

Racial Equity Impact Analysis Template

SUBJECT:

Land Use Rezoning Study, implementation of Minneapolis 2040

SECTION 1: BACKGROUND

DOES THIS IMPACT ONE OF THE CITY'S GOAL AREAS?

Policy Goals:

Housing, Economic Development, Built Environment & Transportation, Environmental Justice

Operational Goals:

Community Engagement and Racially Disaggregated Data

DESCRIBE THE IMPACT ON SELECTED GOAL AREAS.

The land use rezoning study and zoning code amendments, in conjunction with the already adopted built form districts, are intended to implement the policies of Minneapolis 2040, the City's comprehensive plan. The purpose of regulating land use in the zoning code is to promote and protect the public health, safety, aesthetics, economic viability, equity, and general welfare; to encourage the most appropriate uses of land and prevent inappropriate use of land throughout the city; and to promote and protect the desirable characteristics and patterns of the city's residential, mixed use, commercial, industrial areas, and parks and open space areas, and to promote the orderly and beneficial development of those areas. These land use regulations are integral to implementing the comprehensive plan's policies that will accommodate additional residents and jobs while combatting climate change, and increasing equitable access to housing, jobs, and goods and services.

This REIA will be organized under the four topical use areas:

- Residential: The City prioritizes equitable access to safe, stable, accessible, and affordable housing to eliminate racial disparities in housing as a policy goal. The proposed code amendments intend to allow for an increase in housing choice and supply by allowing greater residential densities and more housing types along transit corridors, within neighborhood interiors, and downtown.
- Commercial: Minneapolis' economy needs to continue to grow and innovate, and people of color and indigenous people must have physical, personal, and institutional access to this growth. This means developing and supporting an economic climate that helps sustain and nourish businesses through targeted outreach to business sectors that demonstrate growth and support other industries. In most of Minneapolis, demand for retail is much higher than supply, indicating an opportunity to make retail more convenient for everyone and thereby reduce car trips and vehicle miles travelled which will reduce greenhouse gas emissions. The city also has 11 low-income census tracts in which residents live more than a mile from a full-service grocery store. The proposed zoning amendments would either allow or require commercial, goods, and/or services uses in areas that have or will have frequent and fast transit connections and high-quality bicycling and walking facilities. Staff proposes to increase parcel area with the commercial zoning (Commercial Mixed-Use zoning district) by 50% from what currently exists

with the goal of increasing access to goods and services within proximity of where people live and work. Adding commercial zoning within all communities is also intended to reduce auto dependency and reduce greenhouse gas emissions.

- **Industrial:** The City intends to eliminate disparities and increase access to living-wage jobs through the location and establishment of production and processing businesses. To ensure sufficient area exists to allow the continuation and the addition of production and processing businesses, the City must consider protecting these areas from the encroachment of other land uses, particularly housing, that outbid jobs-producing uses for land. To achieve this outcome the Future Land Use map and proposed zoning amendments designate Production and Processing Areas that are well-suited to support production and processing businesses, specifically excluding housing and other non-production uses. Light industrial uses are preferred over heavy industry that produces off-site impacts, which disproportionately effect adjacent low-income communities of color. Race more than class, has been the primary indicator for the placements of toxic facilities in Minneapolis – and a pattern seen throughout the rest of the country. The City of Minneapolis conducted a Production and Distribution Real Estate Demand in Minneapolis study in 2017. This study highlighted business typology that align with City goals and policies:
 - No toxic chemical manufacturing
 - No or minimum air, water, or noise pollution impacts
 - No uses that would likely face significant community opposition
 - No uses requiring more than five contiguous acres of land
 - Ideally industries would provide quality living-wage jobs to residents
- **Downtown:** Downtown Minneapolis continues to attract and retain companies, employees, residents, commercial options, and regional destinations. This growth can be attributed to a variety of investments, but ultimately Downtown offers an experience and a bundle of goods and services that give it a competitive advantage over other areas in the region. The City needs to help strengthen Downtown’s competitive advantage and provide additional attention and support to areas where it’s challenged.

WHO PARTICIPATED IN COMPLETING THIS ANALYSIS?

CPED Community Planning and Code Development Staff

SECTION 2: DATA

LIST THE SPECIFIC GEOGRAPHIES THAT WILL BE IMPACTED AND THE RACIAL DEMOGRAPHICS OF CONSTITUENTS IN THOSE AREAS:

The land use rezoning study and zoning code text amendment will guide the types of land uses in new developments and existing parcels citywide. This will include areas such as neighborhood interiors, corridors, production, and employment areas, downtown, and areas that are served by high-frequency transit. The entire city-wide zoning map will be updated.

According to the 2020 Census, the composition of the racial demographics within Minneapolis are 18.9% Black, 1.2% American Indian, 5.6% Asian, 10.4% Hispanic or Latino, 5.2% two or more races alone, and 58% white.

Residential:

In Minneapolis, white non-Hispanic residents are the only racial group in the city in which a majority own their homes, while households that are Black, Indigenous, and people of color are predominately renters. Between 2000 and 2014, housing costs have risen relative to incomes for renters in Minneapolis. According to 2014 HUD Comprehensive Housing Affordability Strategy 5-Year Estimates, across the entire city 37% of all households in Minneapolis are housing cost-burdened, in which households are spending at least 30 percent of their incomes on housing costs. When broken down by race, 50 percent of all Black and American Indian households, and over 45 percent of Hispanic households in Minneapolis, are cost burdened. The burden of rising housing costs has disproportionately impacted BIPOC communities in Minneapolis.

The disparities that we see today between BIPOC communities compared to white residents is part of a legacy of racially discriminatory housing policies and tools that prohibited rental and multifamily housing from being built in certain neighborhoods, and barred BIPOC residents from living in or owning homes. Historically, zoning regulations, racially discriminatory housing practices, and federal housing policies worked together to determine who could live in single-family houses in “desirable” neighborhoods. These determinations were based on race and have shaped the opportunities granted to multiple generations of Minneapolis residents. Not only have these intentionally designed tools and systems prevented BIPOC residents’ access to homes, but they have also resulted in land uses that lack the diversity of housing types in farther out areas that have predominately white residents.

Black, Indigenous and People of Color households experience homelessness at a rate that is disproportionate to their demographic makeup of the population in Minneapolis and Hennepin County. According to the 2018 Wilder Research study on homelessness, 49% of single adults experiencing homelessness in Hennepin County identified as Black or African American, but only represent 13.8% of the population in the county. Similarly, according to Wilder Research, 15% of people experiencing homelessness identified as American Indian, while only 1% of the population of Hennepin County identifies as American Indian.

Commercial:

Minneapolis’ economy needs to continue to grow and innovate, and people of color and indigenous people must have physical, personal, and institutional access to this growth. This means developing and supporting an economic climate that helps sustain and nourish businesses through targeted outreach to business sectors that demonstrate growth and support other Industries. It also includes providing greater access to healthy foods and services, such as medical and dental offices within all communities in Minneapolis.

Research has shown small business owners of color and/or from the neighborhood are more likely to hire other people of color and/or from the neighborhood. Small business development can also be leveraged as a form of local job creation. In the metro area, the unemployment rate for blacks and American Indians is more than three times higher than it is for white non-Hispanics: The unemployment rate is 11.1 percent for blacks and 13.0 percent for American Indians, compared with less than 3.5 percent for white non-Hispanics. Geographic racial disparities have had an impact on access to employment and education in ways that exacerbate the income disparities between BIPOC and white households. White non-Hispanic residents make approximately three times the income of Black and American Indian residents. According to the 2019 American Community Survey, the median income of white non-Hispanics in Hennepin County was approximately \$87,416, compared to incomes for Black

and American Indians which were \$33,720 and \$36,364, respectively. The supply of jobs and businesses alone do not eliminate racial disparities, but access to living-wage jobs plays an important role in along with investments in education and job training. The pattern and history of land uses, disinvestment in communities of color, and history of discriminatory housing policies, all play a critical role in creating the racial inequities we see in the city today.

Healthy food access is a complex issue and is difficult to measure precisely. However, racial, economic, and geographic disparities resulting from structural inequities mean that some Minneapolis residents often have a harder time accessing affordable, nutritious, and culturally appropriate food than others. Low household incomes, unreliable access to a vehicle, and lengthy distances from grocery stores are some of the major reasons Minneapolis residents may have difficulty getting healthy food when they want or need it.

There are two main components to healthy food access: proximity to stores that sell healthy food and income sufficient for food purchase. In 2015, Minneapolis had 11 census tracts that were considered healthy food access priority areas. Residents in these areas are low-income and live more than a mile from a full-service grocery store. A much greater number of census tracts have no full-service grocery store within a half-mile. In 2022, 185 percent of the federal poverty level for a family of four was a household income of \$51,338, or an equivalent hourly wage of approximately \$24.68. This same threshold is used to determine free and reduced-price meals at Minneapolis Public Schools. In 2021, more than 47.7 percent of the students in the Minneapolis Public Schools received free or reduced-price lunch. Residents living at 185 percent of the federal poverty level are more likely to experience food insecurity, which is associated with obesity and inadequate nutrition. Lowering barriers to healthy food access can therefore reduce the risk and cost of obesity and diet-related diseases.

The competent and efficient delivery of health, social and emergency services is paramount to ensuring that residents have access to the care and services they need daily, including in an emergency. This includes ensuring that the availability and delivery of services is equitable and that care workers represent the diverse population of Minneapolis.

Industrial:

Production, processing, distribution businesses and artist production sectors can provide more living wage employment opportunities than service industries for people with a high school education or below. In 2016, production and processing businesses in the region have average monthly starting wages (\$2,749) for workers of color that are twice as high as retail businesses (\$1,286) and nearly 2.5 times that of accommodation and food service businesses (\$1,106). In addition, residents of color and low-income residents in Minneapolis are disproportionately impacted by the cumulative effects of traffic, stationary sources of air pollution, brownfield sites, blight, substandard housing, lack of access to jobs, and the adverse effects of climate change associated with heavy industrial uses.

Light industrial uses are preferred over heavy industry that produces off-site impacts, which disproportionately effect adjacent low-income communities of color. Race more than class, has been the primary indicator for the placements of toxic facilities in Minneapolis – and a pattern seen throughout the rest of the country. The proposed land use regulations intend to provide more opportunities for light industrial businesses in production and processing sectors. Production and processing land use

regulations address potential conflicts between residential and production uses and allow for the location of living-wages jobs close to where people live.

Downtown:

The Twin Cities region is predicted to have a shortfall of more than 114,000 workers by 2020. A knowledge-based economy, heightened competition in globalized markets, and the quickening pace of change make continual innovation, commercialization, and business creation imperative for economic success. To ensure the growth of the regional and local economies, all businesses must have access to employees who can easily fill growing job demand, and small business owners and entrepreneurs need access to resources that help them start and grow their businesses.

According to Marquette Advisors, residential vacancy in Downtown is 5.4% for the third quarter in 2022. According to Costar, office vacancy within the Central Business District, bound by Franklin Ave SE, the Mississippi River, Plymouth Ave, and Interstate 94 is 19%. Retail vacancy for Downtown, including the University area and St Anthony Main, along the Mississippi River north to Lowry Ave is at 2.4%. More data and analysis will be required to identify if these trends are heavily influenced by the COVID-19 pandemic and whether trends will continue to show increased office and retail vacancy due to remote work and online shopping.

It is also necessary to promote a city in which residents from all backgrounds have opportunities to gain and retain well-paying employment and a city where ethnic diversity in all fields of entrepreneurship is supported and promoted. This will help amend past inequities, as people of color and indigenous people historically have not had equal access to education, employment, and entrepreneurial resources.

SECTION 3: COMMUNITY ENGAGEMENT

USING THE INTERNATIONAL ASSOCIATION OF PUBLIC PARTICIPATION (IAP2) PUBLIC PARTICIPATION SPECTRUM, WHICH PARTICIPATION STRATEGY(S) WAS USED WHEN ENGAGING THOSE WHO WOULD BE MOST IMPACTED?

Inform and Consult

DESCRIBE THE ENGAGEMENT AND WHAT HAVE YOU LEARNED?

The land use regulations (zoning code and map) implement the land use map and policies from Minneapolis 2040, the City's comprehensive plan. Minneapolis 2040 was a result of over two years of engagement with the people of Minneapolis including over 100 meetings and conversations with thousands of residents, business owners, and others. This included multiple open houses, small focus group conversations with BIPOC communities, in-person conversations at street festivals, and opportunities to engage online.

Feedback that was collected which informed the 14 goals that the Comprehensive Plan policies address. Staff heard that as the city grows to accommodate more residents and jobs, the plan should emphasize the elimination of racial disparities. This includes working to diversify the housing types, address the rising housing costs which are disproportionately impacting BIPOC renters, and ensuring that BIPOC residents can build wealth and have access to living-wage jobs.

During this engagement process, staff heard the need to increase access to retail, goods and services,

and jobs near where they live regardless of the neighborhood or zip code. Proximity and access to commercial uses, work, and home is critical for people who depend on public transit, walk, roll and bike in the city.

The land use recommendations are a regulatory interpretation of the policies found in Minneapolis 2040, and as such are an extension of the engagement efforts for the comprehensive plan. Since this process is not a reimagining of the policy itself, the engagement for land use regulations was more focused on a narrow set of questions to the public.

For the Land Use Rezoning Study, Minneapolis residents, business owners, property owners, and the development community will influence proposed regulations through a series of public engagement opportunities. CPED staff will provide regular communications through City Council newsletters, neighborhood association communications, business groups, the Minneapolis 2040 email list, and social media, specifically Facebook and Twitter. CPED staff intend to utilize tools within the website Minneapolis2040.com to inform and consult by providing the proposed text, land use maps and categories, frequently asked questions, and survey. CPED staff will also hold one online public engagement meeting to inform and consult with the public on the proposed recommendations in the land use rezoning study. General feedback and comments will be compiled, presented, and evaluated for guidance in the final recommendations to the City Council.

SECTION 4: ANALYSIS

HOW DOES THE OUTCOME FOR THIS ORDINANCE, AMENDMENT, OR POLICY HELP THE CITY ACHIEVE RACIAL EQUITY?

The land use rezoning study and zoning code amendments, in conjunction with the already adopted built form districts, are intended to implement the policies of Minneapolis 2040, the City's comprehensive plan. The proposed Land Use Rezoning Study implements the 12 Future Land Use categories that guide development and land use in Minneapolis 2040, including:

- Which uses are allowed in each zoning district
- Development standards that apply to uses allowed by zoning district (size of individual uses, where retail mixed-use is required, etc.)
- Creation and mapping of new zoning districts to be consistent with the Future Land Use Map in Minneapolis 2040

The zoning code is one of the foundational tools for advancing racial equity and inclusion; however, the City is taking more direct and proactive steps to encourage development, job growth, employment and training, affordable housing, small business assistance, combating climate change, and environmental justice through number of programs, policies, and ordinances. The analysis for how the implementation of this ordinance will help further the goals of racial equity are evaluated under four topical use areas. Residential will evaluate access to housing and increasing housing choice throughout Minneapolis. Commercial will highlight economic development and access to healthy foods, goods, and services. Industrial will cover workforce development, economic competitiveness, and environmental justice. Downtown's position as a regional commercial, cultural and entertainment center that serves all residents, employees, and visitors.

Residential:

The Land Use Rezoning Study intends to improve access to housing and increase housing choice throughout the city, in order to advance racial equity. Housing affordability problems in Minneapolis disproportionately affects BIPOC communities, whose households are predominately renters. One way to address housing affordability is to make sure that the housing market isn't constrained during a time of population and employment growth. If there is not enough growth in the supply of housing, housing affordability will get worse and can exacerbate the impacts on BIPOC households.

The comprehensive plan policies and the land use map codify the feedback staff heard from BIPOC communities that there is a lack of affordable housing, limited types of housing, and few choices in neighborhoods to live in. The land use rezoning recommendations are one step in eliminating racial disparities in housing, by allowing more housing types in neighborhood interiors, along corridors and in proximity to jobs, downtown, and areas served by high-frequency transit. The adoption of the new land use districts allows for this growth to occur across the city and ensures that the scale of new development is predictable, while introducing a greater diversity of housing types across the city. In addition, implementation of the RM1 Residential Mixed-Use District will allow for mixed-use buildings along goods and services corridors that will allow for both an increase in housing supply and providing small scale retail uses to support the community.

Private investment also has helped stimulate the city's economy, but like so much else it has not been equal across the city. While some areas have benefited from new market-led investments, other areas have seen very little. Encouraging a more equitable distribution of private investment, continuing to expand and improve the transit system, and working to increase options for affordable housing and living-wage jobs are necessary to ensure that the benefits of growth are experienced by all residents.

The Access to Housing policy outlines the role of the Future Land Use and Built Form maps in increasing housing choice throughout the city, acknowledging the contribution of zoning to racially restrictive housing practices of the first half of the 20th century, and the lasting effect those actions had on people of color and indigenous people. These policies also reinforce the practice of developing multifamily housing on transit routes, providing people the opportunity to live without a car, or with fewer cars in each household, helping to work toward the City's greenhouse gas reduction goal. This policy, and the resultant housing guidance, ensures that we have places throughout the city to increase housing supply and choice.

Commercial:

Increasing employment and supporting job and business growth means Minneapolis residents will have access to living-wage jobs. Staff proposes to increase commercial zoning (Commercial Mixed-Use zoning district) by 50% from what currently exists with the goal of increasing access to goods and services within proximity of where people live and work. Addressing income disparities is one way of achieving racial equity in the city. Income significantly impacts housing access and creates barriers to housing affordability, and pathways to homeownership to build wealth. By creating access to employment opportunities near where residents live, and near areas that are well-served by transit, the proposed land use regulations can improve access to jobs that pay living wages. The land use regulations will work along with the built form regulations to allow for the growth of jobs in downtown, and along public transit routes which serve to both provide access to and from various types and scales of development.

Access to commercial goods and services means having places to access healthy food, daily goods, and

services without having to drive long distances. As proposed in Minneapolis 2040, the land use and built form regulations allows for growth along and adjacent to high-frequency transit routes and corridors, thereby allowing greater access to retail, goods, and jobs regardless of the neighborhood people live in. People tend to take more trips running errands than going to work, so allowing growth along these corridors and at transit stations gives people the opportunity to meet their daily needs closer to home.

Industrial:

The proposed Production and Processing and Production Mixed Use Districts provide opportunities for production and the creative industries to be preserved and keep a variety of employment opportunities available within the city limits. Production and processing land uses can address potential conflicts between residential and production uses. They can also increase access to City residents by locating living-wages jobs close to where people live. Locating more employment opportunities within the city limits reduces auto dependency, vehicle miles traveled, and greenhouse gas emissions that have direct effects on climate. Low-impact industries tend to offer new opportunities for historically unemployed and underemployed residents.

The proposed land use regulations address the shift in the manufacturing sector toward light industrial businesses. Light industrial restricts heavy impact uses resulting in little to no environmental harm - producing little or no noise, odor, vibration, glare, or other objectionable influences and which have little or no adverse effect on mostly adjacent low-income communities of color. Light industrial uses generally do not include processing of raw materials or production of toxic materials which can contaminant water, food, soil, and air of BIPOC communities. Race more than class, has been the primary indicator for the placements of toxic facilities in Minneapolis – and a pattern seen throughout the rest of the country.

Downtown:

Minneapolis is operating from a rich base of local assets that generate business and expand industries. The economy in Minneapolis needs to continue to grow and innovate, and people of color and indigenous people must have physical, personal, and institutional access to this growth. This means developing and supporting an economic climate that helps sustain and nourish businesses. It means addressing the growing racial disparities in Minneapolis' economy by identifying barriers that have reduced access to economic opportunities and by developing strategies and programs that ensure people of color can participate, compete in, and succeed in the economy – ultimately ensuring that the growth of Minneapolis benefits everyone.

SECTION 5: EVALUATION

HOW WILL IMPACTS BE MEASURED? WHAT ARE THE SUCCESS INDICATORS AND PROCESS BENCHMARKS?

The proposed amendments reflect the implementation of the policies of the Comprehensive Plan, plan goals, and lending predictability for where each use are allowed in the city. The purpose of regulating land use in the zoning code is to promote and protect the public health, safety, aesthetics, economic viability, equity, and general welfare; to encourage the most appropriate uses of land and prevent inappropriate use of land throughout the city; and to promote and protect the desirable characteristics

and patterns of the city's residential, mixed use, commercial, industrial areas, and parks and open space areas, and to promote the orderly and beneficial development of those areas. The land use rezoning study implements policies such as Access to Housing, Access to Employment, Production and Processing, and Access to Commercial Goods and Services that intend to work towards eliminating racial disparities that persist in accessing affordable housing and living-wage jobs.

Residential:

The impacts of the residential land use regulations on racial equity can be measured through tracking the supply of affordable housing and its intersection with factors such as race, housing cost burden, and income over time. New construction of housing units can be tracked over time using permit data to understand where development is occurring and what is constructed. Minneapolis [housing indicators](#) for new multiple-family dwellings, affordable housing, and equitable housing are also tracked through the Federal Reserve Bank of Minneapolis. Additionally, the number of affordable units created from the adoption of the built form regulations can be tracked from permitting data and through other sources which are created from the City's inclusionary zoning ordinance via the online [dashboard](#), local and state programs, and other resources. Lastly, the US Department of Housing and Urban Development tracks permits for new housing [online](#) annually.

City staff will continue to coordinate with Hennepin County, the State of Minnesota, and shelter and service providers to invest and develop strategies to eliminate and prevent homelessness using the most comprehensive sources of data available such as the Minnesota Homelessness Study published by Wilder Research to understand regional data on homelessness over time.

Commercial, Industrial, and Downtown:

All major developments, including commercial, industrial, and projects Downtown are tracked through CPED staff in the [annual report](#) of the City Planning Commission. An update of the tracker would be needed to include how each development facilitates living wage jobs and if those jobs are held by BIPOC employees or business owners that reside in or outside of Minneapolis. The City of Minneapolis has not historically tracked commercial uses, particularly for uses that do not require a City business license to operate or retail/commercial vacancies. Employment, labor, and related economic indicators are [tracked](#) on a geographic basis through the US Census Bureau.

CPED staff will continue to evaluate the indicators to inform future amendments to the zoning code. Other divisions of CPED and departments in the City will adopt policies and regulations to achieve racial equity and inclusion. Private businesses and industries and other external forces such as employment rates, vacancy rates for housing and office space, inflation, construction costs, and other externalities will also determine if the City is succeeding success. The proposed amendment seeks to create a predictable environment about allowed land uses and development standards to achieve the goals of the comprehensive plan. However, these amendments do not require that new or expanded development occur.

HOW WILL THOSE WHO ARE IMPACTED BE INFORMED OF PROGRESS OVER TIME?

Adopted zoning code text amendments will be published in the Minneapolis Code of Ordinances. Customers that do business with the City will work with assigned City staff who will communicate applicable regulations to applicants to navigate land use approvals and seek permits for projects.

The comprehensive plan is updated for the City of Minneapolis every ten years. CPED staff will begin to evaluate progress and reflect on the success of adopted policies in Minneapolis 2040 during the preparation for the 2050 Plan, beginning in 2026. Staff is committed to robust engagement during the comprehensive plan update.