

# A Regional Economic Imperative: ULI Minnesota

Housing and Transportation and Workforce

Regional Council of Mayors

ULI MN's mission of thriving communities relies on a strong economically competitive region.

Recent studies indicate that the gaps in the labor force and lack of housing affordability options will continue to hinder our region's ability to be economically competitive. According to a recent Family Housing Fund study, the MSP region stands to lose 48,000 jobs and suffer a \$4.3 billion loss in Gross Regional Product over the next 20 years if we fail to meet the full housing need. Further, Greater MSP predicts a labor shortage of over 114,000 workers by 2020 across all industries. This shortage of workers more than doubles when considering the statewide impact, according to Wilder's Compass research.

**Our region is falling behind in providing housing choices, expanding transportation, and growing the workforce.**

**With rents increasing at a rate of 13% while wages decrease by nearly 5%, lower-skilled workers are hit the hardest. According to DEED, 3 of the top 5 fastest growing jobs over the next decade will earn a median income of less than \$30,000 per year. Those jobs are clustered in healthcare, food service, and hospitality industries. Collectively, these growth industries are projected to gain nearly 135,000 employees. Further, the gaps in our transportation network and disconnects between where jobs are, the wages they pay, and where people can afford to live, have the greatest impact on low-wage workers who provide critical services to the rest of the population.**

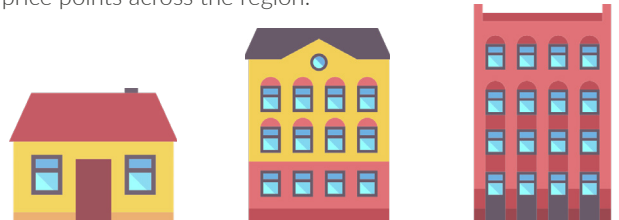
This is an issue of proximity and cost. Cities and businesses must think about and plan for where workers can live and how they will get to jobs so businesses in their communities can grow and thrive. This interchange is critical to our region's future prosperity.

## Housing Choices

The Regional Council of Mayors and Minnesota Mayors Together understand the impact a lack of housing choices has on their cities' competitiveness.

**What happens if we don't have enough housing—of the right types, in the right places at the right prices?**

An affordable region needs a full range of housing choices. That means adding and preserving a variety of housing types at all price points across the region.



## Transportation Options

Employers and workers depend on a transportation network that efficiently connects job centers and housing choices. In the metro area, transportation increases a household's cost burden by an average of 20%.

**What happens if we don't have robust transportation options connecting where people live and work?**

A robust transportation network provides options that benefit everyone and a competitive advantage in the recruitment and

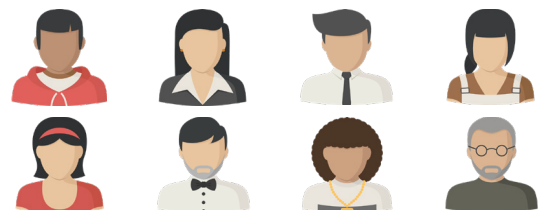


## Workforce Strength

GREATER MSP research projects a shortfall of 114K workers and surveys identify housing and transportation as critical to growing our regional workforce.

**What happens if businesses don't stay, expand or locate here because they cannot find workers for their jobs?**

The strength of our economy depends on providing the housing choices and transportation options workers seek.



The MSP region does not have enough workers to fill available jobs, and lower skill workers make up most of the shortfall.

These workers often face a disconnect between where jobs are located and where they can afford to live.

Our region must expand housing choices and transportation options for workers to enable our economy to thrive.

## MSP Ranks 19th of 25 in Attracting Talent

Behind Denver, Seattle, Portland, Austin, Atlanta and San Francisco.

### The good news?

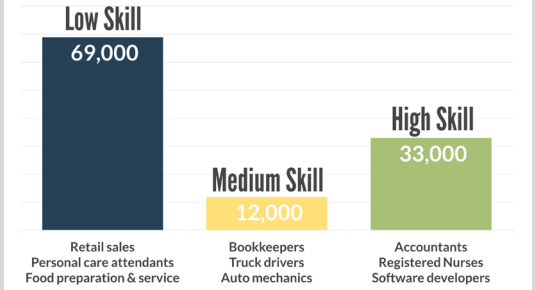
MSP ranks first in retaining professionals once they get here.



Source: GREATER MSP, Myles Shaver, Carlson School (ACS U.S. Census Data)

## 114K Worker Talent Gap at All Skill Levels

Low skill jobs make up 60% of our shortfall. Failing to fill these roles means businesses cannot grow and may relocate or fold. New businesses will not locate here if they can't find workers.

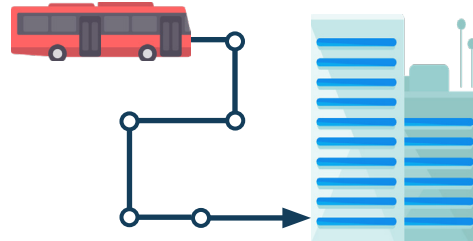


Source: GREATER MSP, Ensi, Q4 2016

## Transportation Options Impact Job Access

Just 5% of MSP residents live within 30 minutes of 100,000 jobs by transit or walking.

This is as important for the North Loop as it is for Shakopee, and other regions are improving this metric while we remain stagnant.



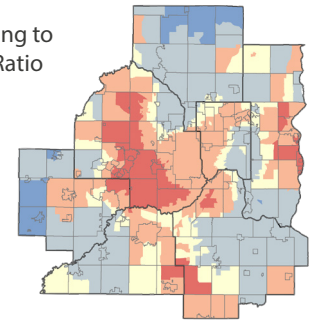
Source: GREATER MSP, Regional Indicators Dashboard, Accessibility Observation 2018

## Housing and Jobs are Mismatched

Large portions of the region don't have enough housing units affordable to low-wage workers near where these jobs are located (red areas).

### Affordable Housing to Low-wage Jobs Ratio

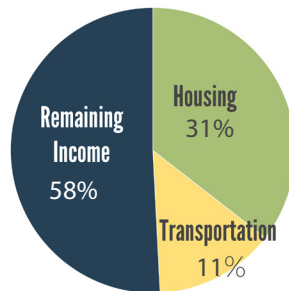
- Less than 0.6
- 0.6 to 0.9
- 0.9 to 1.1
- 1.1 to 2.0
- 2.0 or greater



Source: METC, Comprehensive Housing Affordability Strategy and Longitudinal Household Employment, 2018

## Combined Costs Strain Budgets

The average MSP household spends half its income on housing and transportation. Limited options force reliance on expensive auto travel even for those who would choose other modes.



Source: CEX, SPI, GREATER MSP, ESRI Household Budget Expenditures Report for 2018 and 2021

## Housing & Commute Top Concerns

Workers preparing to move to MSP cite where to live and how they will commute as their 2nd and 3rd most important considerations.

1. Making Friends
2. Housing
3. Commuting
4. Career
5. Weather

Source: GREATER MSP, Make It, MSP, "MSP Welcome survey", 2019

## WHAT CAN I DO? WHAT CAN WE DO TOGETHER?