DISPARATE CITIES
THE CREATION AND EXPLOITATION OF A SOCIOECONOMIC UNDERCLASS IN THE TWIN CITIES
SEPTEMBER 2018
INTRODUCTION: A SYSTEM OF CRISIS 3

TENANT STORY: CHLOE JACKSON 5

PART ONE: YESTERDAY’S DISCRIMINATION, TODAY’S DISPARITIES 6

PART TWO: THE ROOT OF THE FAILURE 10

TENANT STORY: LORI NICOL 11

PART THREE: RESTORING BALANCE TO THE MARKET 14

CONCLUSION: PERMANENTLY AFFORDABLE DEMOCRATIC HOUSING 18

TENANT STORY: PATRICIA GANT 19

Disparate Cities is a special report by Inquilinxs Unidxs por Justicia that examines how housing policy — incentives, regulation, and deregulation — have created a socioeconomic underclass in the Twin Cities. This class includes people of all demographic make-ups, but people of color, women, and renters are disproportionately represented. If we are to create a truly free and equal city, we must work to undo the power-imbalances that give rise to these disparities. Disparate Cities examines three strategies for redressing these wrongs and creating a more democratic society: a tenants' bill of rights, tenants' unions, and housing cooperatives.

The mission of Inquilinxs Unidxs por Justicia is to bring together groups of tenants in Minneapolis’ most neglected housing to analyze problems occurring in their living situations, to strategize and organize around those problems, and to create affordable, dignified living spaces in Minneapolis.
Many observers claim that we are in the midst of an "affordable housing shortage" or, even worse, an "affordable housing crisis."

Ron Feldman
Assistant Vice President
Federal Reserve Bank of Minneapolis
2002

Today, it is generally acknowledged that Minneapolis is in the throes of perhaps the worst housing crisis in its history. But this description of the problems facing Minnesotans — particularly people of color, women, renters and the homeless — ignores many critical details. Today’s crisis is just the latest turn in a housing system that has failed for decades to provide adequate housing. The reality of life in Minneapolis for thousands of renters has been ignored to an astounding degree, for an embarrassing length of time. This reality has enjoyed only occasional bouts of media attention and each time has galvanized policy makers to enact the same solutions.

Minneapolis’ affordable housing crisis was a theme of Barbara Ehrenreich’s 2001 book, Nickel and Dimed. Former Minneapolis mayor R.T. Rybak responded to Ehrenreich indirectly during his first bid for mayor when he declared affordable housing to be the top issue facing the city and his number-one priority. He even promised to prominently display a “thermometer” outside city hall to track the progress made.
The data tells a different story. In 2000, when Ehrenreich was still investigating Minneapolis’ affordable housing crisis, 37.8 percent of renters were cost burdened—they spent more than 30 percent of their monthly income on housing. Between 2005 and 2016, 49 percent of Twin Cities renters were cost burdened, on average. The number has not deviated from that average by more than three percent since. In 2007, when the city claimed success, 47.1 percent of renters were cost-burdened—more than today.\textsuperscript{16}

A decade later, reading that passage from the (still current) comprehensive plan is painfully ironic; a reminder of how we closed our eyes to the exploitation and inequality in our city. Why has the problem been allowed to deepen for nearly twenty years? Why have we designed our housing system to prey on renters, women, and children? What can we do to improve housing outcomes and the standard of living for those affected? This report is our attempt to answer these questions in three steps.

First, we will ground ourselves in reality by examining the lived experiences of tenants in Minneapolis. In the second, we summarize the history of racist and sexist policies that have contributed to the housing crisis nationwide and in Minneapolis.

In Minneapolis and across the country, since the collapse of the housing market, the economy has improved while the lives of poor and working people have only gotten worse. Today, this divide between standard economic metrics and reality is nowhere more stark than in the booming housing market, which has driven the basic human need for shelter beyond the limits of affordability and turned the universal right to dignity into a luxury good. The second part will examine how economic policy has become uncoupled from the reality of Minneapolis’ housing market.

In the final part, we will examine three policies that will help restore dignity and affordability to housing in Minneapolis: a tenant’s bill of rights, tenants unions, and co-ops.
Chloe Jackson has lived in the same apartment for years, renting from Steve Frenz. Courts have found that Frenz has consistently failed to fulfill his duties, the so-called “covenant of habitability.”

Jackson rattles off the problems: ceilings so leaky they left puddles of water on her floor; cockroaches; a front door that was broken and impossible to get out of, but also unlocked so anyone could get into the building; squirrels in her apartment.

In the end, it took a mass action by tenants to provoke even the smallest repairs. “We were in a rent strike, so we were able to get some of these repairs done, but not in the way they should be done. We got them done in a half-assed way. Like this is a band aide, this will stop it for right now.”

Finally, after years of failing to comply with his side of the contract, the city took away Frenz’s licenses, and tenants received notices to vacate. “I’d rather they let him keep his license and make the repairs. The city put us all in a messed up situation.”

When the tenant fails to uphold their side of the lease, they are evicted. And when the landlord fails to uphold their side of the lease, the tenant is evicted. The behavior of tenants is regulated to the point of violence in the form of forced eviction by armed officers, while regulations of landlords are written primarily to protect the city and other property owners. Tenants assume nearly the entire cost of policing their landlords.

“This fighting for my housing is a job,” Jackson said. “It’s a job, for real. I still have to go to work and make sure I’m able to pay my rent, but I also have to make sure that I’m able to know my rights as a tenant, I have to make sure I fight for the heat to be fixed, I gotta fight for the front door to be fixed, I gotta fight to not have squirrels and roaches in my apartment. That’s the job. On top of being a parent, too.”

Jackson laughs at the notion of a self-regulating market coming to the rescue. She pays $855 for a 650-square-foot apartment that hasn’t received substantial maintenance in decades. She has neighbors who have not had adequate heat for five or six years, and one neighbor who has lived in her apartment for 23 years without once having the carpet replaced. Each year, rent goes up, and quality goes down.

So why doesn’t Jackson move? “I love my neighborhood,” she said, “I don’t want to leave my neighborhood.” Jackson rattles off the amenities: it’s close to good public transit, her son’s school is within walking distance, and the area is safer than other areas she could afford. In other words, landlords charge their tenants for access to what are supposed to be public goods and services - a dynamic that shows up frequently for women of color in the rental market.
Since the 1930s, lenders and lawmakers have decided who is and who is not allowed to be a homeowner, and in doing so have codified their biases. The draft of Minneapolis 2040 grounds itself in the historical, systemic racism that has led to many of the disparities in housing today. This discrimination has been both casual and institutional, private and governmental. It and other forms of discrimination continue to drive negative housing outcomes for specific subsets of the population today, most notably single black women.

The federal government did not involve itself in private homeownership until the passage of the Home Owners Loan Act of 1933, part of President Roosevelt’s New Deal. Before this, mortgages were short-term and only covered about 60 percent of the cost of a home. The government created a new kind of loan which would remain the standard for decades: long-term, fixed-rate mortgages with payments scheduled to include both interest and principal.  

However, while these loans expanded homeownership within the middle and working classes, they also restricted it to white, traditional families headed by men. Discrimination towards women, people of color, and the lower class was explicitly written into housing and lending policy. Minneapolis 2040 relates this passage from the Federal Housing Authority’s 1934 underwriting manual:

“The more important among the adverse influential factors are the ingress of undesirable racial or nationality groups; infiltration of business or commercial uses of properties; the presence of smoke, odors, fog, heavy trafficked streets and railroads.”

This kind of racist discrimination was legal until passage of the 1968 Fair Housing Act, (FHA) but legal discrimination based on gender continued until passage of the Equal Credit Opportunity Act of 1974 (ECOA.) Until that point, banks frequently maintained different requirements for men and women to obtain mortgages, or denied mortgages to women altogether. A woman often needed her father to sign onto her mortgage to keep her house if she got a divorce or if her husband abandoned her or died.

Gender discrimination became, at times, contradictory: single men were considered less trustworthy than married men, but banks would not count women’s salaries toward
THE FORECLOSURE CRISIS DISPROPORTIONATELY AFFECTED PEOPLE OF COLOR

Even after FHA and ECOA, limitations on access to credit continued in many markets because of underenforcement. Where there was not outright discrimination, wealth disparities caused by systemic sexism and racism were amplified by the way the federal government continued to subsidize the housing market. Many cities, including Minneapolis, failed to update their zoning laws from the era of explicit racial segregation. As Minneapolis 2040 says “the zoning map in these [historically segregated] areas remains largely unchanged from the era of intentional racial segregation.”

ECOA and FHA made it illegal to deny credit to people of color and women, but discriminatory practice did not disappear. Instead, they shifted form to what is sometimes called “reverse redlining,” where the discrimination is not in the approval or denial of the loan, but in the terms of the loan itself. Despite having higher credit scores, single female homeowners are over-represented among subprime mortgage holders by 29.1
percent. An African American woman is 256 percent more likely to have a subprime mortgage than a white man with the same financial profile.  

Subprime mortgages were intended to expand homeownership to those not served by the traditional lending market. By 1982, all the key features of subprime mortgages, previously outlawed, had been legalized: high interest rates, adjustable interest rates, negative amortization, and balloon payments.  

Each of these features was sold as a way for lenders to limit their risk when lending to otherwise risky customers, but gave rise to the practice of “risk layering.” That is, these features were layered together in the same loan along with high up-front fees and deceptive introductory interest rates to return a huge profit for the lender while creating a much higher risk of default for the borrower.  

Racism, sexism, and wealth disparities that lawmakers allowed to develop for generations locked women and people of color out of the prime market and forced them into the subprime market, where they were targeted by predatory lenders. One former financial manager described his ideal customer like this:

“an uneducated widow who is on a fixed income — hopefully her deceased husband’s pension and social security — who has her house paid off, is living off credit cards, and who must make a car payment in addition to her credit-card payments.”

When the crisis hit, federal agencies offered reproach instead of help. They responded by calling for greater household budgeting and financial literacy, rarely if ever
acknowledging the culpability of predatory lenders and other power imbalances. Families were foreclosed upon in record numbers, and lawmakers bailed-out the profiteers who had caused the crisis.¹⁷

The disparities and power-imbalance in housing markets around the country, including in Minneapolis, have always existed¹⁸ but were exacerbated by the Great Recession. Many of the homeowners who had been targeted by predatory lenders saw all equity in their homes evaporate nearly overnight, and were forced into the rental market. The earlier discrimination that locked women and people of color out of the housing market pushed them into the rental market. More recent discrimination locked them out of the prime mortgage market and pushed them into the rental market.

We see this discrimination of the past reflected in the modern disparities of Minneapolis. Female-headed households are more likely to be cost burdened than male-headed households.¹⁹ Black-headed households are nearly twice as likely to be cost burdened as white-headed households.²⁰ LGBTQ people are more likely to be homeless.²¹

The most stable Americans benefit more from federal housing subsidies than the least. Most federal money spent on housing goes to wealthy homeowners in the form of regressive tax credits.²² The subsidies that are available for renters are exclusively available for very low-income renters: mostly public housing and Section 8 vouchers. Both have seen a massive disinvestment in recent years that only 25 percent of renters who qualify for these programs have access to them.²³

Private landlords may choose to accept Section 8 vouchers or not, and are free to stop accepting them at any time. Public housing leases are written so that authorities may evict tenants almost at will. In one case, the rationale for eviction from public housing was that a guest of the tenant was accused, but later acquitted, of a drug-crime.²⁴

It has not been extensively studied, but a recent pilot study found that 10 percent of female renters have experienced some form of sexual harassment or abuse. The details are obscene, but necessary to understand the problem. One woman cited in the study woke to find her landlord masturbating in her apartment on more than one occasion. Another reported a prospective landlord making sexual advances toward her and her 10-year-old daughter while viewing a Section 8 compliant apartment. Multiple women reported threats of eviction if they did not comply with demands for sexual favors.²⁵

It is tempting to turn away from these stories; to write them off as exceptions and the perpetrators as simply bad apples. But this misses the point. Market power is not about good people and bad people, it is about what we choose to allow. It is about the relationship between the ever-tightening circle of the wealthy and the swelling ranks of the poor. It is about who gets to choose how things are run. The only choice for many tenants is between destitution and exploitation.
The typical analysis of the housing crisis is simplistic: the stock of housing is too low for the demand, so prices are too high. If we expand the stock of housing, the problem will go away. The role of government is to subsidize, incentivize, and deregulate suppliers to promote construction.

This analysis has been shared by each of the cities last three mayoral administrations, and most of the city council members during that time. Without a more robust analysis, policy makers have relied on the same ineffective solutions: financial incentives for landlords, subsidies for developers, inclusionary zoning, and increased density in all neighborhoods but especially along transit routes.

In 2001, Mayor Rybak talked about streamlining government to divert extra funds to affordable housing initiatives and in his first term addressed the supply of housing by rehabbing and investing in affordable housing units. Later policies proposed included inclusionary zoning, encouraging a return to the “streetcar city” model with development along transit routes, encouraging the construction of fourplexes across the city, and building public-private partnerships to fund affordable housing construction and rehabilitation.

Betsy Hodges became mayor in 2012 and was mostly silent on the housing crisis. The topics she addressed were stable housing for poor children, incentivising rental repairs, educating tenants and landlords, and subsidizing developers. Most of these represented one-off actions and not a concerted plan to address the lack of affordable housing. One of the only actions her administration took to address the rising eviction rate was to commission a study that concluded not with policy suggestions, but a list of questions to guide future conversations about the issue, conversations that never materialized.

Hodges lost her reelection bid in 2017 to Jacob Frey, in part because of his focus on affordable housing during the campaign.
Lori Nicol is a mother of three adult children. A renter since before she and her husband were married, she will rent for the rest of her life. Nicol is a grant administrator who worked her way up from a clerical position at the University of Minnesota.

It has always been difficult to find adequate, affordable housing: “When my kids were young we really didn’t know where to go to find housing that we could afford and that was not in a dangerous neighborhood.”

Nicol said that her housing, affordable or not, has always been contingent on the whims of her landlord. “If you make one wrong step, you could be kicked out. Or if you don’t understand the rules, or if you make too many waves,” she said. She called this dynamic an “unspoken understanding” built by intimidating, one sided leases and stories tenants share about their landlords.

She explained that leases are written in legalese designed to give landlords as much latitude as possible. “Any conditions for the landlord seem very insignificant, except they’re providing you a place to stay,” she said.

“You don’t know what could trigger them to decide to not renew your lease or increase your rent. If the heat is included in the rent, and you complain about the heat, you’re concerned that your rent’s going to go up. You’re always at the mercy of the landlord. It makes you afraid to speak up.”

Other threats that landlords hold over tenants range from the indignant (entering the apartment without notice) to the intimidating (giving a bad reference.)

Nicol said that her current landlord is one of the best she’s had, “He’s not someone who’s trying to dominate you or have some power over you or anything. He’s just a person, it’s his business.”

She is currently paying less than she did for her worst living situation, where bug infestations kept her and her husband from using the bedroom, “We were living in it as though it were a studio.”

“The whole idea of market value for housing is skewed,” she said, “I don’t think it’s a real number.”

Despite her landlord's violation of his duty under the lease, Nicol had no way to enforce the contract except to hire a lawyer she couldn’t afford. After months of fighting, and with the help of Homeline and Inquilinxs Unidxs, Nicol was able to win some basic repairs.

Nicol says that the least the city could do is take a more proactive role in informing tenants about their rights, landlord histories, and available units. “They need to put the rights of tenants as an addendum to the lease or a pamphlet that’s given to tenants,” she said, “I didn’t know what my rights were until I was approached by Inquilinxs Unidxs.”
One of the most important roles that government officials can play to address the crisis is to publicize it. To his credit, Frey has been very vocal about the crisis in the city. However, his policy proposals are nearly identical to those enacted by Rybak ten and fifteen years ago: deregulation, financial incentives for landlords, subsidies for developers, fourplexes in every neighborhood, and high density development especially along transit corridors.34

Economic developments in recent decades — especially the Great Recession — have exposed the limitations of supply-side policies and challenged economic orthodoxy.35 The many widening gaps in our economy demonstrate this: between worker productivity and take-home pay,36 between the share of GDP going to capital and that going to labor,37 between the rate of homeownership of white people and that of people of color. The supply-side economic model that gives rise to the incentivize/subsidize/deregulate scheme did not anticipate these and other developments. In many cases, it even predicted opposite outcomes.38

“It is as if markets existed in a vacuum, structured by some natural law,” Joseph Stiglitz wrote, “and all that the economist needs to do to understand changes in the economy is to study the shapes of the demand and supply curves and the forces determining their shifts over time.” Stiglitz, one time Chief Economist of the World Bank, explains that this model (though not without value to help understand economic trends) makes a number of erroneous assumptions: perfect power balance between all parties, perfect information between all parties, and perfectly rational decision making by all parties.39

 Rather than abstracting the market to a perfect, sanitary simulation of reality, modern economic theory focuses on real-world interactions of power. This more nuanced model explains that incentivize/subsidize/deregulate schemes frequently have the unintended side effect of increasing the market power of suppliers at the expense of consumers.40 In the case of the Minneapolis rental housing market, that means the government is throwing its weight behind already powerful banks, developers, and landlords as they negotiate with relatively disadvantaged renters.

The renters’ stories interspersed through this report illustrate many of these imbalances. Some have been demonstrated by structured research.

Take, for example, the imbalance in control of public assets. Landlords, including Chloe Jackson’s pass-through taxes to their renters, but they also charge higher rents because of proximity to things like bus stops, schools, and parks. By pricing some people out of the market and by deciding who to rent to, property owners control access to public goods and services. This feature of the unregulated market stands in stark contrast to the democratic principles upon which we claim to base civic life. When the city invests tax dollars in these assets, the benefits flow disproportionately to property owners.

Or examine the unequal enforcement of contracts. Corporate landlords and management companies have economies of
DESPITE RESERVATIONS, IX IS RECEPTIVE TO MAYOR FREY’S HOUSING PLAN

Though we are critical of attempts to explain the housing crisis exclusively through supply and demand modeling, and of addressing it solely through supply-side solutions, it is true that lack of supply is part of the problem.

Frey’s policy proposals to address the housing crisis are nearly identical to those proposed by Rybak more than ten years ago. Rybak’s plan led the city into what has so far been the deepest point of the crisis, but the two plans differ in scale.

Rybak was criticized at the time for making only a token investment in affordable housing, between $10 million - $20 million per year and in one case, he slashed a source of funding for affordable housing to cut property taxes for the wealthy. Frey’s plan ups the city’s commitment to about $40 million, though more than half is a one-off expenditure.

Frey’s plan is only a part of the solution, and must be paired with long-term solutions that provide market alternatives and bolster the power of low-income consumers who stay in the market by choice or necessity. Still, the plan will undoubtedly take some of the pressure off the housing market and renters of all income levels.

scale when enforcing leases, and the backing of a coldly efficient legal system including courts and law enforcement. On the other hand, each tenant is fully responsible for the cost of enforcing the terms of their lease (in the form of time and effort.)

There are numerous ways that landlords exploit information imbalances to extract rents well beyond the actual value of the service they provide. One salient example comes from a recent study that found landlords exploit information imbalances to overcharge for utilities. When fuel costs rise, rents rise; when costs fall, rents stay the same. This kind of imbalance is more pronounced for tenants who do not speak English fluently.

The myth of textbook rationality underpinning unregulated markets should have deflated ten years ago along with the housing bubble that sank the world economy. However, those who benefit the most from the current system have refused to acknowledge the facts. As Ehrenreich wrote in Nickel and Dimed: “If low-wage workers do not always behave in an economically rational way, that is, as free agents within a capitalist democracy, it is because they dwell in a place that is neither free nor in any way democratic.”

Any analysis of the housing crisis must account for power in explaining how the market has failed. The supply/demand analysis does not. It neatly explains that developers, still skittish from the housing collapse, were hesitant to over-build. No one predicted the massive increase in demand that has occured. The problem was a failure to predict the future, an overly-conservative stance, a simple miscalculation.

However, according to the Met Council, population growth is almost exactly in line with 2010 estimates. Suppliers in the private market have had at least eight years to prepare for Minneapolis’ current housing needs, and have chosen not to. Of course, it’s possible that this was a perfectly rational choice: developer and landlord profits have risen in recent years, further increasing their market power in relation to their customers.

But that raises the question of why we have allowed so many to become dependent on a housing system that bolsters the power of the wealthy at the expense of everyone else, and why we should continue to support that system.
When you enter the low-wage workplace — and many of the medium-wage workplaces as well — you check your civil liberties at the door...We can hardly pride ourselves on being the world's preeminent democracy, after all, if large numbers of citizens spend half their waking hours in what amounts, in plain terms, to a dictatorship.

Barbara Ehrenreich
Nickel and Dimed

Despite what Ehrenreich wrote, more than a hundred and fifty thousand Minneapolitans do not even spend half their waking hours in a democratic environment. Fulfilling their basic need for housing is contingent upon their subservience. While many landlords may be benevolent, the power imbalance is ubiquitous.

Ultimately, the root of the affordable housing crisis is that historical injustices, rising inequality and a failed market have shunted Minneapolitans into two economic classes. Members of one class are free to choose between renting and owning; those of the second class must choose between renting and being homeless. Of course, these classes blur at the border, and many homeowners suffer.

“Market rate” rent in Minneapolis and around the country has been artificially inflated by power imbalances, corporate economies of scale, and the threat of destitution. Increasing the housing supply is important, but care must be taken to ensure that renters are not forced into an exploitative and abusive housing market.

Broadly, there are two strategies we can follow to help renters. We can ensure that renters have a greater degree of negotiating power in the rental housing market and that they have the option of escaping the market altogether. Any policy that does one of these will help renters, but there are three strategies that Inquilinxs Unidxs por Justicia endorses: a tenants’ bill of rights, support for co-ops, and recognition of tenants’ unions.

TENANTS’ BILL OF RIGHTS

A tenants’ bill of rights is one step down a longer path that could lead to more just and fair city. It gives tenants additional legal mechanisms to more evenly negotiate with their landlord, over applications, repairs, or displacement. It is not a silver bullet. Not all landlords will follow the rules in every circumstance, but tenants will have greater power to enforce their leases. A tenants’ bill of rights is universal; it doesn’t explicitly outline policies that will support women, people of color, or other specific
WHAT POLICY MAKERS CAN DO: TENANTS’ BILL OF RIGHTS

Policy makers can advocate publically for a tenants’ bill of rights and be ready to explain how they can benefit all Minneapolis. Before writing a bill, they should consult with tenants and other stakeholders, as some Minneapolis City Council members have begun to do. Finally, they should pass the strongest tenant protections they can.

demographic groups. However, because it will help renters, it will also help lessen racial and gender inequalities.

IX recently hosted a forum discussing more specific aspects of the bill of rights. The forum was led by tenants and participants included tenants, homeowners, housing policy advocates, and city council members. Participants discussed eight potential articles of a tenants’ bill of rights.

Deposit and fee caps — Currently, there is no cap on upfront fees or deposits a landlord can require. Oftentimes, it is difficult to reclaim a security or pet deposit in a timely manner, putting many otherwise affordable apartments out of reach to some renters. A bill of rights should require landlord to document the condition of unit when a tenant moves in. Deposits should be capped at 30%-50% of monthly rent. Landlords should not make a middleman fee on applications; application fees should not cost renters any more than what landlords pay.

On a more proactive level, the city could implement a tenant’s insurance fund which pays out to landlords in place of security deposits. Tenants would pay a one-time fee into the insurance fund unless they were found to have damaged property.

Repair and deduct — If a tenant requests a repair the landlord is required to make, and if the landlord does not comply in a reasonable amount of time, then the tenant would be allowed to make the repair themselves and deduct the cost from their rent, including labor costs, until they are repaid.

“Ban the Box” and limited lookback — If someone is convicted of a crime, they should not suffer a lifetime of stigmatization and hardship. There should be a defined limit on how far into a tenant’s past a landlord is allowed to look for criminal convictions or civil actions including rental history. Unlawful Detainers should be expunged immediately from a tenant’s record if they settle or are found not guilty.

Pay or quit — Currently, a tenant can be evicted for being a day late or a dollar short, and landlords can immediately bring eviction proceedings, which can result in a forcible removal by sheriffs as soon as two weeks after the date of the infraction. A landlord can be required to serve a pay or quit notice, which gives the tenant two weeks to remedy the late rent before an eviction is filed.

Eviction protection — Landlords increasingly are moving tenants to month-to-month leases, which may be terminated without cause. Just as tenants are required to give landlords notice of their concerns, landlords should be required to give tenants a permitted reason for non-renewal.

Right to terminate — Tenants should also be given equal right to terminate a lease with their landlord if the landlord is not in compliance, for example, if there is a long-term, unaddressed infestation. Tenants
should be given the right to call for surprise inspections of their own units.

**Relocation benefits** — In the event that a tenant is forced to relocate without cause, if their landlord’s rental license is revoked, for example, or if rents are raised past a defined threshold, the landlord should be required to pay relocation.

**Right to representation** — Finally, as the years-long debacle with Steve Frenz has shown, housing court is hopelessly stacked in the landlord’s favor. It is even common for non-English speaking immigrants to be forced into negotiation with trained lawyers. Tenants should have a legal right to representation in court.

**TENANTS’ UNIONS**

A tenants’ union is a structured association of tenants that allows for negotiating on a more even playing field with owners. At its most basic, this means collective bargaining. Most of a landlord’s power over their tenants comes from their ability to isolate neighbors and conceal information that might weaken their negotiating position.

Imagine that a tenant has a leaky roof that the landlord refuses to fix. If they fight, they might, like Chloe Jackson, win the enforcement of a short-term fix. They may not. In either case, the leak appears to be a one-off problem between a tenant and their landlord. The tenant can either accept the current situation or move to a similar one.

However, if they speak to the other residents of their building, they may learn that the problem has existed for years, and that the landlord has ignored multiple repair requests. If they speak to tenants of another of the landlord’s buildings, they may learn that the problem is not a single poorly maintained building, but a business model.

In addition to this kind of vital information sharing, tenant’s unions allow tenants to negotiate on a more-even playing field. They are able to collectivize the cost of enforcement, allowing them to more closely approach the same economy of scale as their landlord.

**WHAT POLICY MAKERS CAN DO: TENANTS’ UNIONS**

Policy makers can help at a basic level by speaking positively and often of tenants’ unions. Policy should be enacted to fund enforcement when landlords deny their tenant’s their rights. This funding should include funds for tenant organizing of unions, one of the most efficient enforcement measures. Unions are the most effective tool for enforcing housing code and combating run-away landlord profit, which we have seen to be 60 percent or higher in some of the worst buildings.
A landlord may (explicitly or implicitly) threaten a single tenant with eviction and a black spot on their record. Unions allow three or four buildings to join together. This may represent a sizable portion of the landlords portfolio, and their monthly income. By working together, tenants are actually able to negotiate the price of the good they are buying, which is how free markets are supposed to work.

HOUSING CO-OPS

Housing co-ops are not condominiums or simple co-owned housing. Rather, they may encompass multiple properties and are designed to keep housing permanently affordable and democratically controlled. There are many possible legal structures for co-ops, but the one we propose here is based on models used in Latin America and Europe.44

In this model, the co-op is comprised of two levels of interconnected corporations. Each property held by the co-op would have its own corporation to manage the affairs of the building. Stock in the corporation would be privately held with ownership limited to residents of the property. The board would be comprised primarily of residents elected by shareholders. It would decide on applications to join the co-op, handle maintenance, and help resolve disputes between residents.

Above each of these corporations would be the larger co-op, also structured as a corporation. Its shareholders would be the building-level corporations, and its board would be comprised of residents. Its primary function would be to act as a land trust, actually holding the properties that comprise the co-op and preventing them from being sold. However, it would also manage the co-op’s capital, including investment, purchasing additional property, and, in the long-term, providing loans to those wishing to buy into a member corporation.

We envision the benefits of co-op moving beyond housing. Rather than being tenants, residents are associates: they are business partners, neighbors, and creative collaborators. Associates of a co-op may organize a daycare, for example, or any other structure they choose that would allow them to meet their own needs, free to make their own decisions rather than being thrown about by an unaffordable market.

Eventually, the larger co-op would accrue enough capital to extend low- or zero-interest loans to tenants wishing to buy into the co-op, either by purchasing a share from an existing family, or by helping to purchase their building.

WHAT POLICY MAKERS CAN DO: HOUSING CO-OPS

Like the other policies we have proposed, lawmakers should talk publicly about the benefits of housing co-ops. A simple first step is to enact a right of first refusal so that tenants who wish to see their building become part of a co-op have that chance. (For example, Washington, DC, has the “Tenant Opportunity to Purchase Act”.)45 Eventually, lawmakers should offer financial support to tenants wishing to buy into a co-op and to co-ops wishing to expand their housing stock.
Three metrics are typically used to measure the rental housing market: homelessness, the rate of cost-burdened renters, and the homeownership gap. But these are just ways to measure the problem. The problem we face is not that nearly half of all renters are cost burdened. The problem is not that a much greater percentage of white people own homes than do people of color. The problem is not that more people are homeless than in the past.

The problem is that control over our city’s housing system has been ceded to a small circle of corporate profiteers. More than a hundred and fifty thousand citizens of Minneapolis — mostly poor people, women and gender non-conforming people, and people of color — have so little power and control over their homes, over their own lives, that they may as well be living under a dictatorship, to borrow Ehrenreich’s analogy.

A comprehensive study of the Minneapolis rental market is beyond the scope of this report. However, a brief survey of Minneapolis rental license data reveals an alarming degree of market concentration.

There are 96,282 licensed rental units in Minneapolis spread across 24,026 licenses. For this survey, we first combined licences by the same applicant. Even after combining licenses, there were nearly 15,000 rows of data. We didn’t have the resources for a comprehensive study, but surveyed approximately 75 applicants with the most units in their name, and identified the companies they represented.

This cursory survey revealed that the 50 largest for-profit owners and management companies — a fraction of a percent of Minneapolis’ landlords — control at least 27,567 units — more than a quarter of the rental market. Given the limitations of the survey, concentration is likely much greater than this.

A comprehensive study of concentration in the Minneapolis rental market should also examine the degree to which corporate landlords coordinate. Most coordination is likely to be strictly legal and may be structured — through an industry association, for example — or through informal price leading and other anti-competitive practices.
Patricia Gant described her old apartment as “heaven”: a nice side-by-side duplex, a big basement, a tidy backyard, all for $1000 a month. But in the winter of 2016, her landlord passed away and Gant had to move.

About then, Gant’s mother was diagnosed with pancreatic cancer. While looking for housing, she was also planning a trip to Arkansas to care for her mother. Her husband found a unit owned by Mahmood Khan.

Gant was unsure of the apartment. The front door had “such a big opening under the door you’d freeze,” she said. Short on options, she signed the lease. Gant’s husband, who had suffered two strokes, would pay the rent but Khan was to speak with Gant.

Six days after moving in, Gant flew to Arkansas; Khan would call if there was a problem. On March 8, her mother passed away. A week later, at a family gathering, Gant got a call from her daughter who was staying in the apartment with her daughter, who uses a wheelchair due to cerebral palsy. The sheriffs had locked them out of the apartment.

As soon as she could, she returned to Minnesota and arranged to meet Khan and the police at the apartment. Khan was unable to produce documentation of the eviction, so he unlocked the apartment. Gant was shocked, “It looked like the police had raided the place.”

Big screen TVs, clothing, toys, even a bearded dragon, all had been stolen. Gant’s mother made things for her children, repurposing what others might call junk into mementos of affection. These, too, were gone. One of Khan’s employees admitted to having a key though she wasn’t supposed to. The officers ordered Khan to place Gant in a new apartment.

“They took things from me that I would have cherished for the rest of my life. My mother’s gone, I can’t get it back from her."

On April 1, Gant moved into a new apartment; it was a mess. Gant cleaned the place herself, but Khan still required a deposit. The unit, which had rats, mice, and mold, cost $1200 a month.

“I wasn’t thinking straight, still in mourning. My whole life just came to a standstill,” Gant said. ”I stayed in bed a lot, didn’t go outside, didn’t communicate with people.”

In November, she received a letter from the city saying Khan’s rental license had been revoked and that she would have to move again. “I went online and looked up Khan, and found out the whole history, not knowing I had stepped into.”

Frustrated with the city for not working with tenants, angry at Khan for his negligence and exploitation, Gant refused to move. She protested, she planned, and she told her story to Minnesota Public Radio and the Star Tribune. She learned she was not the only one exploited by the system.

“I want to go forward with this, to find other people who are dealing with the same things we are dealing with and let them know my story. I didn’t give up.”
“NATURALLY OCCURRING AFFORDABLE HOUSING”

This problematic term has recently come under fire from housing advocates. Critics point out that NOAH is neither naturally occurring nor affordable. It is affordable only relative to more-affluent areas, and is frequently overpriced considering the dilapidated conditions: lack of maintenance, crime, surrounded by underdeveloped neighborhoods. As we have seen, there is nothing natural about the conditions that give rise to NOAH. Rather, they are the intentional result of decades of housing policy and deregulation.

Property, we are told, is the exclusive right and privilege of the owner to do with as they please. Anyone who happens to be living there must be subservient to their whims and wishes.

The solution is to build an alternative: Permanently Affordable Democratic (PAD) housing. PAD housing is built on five principals: community control, affordability, permanence, inclusivity, and health and sustainability.

Residents and (to a lesser extent) their neighbors, should be the primary decision makers about the land and housing on which they live. This is impossible for renters in our current legal system, which recognizes property rights but not the right to dignity or safety. True community control of housing can only be achieved through housing co-ops. Because the status quo has ensured that tenants have been denied a democratic voice in decisions about property and housing, many lack an understanding about what these decisions entail. Cooperative housing models are also sophisticated and not widely understood. For these reasons, those who may want to join co-ops will need training and education to take full control of their housing.

If we are to build a deep democracy, we must reject the idea that wealth entitles the holder to control. Advocates of unregulated markets insist that the only legitimate regulators are consumers. They argue that consumers send market signals (vote) by choosing where and how to spend their money. This is plutocracy — not “one person one vote” but “one dollar one vote.” In the world as it is, affordability is necessary to guarantee equal standing in civil society for all women, people of color, and poor people. To achieve this, we must remove land and housing from the speculative market, restrict corporate profit, and build legal structures that support tenants.
Federal housing policy has been explicitly white-supremacist, while predatory banks have been more than willing to profit off the racism that locked people of color and women out of the prime mortgage market. Uncountable wealth has been robbed from communities and individuals of color, especially women of color. These wrongs cannot be fully redressed without reparations, and the strategies offered in this report will not remove the need for reparations. However, the strategies are inclusive, they benefit all renters (and many homeowners) regardless of identity. Because renters disproportionately belong to historically marginalized communities, any policy that benefits renters will help reduce disparities.

Affordability cannot be passing, it must be permanent. Some members of Inquilinxs Unidxs have lived in so-called “naturally occurring affordable housing” for more than two decades, only to be displaced with one month notice. Permanence in housing means living without the threat of displacement by eviction or gentrification. It means a guarantee that your house will be your house until you decide to move.

In both cities and rural areas, redlining and other forms of discrimination have pushed communities of color into undesirable areas, many with high pollution. Both the poor environmental quality and the stress that comes from struggling to pay rent and fearing displacement contribute to health disparities between people of color and white people. The movement for PAD housing is intersectional. It can help to improve racial disparities and ensure greater health and sustainability within our communities.

Each of the strategies proposed in the last section works within the current framework to achieve PAD housing. A tenants’ bill of rights and tenants’ unions do this only imperfectly, increasing renters’ negotiating position with a landlord who still has ultimate authority. Housing co-ops, however, ensure that their members have an equal say in the decisions that affect the property.

A tenants’ bill of rights and support for tenants’ unions are important steps on the

---

**HOUSING RIGHTS ARE HUMAN RIGHTS**

“Dealing seriously with oppression means distributing wealth and power to the working-class victims of racism and sexism. That means confronting corporate interests.”

BHASKAR SUNKARA
EDITOR, JACOBIN

“Ultimately, it’s all part of the same project: food, housing, and land liberation, because we want to protect the land from those that seek to destroy it when it can and should be used for things we actually need instead.”

KANDI MOSSETT
INDIGENOUS ENVIRONMENTAL NETWORK

“Land is very powerful, and reparations is not just about money, it’s about how we return to that land... We need to transition to different models; some of them look like community land trusts, some of them look like shared, community spaces.”

CHINYERE TUTASHINDA
BLACKOUT COLLECTIVE
AND BLACK LAND AND LIBERATION INITIATIVE
way to permanently affordable democratic housing, but only alternative models of housing can achieve it. Co-ops especially will provide an escape from predatory markets: both the rental market and the subprime market.

The problems facing renters have been decades in the making, they will not be solved with a one-time hand out to suppliers or consumers. The unregulated market gives rise to these disparities and hardships, market solutions will not solve them. In the past, lawmakers have been content to make token overtures to the problems and wait for the public to stop noticing it. Inquilinxs Unidxs exists to ensure that this does not happen again. We will continue to make renters’ voices heard.


3. The Affordable Housing Shortage: Considering the Problem, Causes and Solutions


6. Share of households paying 30% or more of their income for housing by owner or renter status, Twin Cities 7-county region, 1990-2016, Minnesota Compass, accessed 7/31/2018, https://www.mncompass.org/housing/cost-burdened-households%7-6942-d


17. *Eroding the Wealth of Women*

18. *Gender and Race in the History of Housing Policy and Research: From Industrialization to Hurricane Katrina*, Megan Reid, Sociology Compass, 2010


20. *Cost Burdened Households: Share of households paying 30% or more of their income for housing, by race and ethnicity of head of the household Twin Cities 7-county region, 2011-2015*, Minnesota Compass, https://www.mncompass.org/housing/cost-burdened-households#7-12707-g


22. ibid

23. *A gendered Perspective on the Right to Housing in the United States*

24. ibid


26. *Minneapolis mayoral campaign intensifies in final days*

27. *R.T. at Two*

28. *Affordable housing and the mayor’s race*


39. ibid

40. ibid


43. Bizminer Industry Financial reports for Q2 2016


Fig 1. Minnesota Compass, https://www.mncompass.org/housing

Fig 2. Racial Dot Map, University of Virginia, Weldon Cooper Center for Public Service, https://demographics.virginia.edu/DotMap/index.html


Fig 3. Share of households paying 30% or more of their income for housing by owner or renter status Minnesota, 1990-2017, Minnesota Compass, https://www.mncompass.org/housing/cost-burdened-households#1-6935-d

Rental Vacancy Rate for Minnesota, Economic Research, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/MNRVAC