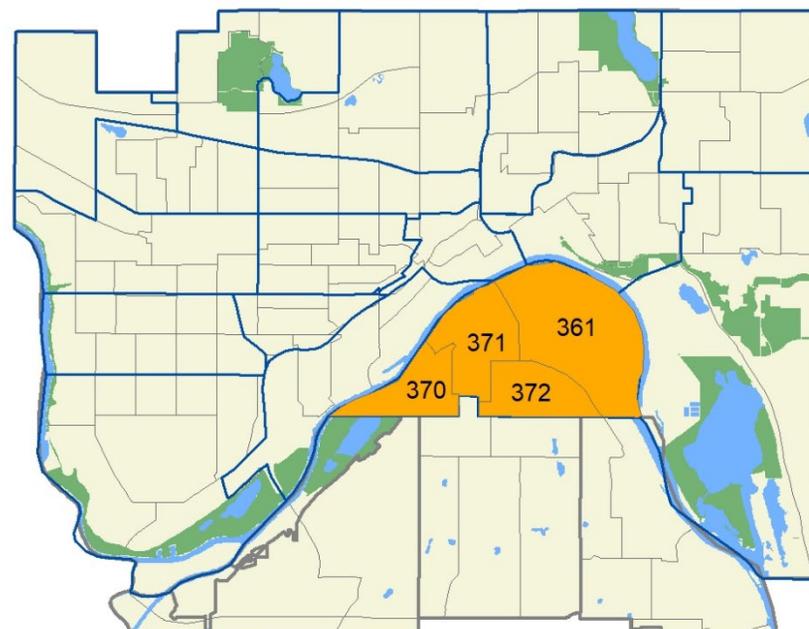
NEIGHBORHOOD CONTEXT

The West Side: Diverse overall but large differences within

Consistent with its known history as a self-supporting immigrant gateway, the West Side neighborhood remains racially, ethnically, and economically diverse today. However, a closer look at the data by census tract shows that this diversity is not spread throughout the community: the Cherokee Park neighborhood (Tract 370) has a much higher share of White residents, a lower share of immigrants, and lower shares of poverty, unemployment, and disability than other area within the neighborhood. In contrast, the District del Sol area (Tract 361) has a majority BIPOC residents, more recent immigrants, and a much higher degree of economic vulnerability with high poverty and unemployment in 2019. The other two West Side census tracts fall in the middle on these data points. Neighborhood/district-level measures can obscure this bifurcation.

West Side resident demographic profile by census tract

	Tract 361	Tract 370	Tract 371	Tract 372
Total households	514	1,077	1,945	2,061
Average household size	3.06	2.63	2.54	2.87
Total population	1,850	2,902	5,355	6,355
Population by race/ethnicity*				
% Asian	21.9%	-	5.5%	4.2%
% Latino or Hispanic	26.3%	17.8%	27.4%	39.1%
% Black	28.9%	2.1%	12.1%	16%
% Indigenous	1.1%	2.1%	2%	0.8%
% Other/multiracial	9.4%	2.9%	5.2%	1.8%
% White	12.4%	75%	47.7%	38%
% Recent immigrant (since 2000)	22.9%	0.4%	10.8%	12.6%
% Limited English Language Skills	23.8%	3.5%	12.3%	16.3%
% Incomes below 185% poverty	60.1%	25.5%	42.9%	42.8%
Unemployed in the past year	31.7%	9.1%	13.8%	17.3%
% Any disability	20.2%	10.3%	11.8%	10.4%



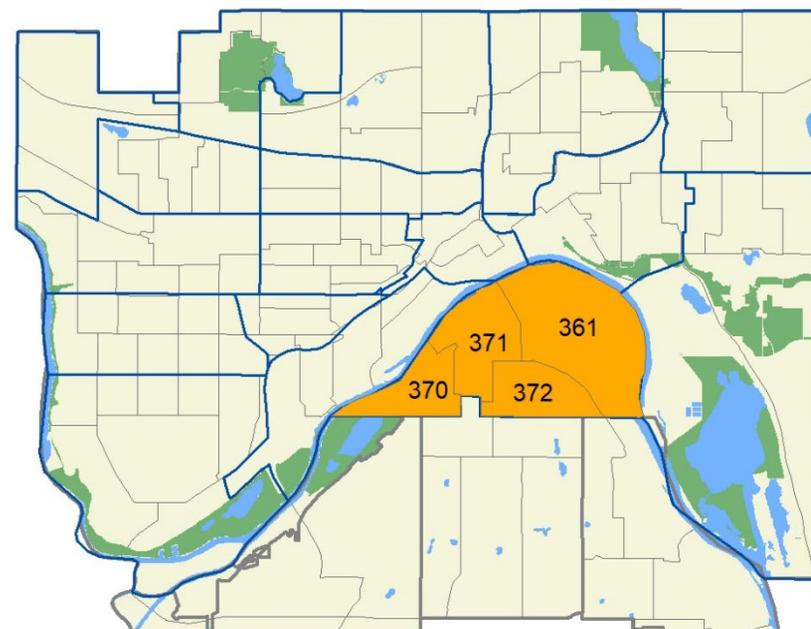
Data Source: U.S. Census Bureau's American Community Survey five-year estimates and Metropolitan Council's annual population estimates; retrieved from [Metropolitan Council's Equity Considerations for Place-Based Advocacy and Decisions \(2021\)](#). *Non-Latino, unless otherwise noted.

The housing profile of the West Side is—again—more complex than aggregate neighborhood metrics can imply. The District del Sol (Tract 361) neighborhood has a higher share of renters, larger multifamily buildings, and typically smaller unit sizes, despite larger household sizes on average. Further, rental property owners in this area of the West Side are less likely to be from the neighborhood, the rate of homeownership is low and at 50.8% of renters are cost-burdened. Taken together, this suggests renter households in this area are vulnerable in terms of residential stability.

In contrast, the more affluent part of the West Side (Tracts 370) shows a different profile: mostly single-family homes, high homeownership, and larger rental units with less overall cost-burden. The central tract in the neighborhood, which includes the Riverview neighborhood on the Bluffs, and parts of the West Side Flats on the riverfront, reflects recent development activity, having added about 10% of new housing units since 2010 (but little local ownership).

West Side housing profile by census tract

	Tract 361	Tract 370	Tract 371	Tract 372
Total housing units	532	1,147	2,109	2,198
Owner-occupied units	179	824	854	1,233
Renter-occupied units	335	253	1,091	828
Homeownership rate	25.3%	72%	40.7%	61.7%
% housing cost burdened renters	50.8%	29.3%	47.8%	54.1%
% housing cost burdened owners	35.1%	14.2%	13.4%	22.8%
% housing units built recently (2010+)	-	<1%	10.5%	1.1%
% housing units built before 1950	23.3%	88.8%	59.1%	54.6%
% rental units - studios	0	0	23.3%	1.2%
% rental units with 1 bedroom	67.2%	9.8%	31.6%	17.4%
% rental units with 2 bedrooms	9.2%	43.6%	29.1%	31.3%
% rental units with 3+ bedrooms	23.5%	42.2%	13.1%	30.7%
Avg # of units in multifamily buildings	51	9	57	16
% rental units in the tract whose owner is located in same ZIP code	8.3%	21.8%	8.3%	12.5%



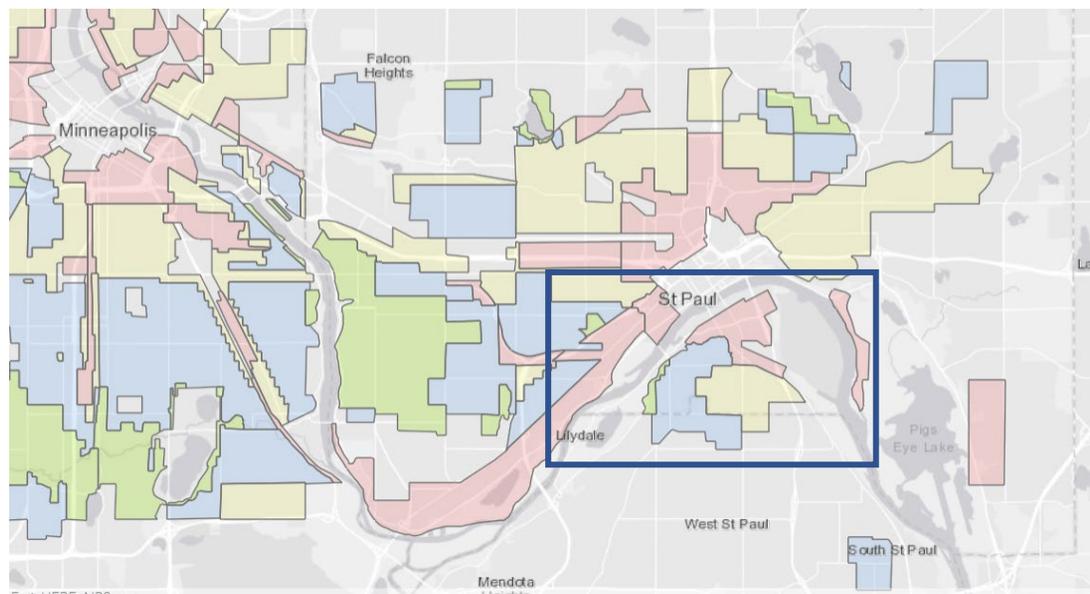
Data Source: U.S. Census Bureau's American Community Survey five-year estimates and Metropolitan Council's annual population estimates; retrieved from [Metropolitan Council's Equity Considerations for Place-Based Advocacy and Decisions \(2021\)](#). *Non-Latino, unless otherwise noted.

Today's residential segregation is rooted in historic redlining, displacement

The pattern of residential segregation within the West Side neighborhood described above is a part of the legacy of the racially discriminatory practice of redlining established decades earlier. In 1934, the Home Owners' Loan Corporation (HOLC) rated the riskiness of insuring mortgage loans in different areas of Minneapolis and Saint Paul, assigning them a "zone" of risk that was influenced primarily by the race and class of residents. As other lenders adopted such classifications, it became difficult to get mortgages in lower-wealth neighborhoods with many people of color, locking in disparities for the future.

The red and yellow classifications signaled "high risk" to mortgage lenders based on the racial composition of the area, inhibiting access to credit and homeownership, especially for Black, Indigenous and people of color. Acreage in the blue and green areas – predominately home to White residents – were deemed desirable, allowing White families opportunities to buy homes and build wealth.

1934 Home Owner's Loan Corporation (HOLC) redlining map



Data source: [Historic Home Owners' Loan Corporation Neighborhood Appraisal Map on the Minnesota Geospatial Commons](#).

In addition to the enduring effects of redlining, the West Side Flats (Tracts 371 and 360, near the riverfront) experienced “Urban Renewal” displacement by the city of Saint Paul. The Mississippi River flooded every spring, directly affecting the Flats and its residents. In 1952, the flood was severe enough to show the vulnerability of frame houses* on a floodplain. In 1956, the city’s Port Authority announced the creation of Riverview Industrial Park, which would consume the land of the Flats. As a result of this decision, life for those living on the Flats changed quickly and significantly. In 1961, the city began buying the houses, only to tear them down in 1962. By the end of 1963, all the residents had been displaced from the Flats. In 1964, a flood wall was built. While the flood wall was necessary to protect the Flats, it was built solely to benefit industries rather than restore the families to their homes. The life of the industrial park was short-lived yet left behind toxic sites that have affected generations.

KEY FINDINGS

The following table summarizes strengths and vulnerabilities in the West Side’s rental housing market.

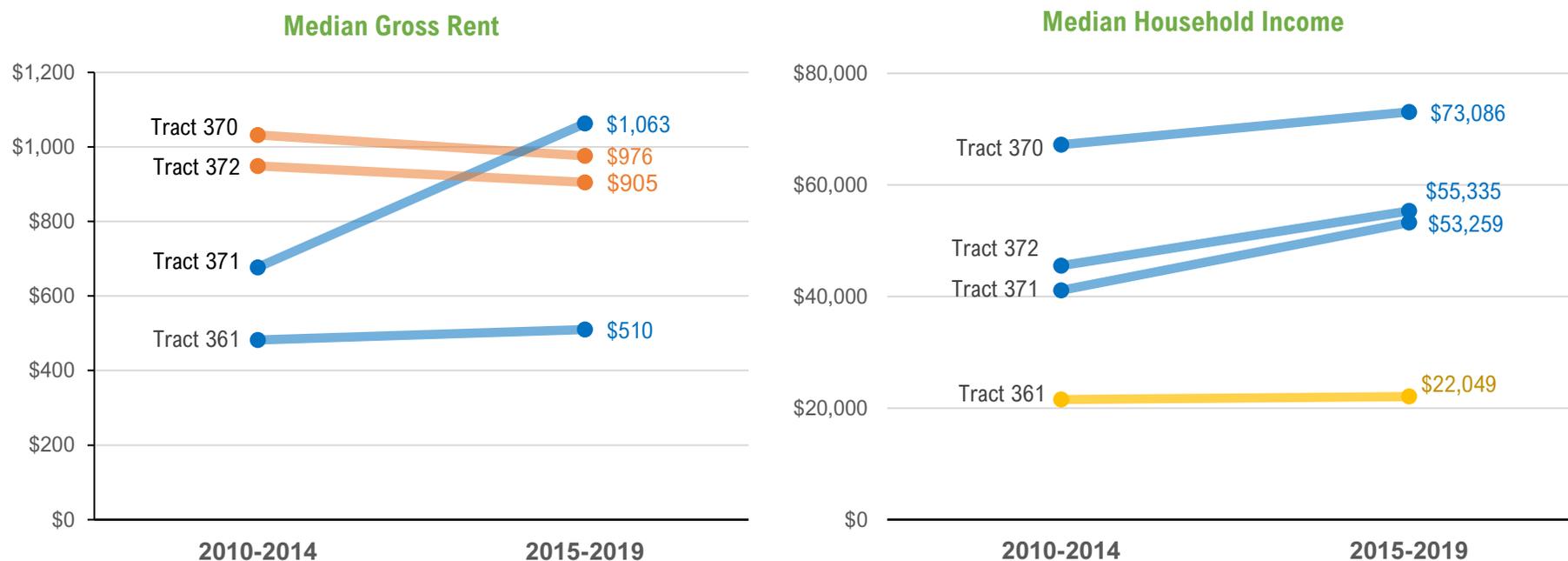
Rental housing Issue	How issue is a strength/opportunity	How issue is a vulnerability/risk
Mix of rental housing types (duplex/triplex, single family homes, small/middle/large multifamily buildings) and conditions (mainly class B & C buildings with little reinvestment)	Most naturally occurring affordable housing (NOAH) meets this description. Through tax incentives and low-cost lending, it may be possible to preserve unsubsidized affordable units on the West Side while also addressing safety and adequacy issues.	NOAH units are unsubsidized private market housing, and there is no guarantee a property owner will voluntarily participate in programs that help maintain affordability versus selling the building to investors for profit. That many of the multifamily buildings on the West Side are owned by individuals who do not live in the neighborhood or region suggests intensive outreach maybe need to attract owners to programs.
The largest area of potentially developable land is the West Side Flats, which is topographically detached from much of the existing neighborhood.	The West Side Flats Master Plan outlines the opportunity to recreate the urban village feel of the Flats, with mixed use buildings and a tighter street grid. Developing a shared strategy of equitable development, including overall affordability targets and wealth-building opportunities, could have a larger impact (versus a myriad of infill sites across the neighborhood).	Developers, investors and other stakeholders can leverage local market data to their advantage, using some information to justify higher rents (based on affluence of Cherokee Park area of West Side or downtown Saint Paul) and argue against more affordable housing due to already high poverty rates (in the District del Sol area).

<p>Rental housing stock lacks larger units to accommodate families and intergenerational households.</p>	<p>Encourage/negotiate larger units in new developments; support innovative solutions</p>	<p>Most new development proposals focus on studio and one-bedroom products, aligning with broader market trends that smaller/single family households are expected. Building new affordable units with 3 or 4 bedrooms will mostly likely require significant subsidy.</p>
<p>Overall market pressure on the West Side is high</p>	<p>New development offers opportunities for equitable development</p>	<p>Private market development that does not require support from the city, funders or the community can build housing products misaligned with West Side priorities</p>

HOUSING AFFORDABILITY

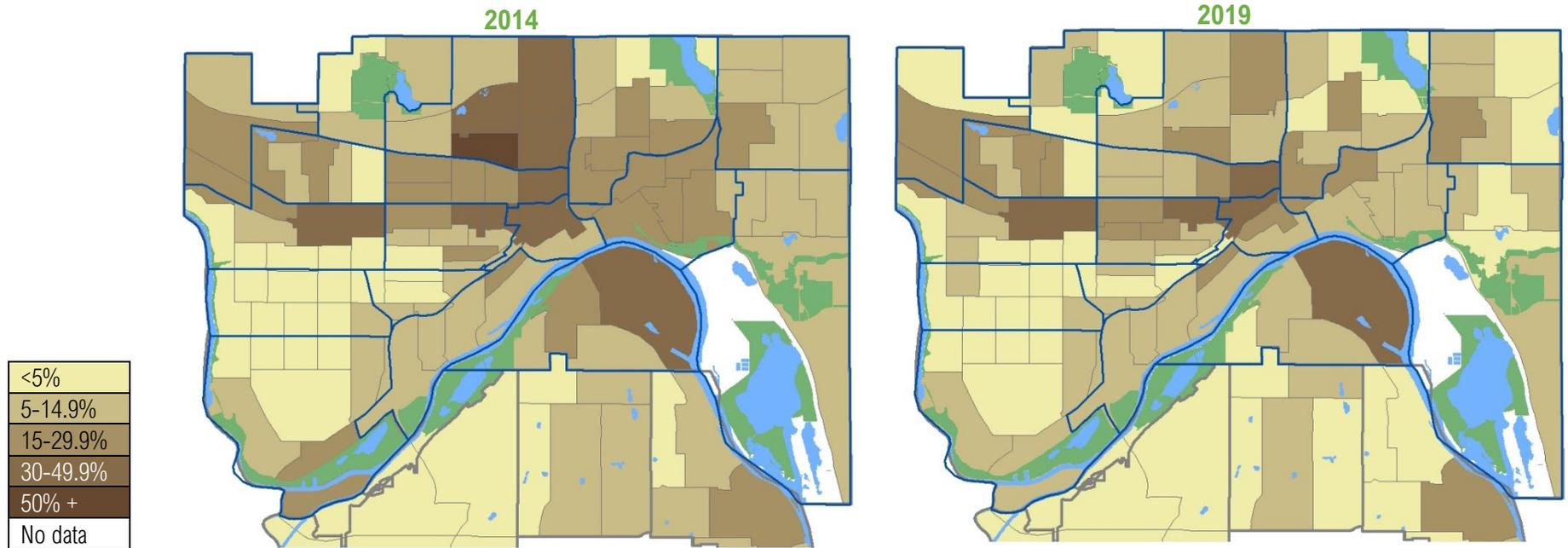
Prior to the COVID-19 pandemic, incomes were on the rise for some, but not all households. However, housing costs are rising faster than incomes for many at the lower end of the economic spectrum, increasing housing cost burden among those households.

Change in Median Gross Rent and Median Household Income (in 2019 dollars)



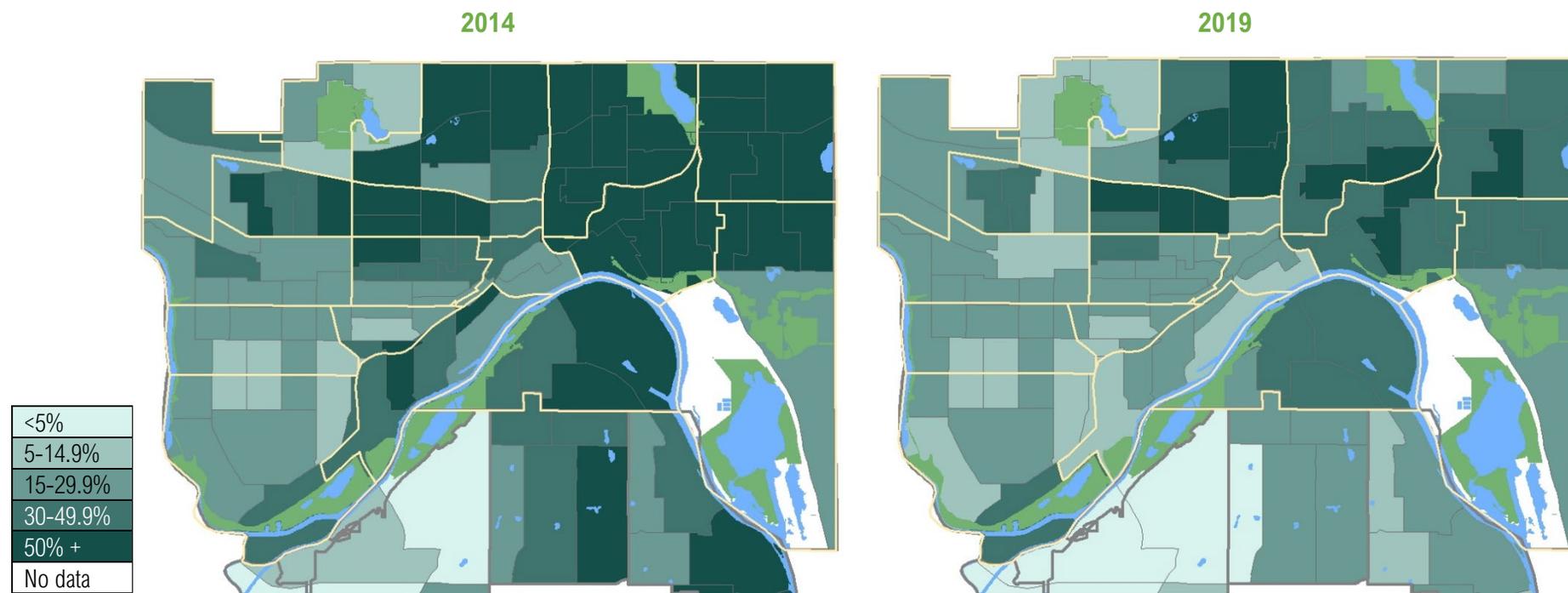
Data Source: U.S. Census Bureau's American Community Survey five-year estimates, retrieved from [Metropolitan Council's Equity Considerations for Place-Based Advocacy and Decisions \(2021\)](#). Rent includes both contract rent and utilities.

Proportion of housing affordable to households at or below 30% of Area Median Income (\$30,000 for a family of four in 2019)



Data Source: Housing Affordability Estimates, [Metropolitan Council's Equity Considerations for Place-Based Advocacy and Decisions \(2021\)](#). Here, "affordable to households" means households spend 30% or less on housing costs—including rent and utilities.

Proportion of housing affordable to households 31-50% of Area Median Income (\$30K to \$50K for a family of four in 2019)



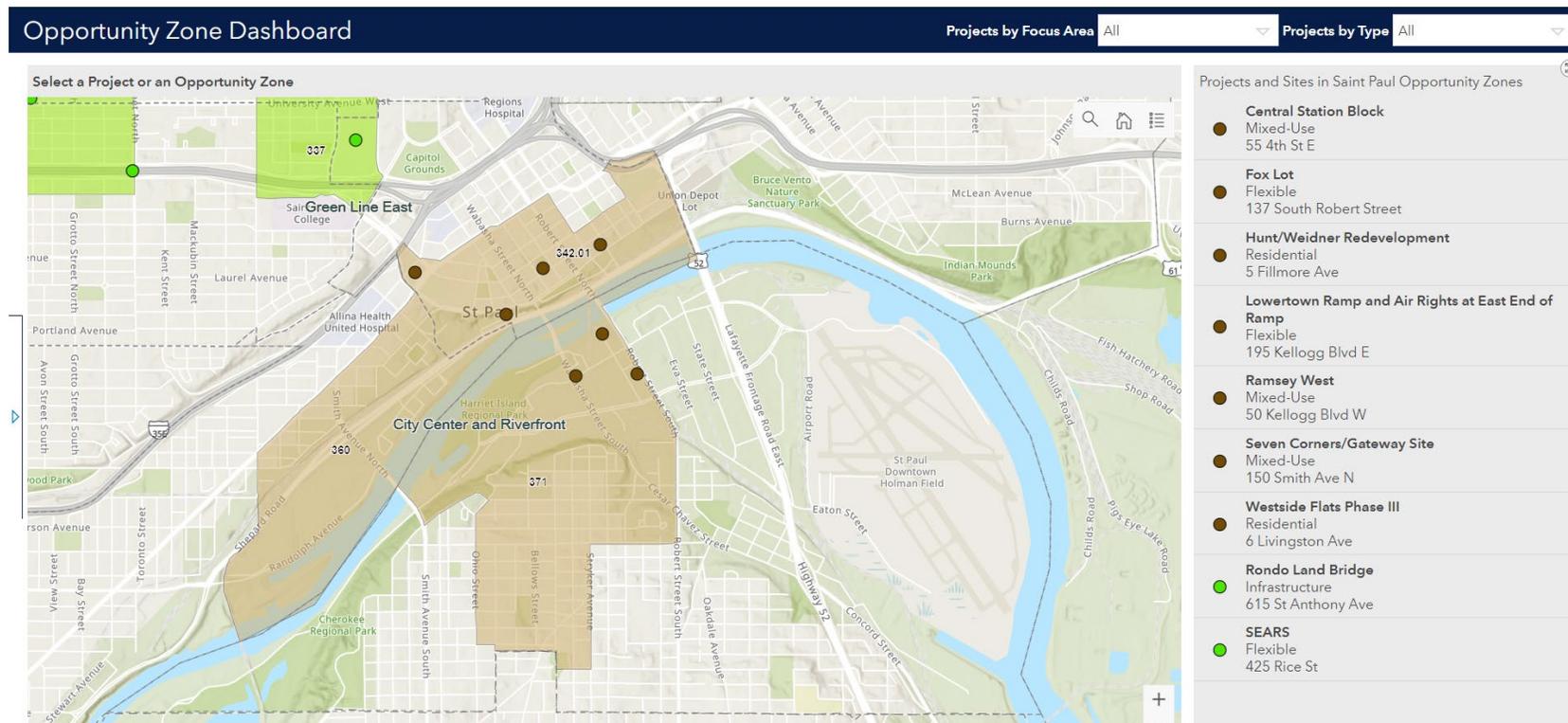
Data Source: Housing Affordability Estimates, [Metropolitan Council's Equity Considerations for Place-Based Advocacy and Decisions \(2021\)](#). Here, "affordable to households" means households spend 30% or less on housing costs—including rent and utilities.

MARKET PRESSURES

The Tax Cuts and Jobs Act of 2017, incentivized investment in lower-income areas through the Opportunity Zones program. The program provides tax relief for investors who re-invest their unrealized capital gains into specific low-income communities. By providing tax breaks to investors, the program helps unlock additional investment dollars for low income communities.

One of the four census tracts comprising Saint Paul's West Side was designated an Opportunity Zone, spurring even more interest in the West Side Flats. At the time of this writing, the West Side is an active discussions with four developers about large mixed-use projects, totaling about 1,400 units of new rental housing over the next three years. This influx of development can contribute to gentrification and displacement.

Opportunity Zone Designation of Tract 371



Data source: [City of Saint Paul's Opportunity Zone Dashboard](#).