INSTITUTE ON METROPOLITAN OPPORTUNITY
UNIVERSITY OF MINNESOTA LAW SCHOOL

Equity in Place, Segregation, and the Phillips Neighborhood

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Equity in Place, Segregation, and the Phillips Neighborhood[1]

In the Phillips neighborhood of Minneapolis, a $1 billion, "separate but equal," government-funded strategy failed.

Over the last few decades housing developers have convinced the government and philanthropists to provide them with $1 billion to improve education, public health, and public safety in the Phillips neighborhood in Minneapolis. Phillips includes roughly 7,500 households, and many of its residents are impoverished and unhealthy. Its children have been performing poorly in school and dropping out, and the area has been riddled with high crime rates. In exchange for the $1 billion, developers have provided 42 percent of all Phillips residents with subsidized apartment units, with the promise that these units would improve health and education and reduce crime in the neighborhood. The advocates of this strategy promised that their strategy would work much better than allowing impoverished Phillips' residents the opportunity to live in more mixed-income neighborhoods.

The public was not aware that new apartments in Phillips would cost one-third more – sometimes twice as much -- as they would in suburban areas, such as Dakota County, or that they would rent for more than the existing market rate apartments in Phillips. The developers, who were overwhelmingly white,[2] did not hire disadvantaged residents of Phillips or people of color to build their new homes and get good construction jobs. The public did not know that after it paid for the new apartments, the developers and investors would own them outright and could later sell them and thus get paid twice.

The developers got the $1 billion, but the conditions in Phillips did not improve. In fact, they got worse. Today, Phillips' residents have the worst public health in the Twin Cities region,

[1] The Institute would like to thank Patrick Sharkey, Paul Jargowsky, Theresa Osypuk, David Tilsen, Nathanial Hendron, Richard Rothstein, Rachel Widome, Susan Mason, Mike Goze and Alexander Polikoff for their comments on an earlier draft of this paper.

[2] In 2009, a survey showed that 80 percent of the employees of non-profit housing community were white, and 85 percent of managers and leaders were white. CDCs' boards of directors had a similar makeup. And if anything, these numbers may understate the problem: the larger and more influential an organization is, the whiter its leaders tend to be. *See* NORA HALL & KAREN GRAY, CHANGING THE FACE OF HOUS. IN MINN., LEADERSHIP SURVEY REPORT (2d ed. 2008), https://www.fhfund.org/report/changing-the-face-of-housing-in-minnesota-leadership-survey-report. There has never been a follow up study. As a part of this report, the Institute on Metropolitan Opportunity sent out a survey to the community development corporations and major participants in the poverty housing industry. There were few responses. National Data is very similar with 80-85 percent of community development corporation lead by whites. Miriam Axel-Lute, Who Will Lead Community Development Corporations, *Shelterforce*, August 23, 2017. https://shelterforce.org/2017/08/23/who-will-lead-community-development-corporations/. The private development work force that does most of the development of low income housing is even whiter. Adisa Hargett-Robinson, "How Black Real Estate Developers Are Breaking Ground for Underrepresented Communities," ABC News, August 27, 2021.

among the lowest performing schools (with only around 10 percent of children competent in math and reading), and the highest violent crime rate in the metropolitan area.

This wasted money could have been better spent on community health clinics, racially and economically diverse magnet schools, after-school programs, and community violence prevention initiatives. It should also have been spent on real affordable housing wherever the residents of Phillips themselves wanted to live, in the context of serious efforts to reduce educational and residential segregation across the Twin Cities metropolitan area.

I. Overview

An organization named Equity in Place has dominated Twin Cities affordable housing policy for over a decade. It has convinced the state, local governments and philanthropy to reject strategies to racially and economically integrate schools and neighborhoods. It has convinced them that the better strategy is to continue concentrating government-supported affordable housing in neighborhoods experiencing the highest levels of social disadvantage. Equity in Place has persuaded government officials and philanthropists that this is a better method to reduce racial, social, and geographic disparities in children's education and health and a better approach towards reducing neighborhood crime.[3]

Equity in Place has succeeded with this harmful narrative in spite of the Twin Cities having the fastest-growing school segregation in the nation, in a metropolitan area with some of the highest racial disparities in education, health, employment, and wealth. Equity in Place continues its work despite clear evidence of the benefits of racial and economic integration and with no proof that its alternative strategy has ever worked anywhere.

Equity in Place was formed directly in opposition to the racial integration goals of the civil rights community and legal actions challenging education and residential segregation.[4] Approximately half of its members are low-income housing developers—though that figure understates developer influence, as one of those members is a consortium of *all* regional community developers. Several others are reliable representatives of central city community

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[3] *See infra* Part II.

[4] *See* EQUITY IN PLACE, WHY COMMUNITIES OF COLOR CHALLENGED A FAIR HOUSING COMPLAINT AND WHAT WE HAVE LEARNED (2016), https://thealliancetc.org/wp-content/uploads/2016/06/FHAC-Story-Final.pdf; EDWARD G. GOETZ ET AL., CASE W. UNIV., CHANGING THE NARRATIVE AND PLAYBOOK ON RACIALLY CONCENTRATED AREAS OF POVERTY (September 16, 2020), https://case.edu/socialwork/nimc/sites/default/files/2020-09/Goetz.WWV_.Changing%20the%20Narrative.2020.pdf. The civil right cases in which Equity in Place was involved include: *Cruz-Guzman v. State,* 998 N.W.2d 262 (Minn. 2023); Complaint, *Metro. Interfaith Council on Affordable Hous. v. State* (U.S. Dep't of Hous. & Urb. Dev. Nov. 4, 2014), https://static1.squarespace.com/static/5852af6a579fb39b66b50478/t/5c33c456c2241be9e3375c73/1546896471300/ComplaintFinal_Filed_2014_11_10.pdf*;* Complaint, *Stair Step Foundation v. State*, No. 62-CV-23-2862 (Second Jud. Dist. Hennepin Cnty. May 22, 2023).

developer interests—and staunch opponents of efforts to increase residential integration through low-income housing development, such as the Alliance for Metropolitan Stability, the Housing Justice Center, and the Center for Urban and Regional Affairs.

Behind Equity in Place stands the "poverty housing industry," a powerful combination of non-profit and for-profit developers.[5] The poverty housing industry spends hundreds of millions of dollars of government funds each year building extremely expensive and profitable low-income housing projects, with comparatively high rents, almost exclusively in neighborhoods of extreme disadvantage.[6] Poverty housing industry employees are overwhelmingly white and are well compensated. The affordable housing built in neighborhoods like Phillips by the poverty housing industry costs more than similar affordable housing built in affluent suburban neighborhoods.[7] It is likely that the cost is higher because there are more subsidies available for highly impoverished neighborhoods than suburban neighborhoods.

This paper examines the Equity in Place housing strategy where it has been most comprehensively implemented: the Phillips neighborhood of Minneapolis. Here, 42 percent of residents live in government subsidized housing, which is the highest concentration in the region. This includes more than 3,300 units of subsidized housing, representing roughly $1 billion of federal state and local spending in 2024 dollars.[8] Local philanthropy has spent hundreds of millions in additional tax-exempt dollars to fund non-profit housing organizations. These organizations aggressively lobby the government to keep public affordable housing funds in high-poverty neighborhoods like Phillips and out of white affluent neighborhoods, where the units could be provided at much lower cost and arguably provide much greater opportunity for individuals.

Contrary to Equity in Place's claims, even though Phillips has the highest concentration of low-income housing, it has among the region's worst public health statistics, lowest opportunity schools, and the highest rate of violent crime in the region since 2020.

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[5] *See* Alfred Babington-Johnson, *Transformation, Not Tinkering, Needed for Real Equality*, MINN. STAR TRIBUNE (Feb. 19, 2022), https://www.startribune.com/transformation-not-tinkering-needed-for-real-equality/600148676; Myron Orfield et al., *High Costs and Segregation in Subsidized Housing Policy*, 25 HOUS. POL'Y DEBATE 574 (2015); Myron Orfield & Will Stancil, *Why Are the Twin Cities So Segregated?*, 43 MITCHELL HAMLINE L. REV. 1 (2017); Myon Orfield & Will Stancil, *Neo-Segregation in Minnesota*, 40 LAW & INEQ. 1 (2022); *The Rise of White Subsidized Housing*, INST. ON METRO. OPPORTUNITY (2016), https://scholarship.law.umn.edu/cgi/viewcontent.cgi?article=1114&context=imo_studies. For a national discussion of the poverty housing industry, see *Poverty, Politics and Profits*, PBS FRONTLINE (May 9, 2017), https://www.pbs.org/wgbh/frontline/documentary/poverty-politics-and-profit.

[6] Orfield et al., *High Costs and Segregation*, *supra* note 5; Orfield & Stancil, *Why Are the Twin Cities So Segregated*, *supra* note 5.

[7] Orfield et al., *High Costs and Segregation*, *supra* note 5.

[8] See *infra* Methdology for documentation of the $1 billion expenditure.

Phillips has rates of asthma, Chronic Obstructive Pulmonary Disease (COPD), congestive heart disease, diabetes, high blood pressure, obesity, risk of stroke, and self-reported fair or poor mental health twice as high as those of Minneapolis as a whole, and up to three times higher than more affluent neighborhoods in Minneapolis. The average person in Phillips lives six and one-half years less than those living in the economically stable Bde Maka Ska-Isles and Southwest Minneapolis neighborhoods.[9]

In the public and charter schools within and near Phillips, fewer than 10 percent of Black and Latino children pass basic competency tests in math and fewer than 15 percent pass in reading. Approximately 40 percent of Black or Latino adults in Phillips are high school dropouts.[10]

Violent crime rates in Phillips are seven times the rate of the Twin Cities as a whole and 10 times the rate of nearby Southwest Minneapolis area neighborhoods, making Phillips arguably the most dangerous place to live in the Twin Cities.[11]

Phillips' education, health, and crime statistics are no better than other Twin Cities neighborhoods of extreme social disadvantage that did not receive this massive affordable housing investment. Equity in Place's $1 billion strategy to improve education, health, and crime has utterly and completely failed.

The subsidized units in Phillips, on average, have the same or higher rents as market rate units in Phillips.[12] Poverty housing industry units, though financed by the government and philanthropy, are owned by private parties. These private parties often gain windfalls when they sell these units, which because they often rent slightly above market rate rents, are attractive investments to other private landlords. Because these units are often financed by Federal Low-Income Housing Tax Credits, the so-called affordability requirements lapse after 13 years. When this happens, local government and philanthropy often "preserve" the units for another 13 years, which often means yet another massive government payment to the private landlords.

In contrast, projects built by the Dakota County Housing and Redevelopment Authority (DCCDA) in predominantly white communities with low crime and high performing schools cost one-third to one-half the cost of the poverty housing industry units and have much lower

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[9] *See infra* Part II.A.
[10] *See infra* Part II.B.
[11] *See infra* Part II.C.
[12] According to 2017 to 2023 HousingLink Rental Revue data, as compared to market rate housing units in Phillips, median rental prices were higher in tax credit and other listed low-income units in five of the seven years for 1-bedroom units, and in three of the seven years for 2-bedroom units. *See also Is Subsidized Housing Creating Affordability*, INST. ON METRO. OPPORTUNITY (May 24, 2017), http://blog.opportunity.mn/2017/05/affordable-housing-isnt-affordable.html.

rents. DCCDA projects were built in and were controlled by local governments, thus remaining permanently affordable.[13]

Because the rents for subsidized housing are so high in Phillips, often the only way a poor person can live in a so-called affordable housing unit is by using another housing subsidy, a federal voucher. In Phillips, in 2022, there were 731 housing vouchers, used in approximately 10 percent of all occupied housing units according to the U.S. Department of Housing and Urban Development.[14] While it is not clear how many of these vouchers are being used on subsidized housing properties, as opposed to private residences, there is evidence to suggest that many are being used in the former.[15]

In Dakota County, apartment rents, which are approximately one-third lower than in Phillips, are low enough for a poor person to afford rent without a voucher. When this factor is added to the much lower cost of producing low-income housing in Dakota County, it highlights how costly and dysfunctional the affordable housing system is in Phillips.

Ironically, there is high demand in the suburbs to build affordable housing that is much less expensive per unit and has lower rents. Over the 12 years, the state housing finance agency, which has been captured by Equity in Place ideology, has turned down 236 requests to use government funds to build housing in white suburbs, while contributing more than $318 million dollars to finance the projects discussed in this paper in the Phillip neighborhood.[16]

When such requests from white areas exist and provide an easy opportunity to build housing in an integrated manner, it is illegal under state and federal civil rights law to predominantly concentrate affordable housing in highly segregated declining areas.[17] In the face

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[13] *See infra* Part III.

[14] *Picture of Subsidized Households*, U.S. DEP'T OF HOUS. AND URB. DEV. (2022), https://www.huduser.gov/portal/datasets/assthsg.html.

[15] The Minnesota Department of Housing provides data on demographic characteristics of some of the subsidized properties it has invested in. The data include housing unit counts of those receiving rental assistance, presumably most including those of housing choice vouchers. From this data, Minnesota Housing provides demographic characteristics for eight subsidized housing properties in Phillips, and in these eight properties alone there are a total of 204 units receiving rental assistance. Considering this and the fact that roughly 42 percent of all Phillips residents live in government subsidized housing units, it suggests that a large majority of Phillip's housing choice vouchers are in subsidized housing properties.

[16] *See* Data Practices Responses, Minnesota Housing Finance Agency, January 22, 2025 and February 28, 2025 (on file with author).

[17] See *NAACP v. Secretary of Housing and Urban Development*, 817 F.2d. 149, 155 (1st Cir. 1987); *Thompson v. Secretary of Housing and Urban Development*, 348 F. Supp. 2d 398, 417, 457-66 (D. Md. 2005); *Shannon v. Dep't of Hous. & Urb. Dev.*, 436 F.2d 809 (3rd Cir. 1970). *See also* Myron Orfield, *Racial Integration and Community Revitalization: Applying the Fair Housing Act to the Low-Income Housing Tax Credit*, 58 VAND. L. REV. 1747 (2005); The Obama Administration's Affirmatively Further Fair Housing Rule, 78 Fed. Reg. 42272, 42279 (2015), (which was repealed by the Trump Administration), stated: "For example, in an area with a history of segregation, if a program participant has the ability to create opportunities outside of the segregated low income areas, but declines

of this reality, and in the face of civil rights lawsuits seeking a reduction in residential segregation, Equity in Place has used two false arguments to retain government funds to build higher priced units with higher rents in poor neighborhoods. The first argument is called the "rent burden rachet." [18] The second argument involves false claims of gentrification in neighborhoods like Phillips.

Rent burden, as defined by Equity in Place, is the percentage of people in each neighborhood with the least ability to afford local rents.[19] On the one hand, profoundly impoverished people, who cannot pay their rent, are most often concentrated in neighborhoods of extreme disadvantage. On the other hand, residents in affluent neighborhoods can generally afford their rent because of their typically higher incomes. Because of this basic relationship, ***the rent burden rachet*** keeps affordable housing construction in the poorest neighborhoods and keeps new units out of affluent areas.[20]

Equity in Place falsely claims that Minneapolis's most desperate neighborhoods are gentrifying. However, rather than gentrifying or being vulnerable to gentrification, these neighborhoods continue to grow poorer with a higher percentage of low-income households (and fewer white residents) than ever before. In Equity in Place's supposedly gentrifying neighborhoods, educational opportunities continue to decline, terrible public health outcomes remain, and crime rates continue to be disproportionately higher.[21]

Equity in Place maintains that low-income, non-white residents prefer segregation and do not want to leave neighborhoods with high crime rates and failing schools. Yet decades of surveys and scholarship show just the opposite. Suburban affordable housing units occupied by

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to do so in favor of a place based strategy, there could be a legitimate claim that HUD and its program participants were acting to preclude a choice of neighborhoods to historically segregated groups as well as failing to affirmatively further fair housing." Further, when describing the meaning of 42 U.S.C. § 3608, which governs administration of the U.S. Department of Housing and Urban Development, at a 1966 hearing in the House of Representatives in 1966, the first HUD Secretary, Robert Weaver, explained that in a segregated region, when there was a choice between building in a segregated neighborhood or an integrated one, the law required the integrated choice. *See* H.R. REP. NO. 1678, at 1367–68, 1385 (1966).

[18] Memorandum from Edward G. Goetz to the Minnesota Advisory Committee to the United States Commission on Civil Rights (May 11, 2024) [hereinafter Goetz Memorandum] (arguing that there should be no limits on the concentration of affordable housing in segregated disadvantaged neighborhoods); Edward G. Goetz, *Poverty-Pimping CDCs: The Search for Dispersal's Next Bogeyman*, 25 HOUS. POL'Y DEBATE 608, 612–23 (2015); Edward G. Goetz & Myron Orfield, *Regionalism and Affordable Housing*, J. INST. FOR COMPREHENSIVE CMTY. DEV., Dec. 2011, at 37, 41.

[19] Edward G. Goetz et al., *Minneapolis Rent Stabilization Study*, CTR. FOR URB. AND REG'L AFFS. 64–65 (Sept. 7, 2021), https://www.cura.umn.edu/research/minneapolis-rent-stabilization-study.

[20] *See* Amber R. Crowell, *Renting Under Racial Capitalism: Residential Segregation and Rent Exploitation in the United States*, 42 SOCIO. SPECTRUM 95 (2022); Patrick Sisson, *New Study Finds Rent Burden Higher in Segregated Neighborhoods*, CURBED (May 24, 2018), https://archive.curbed.com/2018/5/24/17390040/rent-discrimination-segregation-neighborhood-fair-housing-act.

[21] See *infra* Part III.

Black and Latino families have the longest waiting lists. Moreover, overwhelming social science evidence strongly suggests that funding the less expensive suburban projects could have dramatically improved the educational opportunities and the health and economic wellbeing of thousands of residents in the Twin Cities.[22]

If children in Phillips had been given the opportunity to live in less expensive subsidized housing with lower rents and in economically stable neighborhoods, they would have been more likely to graduate from high school, attain some form of post-secondary education, find jobs with higher wages and benefits, and experience improved health and safety outcomes.[23] Moreover, if Phillips had been allowed to become a more mixed-income neighborhood with better schools and health and lower levels of crime, [24] there likely would have been no regional loss of affordable housing.[25] Indeed, because suburban jurisdictions are willing to build affordable housing with lower unit costs and lower rents, the region's affordable housing supply might have been greater if more focus was given to high opportunity suburban areas.

[22] See *id.*
[23] See *See infra* Part II.B (explaining the benefits of integrated neighborhoods and schools).
[24] *Id.*
[25] INST. ON METRO. OPP., AMERICAN NEIGHBORHOOD CHANGE IN THE 21ST CENTURY (Apr. 2019), https://law.umn.edu/sites/law.umn.edu/files/metro-files/american_neighborhood_change_in_the_21st_century_-_full_report_-_4-1-2019.pdf.

Methodology

To identify the subsidized housing units in Phillips, we began with the Streams dataset maintained by Housing Link, which gave us approximately 3,300 units. While it is easy, for example, to find out the cost of a public-school building or road improvement, or most any other item of public infrastructure, there is no easy way to find out how much a unit of government supported low-income housing actually costs. Using available data, our billion-dollar estimate was constructed in three ways.

1. Minnesota Housing Finance Agency (MHFA) collects data on funding selections for multi-family housing (2000 to 2023). We used its total property development costs adjusting for CPI. We find that properties awarded funding in Phillips between 2000 and 2023 had total development costs of $439,021,045. MHFA database included about 39 percent of all subsidized housing units found in the Streams dataset in the Phillips neighborhood. If we assume a similar cost per unit for the missing housing units there would be an additional $675,728,244 in total development costs for properties in Phillips. This would give us a total cost of $1,114,749,289.

2. In response to data practices requests made to the MHFA and the City of Minneapolis, after adjusting for inflation, we came up with a figure of $1,026,072. MHFA reported a total of $318,042,277 housing costs for these projects ($450,367,702 after adjusting for inflation). Additional records in the Minneapolis data response (unmatched with those in MHFA) included another $158,403,497 of housing costs ($227,697,886 after adjusting for inflation). Together these responses yielded a total housing cost of $678,065,588. The combination of MHFA and Minneapolis data only captures 66% of all subsidized units in Phillips as reported by HousingLink Streams. If the other 34% of the units not found in the above combined data have the same average per unit costs as those already identified, the total costs of subsidized housing would be $1,026,072,332. This is likely a conservative estimate as we did not include funds from Hennepin County, the Metropolitan Council or other federal sources.

3. Using the last major study of the cost of low-income housing units in the Twin Cities, see Orfield et al. High Costs and Segregation in Subsidized Housing Policy. 25 Housing Policy Debate, 575, 285 (2015), we adjusted the average cost of a subsidized unit in Minneapolis in 2012 ($227,600) for inflation. The adjusted cost, $311,718 x 3300 units, yields a figure of $ 1,028,669,400.

II. Equity in Place's Failure to Improve Health and Education and Reduce Crime in Phillips

Equity in Place asserts that high concentrations of government-supported low-income housing placed in poor segregated communities of social disadvantage has a multitude of benefits: 1) better children's health; 2) lower parental stress levels; 3) improved psychological health and increased access to medical care; 4) fewer infectious diseases; 5) better educational outcomes;[26] and 6) less crime.[27]

The Phillips neighborhood of Minneapolis has become a hub for the region's community development industry, attracting hundreds of millions of dollars of affordable public housing investment in the past several decades. Affordable subsidized units now dominate the neighborhood's housing economy, with more than 40 percent of all units in the area subsidized in some form or fashion.

While a great deal of subsidized housing gets funneled away from the suburbs and into the central cities, it gets further bifurcated within the central cities into high-poverty neighborhoods. In fact, Phillips and South Minneapolis have, over time, become the epicenter for the highest concentration of subsidized affordable housing units in the Twin Cities metro, surpassing even traditionally segregated areas such as Near North Minneapolis and Saint Paul's University Avenue neighborhoods. As of today, approximately 3,300 units of subsidized housing are online in Phillips. Phillips clearly is the focal point for the largest cluster of subsidized housing units in the metro. While 42 percent of all housing units are subsidized in Phillips, more than half are subsidized in the western portion of Phillips, and more than 70 percent are subsidized in northeast Phillips, as shown in Maps 1 and 2 below.

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[26] *See* Goetz, *Poverty-Pimping CDCs*, *supra* note 18, at 609-610; Edward G. Goetz, *From Breaking Down Barriers to Breaking Up Communities: The Spatial Strategies of Fair Housing Advocacy*, 51 URB. AFFS. REV. 820, 822, 830 (2015); Goetz Memorandum, *supra* note 18.

[27] EDWARD G. GOETZ ET AL., THERE GOES THE NEIGHBORHOOD? THE IMPACT OF SUBSIDIZED HOUSING MULTI-FAMILY HOUSING ON URBAN NEIGHBORHOODS 57, 79 (1996), https://hdl.handle.net/11299/204427; EDWARD G. GOETZ, THE ONE-WAY STREET OF INTEGRATION: FAIR HOUSING AND THE PURSUIT OF RACIAL JUSTICES IN AMERICAN CITIES 35 (2018).

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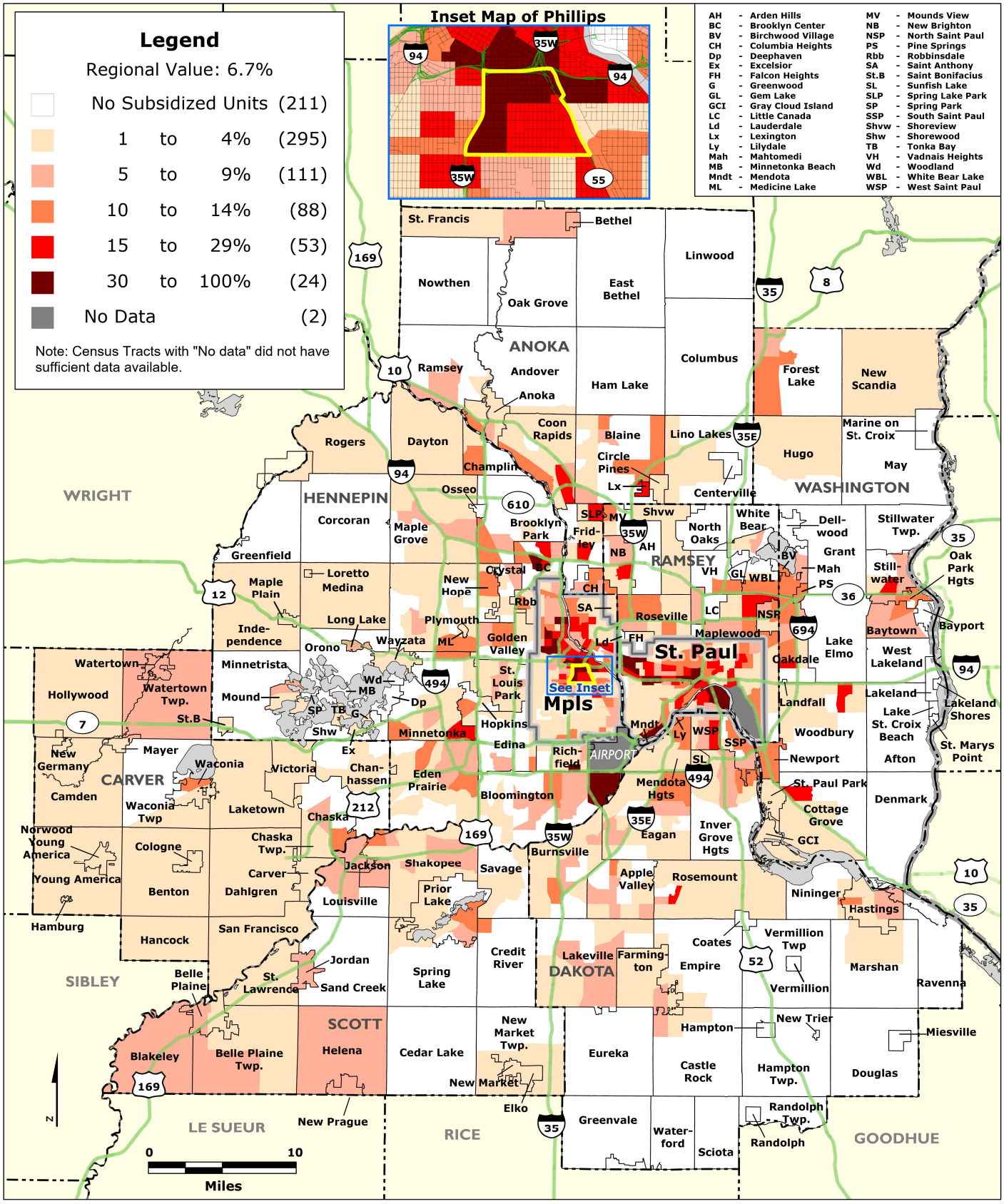
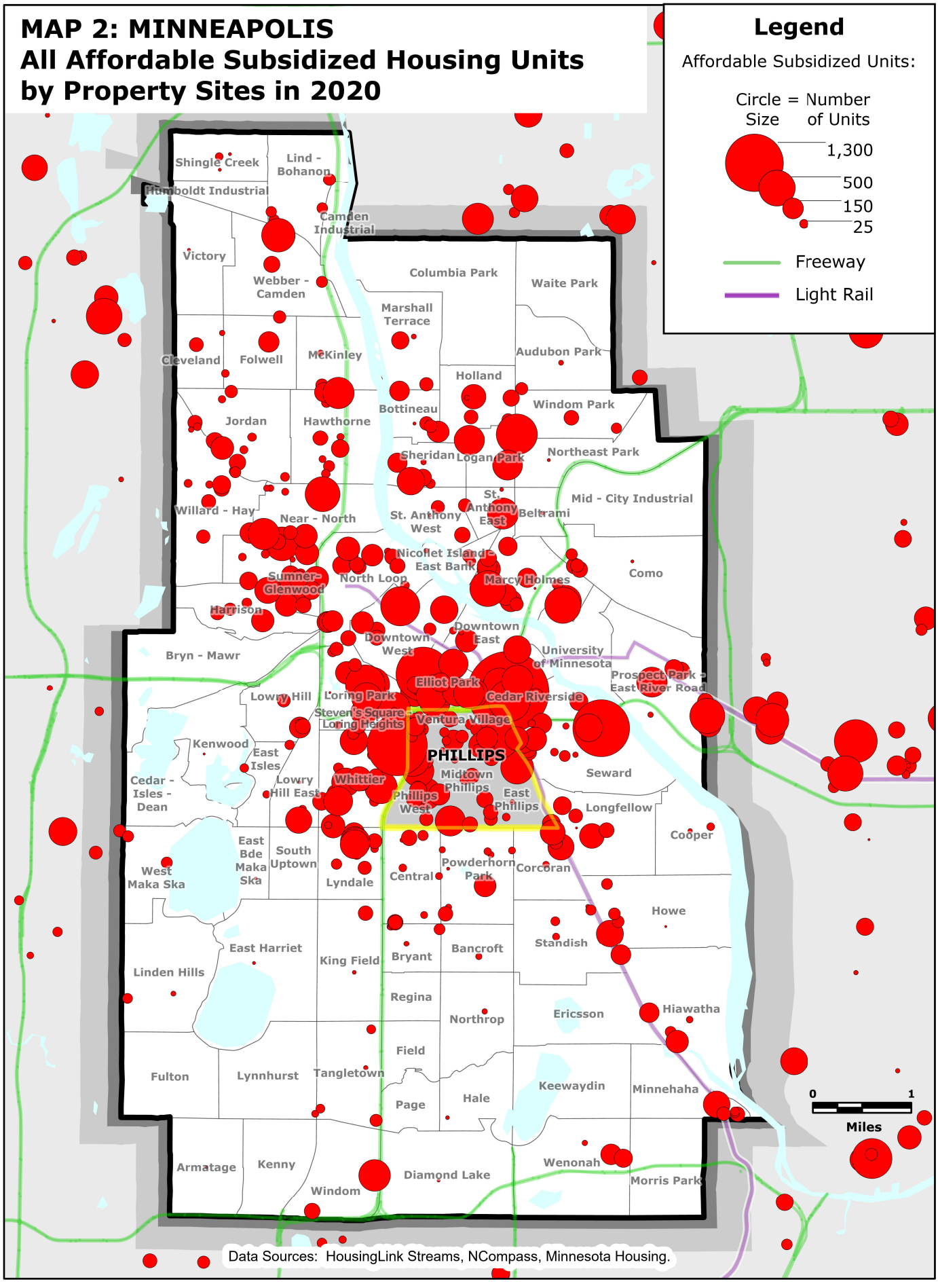
MAP 1: MINNEAPOLIS - SAINT PAUL REGION
Percentage of Housing Units That Are Affordable Subsidized Units by Census Tracts in 2020



Data Source: HousingLink Streams, NCompass, Minnesota Housing, U.S. Census Bureau, DHC.

MAP 2: MINNEAPOLIS
All Affordable Subsidized Housing Units by Property Sites in 2020



Data Sources: HousingLink Streams, NCompass, Minnesota Housing.

State and local housing agencies have provided most of this funding. It is also not unusual for affordable housing projects to receive some amount of philanthropic funding, likely amounting to a total of tens of millions of dollars across the neighborhood. Phillips is also home to many community development organizations, including the Project for Pride and Living.

The most dramatic recent housing development in the area—and indeed one of the most dramatic in the Twin Cities—is the Franklin-Portland (Gateway) project overseen by Hope Community in partnership with several other community developers, nonprofits, and companies. This project constructed four separate subsidized housing buildings, one at each corner of the Franklin-Portland Avenues intersection. Visually, the project has transformed the area, replacing older buildings with newer ones, with hundreds of new units, as well as stores and community space.[28]

Housing developers and the city promised that this monumental effort would bring great positive change in Phillips, altering lives, generating new economic opportunities, and uplifting the neighborhood. Has this occurred?

Unquestionably, the influx of subsidized units into Phillips has transformed the neighborhood's relationship with the city and state. It has fed the growth of a large nonprofit industry in Minneapolis, which often dominates housing policy in lower-income areas. It has potentially locked in high levels of racial and economic segregation. And it has cost hundreds of millions of dollars of public money.

It has not, however, greatly transformed the neighborhood itself. Examination of a variety of data shows that, when it comes to factors impacting the lived experiences of residents, Phillips has changed only a little since the torrent of new subsidized housing began. The neighborhood remains what it was before the housing was added: a lower-income area with higher poverty and higher unemployment than most of Minneapolis, a place where property values are lower than other city neighborhoods, homeownership rates are very low, schools perform poorly, and health outcomes are worse that the rest of the city. It has also become a hotspot for crime, with violent crime rates surpassing even those of historically high-crime areas such as North Minneapolis.

A. Failure to Improve Health in Phillips

Researchers have found consistently that high-poverty neighborhoods of concentrated social disadvantage cause significantly worse health outcomes for residents. Because of research related to the Department of Housing and Urban Development's Moving to Opportunity Program, scholars have determined that leaving such neighborhoods is associated with dramatic improvement in public health. Much of this research indicates these effects are causal in nature,

[28] Orfield et al., *High Costs and Segregation in Subsidized Housing Policy*, *supra* note 5.

meaning, poor health is caused by the concentration of disadvantage and its byproducts, after controlling for other causal factors, rather than merely correlated with poverty.[29]

For instance, previous research shows that high-poverty, high-crime neighborhoods are worsening heart disease, obesity, mental illness, suicide, and premature mortality. The HUD Moving to Opportunity experiment, which assigned mobility vouchers to low-income families in a true experimental design, confirmed many of these effects.[30]

One potential reason that health effects are related to living in high-poverty areas is the stress associated with living in a deeply disadvantaged environment.[31] Residents of disadvantaged communities are typically exposed to much greater levels of violence and crime, which causes prolonged high stress that, in turn, causes health outcomes to deteriorate.[32]

Experimental research shows that parents who moved from high-poverty to low-poverty neighborhoods experienced significant reductions in stress, while young girls saw improved mental health after leaving concentrated public housing. There is also a strong correlation between gun violence and poor health, including both physical and mental health outcomes.[33]

Given these well-established associations, it is not surprising that Phillips, one of the areas with the highest concentrated disadvantage in Minnesota, has some of the worst health outcomes in the metropolitan area. Table 1 below compares the estimated rates of asthma, COPD

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[29] Lisa Sanbonmatsu et al., *The Long-Term Effects of Moving to Opportunity on Adult Health and Economic Self-Sufficiency*, 14 CITYSCAPE 109 (2012); LISA SANBONMATSU ET AL., U.S. DEP'T OF HOUS. & URB. DEV., MOVING TO OPPORTUNITY FOR FAIR HOUSING DEMONSTRATIONS PROGRAM: FINAL IMPACTS EVALUATION (2011), https://www.huduser.gov/publications/pdf/mtofhd_fullreport_v2.pdf; Jens Ludwig et al., *Neighborhoods, Obesity, and Diabetes—A Randomized Social Experiment*, 365 NEW ENG. J. MED. 1509 (2013).

[30] SANBONMATSU ET AL., MOVING TO OPPORTUNITY, *supra* note 29.

[31] Heather A. Turner et al., *Gun Violence Exposure and Posttraumatic Symptoms Among Children and Youth*, 32 J. TRAUMATIC STRESS 881 (2019); Kristin Turney et al., *After Moving to Opportunity: How Moving to a Low Poverty Neighborhood Improves Mental Health Among African American Women*, 3 SOC'Y & MENTAL HEALTH 1 (2013); Corina Graif et al., *Moving to Opportunity and Mental Health, Exploring the Spatial Context of Neighborhood Effects*, 162 SOC. SCI. & MED. 50 (2016).

[32] *See infra* Part II.C (discussing the elevated level of violence in the Phillips neighborhood). For the connection between neighborhood violence and health, *see* Dylan B. Jackson et al., *New Evidence of the Nexus Between Neighborhood Violence, Perceptions of Danger, and Child Health*, 38 HEALTH AFFS. 746 (2019); Sarah Lindstrom Johnson et al., *Neighborhood Violence and it Association with Mothers' Health: Assessing the Relative Importance of Perceived Safety and Exposure to Violence*, 86 J. URB. HEALTH 538 (2009); Jocelyn I. Meza et al., *Exploring the Link Between Neighborhood Violence and Health Among African-Americans and Latinx Youth Returning Home After Incarceration*, 52 CHILD & YOUTH CARE F. 533 (2023).

[33] Daniel C. Semenza et al., *Reciprocal Neighborhood Dynamics in Gun Violence Exposure, Community Health, and Concentrated Disadvantage in One Hundred U.S. Cities*, 100 J. URB. HEALTH 1128 (2023); Melissa E. Smith et al., *The Impact of Exposure to Gun Violence Fatality on Mental Health Outcomes in Four Urban U.S. Settings*, SOC. SCI. & MED., Feb. 2020: Aditi Vasan et al., *Association of Neighborhood Gun Violence with Mental Health-Related Pediatric Emergency Department Utilization*, 175 JAMA PEDIATRICS 1244 (2021).

(Congestive Obstructive Pulmonary Disease), congestive heart disease, diabetes, high blood pressure, obesity, strokes, and self-reporting on fair or poor health in Phillips, the highly concentrated Gateway area of Phillips, and the Twin Cities metro as a whole.

In each instance, health outcomes are worse in Phillips and strikingly worse in the recently subsidized Gateway area census tract, compared to the entire region. COPD and congestive heart failure were almost twice as bad as the metro rate. Diabetes and stroke rates were more than twice as high. Phillips' Gateway residents viewed their health status as poor almost three times as often as the metro average, and almost twice as many Phillips residents viewed their mental health status as poor.

Table 1:

Rate of Health Conditions by Location

	Metro	Phillips	% of metro	Gateway	% of metro
Asthma	9.4	12.2	129%	13.7	145%
COPD	4.3	7.0	164%	9.4	220%
Congestive Heart Disease	4.3	5.6	129%	7.3	170%
Diabetes	7.7	12.7	165%	17.4	226%
High Blood Pressure	25.7	30.1	117%	36.5	142%
Obesity	31.0	38.9	126%	43.1	139%
Stroke	2.3	3.7	159%	5.1	219%
Fair or Poor Overall Health	11.6	26.2	225%	33.6	290%
Fair or Poor Mental Health	14.0	21.5	153%	23.8	170%

Source: 2023 PLACES, CDC, Robert Wood Johnson Foundation, CDC Foundation.

Rates of COPD, diabetes, stroke, and fair or poor mental health are particularly high in the area, often two to three times worse in Phillips and the Gateway than the metro as a whole and sometimes three to four times worse than in more affluent areas of Minneapolis, as shown in table 2 below.

Table 2:

Rate of Health Conditions by Location

	West-SW Mpls	Phillips	% of West-SW Mpls	Gateway	% of West-SW Mpls
Asthma	9.0	12.2	136%	13.7	152%
COPD	3.1	7.0	228%	9.4	307%
Congestive Heart Disease	3.5	5.6	161%	7.3	212%
Diabetes	5.9	12.7	217%	17.4	296%
High Blood Pressure	22.1	30.1	136%	36.5	165%
Obesity	25.8	38.9	151%	43.1	167%
Stroke	1.9	3.7	195%	5.1	270%
Fair or Poor Overall Health	8.3	26.2	314%	33.6	404%
Fair or Poor Mental Health	12.6	21.5	170%	23.8	189%

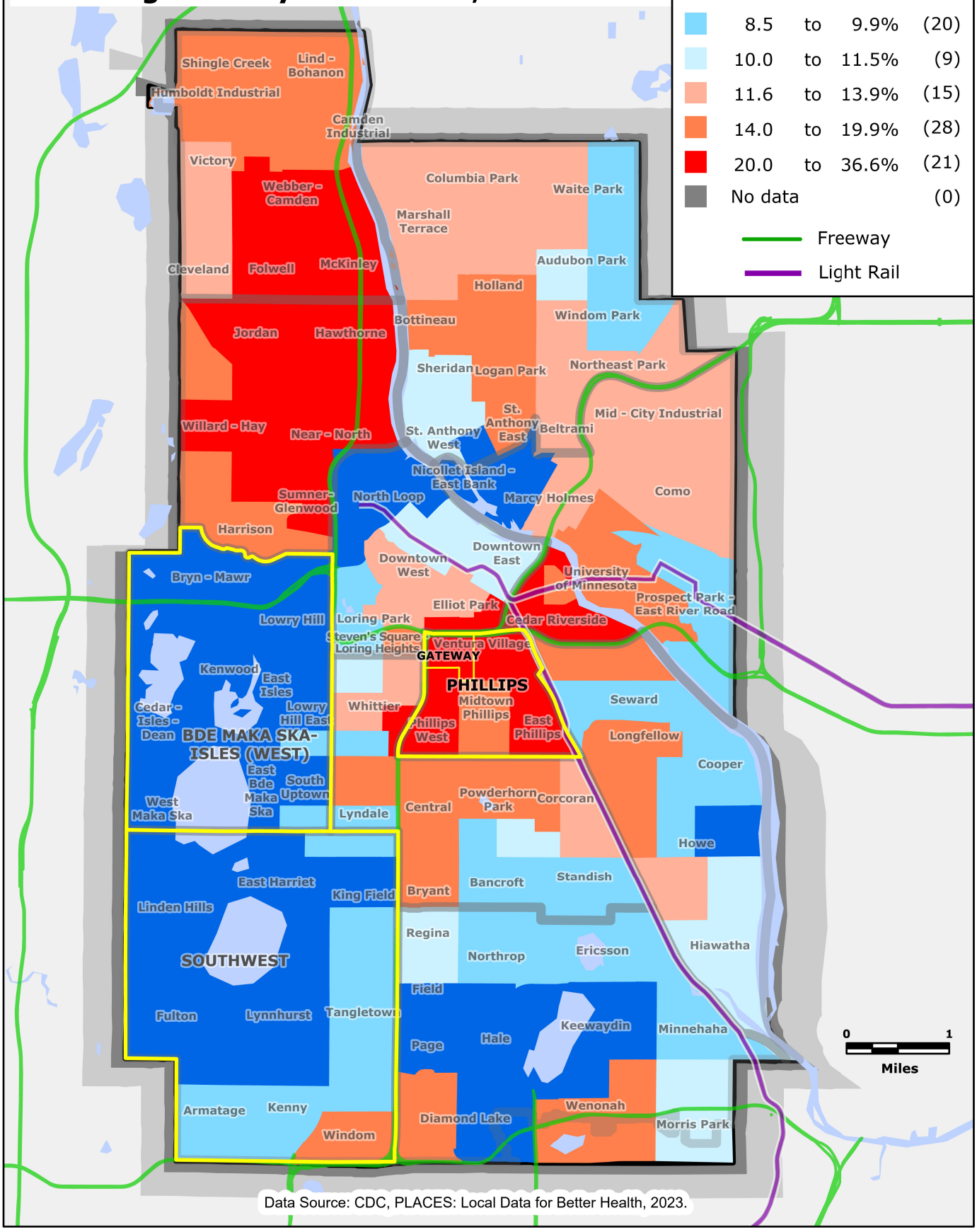
Source: 2023 PLACES, CDC, Robert Wood Johnson Foundation, CDC Foundation.
Note: West-SW Minneapolis area includes all neighborhoods in the Bde Maka Ska-Isles and Southwest Minneapolis Communities.

The biggest gap is in self-reported perceptions of overall health. In Phillips and the Gateway, residents are two to three times more likely to report their health as bad compared to the metro area as a whole and three to four times more likely to self-report bad health than affluent areas of Minneapolis. In the Gateway area, more than one-third of residents (33.6 percent) viewed their health as only fair or poor. In Phillips, that number was over one-quarter (26.2 percent). Metro-wide, only 11.6 percent of residents viewed their health as fair or poor, and in the affluent West-Southwest Minneapolis neighborhoods, only 8.3 percent reported fair or poor health.[34]

Map 3 below shows that the Phillips area self-reported fair or poor health status are much higher rates than in Minneapolis neighborhoods even one mile away. Within Phillips, census tracts with the highest shares of affordable housing in the north and west portions of the area also have the worst health. In those places, about 30 percent or more reported overall fair or poor health.

[34] West-Southwest Minneapolis health condition results are from census tracts that fall predominately within the Bde Maka Ska-Isles and Southwest neighborhoods. *See* Map 3.

MAP 3: MINNEAPOLIS
Fair or Poor Health Status (Last 30 Days)
% Among Adults by Census Tract, 2016-2020



Data Source: CDC, PLACES: Local Data for Better Health, 2023.

Children's health outcomes were particularly bad in Phillips. Over a five-year period, about three percent of children in Phillips were found to have elevated blood lead levels, a rate three-times that of the metro area. In the Gateway area, this rate jumped to four percent.[35] While these rates are small, they can compound into later unfavorable health effects across a wide range of health outcomes, including neurobehavioral and cognitive effects.[36] Small area prevalence data from the Minnesota Health Trends Across Communities (HTAC) project also shows that 14 percent of children in Phillips are obese, twice the rate of the metro area.[37] Children with obesity are at higher risk for Type 2 diabetes, asthma, and risk factors such as high blood pressure and heart disease. They are also more likely to have obesity as adults, which is associated with higher risks of cancer, stroke, and mental illness.[38]

All together, these poor health outcomes culminate in a worsened quality of life, as well as lower life expectancy rates, for Phillips' residents. The average resident of Phillips lived 6.3 years less than the average resident of the region. Along with North Minneapolis communities, Phillips has the lowest life expectancy in the city. In Phillips, life expectancy is 76 years, whereas the metro life expectancy is 81 years. In the affluent Bde Maka Ska and Southwest communities of Minneapolis, life expectancy is 82 years. Map 4 below shows life expectancies across census tracts in Minneapolis, Phillips, Bde Maka Ska, and Southwest.[39]

Clearly, Equity in Place's past assertion that health outcomes will improve with concentrating subsidized housing in Phillips is not consistent with the current health conditions of the community, that are among the worst in the metro.

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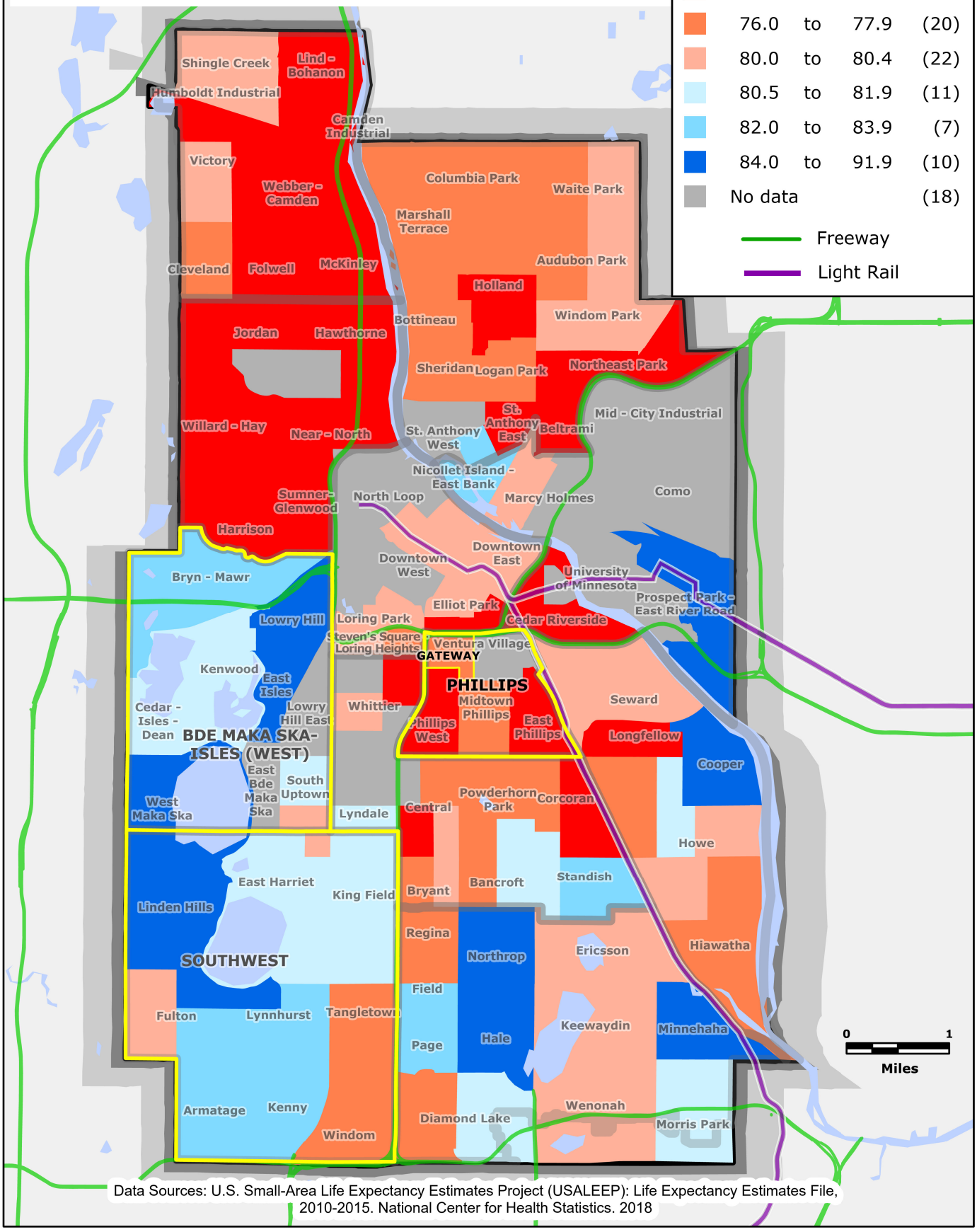
[35] *See Childhood Lead Exposure*, MINN. DEP'T OF HEALTH, https://data.web.health.state.mn.us/lead (last visited Apr. 21, 2025) (detailing lead levels by census tract in Phillips and the Twin Cities seven-county metro area).
[36] Kathryn B. Egan et al., *Blood Lead Levels in U.S. Children Ages 1–11 Years, 1976–2016*, ENV'T HEALTH PERSPS., Mar. 2021.
[37] *See Health Trends Across Communities in Minnesota (HTAC)*, MINN. ELEC. HEALTH REC. CONSORTIUM, https://mnehrconsortium.org/health-trends-across-communities-minnesota-dashboard (last visited Apr. 21, 2025).
[38] *Preventing Childhood Obesity: 6 Things Families Can Do*, CDC (Jan. 26, 2024), https://www.cdc.gov/obesity/family-action/index.html.
[39] *See infra* Map 4. Census tracts with no data did not have a large enough population or sample size to estimate life expectancies, including in a Northeast Phillips census tract. These no-data tracts were not included when estimating the life expectancies of Phillips and other communities.

MAP 4: MINNEAPOLIS
Life Expectancy at Birth by Census Tract.



Data Sources: U.S. Small-Area Life Expectancy Estimates Project (USALEEP): Life Expectancy Estimates File, 2010-2015. National Center for Health Statistics. 2018

B. Failure to Improve Education in Phillips

Access to quality education and good schools is consistently one of the top housing priorities of families.[40] Seventy-two percent of residents of low-income housing think that high quality schools are important in choosing their housing location. It is their second most important concern, after their fear of living in a high-crime neighborhood.[41] Unfortunately, families residing in the Phillips neighborhood have access to only low-performing, low-opportunity schools. While Equity in Place maintains that students of color do worse in socially and racially integrated environments,[42] the opposite is true.

Decades of social science research indicates that segregation, and its associated concentrated social disadvantage, creates educational disparities across virtually every indicator of student welfare and erodes virtually all quantifiable student outcomes.[43] It is also well-established that school integration improves academic outcomes overall.[44] The best available research suggests educational disparities cannot be fully addressed by in-school policy interventions.[45] Ending school segregation and sustainably integrating schools so that children receive an equal education regardless of circumstance is the single most promising policy

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[40] MINN. HOUS. FIN. AGENCY, HOUSING LOCATION PREFERENCES OF MINNESOTANS 1 (2012).
[41] *Id.*
[42] *See* Owen Duckworth, Remarks at the Board and Commissions Leadership Institute Issues Series at the McKnight Foundation, at 05:10 (Feb. 6, 2014), https://www.youtube.com/watch?v=M5Zp9YjenJk ("Students of color do not get better results in high opportunity schools or as the result of mobility strategies.").
[43] David D. Liebowitz, *Ending to What End? The Impact of Termination of Court-Ordered Desegregation Orders on Residential Segregation and School Drop Out Rates*, 40 EDUC. EVALUATION & POL'Y ANALYSIS 103 (2018); NAT'L CTR. FOR EDUC. STAT., ED560723, SCHOOL COMPOSITION AND THE BLACK-WHITE ACHIEVEMENT GAP (2015), https://eric.ed.gov/?id=ED560723; Stephen B. Billings et al., *School Segregation, Educational Attainment, and Crime: Evidence from the End of Busing in Charlotte-Mecklenburg*, 129 Q.J. ECON. 435 (2014); Rebecca Jacobsen et al., *Diverse Schools in A Democratic Society; New Ways of Understanding How School Demographics Affect Civic and Political Learning*, 49 AM. EDUC. RSCH. J. 812 (2012).
[44] Sean F. Reardon et al., *The Geography of Racial/Ethnic Test Score Gaps*, 124 AM. J. SOCIO. 1164 (2019); Sean Reardon et al., *Is Separate Still Unequal? New Evidence on School Segregation and Racial Academic Achievement Gaps*, 89 AM. SOCIO. REV. 971 (2024); Roslyn Arlin Mickelson, *The Cumulative Disadvantages of First- and Second-Generation Segregation for Middle School Achievement*, 52 AM. EDUC. RSCH. J. 657 (2015); Billings et al., *supra* note 43; Dennis J. Condron et al., *Racial Segregation and the Black/White Achievement Gap, 1992-2009*, 54 SOCIO. Q. 130 (2013); GENEVIEVE SIEGEL-HAWLEY, NAT'L CONF. ON SCH. DIVERSITY, ED571621, HOW NON-MINORITY STUDENTS ALSO BENEFIT FROM RACIALLY DIVERSE SCHOOLS (2012), https://eric.ed.gov/?id=ED571621; David Card & Jesse Rothstein, *Racial Segregation and the Black-White Test Score Gap*, 91 J. PUB. ECON. 2158 (2007).
[45] RUCKER C. JOHNSON, CHILDREN OF THE DREAM: WHY SCHOOL INTEGRATION WORKS (2019).

intervention for eliminating achievement gaps[46], stabilizing school systems[47], improving life outcomes,[48] and unworking the long legacy of racial conflict in United States.[49] There is also increasing evidence that the level of violence in neighborhoods like Phillips is another independent reason for low school performance.[50]

1. School Instability in Phillips

Because of Minnesota's permissive open enrollment policies and poorly-regulated charter school sector,[51] it is not possible to determine precisely which K-12 schools Phillips' children attend. However, the neighborhood contains, or is geographically proximate to, several traditional and charter schools. These schools, the most convenient for families in the neighborhood, are low-performing academically, with high levels of poverty and racial segregation. In short, residing in Phillips appears to reduce educational opportunities relative to many other parts of Minneapolis and the Twin Cities.

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[46] Roslyn Arlin Mickelson et al., *Effects of School Composition on K-12 Mathematics Outcomes: A Meta Regression Analysis*, 83 REV. ED. RSCH. 121 (2013); Gregory J. Palardy, *High School Economic Segregation and Student Attainment*, 50 AM. ED. RSCH. J. 714 (2013); Sarah J. Reber, *School Segregation and Economic Attainment for Blacks*, 45 J. HUM. RES. 893 (2010); Dennis J. Condron, *Social Class, School and Non-School Environments, and Black/White Inequalities in Children's Learning*, 74 AM. SOCIO. REV. 684 (2009); Allan Odden et al., *Assessing Teacher, Classroom and School Effects, Including Fiscal Effects*, 79 PEABODY J. EDUC., no. 4, 2004, at 4.

[47] Deenesh Sohoni & Salvatore Saporito, *Mapping School Segregation: Using GIS to Explore Racial Segregation Between Schools and Their Corresponding Attendance Areas*, 115 AM. J. EDUC. 569 (2009); Jennifer Holme, *Buying Homes, Buying Schools: School Choice and the Social Construction of School Quality*, 72 HARV. ED. REV. 177 (2002).

[48] Jason Giersch et al., *Exposure to School and Classroom Racial Segregation in Charlotte-Mecklenburg High Schools and Students College Achievement*, EDUC. POL'Y ANALYSIS ARCHIVES, Mar. 14, 2016.

[49] Thomas F. Pettigrew & Linda R. Tropp, *A Meta-Analytic Test of Intergoup Contact Theory*, 90 J. PERSONALITY & SOC. PSYCH. 751 (2006).

[50] Julia Burdick-Will, *School Violent Crime and Academic Achievement in Chicago*, 86 SOCIO. EDUC. 343 (2013); Julia Burdick-Will, *Neighborhood Violent Crime and Academic Growth in Chicago: Lasting Effects of Early Exposure*, 95 SOC. FORCES 133 (2016); Julia Burdick-Will, *Neighbors but Not Classmates: Neighborhood Disadvantage, Local Violent Crime, and the Heterogeneity of Educational Experiences in Chicago*, 124 AM. J. EDUC. 37 (2017); Julia Burdick-Will, *Neighborhood Violence, Peer Effects, and Academic Achievement in Chicago*. 91 SOCIO. EDUC. 205 (2018); Julia Burdick-Will et al., *Converging Evidence for Neighborhood Effects on Children's Test Scores: An Experimental, Quasi-Experimental, and Observational Comparison*, *in* WHITHER OPPORTUNITY? RISING INEQUALITY, SCHOOLS, AND CHILDREN'S LIFE CHANCES 91 (Greg J. Duncan & Richard J. Murnane eds., 2011).

[51] See Jeffrey Meitrodt, *Regulators Make It Easy for Failing Charter Schools to Stay Open*, MINN. STAR TRIBUNE (Dec. 21, 2024), https://www.startribune.com/regulators-make-it-easy-for-minnesotas-failing-charter-schools-to-stay-open/601197815.

In 2021, there were approximately 17 schools within or near the Phillips neighborhood. However, this number fluctuates over time. Over the previous 20 years, 45 different schools have operated in and nearby the area, with the number of schools operating at any one time reaching a peak of 25 in 2008.

Between 2000 and 2021, the number of traditional public schools dropped from 19 to 12, while the number of nearby charter schools rose from 3 to 5. In 2007 and 2008, Phillips reached a peak of eight charter schools. As traditional public schools have closed,[52] new charter schools have opened.

However, many of these charter schools do not last long, and many have closed while other new charters schools open.[53] Charters in Phillips are particularly chaotic. The Heart of the Earth Charter closed due to financial impropriety and an embezzlement scandal, the Native Arts Charter closed due to inappropriate spending and an improper facility, and the nearby Cedar Riverside Community School recently closed because it failed to meet authorized operational, academic, and governance targets.

Traditional public schools tend to serve far more students overall. Phillips' total charter schools served 14 percent of the neighborhood's students in 2021. The share in charters was only 3.5 percent in 2000 but reached as high as 25 percent in 2007. The constantly shifting educational landscape adds a layer of chaos and instability to students' lives, which are already full of uncertainty in many areas.

2. Test Scores in Phillips

Phillips area schools' test proficiency levels were very low, especially for students of color. In no school was math proficiency for Black or Hispanic students higher than 22 percent, and in no school was reading proficiency higher than 25 percent. In most schools, proficiency for math was 10 percent or lower, and for reading, under 20 percent, as shown in table 3 below.

[52] The eight public schools that closed during this period included Southside Family, Anderson Open, Volunteers of America, Katahdin, VOA Salt, Summit OIC, Volunteers of America, and Tatanka Academy.
[53] The seven charter schools that have operated in or near the Phillips neighborhood and have later closed included Cedar Riverside Community School, Minnesota Transitions Middle, Transitions Senior High, Minnesota Transitions ALP, the Native Arts Charter School, and the Mary McEvoy Early Literacy Academy.

Table 3:

Black and Hispanic Student Test Proficiency Rates in Public Schools Operating in and Nearby Phillips Area (2022-23)

School	Black Students		Hispanic Students	
	Reading	Math	Reading	Math
Folwell Elem.	22%	8%	4%	3%
Webster Elem.	13%	5%	25%	6%
Whittier Elem.	17%	13%	17%	10%
Aurora Charter Elem.	n/a	n/a	10%	22%
Andersen Middle	19%	10%	10%	7%
Total	18%	10%	11%	9%

Source: Minnesota Report Card, Minnesota Department of Education.

South High School is the nearest traditional high school. In terms of 11th grade testing performance, it has a math proficiency rate of 4.3 percent for Black students and 6.7 percent for Latino students, and a reading proficiency rate of 42.1 for Black students and 16.7 percent for Hispanic students.[54]

3. Dropouts in Phillips

Phillips has one of the highest rates of high school dropouts in the metro area: 37 percent of adults aged 25 and older have less than a high school diploma in the Gateway and 32.5 percent have less than a high school diploma in Phillips overall. This compares to a 6.2 percent metro-wide dropout rate. For Black and Latino residents, the numbers are even worse: 48 percent of Black residents aged 25 and older have less than a high school diploma in the Gateway area, as compared to 39.9 percent in Phillips. Metro-wide, 17.1 percent of Black people drop out. Between 2010 and 2020, Black residents without a high school diploma increased 15.7 percent points in the Gateway and 7.6 percent points in Phillips. Outside of neighborhoods like Phillips, with concentrated disadvantage, the percentage of Black residents without a high school diploma declined.[55]

But things are even worse for Latinos. Almost 80 percent of Hispanic residents aged 25 and over have less than a high school diploma in the Gateway area, and 63 percent have less than high school in Phillips. This compares to 28.4 percent in the metro area. Between 2010 and 2020,

[54] South High School did not have complete test proficiency data for Reading and Math by Black or Hispanic students in 2023. As a result, the proficiency levels were updated with recent data from the school year 2023-24.
[55] Education attainment results come from census tract-level calculations of U.S. Census Bureau, 2010 and 2020 American Community Survey (5-year) data. *See American Community Survey Data*, U.S. CENSUS BUREAU, https://www.census.gov/programs-surveys/acs/data.html (last visited Apr. 21, 2025).

Hispanic residents without a high school diploma increased 18 percent points in the Gateway and 1.1 percent points in Phillips. In the metro area, the percentage of Hispanic residents without a high school diploma declined by 7.9 percentage points.

C. Failure to Reduce Crime in Phillips

Crime has surged in the Twin Cities in recent years, and nowhere has it climbed more than in Phillips. This is unsurprising, given that extensive academic research has shown that concentrated disadvantage is very strongly connected with much higher levels of violent crime within neighborhoods.[56]

Low-income housing residents in the Twin Cities think that crime is their biggest housing concern in their communities,[57] and 82 percent strongly do not want to live in a high-crime neighborhood.

Even though violent crime contributes to both educational and health inequality, even though it is the most important issue to the residents of low-income housing, and even though Equity in Place falsely assert that concentrated affordable housing will decrease crime in high poverty neighborhoods, Equity in Place declares that when concerned civil rights advocates

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[56] *See* Patrick Sharkey et al., *Poverty and Crime*, *in* THE OXFORD HANDBOOK OF THE SOCIAL SCIENCE OF POVERTY (David Brady & Linda Burton eds., 2016); Robert J. Sampson et al., *Neighborhoods and Violent Crime: A Multilevel Study of Collective Efficacy*, 277 SCIENCE 918 (1997); John R. Hipp & Kevin Kane, *Cities and the Larger Context: What Explains Changing Levels of Crime?*, 49 J. CRIM. JUST. 32 (2017); Robert J. Sampson, *How Does Community Context Matter? Social Mechanisms and the Explanation of Crime Rates*, *in* THE EXPLANATION OF CRIME (Olof H. Wickstrom & Robert J. Sampson eds., 2009); John R. Hipp & Daniel K. Yates, *Ghettos, Thresholds, and Crime: Does Concentrated Poverty Really Have an Accelerating Increasing Effect on Crime?*, 49 CRIMINOLOGY 955 (2011); Alyssa Chamberlain & John R. Hipp, *It's All Relative: Concentrated Disadvantage Within and Across Neighborhoods and Communities, and the Consequences for Neighborhood Crime*, 43 J. CRIM. JUST. 431 (2015); Lauren J. Krivo & Ruth D. Peterson, *Extremely Disadvantaged Neighborhoods and Urban Crime*, 75 SOC. FORCES 619 (1996); Lauren J. Krivo, *Segregation, Racial Structure, and Neighborhood Violent Crime*, 114 AM. J. SOCIO. 1765 (2009); John R. Hipp, *Violent Crime, Mobility Decisions, and Neighborhood Racial/Ethnic Transition*, 58 SOC. PROBS. 410 (2011); Jacob Becker, *The Dynamics of Neighborhood Structural Conditions; The Effect of Concentrated Disadvantage on Homicide over Time and Space*," 15 CITY & CMTY. 64 (2016); Scott Akins, *Racial Segregation, Concentrated Disadvantage, and Violent Crime*, 7 J. ETHNICITY & CRIM. JUST. 30 (2009); Paul Stretesky et al., *Space Matters; An Analysis of Poverty, Poverty Clustering, and Violent Crime*, 21 JUST. Q. 817 (2004); Karen E. Parker & Matthew V. Pruitt, *Poverty, Poverty Concentration, and Homicide*, 81 SOC. SCI. Q. 555 (2000); Avelardo Valdez et al., *Aggressive Crime, Alcohol and Drug Use, and Concentrated Poverty in 24 U.S. Urban Areas*, 33 AM. J. DRUG & ALCOHOL ABUSE 595 (2007); Charles E. Kubrin & Ronald Weitzer, *Retaliatory Homicide: Concentrated Disadvantage and Neighborhood Crime*, 50 SOC. PROBS. 157 (2003); Douglas S. Massey, *Getting Away with Murder: Segregation and Violent Crime in Urban America*, 143 U. PENN. L. REV. 1203 (1995); Micere Keels, *Second-Generation Effects of Chicago's Gautreaux Residential Mobility Program on Children's Participation in Crime*, 18 J. RSCH. ADOLESCENCE 305 (2008).

[57] HOUSING LOCATION PREFERENCES OF MINNESOTANS, *supra* note 40, at 1.

discuss the high levels of violent crime associated with neighborhoods with high levels of social disadvantage, that such concern is a "racial dog-whistle." [58]

The high crime rates, particularly the very high level of violent crime, are closely related to the health of children and adults. Such crime creates high levels of stress ("distress" as used in scholarly literature) and trauma. Such outcomes worsen health issues such as high blood pressure and autoimmune disorders. Because children are kept off the street and inside, health conditions such as asthma and obesity worsen, as do other stress-related illnesses.

High rates of violent crime also erode the social fabric of neighborhoods like Phillips, help fuel the prison pipeline, and contribute to poor police and community relationships that otherwise might promote better public safety. As sociologist Patrick Sharkey has written:

> "From the 1960s through the 1990s, the rise of violent crime and the emergence of mass imprisonment led to a new concentration of violence and a strengthened spatial link among poverty, segregation, violence, and the criminal justice system. Crime and neighborhood disinvestment reinforced each other to constitute a "spiral of decay" in high-poverty areas. An extensive literature documents how spatial concentration of poverty, violence, aggressive police oversight, and incarceration erode public life, compromising the capacity of neighborhood residents to achieve social cohesion and community organization."[59]

Crime rates ebb and flow in American metropolitan areas and the Twin Cities. In the late 1980s and 90s, crime was very high. Then, the Twin Cities region, like the rest of the nation, experienced a decades-long decline in crime, interrupted by periodic waves of increases. Nevertheless, whether the crime rate is up or down, violent crime in American cities remains concentrated in neighborhoods of comparative disadvantage.

When violent crime is up in America, neighborhoods like Phillips bear a hugely disproportionate share of the increase. When violent crime is down, these areas see the greatest reduction. Yet even in a period when crime is at its lowest, these neighborhoods have rates of violent crime that are multiples of those in neighborhoods without concentrated disadvantage. Rates of violent crime detrimentally affect the health and wellbeing of all their residents and discourage investment and economic diversity. Individuals who gain resources often choose to move away from areas ravaged by violent crime.

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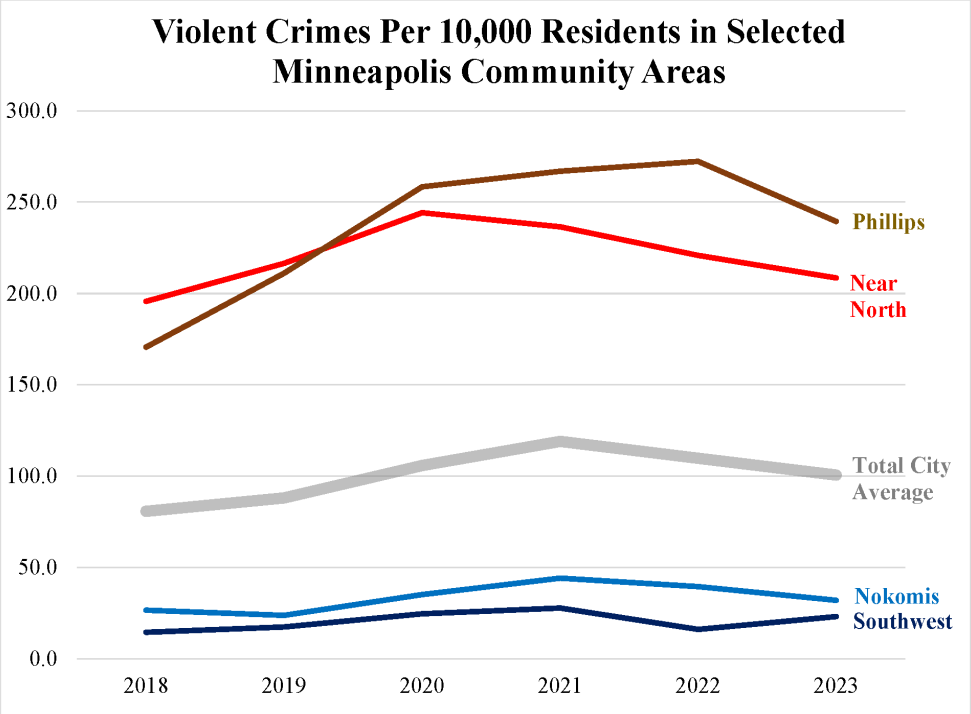
[58] See Asad Aliweyd, Nelima Sitati-Munene, & Owen Duckworth, *Counterpoint: Equity in Place Housing Effort Is Not the Cause of Segregation*, MINN. STAR TRIBUNE (Aug. 15, 2024), https://www.startribune.com/counterpoint-equity-in-place-housing-effort-is-not-the-cause-of-segregation/601112439 (characterizing an opponent's "description of majority BIPOC neighborhoods as 'dangerous neighborhoods, served by schools that lead to dropouts and low-income jobs'" as a "racial dog-whistle").

[59] Michael Friedson & Patrick Sharkey, *Violence and Neighborhood Disadvantage After the Crime Decline*, 660 ANNALS AM. ACAD. POL. SCI & SOC. RSCH. 341 (2015); Patrick Sharkey & Alisabeth Marsteller, *Neighborhood Inequality and Violence in Chicago, 1965-2020*, 89 U. CHI. L. REV. 349 (2022).

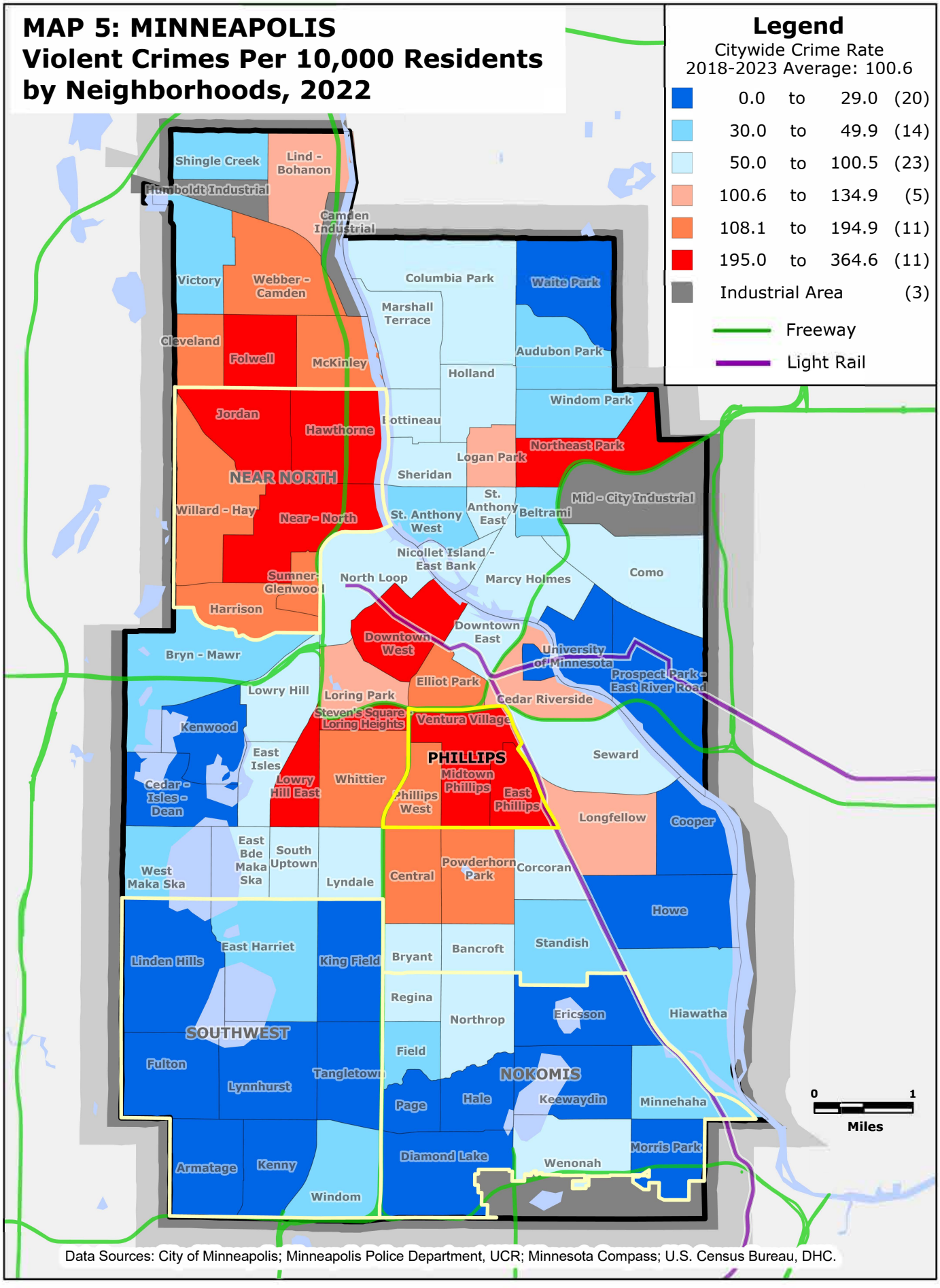
In 2018, when crime was relatively low, there were 170.6 violent crimes per 10,000 residents in Phillips. Yet this figure is eleven times as high as it was in Southwest Minneapolis, which had a violent crime rate of 14.5 and six times higher than the less affluent Nokomis neighborhood, which had a violent crime rate of 26.6 during the same period. When crime spiked to its highest city-wide levels in 2022, Phillips had a violent crime rate of 272.3 per 10,000 residents—seventeen times the violent crime rate of Southwest Minneapolis at 16.0, or seven times higher than the Nokomis neighborhood with a violent crime rate of 39.5, as is shown on Chart 1 and Map 5 below.

Chart 1:



Source: Minneapolis GIS, MapIT Minneapolis, Neighborhood Crime Statistics

MAP 5: MINNEAPOLIS
Violent Crimes Per 10,000 Residents by Neighborhoods, 2022

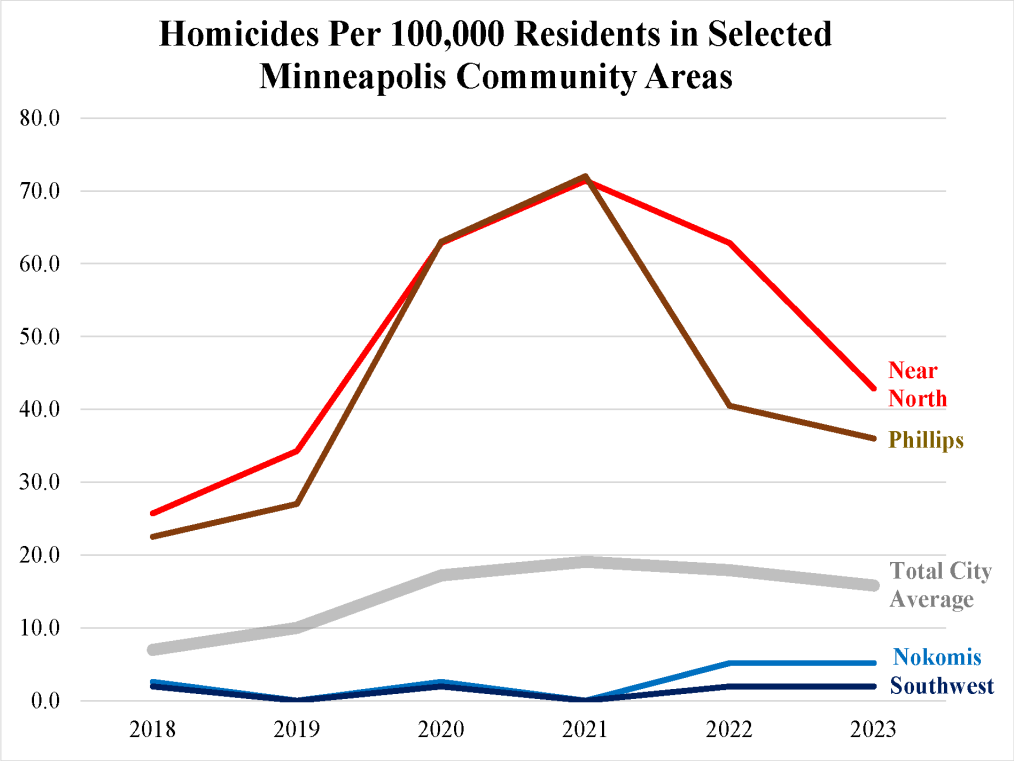


Data Sources: City of Minneapolis; Minneapolis Police Department, UCR; Minnesota Compass; U.S. Census Bureau, DHC.

To put this into perspective, Phillips had a total of 379 violent crimes in the low-crime year of 2018, while Southwest had 74 and Nokomis had 103. In 2022, the most violent year, Phillips had 605 violent crimes, 1.6 times the rate of 2018. Comparatively, Southwest had 82, an 11 percent increase, and Nokomis had 153, a 48 percent increase.

Homicide rates have been historically the highest in Minneapolis' Near North community but have been closely matched by Phillips between 2018 and 2023. Chart 2 below shows the homicide rates for the four selected communities in Minneapolis. When comparing the homicide rate per 100,000 residents, Phillips more closely matches the homicide rate of Near North, as is shown on chart 2 below.

Chart 2:



Source: Minneapolis GIS, MapIT Minneapolis, Neighborhood Crime Statistics

In 2020 and 2021, Phillips slightly surpassed Near North's homicide rates, 63.0 versus 62.8 in 2020 and 72.0 versus 71.4 in 2021. Phillips' homicide rate has been 2.3 to 3.7 times

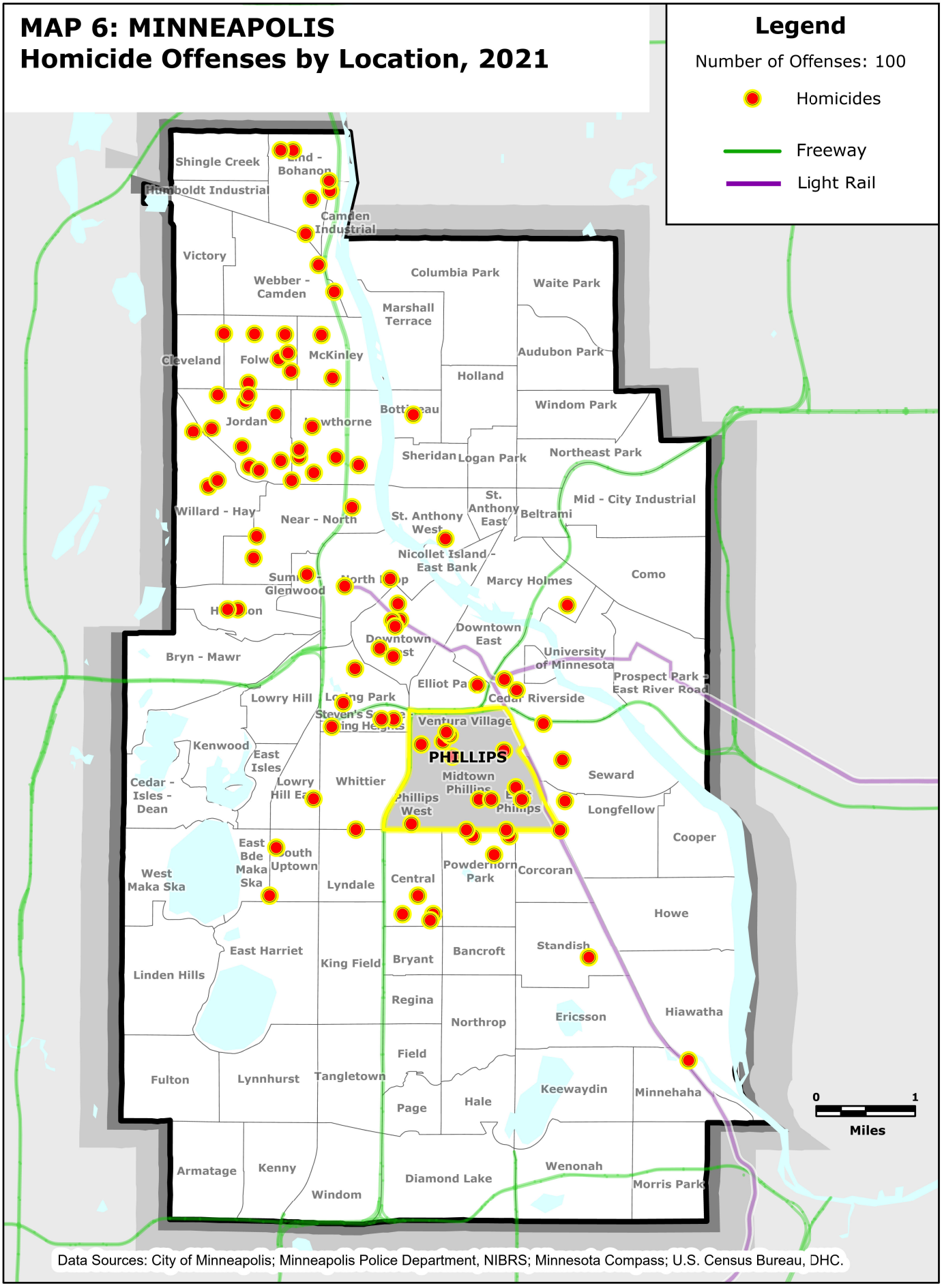
higher than that of Minneapolis' citywide rate and 7 to 32 times higher than that of the Nokomis or Southwest community areas.

In Phillips, the number of homicides grew from five in 2018 to 16 in 2021, then dropped to nine in 2022 and eight in 2023. Phillips' number of homicides are much greater than those of the Nokomis and Southwest communities, which both reported no homicides in 2019 and 2021, and only climbed to as high as two homicides in Nokomis in 2022 and 2023. Meanwhile, the most Southwest reported in a single year was one, see Map 6, next page.[60]

Since 2020, Phillips has surpassed the violent crime rates of North Minneapolis, with comparable rates of homicides between 2018 and 2023. It has become one of the most, if not the most, violent community in Minneapolis and the most violent as compared to any other St. Paul neighborhood or Twin Cities suburban jurisdiction. It is clearly demonstratable that high violent crime rates, like those found in Phillips, impact public safety, health, and the social fabric for persons living in subjected neighborhoods. It is simply inaccurate to deny the impact of these factors on a child's life or to call the accurate discussion of violent crime a dog-whistle.

[60] To put it in perspective, in 2021 Phillips would be among one of the deadliest neighborhoods in Chicago, the city with the most homicides in the U.S. that year. See Bill Hutchinson, 'It's Just Crazy': 12 Major Cities Hit All-Time Homicide Records, ABC NEWS (Dec. 8, 2021), https://abcnews.go.com/US/12-major-us-cities-top-annual-homicide-records/story?id=81466453. Phillips' homicide rate of 72.0 per 100,000 residents would have ranked as having the fifteenth-highest homicide rate of Chicago's 77 community areas, just below Chicago's community of Avalon Park (73.7) and just above Austin (70.8). See Violence Reduction - Victims of Homicides and Non-Fatal Shootings, CHI. DATA PORTAL (last updated Apr. 22, 2025), https://data.cityofchicago.org/Public-Safety/Violence-Reduction-Victims-of-Homicides-and-Non-Fa/gumc-mgzr/about_data.

MAP 6: MINNEAPOLIS
Homicide Offenses by Location, 2021



Data Sources: City of Minneapolis; Minneapolis Police Department, NIBRS; Minnesota Compass; U.S. Census Bureau, DHC.

III. False Claims Made by Equity in Place to Maintain Segregation

Ironically, there is a high demand in the suburbs for building affordable subsidized housing that is much less expensive per unit and that maintains lower rents. Equity in Place has used two false arguments to retain government financing for higher priced units with higher rents in impoverished neighborhoods. The first argument is called the "rent burden rachet." The second argument involves false claims of gentrification in neighborhoods like Phillips.

A. Suburban Units are Less Expensive and Have Lower Rents

A comprehensive 2015 study of the Twin Cities showed that suburban subsidized housing in the Twin Cities cost much less per household than similar units built by the allies of Equity in Place in the central cities.[61] For example, in 2015, the Hope Community subsidized units cost 1.8 times more than the average suburban affordable unit, or $340,000 per unit as compared to suburban average cost of $194,000.[62]

A recently built two-bedroom apartment built by the Dakota County Housing and Redevelopment Authority (DCHRA) had a per unit cost of $283,000 and rented for $920 per month.[63] In comparison, the Emerson Village project in North Minneapolis had a per unit cost of $500,871, with $1,200 per month rent.[64] Another recent project, 1920 W. Broadway, had a per unit cost of $390,358 and rent between $1,397 and $1,677 per month.[65]

B. Equity in Place's Rent Burden Rachet

Using a measure called "rent burden," which refers to the percentage of people in a neighborhood with the least ability to afford local rents, Equity in Place argued that the needs for affordable housing are greatest in the poorest urban and suburban neighborhoods.[66] It claims that because the most profoundly poor people have always been and will remain concentrated in

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[61] Orfield et al., *High Cost and Segregation*, *supra* note 5.
[62] Id.
[63] Email from Tony Schertler, Exec. Dir., Dakota Cnty. Cmty. Dev. Agency, to Myron Orfield (July 31, 2024) (on file with author).
[64] *Emerson Village: Community Planning and Economic Development Housing Project Data Worksheet*, CITY OF MINNEAPOLIS (May 22, 2023), https://lims.minneapolismn.gov/Download/RCAV2/31627/Emerson-Village-Project-Data-Worksheet.pdf (explaining general information and income restrictions in the development at 1800 Emerson Avenue North). It includes 40 units, 26 of which were available to renters with an income of 30% of the area median income (AMI) and the remaining 14 available for renters with an income of 50% AMI. *Id.* at 1. The total cost of the development was $20,034,822. *Id.* at 3.
[65] *West Broadway West Building: Affordable Housing Inventory Project Data Worksheet*, CITY OF MINNEAPOLIS (July 23, 2021), https://lims.minneapolismn.gov/Download/RCAV2/24820/West-Broadway-West-Building-Project-Data-Worksheet.pdf. It includes 92 units, 59 of which were available to renters with an income of 50% AMI, 13 to renters with an income of 60% AMI, and 20 to renters with an income at 80% AMI. *Id.* at 1. The total cost of the development was $35,912,973. *Id.* at 2.
[66] Goetz et al., *Minneapolis Rent Stabilization Study*, *supra* note 19, at 64–65.

neighborhoods of extreme disadvantage, rent burden would always be greatest in the poorest neighborhoods.[67]

C. Equity in Place's False Claims of Gentrification

In a recent memo to the Minnesota Advisory Committee the United States Commission on Civil Rights, Professor Goetz urged them to abandon the "opportunity framework" of racial integration and concentrate on the far more serious problem of gentrification in neighborhoods like Phillips.[68] In line with this sentiment, Equity in Place, without any credible evidence, persuaded the local and state governments and philanthropy that neighborhoods like Phillips are "vulnerable to gentrification" or "gentrifying."

By Equity in Place's definition, any poorer than average neighborhood—in this case, the poorest Twin Cities neighborhoods that were all becoming poorer and experiencing a growing percentage of low-income residents—were all "vulnerable to gentrification."[69] For example, if a census tract had a lower-than-average median income, a higher-than-average percentage of low-income households, a higher-than-average percent of renters, a lower-than-average number of college graduates, a higher-than-average percentage of non-whites, or older-than-average housing, it was according to Equity in Place, "vulnerable to gentrification." In these neighborhoods, Equity in Place offered no evidence of past displacement of low-income people.

In reality, Equity in Place's "vulnerable neighborhoods" were not vulnerable to gentrification but in fact becoming poorer. In the period from 2000-2015, the number of people in poverty rose from 48,871 to 62,933, a 7.2 percent increase. The number of low-income households rose from 97,946 to 111,198, a 6 percent increase. The number of middle-to-high income people decreased by 11,069, a 6 percent decline.

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[67] *See* Crowell, *supra* note 20; Sisson, *supra* note 20.

[68] Goetz Memorandum, *supra* note 18.

[69] EDWARD G. GOETZ ET AL., CTR. FOR URB. & REG'L AFFS., DIVERSITY OF GENTRIFICATION: MULTIPLE FORMS OF GENTRIFICATION IN MINNEAPOLIS AND ST. PAUL 15–16 (2019), https://gentrification.umn.edu/sites/gentrification.umn.edu/files/files/media/diversity-of-gentrification-012519.pdf. EIP determined if a neighborhood is "vulnerable to gentrification" by relying on three methods proposed by social science researchers. *Id.* at 15. First, Ding et al. (2016) proposed that a neighborhood is vulnerable if its "median household income is less than the citywide median income." *Id.* Second, Freeman (2005), restricting the analysis to neighborhoods within the central city of a metropolitan area, finds that a neighborhood is vulnerable if its median household income is less than the metro-wide median and its share of housing built over 20 years ago is more than the metro-wide median. *Id.* Third, Bates (2013) proposes that a neighborhood is vulnerable if it satisfies at least three of the following four criteria: "(1) a higher percentage of renters than the citywide rate; (2) a higher percentage of people of color than citywide; (3) a larger share of low-income households than the citywide rate, and (4) a lower rate of residents with bachelor's degrees than the city." *Id.* at 16. None of the tests require any evidence of housing market changes indicating upward mobility. EIP applied all three definitions and identified vulnerable neighborhoods as those identified by at least two of the three methods. *Id.*

Hundreds of hours of lobbying by Equity in Place, supported by millions of dollars of philanthropy, caused the city of Minneapolis to officially adopt Equity in Place's definition of "vulnerability to gentrification" in Policy 43 of its comprehensive plan.[70] The Met Council then approved Minneapolis Policy 43 (and Equity in Place's definition) when it approved Minneapolis' comprehensive plan.[71]

By officially approving that definition, both governments declared as a matter of policy and law that the poorest neighborhoods (that were growing poorer and where the percentage of low-income household was increasing) were "vulnerable to gentrification."

This determination, based on no evidence, has allowed all the levels of local and state government to justify their continued policy of saturating high-cost low-income housing in the most segregated and disadvantaged neighborhoods like Phillips.

Equity in Place's definition of actual "gentrification" includes a tiny subset of the neighborhoods vulnerable to gentrification. Nevertheless, this definition, though not necessary for their goal of concentrating affordable housing, is equally unsupported by facts.

Perhaps to distract attention from the obvious decline, Equity in Place lays out an extremely complicated test to determine which tracts are "gentrifying."[72] While describing three

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[70] CITY OF MINNEAPOLIS DEP'T OF CMTY. PLAN. & ECON. DEV., MINNEAPOLIS 2040—THE CITY'S COMPREHENSIVE PLAN 176 fig.P43.1 (2020), https://minneapolis2040.com/media/2018/pdf_minneapolis2040_updated-june-2024.pdf (reproducing EIP map).

[71] Eric Roper, *Minneapolis' 2040 Plan Wins Met Council Approval*, MINN. STAR TRIBUNE (Sept. 25, 2019), https://www.startribune.com/minneapolis-2040-plan-wins-met-council-approval/561366682.

[72] The EIP definition of gentrification looks for "agreement across three different measures of gentrification." GOETZ ET AL., CTR. FOR URB. & REG'L AFFS., DIVERSITY OF GENTRIFICATION, *supra* note 69, at 15–16. EIP does not detail how it found agreement across the three areas, and it was thus not possible to exactly replicate its procedure. Notably, applying the Freeman test, we could find no gentrifying tracts. It described the three different methods as follows:

1) Freeman (2005): gentrifying tracts are those in which the change in the share of adults with college degrees is greater than the regional change, and the tract experienced an increase in home values (in constant dollars).
2) Ding (2016): the tract must have experienced a change in the share of adults with college degrees greater than the city-level change, and related to housing market changes, the tract had to experience a change in median rents above the citywide change, or a change in median home value greater than the citywide change.
3) Bates (2013): separates neighborhood change into two distinct categories: housing market changes and demographic changes. Bates then identifies three types of housing market changes in vulnerable tracts that are consistent with gentrification: adjacent, accelerating, and appreciated.

   An "adjacent" tract is a tract with low to moderate housing values at the beginning of the study period that did not appreciate significantly during the study period (bottom three quintiles of growth) but borders tracts with high housing values.

An "accelerating" tract is one that was lower to moderate value at the beginning of the study period and had high rates of appreciation (top two quintiles of growth) between 2000 and 2015.

Finally, "appreciated" tracts are those that had low to moderate home values in 1990 but had appreciated significantly by 2015.

Bates then identifies four types of demographic changes that, if they are happening at a greater rate than the city, are consistent with gentrification: increases in the homeownership rate, increases in the white population, increases in adults with a college degree, and increases in median household income. A tract can qualify as having experienced demographic changes if at least three of these four conditions are met *or* if the white population and college-educated population are growing faster than the city.

Instead of a simple typology of "gentrifying" and "not gentrifying," Bates creates a more complex typology that combines the initial vulnerability of the census tract at the beginning of the study period with whether it experienced demographic changes and what changes the housing market experienced during the study period.

The result is a matrix that classifies six stages of gentrification. The first three categories represent early stages. "Susceptible" tracts are those that have a vulnerable population, have not seen significant demographic changes, and where the housing market in that tract has not experienced rapid increases but is adjacent to tracts with high home values. "Early: Type 1" tracts are those that have experienced housing market changes consistent with gentrification but have not seen demographic changes at this point. "Early: Type 2" represents the opposite dynamics: tracts that have experienced demographic changes but have not undergone significant housing market appreciation. "Dynamic" tracts are experiencing both significant demographic and housing market changes.

The final two categories represent the later stages of gentrification. "Late" tracts still have a disproportionately vulnerable population present, but housing values are now in the top two quintiles in the city and these tracts are still experiencing significant demographic changes. Finally, the "Continued Loss" category includes census tracts that had a low-value housing market in 1990, but by 2010 values had appreciated and the tract no longer contained an above-average share of vulnerable populations and saw increasing shares of white residents and adults with a college degree.

For the purposes of EIP analysis, and for the meta-index, it considered tracts in the "Dynamic," "Late," and "Continued Loss" categories to be gentrifying, and those in the "Susceptible" and both "Early" categories we considered as not gentrifying during the study period because they did not experience both demographic and housing market changes. As previously noted, an important element of gentrification measures is the scale of reference.

EIP concludes: "Gentrification is typically identified as change at the neighborhood scale, but it is change that is taking place at a comparatively high rate. That is, each of these three methods incorporates a comparison of individual census tracts with a larger geographic scale, either the city or the metropolitan area. This comparison is critical to most studies of gentrification. For our analysis, we chose to use the citywide rates of change as the comparison. We did this to be more conservative in the identification of gentrification in the two cities. Using the citywide rate produces a more conservative estimate of gentrification because for Minneapolis and St. Paul between 2000 and 2015, the demographic, economic, and housing market changes taking place exceeded the changes at the regional level. Thus, to be judged a gentrifying tract, the rate of change exhibited in the tract must have exceeded the higher rate of change that the central cities saw over this period. For example, the percentage of the population with college degrees increased by 20% regionally, but by 26.7% and 22.7% in Minneapolis and St. Paul, respectively.

different methodologies used by other researchers, it declares that it will look for "agreement across three different measures." Equity in Place does not detail how it found "agreement" across the three measures, making it impossible to replicate its procedure. Notably, under one of the three scholars' test, there were no gentrifying tracts.

While there was no methodology to reproduce or evaluate, it appears that, according to Equity in Place, a neighborhood was officially "gentrifying" if it experienced an increase in residents with bachelor's degrees. Other categories, like home values and rents, seem inconsistent across Equity in Place's gentrifying tracts. Thus, it seems that Equity in Place is suggesting if there were more residents with bachelor's degrees, a neighborhood was officially "gentrifying," even if neighborhood incomes and rents dropped and poverty rates rose.[73]

In Equity in Place's gentrifying neighborhood, the percentage of those with a bachelor's degree increased to 34 percent of residents, a figure below the metro regional average of 40 percent of households. On the other hand, in Equity in Place's "gentrifying" tracts, the percentage of residents below the poverty line increased by 20 percent, from 24% to 27% of households. These" gentrifying" tracts began and ended the period with nearly three times the metropolitan poverty rate.

In Equity in Place's "gentrifying" tracts, the percentage of low-income residents (those below 200% of the poverty line) increased by 15 percent, and 52 percent of the households—twice the regional average—were low income. Seven of Equity in Place's' "gentrifying census tracts" actually experienced increases in poverty of more than 10 percentage points.

Seven of Equity in Place's "gentrifying" tracts were also areas of concentrated poverty, meaning that they had poverty rates of more than 40 percent. Neighborhoods with this level of poverty are neighborhoods of extreme social disadvantage. Three of these extreme poverty gentrifying tracts had reached this level of extreme poverty more than 20 years ago and, while "gentrifying," had remained neighborhoods of extreme disadvantage. Four other tracts became areas of extreme disadvantage between 2000 and 2015 and were deemed "gentrifying" by Equity in Place in 2016.

Other trends run counter to those considered "gentrifying" by Equity in Place, including:

Median home value increased 6.9% across the region, but it increased more than three times that amount in Minneapolis (23.5%) and twice that amount in St. Paul (13.3%). Rents increased at higher rates in the two central cities as well. Thus, by using the central city as the comparison standard, we are isolating neighborhoods that had extreme levels of change on those three variables."

Because there is no way to find out how EIP found "agreement" between these tests, the long description seems merely a diversionary effort to appear empirical and systematic.

[73] The EIP study notes; "Gentrifying tracts were much more likely than non-gentrifying to experience changes in poverty that were less than or equal to the citywide pattern. Nineteen of the gentrifying tracts (70%) saw changes in poverty that were roughly equal to the citywide changes or significantly less (greater than 3 percentage points fewer) than the citywide change." EIP also notes that the neighborhoods lost median income.

- The small share of those with middle or high incomes declined.
- Rents were below average. Six of the "gentrifying" tracts experiences rent decreases. The "gentrifying" Hawthorne neighborhood saw its rents decline by 13 percent.
- The percentage of homeowners declined.
- The percentage of white residents declined.

Equity in Place points to an increase in median home values in some of its "gentrifying" tracts, such as those in Phillips. However, it fails to note both the extremely low value of these homes and the fact that homeowners had almost disappeared in neighborhoods like Phillips.

Equity in Place likely felt compelled to find gentrification. Without some claim of gentrification, however questionable, the continued saturation of low-income housing in poor, segregated neighborhoods of extreme disadvantage, with segregated low-performing schools, would be unquestionably illegal. Such concentration would violate both the state and federal constitutions, the Federal Fair Housing Act, and the Minnesota Human Rights Act.

IV. The Human Cost of the Equity in Place Strategy

Existing scholarly evidence demonstrates that segregation is not simply a matter of choice but is instead—based on unassailable evidence—caused by at least five forms of illegal yet unredressed discrimination: steering; mortgage lending discrimination; exclusionary zoning; school boundary drawing; and white bias in the housing market.[74] The vast majority of Black and Latino households want to live in integrated neighborhoods and have their children attend integrated schools.[75] All evidence suggests that families of color are fundamentally seeking the same basic features in their housing and neighborhoods as white families: good schools; safety;

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[74] See Myron Orfield & Thomas F. Luce, *America's Racially Diverse Suburbs: Opportunities and Challenges*, 23 HOUS. POL'Y DEBATE 395 (2013); Lincoln Quillian at al., *Racial Discrimination in the U.S. Housing and Mortgage Lending Markets: A Quantitative Review of Trends, 1976-2016*, 12 RACE & SOC. PROBS. 13 (2020); MARGERY AUSTIN TURNER ET AL., U.S. DEP'T OF HOUS. & URB. DEV., HOUSING DISCRIMINATION AGAINST RACIAL AND ETHNIC MINORITIES 2012 (2013), https://www.huduser.gov/portal//Publications/pdf/HUD-514_HDS2012.pdf; MARGERY AUSTIN TURNER ET AL., U.S. DEP'T OF HOUS. & URB. DEV., DISCRIMINATION IN METROPOLITAN HOUSING MARKETS, NATIONAL RESULTS FROM PHASE I HDS 2000 (2002), https://www.huduser.gov/publications/pdf/phase1_report.pdf; ANGELA WILLIAMS FOSTER ET AL., COMM. ON NAT'L STATS. MEASURING HOUSING DISCRIMINATION IN A NATIONAL STUDY: REPORT OF A WORKSHOP (2002), https://nap.nationalacademies.org/catalog/10311/measuring-housing-discrimination-in-a-national-study-report-of-a; JOHN YINGER, CLOSED DOORS, OPPORTUNITIES LOST: THE CONTINUING COST OF HOUSING DISCRIMINATION (1997).

[75] Esther Havekes et al., *Realizing Racial and Ethnic Neighborhood Preferences? Exploring the Mismatches Between What People Want, Where They Search, and Where They Live*, 35 POPULATION RSCH. & POL'Y REV. 101 (2016).

and access to economic opportunity.[76] These preferences are expressed both explicitly through polling surveys and implicitly through population migration patterns, where nonwhite Americans have increasingly opted to live in middle-class suburban areas.

The great civil rights scholar, Professor john powell, recently summarized the benefits of racial and social integration in a memorandum to the United States Civil Rights Commission[77]:

> Below are just a few of findings on racial segregation in different settings, among hundreds of studies. Living in socioeconomically disadvantaged neighborhoods and schools predicts lower test scores for students.[78] Living in economically advantaged neighborhoods reduces the likelihood of youth drug arrests and convictions.[79] Children who achieve interracial contact in desegregated settings exhibit less racial prejudice and are more comfortable with interracial relations.[80] Mothers with children who move to

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[76] Gallup's Social Audit of Black/White Race Relations concluded in 2001, and last asked about school integration in 1999. However, YouGov has conducted several recent surveys on racial and economic school segregation. The most recent survey on racial segregation, from December 2015, reveals a decline in popular support for government-enforced school integration since the early 2000s, but still large majorities of support among black and Hispanic respondents. *School Segregation Survey*, YOUGOV (Dec. 16-18, 2015), https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/82ik29mdpw/tabs_HP_Racial_Segregation_20151218.pdf. The key findings of that survey are as follows:

- 62 percent of Black respondents say that schools are "very" or "somewhat" segregated by race, compared to 34 percent of white respondents. *Id.* at 1.
- 61 percent of Black respondents and 55 percent of Hispanic respondents say that the government should make sure public schools are racially balanced, while 23 percent and 14 percent are unsure, respectively. By comparison, only 28 percent of white respondents support government action to create racial balance, and 19 percent are unsure. *Id.* at 2
- There is a huge nonwhite-white gap over the personal importance of sending children to a racially diverse school. 74 percent of Black respondents, and 53 percent of Hispanic respondents, say that it is personally either "very" or "somewhat" important that their child attend a racially diverse school. By comparison, only 31 percent of whites say the same. 34 percent of whites say it is "not at all important" to them, compared to only 5 percent of Black or Hispanic respondents. *Id.* at 5.
- Finally, a large racial gap appears in a question over community schools. 50 percent of Black people express a preference for geographically distant, racially diverse schools over nearby, racially homogeneous neighborhood schools, and 28 percent say they are uncertain of which is better. By comparison, 67 percent of whites say homogeneous neighborhood schools are preferable, with 23 percent uncertain. *Id.* at 4.

[77] This section borrows heavily from the summary provided in a Memorandum from john a. powell, Professor of Law, UC Berkeley Law, to the Minnesota Advisory Committee of the United States Commission on Civil Rights (June 11, 2024) [hereinafter powell Memorandum].

[78] James Benson & Geoffrey D. Borman, *Family, Neighborhood, and School Settings Across Season: When Do Socioeconomic Context and Racial Composition Matter for the Reading Achievement Growth of Young Children?*, 112 TCHRS. COLL. REC. 1338 (2010).

[79] Keels, *supra* note 56.

[80] *Id.*

economically advantaged neighborhoods have improved mental health outcomes.[81] And, attending segregated high schools reduces the likelihood of attending college.[82]

In recent years, several economists have made important contributions to the body of knowledge about the effects of segregation on wealth and income. Economist Rucker Johnson has examined the relationship between school integration and adult wealth, using longitudinal data from children born during the era of court-ordered integration.[83] Johnson finds that earlier studies appear to have *under*estimated the beneficial effects of integration. For Black students, desegregation "increased both educational and occupational attainments, college quality and adult earnings, reduced the probability of incarceration, and improved adult health status."[84] The study notes that each additional year of exposure to integrated schools increases adult wages, with an average increase in adult earnings—achieved through both higher wages and more work hours —of 30 percent. Johnson shows that the effects of attending an integrated school for Black children were comparable to the effect of having two college-educated parents.

Economist Raj Chetty has led a team of collaborators, including economists Nathaniel Hendren and Lawrence Katz, through a string of landmark studies that demonstrate the positive effects of location and integration on life outcomes. These studies, assembled from massive datasets that would have been almost inconceivable to researchers of previous generations, now form some of the strongest evidence ever assembled in favor of the central role of segregation in American racial inequality.

First, in 2015, Chetty and his team evaluated data from the federal Moving to Opportunity experiment, which randomly assigned housing vouchers to families living in segregated public housing projects.[85] Chetty found that being assigned such a voucher had lifelong effects on children. For younger children who moved, lifetime earnings rose, and college attendance rates increased significantly. Those children were also more likely to live in higher-income neighborhoods as adults. The study further shows that the age of exposure to a more affluent environment is very important: each additional year in such an environment before age 13 produces additional improvements in outcomes.

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[81] Jeffrey R. Kling et al., *Experimental Analysis of Neighborhood Effects*, 75 ECONOMETRICA 83 (2007).
[82] Robert T. Teranishi & Tara L. Parker, *Social Reproduction of Inequality: The Racial Composition of Feeder Schools to the University of California*, 112 TCHRS. COLL. REC. 1575 (2010); Geoffrey T. Wodtke et al., *Neighborhood Effects in Temporal Perspective: The Impact of Long-Term Exposure to Concentrated Disadvantage on High School Graduation*, 76 AM. SOCIO. REV. 713 (2011).
[83] Rucker C. Johnson, *Long-run Impacts of School Desegregation & School Quality on Adult Attainments* (Nat'l Bureau of Econ. Rsch., Working Paper No. 16664, 2011), https://www.nber.org/system/files/working_papers/w16664/w16664.pdf.
[84] *Id.*
[85] Raj Chetty et al., *The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment*, 106 AM. ECON. REV. 855 (2016).

Then, in 2017, Chetty and Nathaniel Hendren released a pair of pathbreaking studies on intergenerational economic mobility.[86] These papers extend the findings of the analysis of the Moving to Opportunity experiment, relying on tax data from families who moved between counties in the United States. The first study showed that children who moved to neighborhoods with better aggregate outcomes experienced improved outcomes themselves later in life, with those outcomes increasing the longer the child spent in the "improved" neighborhood. Chetty demonstrated that moving a child from high-poverty public housing to a low-poverty area increased the child's lifetime earnings by an average of $302,000. In the second study, the researchers addressed the question of which characteristics are associated with a "good" neighborhood—one likely to improve a child's lifetime economic mobility. They found that places with "less concentrated poverty, less income inequality, better schools, a larger share of two-parent families, and lower crime rates" tend to improve outcomes. Chetty showed that moving to a county with even one percent better outcomes resulted in a two-child household gaining approximately $10,000 in the present value of future income.

In 2022, Chetty and his collaborators released several additional studies that leveraged massive datasets to further unpack the relationship between racial segregation and economic mobility. These studies took advantage of Facebook friendship data.[87] Chetty and his team used 21 billion friendships memorialized on Facebook to document the degree of connectedness or cohesion in different groups and to then associate different kinds of connectedness with high or low economic mobility.

The initial finding of these new studies was that one particular kind of social connection powerfully predicted upward economic mobility: friendships between people of high and low socioeconomic status. The size of this effect was significant: a child growing up in a place that roughly approximated the social network of an average high-income person experienced, on average, a 20 percent increase in adult income.

Equally important were the types of connectedness that did *not* promote greater economic mobility. As Chetty's study notes, many scholars have argued that tight-knit communities of people with similar backgrounds and experiences are important to economic advancement. But the study found no evidence supporting this proposition, with the overall cohesiveness or tightness of a social network failing to predict life outcomes. In addition, the study analyzed the civic engagement of individuals and their links to

[86] Raj Chetty & Nathaniel Hendren, *The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects*, 133 Q.J. ECON. 1107 (2018); Raj Chetty & Nathaniel Hendren, *The Impacts of Neighborhoods on Intergenerational Mobility II: County-Level Estimates*, 133 Q.J. ECON. 1163 (2018).
[87] Raj Chetty et al., *Social Capital I: Measurement and Associations with Economic Mobility*, 608 NATURE 108 (2022); Raj Chetty et al., *Social Capital II: Determinants of Economic Connectedness*, 608 NATURE 122 (2022).

community organizations. It found that these links fail to have any predictable impact on an individual's economic mobility.

In short, placing low-income people in close proximity to higher-income people—integrating them into a more affluent community—is the only kind of social connection that seems to predict better outcomes. Several competing theories that rely heavily on links and connections *within* a segregated environment, such as building tight-knit communities or working with non-governmental organizations, do not improve outcomes.

Having established the vital importance of economic connectedness, Chetty and his team also studied why affluent people are more likely to have friendships with each other than with lower-income people. They found that about half of this disparity is explained by "friending bias" —the tendency of people from different socioeconomic backgrounds to avoid friendships with each other. However, the other half of the disparity is explained by exposure. Higher-income people tend to participate in institutions, such as schools, that contain few low-income people. Chetty's work suggests that by increasing exposure—for instance, by integrating schools and neighborhoods—these cross-class friendships become much more likely.

Other scholars have reached similar conclusions. For instance, in 2019, George Galster reviewed the large body of work on the causal effects of neighborhoods on a various predictors of wellbeing, including risky behaviors by individuals, educational performance and attainment, teen fertility, physical and mental health, crime, and labor force participation and earnings.[88] Importantly, Galster's review of the literature includes both studies that found no causal effect as well as those that did. In each category, dramatically more scholarship finds a causal effect between neighborhoods and the outcome being studied. For instance, Galster identifies 29 studies showing a causal relationship between labor force participation and earnings and neighborhoods, compared to 14 that do not. The other categories are even more lopsided: 23 studies show a causal effect on educational performance, compared to 8 that do not; 7 studies show a causal effect on crime, while only 2 do not. Galster's conclusion is unambiguous:

"The overwhelming preponderance of empirical evidence arising from studies that convincingly uncover causal effects indicates that the neighborhood exercises a profound influence on our mental and physical health, our cognitive development, and our behaviors related to education, fertility, work, and crime."[89]

Unsurprisingly, there is strong evidence that low-income residents of high-crime neighborhoods with poor-performing schools want to move to safer neighborhoods with

[88] GEORGE C. GALSTER, MAKING OUR NEIGHBORHOODS, MAKING OUR SELVES 207 (2019).
[89] *Id.* at 208.

better schools—and once they move, they are happy they did.[90] This research shows that families often struggle to find affordable housing, which forces them into poor neighborhoods as their only option. In these neighborhoods, they struggle to find ways to get their kids into good schools, which are seldom in their neighborhoods. Moreover, young people who are stuck in poor neighborhoods experience enormous levels of adversity they would not have to experience in more integrated settings.[91] This adversity has huge effects on health and economic mobility.

Raj Chetty's works show that most families want to leave high-poverty areas, and the majority who move remain in their new neighborhoods even three years later.[92] Research on families who moved from neighborhoods like Phillips to Baltimore suburbs with much lower poverty rates—in response to the remedy in *Thompson v. HUD*—shows the long-term durability of moves to higher-resourced areas.[93] Families that moved are extremely glad they did and explain that they did not want to return to high-crime neighborhoods with bad schools and low opportunity.[94] The newest study of families who moved from neighborhoods like Phillips to lower-poverty neighborhoods in response to the remedy in the *Hills v. Gautreaux* case in Chicago found that kids who moved to the suburbs ended up in lower-poverty areas 40 years later and benefited from it immensely.[95]

In summary, the body of research establishing the linkages between segregation, the concentration of poverty, and intense individual harms is both enormous and rigorous. It is also continuing to grow.

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[90] Stefanie DeLuca et al., *Why Poor Families Move (and Where They Go): Reactive Mobility and Residential Decision*s, 18 CITY & CMTY. 556 (2019); Stefanie DeLuca et al., *"I Just Had to Go with It Once I Got There": Inequality, Housing, and School Re-optimization*, 23 CITY & CMTY. 187 (2024); Peter Bergman et al., *Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice*, 114 AM. ECON. REV. 1281 (2024); Stefanie DeLuca & Peter Rosenblatt, *Walking Away from* The Wire*: Housing Mobility and Neighborhood Opportunity in Baltimore*, 27 HOUS. POL'Y DEBATE 519 (2017): Stefanie DeLuca et al., *Exploring the Trade-Off Between Surviving and Thriving: Heterogeneous Responses to Adversity and Disruptive Events Among Disadvantaged Black Youth*, 10 RUSSELL SAGE FOUND. J. SOC. SCIS. 103 (2024); Jennifer Darrah & Stefanie DeLuca, *"Living Here Has Changed My Whole Perspective": How Escaping Inner-City Poverty Shapes Neighborhoods and Housing Choice*, 33 J. PUB. ANALYSIS & MGMT. 350 (2014); Eric Chyn et al., *The Long-Run Effects of America's Largest Residential Racial Desegregation Program: Gautreaux* (Nat'l Bureau of Econ. Rsch., Working Paper No. 33427, 2025), https://www.nber.org/papers/w33427.

[91] DeLuca et al., *Exploring the Trade-Off*, *supra* note 90.

[92] Bergman et al., *supra* note 90.

[93] DeLuca & Rosenblatt, *Walking Away from* The Wire, *supra* note 90.

[94] DeLuca et al., *"I Just Had to Go With It Once I Got There"*, *supra* note 90.

[95] Chyn et al., *supra* note 90.

V. The is No Evidence Supporting Equity in Place's Attacks on Racial Integration

Equity in Place asserts that residential racial segregation "is more a matter of preference than integrationists think it is."[96] This sort of indirect statement is strongly accompanied by Equity in Place's rhetoric suggesting that segregation is the preference of Black and Latino families and that integration breaks up or destroys these communities of choice and preference. Neeraj Mehta, one of the founders of Equity in Place and co-author of its gentrification study, challenged the value of racial integration, asserting:

> "We spend too much time in the civil rights field, especially civil rights like law, focusing too much on what to do with too many people, poor people, of color living in one place rather than poverty itself, and we define too much of the problem as a concentration of poverty. And so, if your definition of the problem is concentration, then what is your solution? De-concentration. We have so much public policy that is focused on dispersal, which is how do I help you move to a neighborhood that is in the suburbs that is more white, less poor, where the streets are already safe and the schools are already good . . . but again does this address people's poverty? . . . When we talk about dispersal, I connect that to the work of integration . . . [Integration] does not do anything to address the underlying of structural and institutional racism and what allows poverty to exist in the first place."[97]

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[96] GOETZ, THE ONE-WAY STREET OF INTEGRATION, *supra* note 27, at 22–35; *see also* Deposition of Edward Goetz, Noel v. City of New York, 15-CV-5236 LTS-KHP (S.D.N.Y. Mar. 6, 2020) (arguing in support of a residency preference low-income housing disputes the racial preference research that finds non-whites desire integration), Doc. 885-21; Expert Report of Edward G. Goetz, *Noel*, 15-CV-5236 LTS-KHP (S.D.N.Y. Mar. 6, 2020), Doc. 885-20.

[97] See Library Journal, *Neeraj Mehta Keynote — LJ Directors' Summit 2017*, YOUTUBE (Nov. 2, 2017), https://www.youtube.com/watch?v=nle1vEwfp4U&t=2488s. Responding to Mehta, Gary Cunningham of the New School's Institute of Race Power and Political Economy, and former Minnesota civil rights icon, wrote:

> I recently had lunch with a young planning researcher at the University of Minnesota, a man whom I consider a friend. Of East Indian descent, he and his family had moved to North Minneapolis a few years back. This young man was advocating for social change in the community. He started the conversation off by stating, "While I'm not a segregationist, I believe that we shouldn't move low-income people of color out of this community to the suburbs and create gentrification." He further stated that he believes the best approach is "equity in place" to reinvest in the inner-city communities so that they can become engines of equity and opportunity. I said to him, "Anytime you have to start your argument by saying you are not a segregationist, that's problematic. Segregation has not worked for us."

Gary L. Cunningham, *Forging Equitable Communities: Creating New Structures of Opportunity*, POVERTY & RACE RSCH. ACTION COUNCIL (May 1, 2016), https://www.prrac.org/forging-equitable-communities-creating-new-structures-of-opportunity.

In another of many such speeches, Mehta asserted that integration "does not do anything to address issues that perpetuate the underlying racial, economic, and social disparities that we know exist, does nothing to deal with institutional and structural racism, and continues a history of serial forced displacement that we have seen for communities of color for decades."[98] In an article, Mehta asserted:

> "We don't have a moving-people problem. We have a moving-resources problem. We don't have a problem with too many people of color living together. We have a problem thinking about how we make equitable investments to strengthen where they live right now."[99]

Mehta's twin evils are integration, which he calls "dispersal," and gentrification, which he calls "dilution." Gentrification, as described above, is the increase of residents with a bachelor's degree in poor neighborhoods. According to Mehta, gentrification is occurring in these neighborhoods even if they have below-average rents, are gaining an increasing share of low-income residents, and are losing white residents. While his assessment of the harms of this small increase in college graduates is murky, there is one clear message in Mehta's many speeches: Central to Equity in Place's plan to address racial inequality is its goal to keep high-poverty non-white communities intact and to prevent any movement of poor non-whites to affluent areas or any increase of middle-income or white residents in neighborhoods like Phillips. According to Mehta, socio-economic or racial integration, even if it creates a stable mixed-income community, is positively harmful to poor non-white individuals.

In 2015, a coalition of suburban cities and neighborhood organizations filed a pair of fair housing complaints with the U.S. Department of Housing and Urban Development (HUD) against Minneapolis, Saint Paul, and the state government to prevent poverty concentration. Equity in Place members and industry partners quickly organized to intervene and block the complaint. Ultimately, they successfully watered down the resolution of one complaint, participating in the official committee process to reframe the region's federally mandated civil rights planning. As part of that process, Equity in Place and its allies insisted that a greater focus be made on fighting gentrification—by siting affordable units in low-income neighborhoods—

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[98] *Cafe con Alondra—Gentrification: Who Gets to Live in Minneapolis in 2020?*, YOUTUBE (Sept. 30, 2015), https://www.youtube.com/watch?v=Xa_Cyaqv0A4 (featuring commentary of Neeraj Mehta). Mehta ironically often quotes Martin Luther King, Jr. and Professors john a. powell and Eddie Glaude, all strong proponents of racially integration in housing policy, for exactly the opposite principle.

[99] Amanda Kolson Hurley, *When Integrating the Suburbs Isn't Enough*, CITYLAB (Feb. 18, 2016), https://www.bloomberg.com/news/articles/2016-02-18/america-s-fiercest-affordable-housing-debate-the-twin-cities-suburbs (quoting Neeraj Mehta).

and fought to remove any reference to segregation or integration from official documents, despite these topics being required by federal law.[100]

As part of these actions, Minneapolis and Saint Paul had submitted a fair housing report (called an "Analysis of Impediments to Fair Housing Choice") to HUD. The law required Minneapolis and Saint Paul to address residential segregation in their jurisdiction in this report, and with the urging of Equity in Place, they failed to do so. In response to this faulty report, HUD's Office of Fair Housing and Equal Opportunity required the parties to the complaint to enter into an agreement to create a process that would involve mediation to redraft the report. During this mediation, Equity in Place supporters on the record repeatedly stated that segregation was not a problem in the Twin Cities and that affordable housing should be centered in the poorest and most disadvantaged neighborhoods. The following is a sample of dozens of such statements:

- On June 29, 2016, Nelima Sitati-Munene, on behalf of Equity in Place and on the record in a civil rights' proceeding, maintained that individual discrimination, rather than racial segregation, was the only relevant civil rights issue. She dismissed the problem of segregation as an unimportant issue and urged the committee not to discuss it any further.[101]
- On July 27, 2016, Owen Duckworth, the lobbyist for Equity in Place, asserted that gentrification and displacement was a far greater threat to racial justice than segregation. He stated there was "no neighborhood in the central cities where there was enough government subsidized affordable housing." He stated that that "anyone

[100] *See Meeting Records: Fair Housing 2022*, MINN. ADVISORY COMM. TO THE U.S. COMM'N ON C.R. (last updated June 14, 2024), https://usccr.app.box.com/s/qqegybwrgjsmklmw5qrg5syyrwto7ca4/folder/252425606102. The Committee was convened to resolve a likely violation of the Federal Fair Housing Act by Minneapolis and Saint Paul Tax Credit Allocator. *See* Complaint, *Metro. Interfaith Council on Affordable Hous. v. State* (U.S. Dep't of Hous. & Urb. Dev. Nov. 4, 2014), https://static1.squarespace.com/static/5852af6a579fb39b66b50478/t/5c33c456c2241be9e3375c73/1546896471300/ComplaintFinal_Filed_2014_11_10.pdf; *Voluntary Compliance Agreement Between the United States Department of Housing and Urban Development and the City of Minneapolis and the Metropolitan Interfaith Council on Affordable Housing, the Webber-Camden Neighborhood Organization, the Whittier Alliance and the Folwell Neighborhoods Association* (May 25, 2016), https://www.hud.gov/sites/documents/165261715301.pdf. Multiple members of Equity in Place testified in opposition to efforts to reduce racial segregation in housing. *See* Testimony from HUD Meetings of June 29, 2016; July 27, 2016; Sept. 28, 2016; Oct. 26, 2016; Dec. 7, 2016; Feb. 8, 2017; and Mar. 15, 2017 (on file with author) (testimony discussed below). *See also* Letter from Equity in Place to the Minnesota Housing Finance Agency (July 20, 2020) (on file with author) (demanding the "removal of points awarded to" low-income housing developments with "high quality schools in whiter, wealthier neighborhoods while neighborhoods home to communities of color suffer from disinvestment"); Testimony of Owen Duckworth to the Minnesota Advisory Committee to the U.S. Commission on Civil Rights (June 6, 2024), https://usccr.app.box.com/s/qqegybwrgjsmklmw5qrg5syyrwto7ca4/folder/269592711691.

[101] Testimony from HUD Meetings of June 29, 2016 (on file with author).

who said that there was enough affordable housing a poor neighborhood" like Phillips was racist.[102]

- On September 28, 2016, Caty Royce, on behalf of Equity in Place, asserted that dedicating any portion of government-subsidized housing funds to provide housing opportunities in white neighborhoods was an act of "white supremacy" that would "funnel money" out of core segregated neighborhoods and thus deepen neighborhood disadvantage.[103]

Civil rights activists would like state and regional housing policy to help integrate schools. In their opposition to including high quality schools as a criterion for the siting of affordable housing and in other public statements, Equity in Place disagrees and asserts that affordable housing policy cannot be held hostage to the goal of school integration. Equity in Place asserts, "if we have problems with segregation of schools, let's deal with school policy to try to fix it, rather than subordinate housing policy to the goal of integrated schools."[104] Equity in Place also asserts that low-income children do worse academically in socially and racially integrated neighborhoods than in all poor nonwhite schools.[105]

Recent episodes also demonstrate the political strength of Equity in Place on the issues of schools. After facing continual criticism for its failure to consider neighborhood opportunity in its housing siting policies (including the civil rights complaints), the Minnesota Housing Agency included "school quality" as a criterion for housing funding in 2018. This policy, though extremely limited in scope, only slightly incentivized the creation of housing in higher opportunity areas with improved schools. Equity in Place pushed back. Ultimately, the policy was removed in the 2022 revision of the state agency's funding priorities. Public comment records show that Equity in Place members sought, and applauded, this change.[106]

Without any evidence, Equity in Place has vigorously attacked Raj Chetty and the body of research connecting racial integration with opportunity, calling it the "White Proximity Model," as is shown in Figure 1.

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[102] Testimony from HUD Meetings of July 27, 2016 (on file with author).
[103] Testimony from HUD Meetings of Sept. 28, 2016 (on file with author).
[104] *See* Orfield et al., *Response to Poverty Pimping CDCs: The Search for Dispersal's Next Bogeyman*, 25 HOUS. POL'Y DEBATE 619, 624–25 (quoting from a sponsored debate between Myron Orfield and Edward Goetz on Sept. 21, 2007).
[105] *See* Testimony of Owen Duckworth to the Minnesota Advisory Committee to the U.S. Commission on Civil Rights (June 6, 2024), https://usccr.app.box.com/s/qqegybwrgjsmklmw5qrg5syyrwto7ca4/folder/269592711691.
[106] Letter from Equity in Place to the Minnesota Housing Finance Agency (July 20, 2020) (on file with author) (demanding the "removal of points awarded to" low-income housing developments with "high quality schools in whiter, wealthier neighborhoods while neighborhoods home to communities of color suffer from disinvestment"); Testimony of Owen Duckworth to the Minnesota Advisory Committee to the U.S. Commission on Civil Rights (June 6, 2024), https://usccr.app.box.com/s/qqegybwrgjsmklmw5qrg5syyrwto7ca4/folder/269592711691.

In creating the White Proximity Model critique, Equity in Place did not address the reality that segregated neighborhoods of concentrated disadvantage are predominantly created by six illegal forms of discrimination, rather than simply by individual preferences. It ignored the evidence that non-white people strongly desire to live in racially integrated communities. It did not address Chetty and DeLuca's findings that poor non-white people desire to live in lower-crime neighborhoods with better schools. It also does not address the fact the low-income people experience better health and education in integrated areas.

The "White Proximity Model" is, in essence, a cartoon shared on social media by Equity in Place and its allies in the poverty housing industry whenever research regarding the benefits of integration appears in the media or is presented in a public hearing. In creating this cartoon, Equity in Place "hon[ed] their message" and "fleshed out a discursive strategy that would challenge the opportunity framework's deficit narrative."[107]

In complex jargon, Goetz and co-authors explained that the "White Proximity Model," its term for "fair housing," and racial integration, obscured the "real forces of racial inequality" and amounted to a racist "dog-whistle."[108] The following is a description in their own words of their conclusion:

> The "White Proximity Model" attempts to summarize the practical implications of the opportunity framework and the mobility policy recommendations that flow from it. As Figure 1 below depicts, opportunity was, in the eyes of the Equity in Place activists, often implicitly synonymous with whiteness. According to Equity in Place, this implicit valorization of white places as high opportunity further stigmatizes low-income communities of color while obscuring the structural forces that perpetuate racial inequality. The graphic is an attempt to distill and amplify what Equity in Place regarded as the paternalistic and racially based assumptions embodied in opportunity and mobility policy.
>
> While the problematic logic of the white proximity mindset seemed to evade the comprehension of the fair housers and policy makers, whose dog whistles were deafening to Equity in Place and the constituents it represents, the introduction of the "White Proximity Model" into the lexicon of local planning and policymaking in the Minneapolis-Saint Paul region effected a conceptual and discursive shift that would no longer grant whiteness invisibility in discussions of what constitutes "opportunity." [109]

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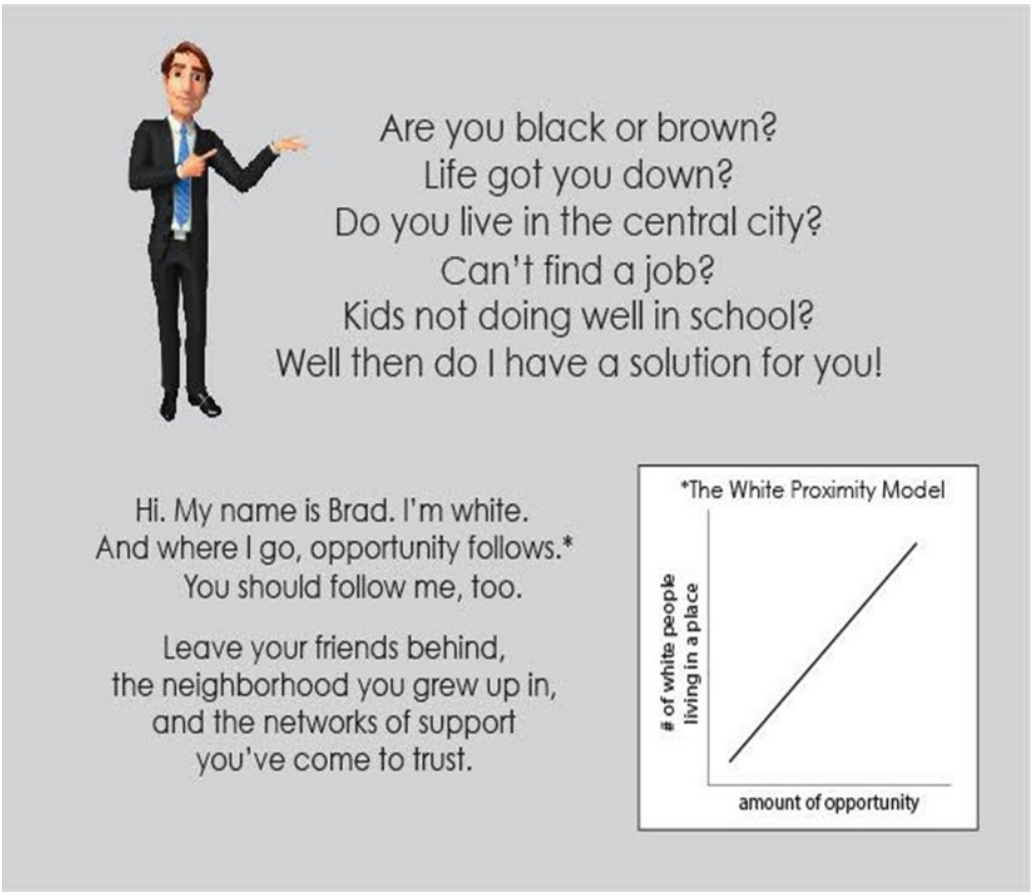
[107] GOETZ ET AL., CHANGING THE NARRATIVE, *supra* note 4, at 7.

[108] In a recent article in the Minnesota Star Tribune, Professor Goetz noted that there were times when racial concentration "made sense." He is quoted as saying, "To take this position is to open yourself to claims that you are a closet segregationist . . . I had to get to this position." Evan Ramstad, *Minnesota Needs Affordable Housing to Be Available in More Places*, MINN. STAR TRIBUNE (Aug. 17, 2024), https://www.startribune.com/ramstad-minnesota-needs-affordable-housing-to-be-available-more-places-just-look-at-demographics/601116992.

[109] GOETZ ET AL., CHANGING THE NARRATIVE, *supra* note 4, at 7.

The cartoon in Figure 1, a comprehensive response to the research of Chetty and hundreds of other social scientists who have found benefits to integration, has been shared to thousands of members of the poverty housing industry and has become the central response to civil rights strategies.[110]

Figure 1:



The Phillips Neighborhood housing strategy is the clearest embodiment of Equity in Places effort to address what it calls structural racism. Insofar as structural racism involves educational and health equity and safety it has done nothing to reduce this structural inequality.

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[110] Sample of about 1000 social media posts ridiculing Raj Chetty's study Social Capital I: Measurement and Association with Economic Mobility, *supra* note 87, which was discussed in the New York Times on August 1, 2022. *See* Claire Cain Miller et al., *Vast New Study Shows a Key to Reducing Poverty: More Friendships Between Rich and Poor*, N.Y. TIMES (Aug. 1, 2022), https://www.nytimes.com/interactive/2022/08/01/upshot/rich-poor-friendships.html. Many of the post ridiculing Chetty's research were made by Equity in Place member Tony Damiano, who wrote, "I would love to get a gagillion dollars to make maps of white people by county and call in a map of 'economic connectedness.'"

Nor is there any evidence that such a strategy has ever worked anywhere. On the other hand, there is powerful evidence that integration, though not a panacea, almost always reduces racial equality and its strongly desired by non-white Americans. While Equity in Place members ridicule the research of Chetty and others, its assertions are performative and not substantive.

VI. Conclusion

One of the great tragedies of the Equity in Place regime is that, with the massive support of the poverty housing industry, government, and philanthropy, it replaced one of the best regionwide fair housing systems in the nation with a system that rewards racial segregation of schools and neighborhoods. At its height, the Met Council's Housing Policy Plan, working with the Minnesota Housing Finance Agency, placed 70 percent of affordable housing in the whitest and most affluent parts of suburbia at low cost and with low rents. As a result of this system, today cost-effective entities such as the Dakota County Housing and Redevelopment Authority still seek to build affordable housing in high-opportunity areas. Sadly, because of Equity in Place, these requests are turned down to fight non-existent gentrification in neighborhoods such as Phillips.

In the short term, this report calls on the government and philanthropic sector to end their massive financial and political support for Equity in Place and the poverty housing industry. They have caused the waste and misdirection of billions of public and tax-exempt dollars that were meant to house and help the poorest citizens in the most troubled neighborhoods. At the behest of Equity in Place and the poverty housing industry, the government has given this money to white millionaires who build low-income housing at hugely inflated costs and charge the highest rents possible.

In the short term, in response to ongoing civil rights lawsuits, Phillips immediately needs state-supported magnet schools to strengthen educational opportunity and improve the depressed housing market in Phillips. Money should be redirected in Phillips to community health clinics, after-school programs, and community anti-violence initiatives that work.

Longer term, a strong regional housing plan that reduces zoning barriers in white and affluent communities will decrease housing prices for apartments. This is not a conjecture, like those offered by Equity in Place, but a real policy that works every time it is implemented. In the context of a plan to attack segregation directly, both affluent neighborhoods and neighborhoods like Phillips should become more socially and racially diverse. When this happens, health, education, and safety improve. As this occurs, when Phillips needs affordable housing, it should be real affordable housing that is built at a reasonable cost, offers low rents, and stays affordable. If this can be accomplished in affluent suburbs like Dakota County, it can be done in Phillips. Such improvements are simply not possible under the guise of Equity in Place and the poverty housing industry.