

Equity in Place, Segregation, and the Phillips
Neighborhood

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This Article describes an existential legal and factual conflict about residential segregation. It is centered in a neighborhood a few blocks north of where George Floyd—and more recently Renee Good—were murdered. Five years before Floyd’s murder, the conflict reached a breaking point, resulting in three lawsuits. One involved federal civil rights and two involved state civil rights claims that housing policy was causing deeper residential and educational segregation.¹ Much of this debate was summarized in a series of articles in the journal *Housing Policy Debate* before the lawsuits were filed.²

On one side were proponents of greater residential and educational integration by dedicating a share of government-supported affordable housing to whiter communities with strong schools. To them, the murder of Floyd and its aftermath were part of the legacy of segregation, its profound harms to education, health, safety, and its role in creating white prejudice through isolation in privileged communities.

On the other side were the organized opponents of residential integration, mostly housing developers who coalesced into a group called Equity in Place. This side believed that the government supported low-income housing should be highly concentrated in extremely segregated and disadvantaged neighborhoods.³ To them, there could never be too much subsidized housing in a poor non-white neighborhood.⁴ Equity in Place repeatedly asserted that this strategy would improve education and health and reduce local crime.⁵ They also argued that only

1. See Complaint, Metro. Interfaith Council on Affordable Hous. v. State, (U.S. Dep’t of Hous. & Urb. Dev. Nov. 5, 2014); Cruz-Guzman v. State, 998 N.W.2d 262 (Minn. 2023) (complaint filed 2015); Complaint, Stairstep Foundation v. State, No. 62-CV-23-2862 (Minn. Dist. Ct. dismissed Apr. 17, 2026) (dismissed according to parties’ settlement agreement).

2. See Myron W. Orfield et al., *High Cost and Segregation in Housing in Subsidized Housing Policy*, 25 HOUS. POL’Y DEBATE 574 (2015) [hereinafter Orfield et al., *High Cost and Segregation*]; Edward Goetz, *Poverty-Pimping CDCs: The Search for Dispersal’s Next Boogymen*, 25 HOUS. POL’Y DEBATE 608 (2015) [hereinafter Goetz, *Poverty-Pimping CDCs*]; Myron Orfield et al., *Taking a Holistic View of Housing Policy*, 26 HOUS. POL’Y DEBATE 284 (2016); see also Douglas S. Massey, *The Social Science of Affordable Housing*, 25 HOUS. POL’Y DEBATE 634 (2015); Jill Khadduri, *The Affordable Housing Industry Needs to Develop Capacity to Work in High Opportunity Neighborhoods*, 25 HOUS. POL’Y DEBATE 639 (2015).

3. See *infra* Part V (noting particularly the testimony of Owen Duckworth, Director of Organizing and Policy at the Alliance for Metropolitan Stability and representative for the Equity in Place Coalition at the HUD Fair Housing Hearing Open Meeting (July 27, 2016) (on file with author)). See also Neeraj Mehta Keynote—*LJ Directors’ Summit 2017*, (YouTube, Nov. 2, 2017), <https://www.youtube.com/watch?v=nle1vEwfp4U&t=2488s>; *Café 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, Equity in Place co-founder and then-Director of Community Programs at the Center for Urban and Regional Affairs (CURA) at the University of Minnesota).

4. See *infra* Part V (discussing Duckworth’s and Equity in Place’s views on subsidized housing).

5. See *infra* Part III.D and Part III.E; see Goetz, *Poverty-Pimping CDCs*, *supra* note 2, at 609–10; 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) [hereinafter Goetz, *From Breaking Down Barriers*]; Memorandum from Edward G. Goetz to the Minnesota Advisory Committee to the United States Commission on Civil Rights (May 31, 2024) [hereinafter Goetz Memorandum]; EDWARD G. GOETZ ET AL., CTR. FOR URB. AND REG’L AFFS., U. MINN., *THERE GOES THE NEIGHBORHOOD? THE IMPACT OF SUBSIDIZED MULTI-FAMILY HOUSING ON URBAN NEIGHBORHOODS* 57, 79 (1996),

racially homogeneous poor communities would create the requisite solidarity to make racial progress and foster equality in the Twin Cities.⁶ The opponents of integration won, and this Article will examine both the debate and the effectiveness of their housing strategy in the neighborhood where it was most fully implemented.

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% 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 be more effective 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, a white suburban area south of Minneapolis, or that they would rent for more than the existing market rate apartments in Phillips.⁷ The developers, who were overwhelmingly white,⁸ did not hire disadvantaged residents of Phillips or people of color to build their new homes and get good construction

<https://hdl.handle.net/11299/204427> [<https://perma.cc/Z3K3-JCNP>] [hereinafter GOETZ ET AL., THERE GOES THE NEIGHBORHOOD?]; EDWARD G. GOETZ, THE ONE-WAY STREET OF INTEGRATION: FAIR HOUSING AND THE PURSUIT OF RACIAL JUSTICES IN AMERICAN CITIES 35 (2018) [hereinafter GOETZ, THE ONE-WAY STREET OF INTEGRATION].

6. See *infra* Part V (quoting Neeraj Mehta, co-founder of Equity in Place).

7. Bill Lindeke, *New Study on Affordable Housing Rekindles Long-Simmering Debate*, MINNPOST (June 18, 2025), <https://www.minnpost.com/cityscape/2025/06/new-study-on-affordable-housing-rekindles-long-simmering-debate/> [<https://perma.cc/Z8MX-HZWH>]; Ed Felien, *Poverty Pimps and the Gentrification Scam*, SOUTHSIDE PRIDE (Feb. 15, 2016), <https://southsidepride.com/2016/02/15/poverty-pimps-and-the-gentrification-scam/> [<https://perma.cc/8VMZ-82GW>].

8. In 2009, a survey showed that 80% of the employees of non-profit housing community were white, and 85% of managers and leaders were white. 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> [<https://perma.cc/RBK7-SG6X>]. The CDCs’ boards of directors had a similar makeup. *Id.* If anything, these numbers may understate the problem: the larger and more influential an organization is, the whiter its leaders tend to be. 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% of community development corporations led by white people. See 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/> [<https://perma.cc/9ZAE-HVKT>] (noting that 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), <https://abcnews.com/Business/black-real->

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, among the lowest performing schools (with only around 10% of children competent in math and reading), and the highest violent crime rate in the metropolitan area.⁹

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.

These terrible conditions in Phillips set the stage for the murder of George Floyd and the resulting demonstrations and upheaval—locally, nationally, internationally—in its aftermath.

This Article will conclude by discussing new national evidence about the benefits of racial integration. It will then analyze the striking similarity between Equity in Place's construction of the Fair Housing Act and that of the Trump Administration and argue that greater residential integration in the Twin Cities, and everywhere else, will dramatically decrease racial inequality.

I. OVERVIEW

In the debate over residential integration, civil rights organizations have been the main proponents of integration. These groups included nearly all the Black churches in Minnesota, a group of poor Black single mothers living in concentrated poverty, the three most racially diverse suburbs, and two racially integrated neighborhoods of Minneapolis. This group would call itself "civil rights" or "civil rights forces." Critics of this approach call this group "fair housers."

On the other side, Equity in Place has dominated Twin Cities' affordable housing policy for over a decade. 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.¹⁰ It has convinced the state

estate-developers-breaking-ground-underrepresented-communities/story?id=79123625 [https://perma.cc/Z74W-LYN4].

9. See *infra* Part II.A., Part II.B., Part II.C. and Methodology for documentation of the \$1 billion expenditure.

10. 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> [https://perma.cc/DK45-FGRF]; 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 [https://perma.cc/SDJ5-6LTS] [hereinafter GOETZ ET AL., CHANGING THE NARRATIVE]. The civil rights cases in which Equity in Place was involved include Cruz-

and local governments as well as philanthropists 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 further asserts that this method will more effectively reduce racial, social, and geographic disparities in children's education and health, and a better approach towards reducing neighborhood crime.¹¹

Equity in Place has succeeded with this harmful narrative despite 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.¹² Equity in Place continues its work despite clear evidence of the benefits of racial and economic integration and with no evidence that its alternative strategy has ever been successful.

In 2014, the Met Council repealed the long-unenforced 1985 housing plan that, between 1970 and 1985, built most of the region's affordable housing in white suburban locations. That plan was replaced by a new plan that concentrated affordable housing on high frequency transit, areas that were overwhelmingly poor and served by segregated schools.¹³ Litigation commenced, and a federal complaint was filed under President Obama's new fair housing rules (*MICAH v. Metropolitan Council* and *MICAH v. City of Minneapolis and St. Paul*). The plaintiffs in these cases were an organization of poor Black women living in substandard housing in the poorest neighborhoods of Minneapolis, a multi-faith, multi-racial church-based affordable housing non-profit, and the most racially diverse suburbs in the Twin Cities: Richfield, Brooklyn Center and Brooklyn Park.

In a related action, a multi-racial plaintiff filed a complaint in state court arguing that the segregation in the state public schools violated non-white children's right to an adequate education under the state constitution.¹⁴ The plaintiff was frustrated with the lack of progress under an earlier settlement agreement that had lapsed. The plaintiff joined the Met Council in an effort to use affordable housing to help integrate the schools. In the case, brought in the 1990s, housing developers of low-income housing prevented affordable housing from being used to integrate schools. A second lawsuit, *Cruz-Guzman v. State*, was filed in state court in 2015 by multi-racial plaintiffs and Black civil rights organizations,

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. 5, 2014); Complaint, *Stairstep Foundation v. State*, No. 62-CV-23-2862 (Minn. Dist. Ct. dismissed Apr. 17, 2026) (dismissed according to parties' settlement agreement).

11. See *infra* Part II.

12. See Myron Orfield & Will Stancil, *Why Are the Twin Cities So Segregated?*, 43 MITCHELL HAMLINE L. REV. 1, 19 (2017) ("All of these disparities put the region and state near the bottom of national rankings.") [hereinafter Orfield & Stancil, *Why are the Twin Cities So Segregated?*].

13. See METRO. COUNCIL, *2040 Housing Policy Plan* (2014), <https://metro council.org/Housing/Planning/Housing-Policy-Plan.aspx> [https://perma.cc/G8JZ-Z572].

14. Complaint at 2–4, *Cruz-Guzman v. State of Minnesota*, No. 27-CV-15-19117, 2021 Minn. Dist. LEXIS 14570 (Minn. Dist. Ct. Dec. 6, 2021).

arguing that the segregated schools, caused in part by segregated housing patterns, violated children's rights to an adequate education.¹⁵ They sought to have some (not all) of the regional affordable housing built in such a way as to integrate public schools.¹⁶ Equity in Place adamantly opposed using affordable housing to integrate schools, saying that such a strategy was an act of white supremacy that illegally took resources from the communities that needed them most.¹⁷

On the housing front, there was a lack of action on the first federal complaint, with the recognition that the federal courts were abandoning affirmative action and that state courts might be a more favorable forum to fight segregation and advance integration. Therefore, a second state court complaint by an organization that represented almost all the Black churches in the state was filed.¹⁸ *Stairstep v. State* ("Stairstep") asserted a similar claim to the MICAH complaint under the Minnesota State Constitution and the Minnesota Human Rights Act. The *Stairstep* case clearly showed that an important institution in the Black community, Black churches, utterly rejected Equity in Places' position. The churches also objected to the fact that almost all the employees building low-income housing and staffing community development organizations were whites who lived in white or integrated neighborhoods and had little if any connection to the residents of poor neighborhoods.

The complaints quickly became a flashpoint for housing politics. Exhibiting their deep skepticism of housing integration, local housing nonprofits, coordinated through several umbrella entities (most notably the Metropolitan Consortium of Community Developers), quickly opposed both complaints.¹⁹ Developers organized letter-writing campaigns, arguing that the complaints would remove much-needed resources from poor areas, and attempted to intervene directly with the United States Department of Housing and Urban Development (HUD).²⁰

15. See Myron Orfield, *Choice, Equal Protection, and Metropolitan Integration: The Hope of the Minneapolis Desegregation Settlement*, 24 LAW & INEQ. 269, 310–14 (2006); see also Class Action Complaint at 2, *Minneapolis Branch of the NAACP v. State*, No. 95-14800 (Minn. Dist. Ct. Sept. 19, 1995); Class Action Complaint, *Xiong v. State*, No. 98-2816 (Minn. Dist. Ct. Feb. 23, 1998).

16. In *Hollman v. Cisneros*, the lawyer for the Minneapolis Public Housing Authority (who was also the private attorney for a low-income housing developer and was himself the head of an LLC building low income housing in poor segregated neighborhoods) settled a previous federal low income housing lawsuit in a manner that prevented affordable housing policy from being used to integrate schools. See NAACP v. Met. Council, 125 F.3d 1171, 1175 (8th Cir. 1997). He chose to do this to frustrate the effort of the plaintiffs in the school case. See Orfield & Stancil, *Why are the Twin Cities So Segregated?*, *supra* note 12; Orfield, *Choice, Equal Protection and Metropolitan Integration: The Hope of the Minneapolis Desegregation Settlement*, 25 LAW & INEQ. 269, 313 (2006).

17. See Testimony of Caty Royce, on behalf of Equity in Place, HUD Fair Housing Advisory Council Open Meeting (Sept. 28, 2016) (on file with author).

18. Complaint, *Stairstep Foundation v. State*, No. 62-CV-23-2862 (Minn. Dist. Ct. dismissed Apr. 17, 2026) (dismissed according to parties' settlement agreement).

19. This opposition was primarily registered in materials distributed through the community. For example, one letter authored by the Consortium claimed that the complaints were "thwarting business and housing opportunities" and focused heavily on how they would prevent additional housing funding in central city neighborhoods. Goetz Memorandum, *supra* note 5.

20. At a community meeting, the developer Urban Homeworks distributed postcards opposing the complaint, pre-addressed to HUD (on file with author).

In the wake of the *MICAH* and *Cruz-Guzman* complaints there were two positive developments. The amount of tax credits set aside for poor central city neighborhood declined and the Minnesota Housing Finance Agency gave some points for siting affordable housing in areas of high opportunity with high-performing schools.²¹ But the forces of Equity in Place and the housing development community opposed this decision; the short-lived move to the suburbs was reversed, and in response to a well-funded lobbying campaign, high-quality schools were removed from the Qualified Allocation Plan (QAP).²²

Approximately half of Equity in Place's 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.²³ Several others are reliable representatives of central city community 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.²⁴

Behind Equity in Place stands the “poverty housing industry,” a powerful combination of non-profit and for-profit developers.²⁵ 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.²⁶ Poverty housing industry employees are overwhelmingly white and are well compensated.²⁷ The affordable housing built in neighborhoods like Phillips by the poverty housing industry costs more than similar affordable housing built in affluent suburban neighborhoods.²⁸ It is likely that the cost is higher because there are more subsidies available for highly impoverished neighborhoods than for suburban neighborhoods.

This Article examines the Equity in Place housing strategy, where it has been most comprehensively implemented: the Phillips neighborhood of Minneapolis.

21. See *infra* note 182 and accompanying text.

22. *Id.*

23. Equity in Place, THE ALLIANCE, [https://thealliancetc.org/equity-in-place/\[https://perma.cc/K9RA-76GU\]](https://thealliancetc.org/equity-in-place/[https://perma.cc/K9RA-76GU]) (last visited Apr. 14, 2026).

24. *Id.*

25. See Alfred Babington-Johnson, *Transformation, Not Tinkering, Needed for Real Equality*, MINN. STAR TRIB. (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) [hereinafter Orfield et al., *High Costs and Segregation*]; Myron Orfield & Will Stancil, *Why Are the Twin Cities So Segregated?*, *supra* note 12; Myron Orfield & Will Stancil, *Neo-Segregation in Minnesota*, 40 LAW & INEQ. 1 (2022); *The Rise of White Subsidized Housing*, INST. ON METRO. OPPORTUNITY (2016). 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>.

26. Orfield et al., *High Costs and Segregation*, *supra* note 25; Orfield & Stancil, *Why Are the Twin Cities So Segregated?*, *supra* note 12.

27. See HALL & GRAY, *supra* note 8; Orfield et al., *High Costs and Segregation*, *supra* note 25.

28. Orfield et al., *High Costs and Segregation*, *supra* note 25.

Here, 42% of residents live in government-subsidized housing, which is the highest concentration in the region.²⁹ This includes more than 3,300 units of subsidized housing, representing roughly \$1 billion of federal, state, and local spending in 2024 dollars.³⁰ Local philanthropy has spent hundreds of millions of 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, the lowest opportunity schools, and the highest rate of violent crime in the region since 2020.³¹

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.³² 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.³³

In the public and charter schools within and near Phillips, fewer than 10% of Black and Latino children pass basic competency tests in math, and fewer than 15% pass in reading. Approximately 40% of Black or Latino adults in Phillips are high school dropouts.³⁴

Violent crime rates in Phillips are seven times the rate of the Twin Cities as a whole and ten times the rate of nearby Southwest Minneapolis area neighborhoods, making Phillips arguably the most dangerous place to live in the Twin Cities.³⁵

Phillips' education, health, and crime statistics are no better than those of other Twin Cities neighborhoods with 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 wholly and utterly failed.

The subsidized units in Phillips, on average, have the same or higher rents as market-rate units in Phillips.³⁶ Poverty housing industry units, though financed

29. Author analysis of HousingLink Streams and U.S. Census Bureau, Demographic and Housing Characteristics (DHC) data. See *infra* Part II.A., Maps 1 and 2; 2020 *Census Demographic and Housing Characteristics File (DHC)*, U.S. CENSUS BUREAU, <https://www.census.gov/data/tables/2023/dec/2020-census-dhc.html> [<https://perma.cc/QHK5-ZGL6>] (last visited Apr. 21, 2026).

30. See *infra* Methodology for documentation of the \$1 billion expenditure.

31. See *infra* Part II, Part II A., Part II.B., and Part II.C.

32. See *infra* Part II.A.

33. See *id.*

34. See *infra* Part II.B.

35. See *infra* Part II.C.

36. 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

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 Community Development Agency (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 rents. DCCDA projects were built and controlled by local governments, thus remaining permanently affordable.³⁷

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 2022, there were 731 housing vouchers in Phillips, used in approximately 10% of all occupied housing units, according to the U.S. Department of Housing and Urban Development.³⁸ Although it is unclear how many of these vouchers are being used for subsidized housing properties as opposed to private residences, there is evidence to suggest that many are being used for the former.³⁹

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 a high demand in the suburbs to build affordable housing that is much less expensive per unit and has lower rents. Over 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

also *Is Subsidized Housing Creating Affordability*, INST. ON METRO. OPPORTUNITY (May 24, 2017), <http://blog.opportunity.mn/2017/05/affordable-housing-isnt-affordable.html> [<https://perma.cc/A8L2-5WFS>].

37. See *infra* Part III.

38. *Picture of Subsidized Households*, U.S. DEP’T OF HOUS. AND URB. DEV. (2022), <https://www.huduser.gov/portal/datasets/asstthsg.html> [<https://perma.cc/9SDE-YTNU>].

39. Minnesota Housing, LIHTC Demographics Project Level 2018–2022. The Minnesota Department of Housing provided data upon request on the 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% 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.

suburbs, while contributing more than \$318 million to finance the projects discussed in this Article in the Phillips neighborhood.⁴⁰

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.⁴¹ In the face of this reality, and in the face of civil rights lawsuits seeking a reduction in residential segregation, Equity in Place has used two arguments to retain government funds to build higher-priced units with higher rents in poor neighborhoods. The first argument is called the “rent burden ratchet.”⁴² 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.⁴³ 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 ratchet* keeps affordable housing construction in the poorest neighborhoods and keeps new units out of affluent areas.⁴⁴ It is a specious normative argument that rent burdens should be the deciding characteristic of where housing in places. It is specious because it always results in the saturation of affordable housing in the poorest and most segregated communities. It is a ratchet because it only turns one way.

40. See Data Practices Responses, Minnesota Housing Finance Agency, January 22, 2025, February 28, 2025 (on file with author).

41. See NAACP v. Sec’y of Hous. and Urb. Dev., 817 F.2d 149, 155 (1st Cir. 1987); Thompson v. Sec’y of Hous. and Urb. Dev., 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) [hereinafter Orfield, *Racial Integration and Community Revitalization*]. The Obama Administration’s Affirmatively Further Fair Housing Rule, 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 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.” 78 Fed. Reg. 42272, 42279 (2015). Further, when describing the meaning of 42 U.S.C. § 3608—which governs administration of HUD—at a 1966 hearing in the House of Representatives, 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).

42. Goetz Memorandum, *supra* note 5 (arguing that there should be no limits on the concentration of affordable housing in segregated disadvantaged neighborhoods); Goetz, *Poverty-Pimping CDCs*, *supra* note 2, at 612–23; Edward G. Goetz & Myron Orfield, *Regionalism and Affordable Housing*, J. INST. FOR COMPREHENSIVE CMTY. DEV., Dec. 2011, at 37, 41.

43. 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> [https://perma.cc/4C6M-CNWR] [hereinafter Goetz et al., *Minneapolis Rent Stabilization Study*].

44. 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).

Because poor people are concentrated it will always mean that affordable housing has to be concentrated in the poorest neighborhoods.

Equity in Place 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.⁴⁵

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 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 well-being of thousands of residents in the Twin Cities.⁴⁶

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.⁴⁷ Moreover, if Phillips had been allowed to become a more mixed-income neighborhood with better schools and health and lower levels of crime,⁴⁸ there likely would have been no regional loss of affordable housing.⁴⁹ 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 were given to high-opportunity suburban areas.

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

45. See *infra* Part III.

46. See *id.*

47. See *infra* Part II.B (explaining the benefits of integrated neighborhoods and schools).

48. See *id.*

49. 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 [<https://perma.cc/35LH-XPVN>].

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 the Consumer Price Index. 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% 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 in 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,⁵⁰ we adjusted the average cost of a subsidized unit in Minneapolis in 2012 (\$227,600) for inflation. The adjusted cost, $\$311,718 \times 3300$ 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 socially disadvantaged communities have 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;⁵¹ and 6) reduced crime.⁵²

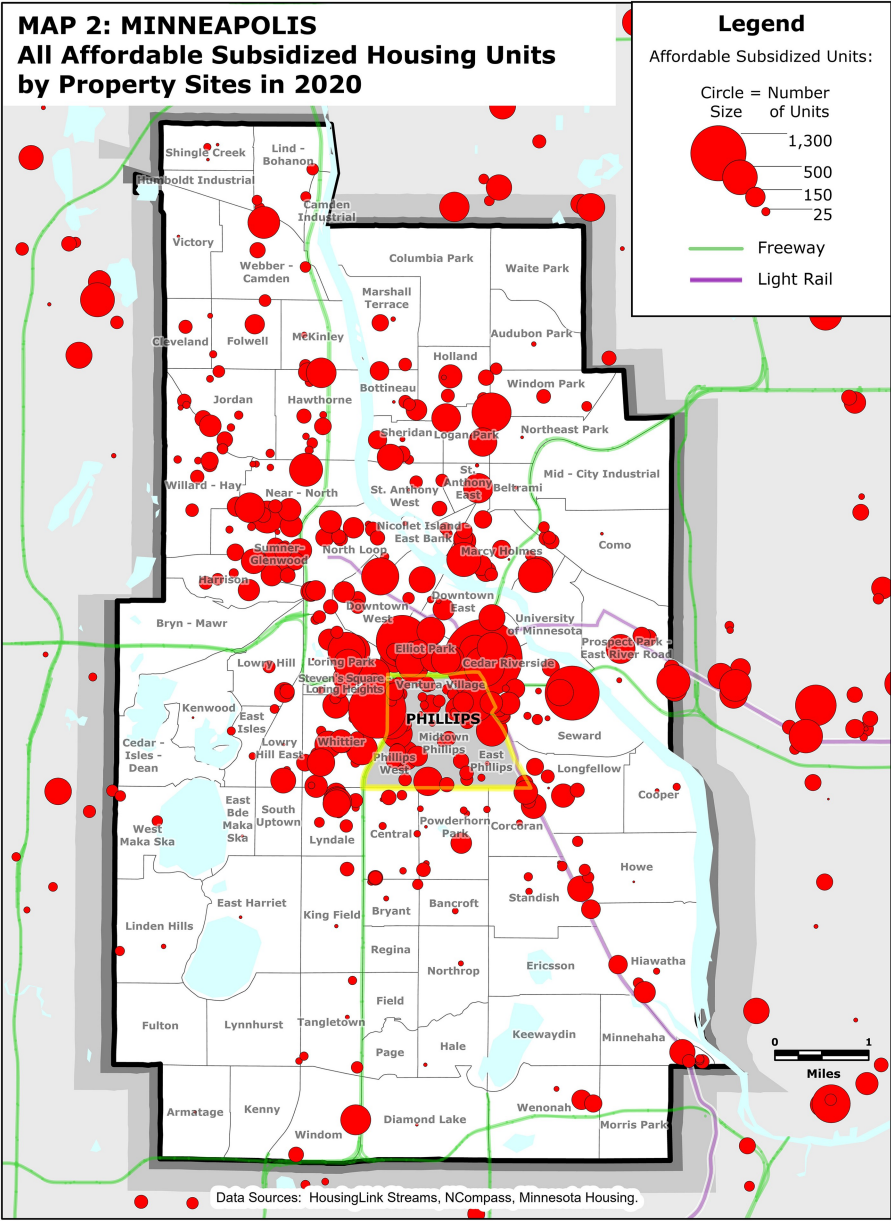
50. See Orfield et al., *High Costs and Segregation*, *supra* note 25, at 285.

51. See Goetz, *Poverty-Pimping CDCs*, *supra* note 2, at 609–10; Goetz, *From Breaking Down Barriers*, *supra* note 5, at 822, 830; Goetz Memorandum, *supra* note 5.

52. GOETZ ET AL., *THERE GOES THE NEIGHBORHOOD?*, *supra* note 5, at 57, 79; GOETZ, *THE ONE-WAY STREET OF INTEGRATION*, *supra* note 5, at 35.

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% of all units in the area subsidized in some form or fashion.

While a great deal of subsidized housing is funneled away from the suburbs and into central cities, it is further bifurcated within these cities into high-poverty neighborhoods. In fact, Phillips and South Minneapolis have, over time, become the epicenter of the highest concentration of subsidized affordable housing units in the Twin Cities metro area, 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% of all housing units are subsidized in Phillips, more than half are subsidized in the western portion of Phillips, and more than 70% are subsidized in northeast Phillips, as shown in Maps 1 and 2.



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 intersection of Franklin and Portland Avenues. 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.⁵³

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, however, not 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 little since the torrent of new subsidized housing began. The neighborhood remains 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 than 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.⁵⁴

A. Failure to Improve Health in Phillips

Researchers have consistently found that high-poverty neighborhoods of concentrated social disadvantage cause significantly worse health outcomes for residents. Scholars researching the Department of Housing and Urban Development's Moving to Opportunity Program have determined that leaving such neighborhoods is associated with dramatic improvement in public health.⁵⁵ Much of

53. Orfield et al., *High Costs and Segregation*, *supra* note 25, at 614–16.

54. *See id.*; *infra* Part II.

55. *See* Lisa Sanbonmatsu et al., *The Long-Term Effects of Moving to Opportunity on Adult Health and Economic Self-Sufficiency*, 14 CITYSCAPE 109, 128–29 (2012) [hereinafter Lisa Sanbonmatsu et al., *The Long-Term Effects of Moving to Opportunity*]; LISA SANBONMATSU ET AL., U.S. DEP'T OF HOUS. & URB. DEV., MOVING TO OPPORTUNITY FOR FAIR HOUSING DEMONSTRATIONS

this research indicates that these effects are causal in nature, meaning that poor health is caused by the concentration of disadvantage and its byproducts, after controlling for other causal factors, rather than merely being correlated with poverty.⁵⁶

For instance, previous research shows that high-poverty, high-crime neighborhoods worsen heart disease, obesity, mental illness, suicide, and contribute to 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.⁵⁷

One potential factor for why living in high-poverty areas results in negative health outcomes is the stress associated with living in a deeply disadvantaged environment.⁵⁸ 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.⁵⁹

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.⁶⁰ There is also a strong correlation between gun violence and poor health, including both physical and mental health outcomes.⁶¹

PROGRAM: FINAL IMPACTS EVALUATION (2011), https://www.huduser.gov/publications/pdf/mtofhhd_fullreport_v2.pdf [<https://perma.cc/T88B-L2BK>] [hereinafter SANBONMATSU ET AL., MOVING TO OPPORTUNITY]; Jens Ludwig et al., *Neighborhoods, Obesity, and Diabetes—A Randomized Social Experiment*, 365 NEW ENG. J. MED. 1509 (2013).

56. *See id.*

57. SANBONMATSU ET AL., MOVING TO OPPORTUNITY, *supra* note 55, at xiii.

58. *See* 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, 51 (2016).

59. *See infra* Part II.C (discussing the elevated level of violence in the Phillips neighborhood). For the connection between neighborhood violence and health, see generally 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 its 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).

60. *See* Lisa Sanbonmatsu et al., *The Long-Term Effects of Moving to Opportunity*, *supra* note 55, at 128–29 (2012); SANBONMATSU ET AL., MOVING TO OPPORTUNITY, *supra* note 55; Ludwig et al., *supra* note 55.

61. 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*, 246 SOC. SCI. & MED., 112587 (2020); Aditi Vasan et al., *Association of Neighborhood Gun Violence with Mental Health-Related Pediatric Emergency Department Utilization*, 175 JAMA PEDIATRICS 1244 (2021).

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 (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.

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.

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.

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](#).

TABLE 2: RATE OF HEALTH CONDITIONS BY LOCATION

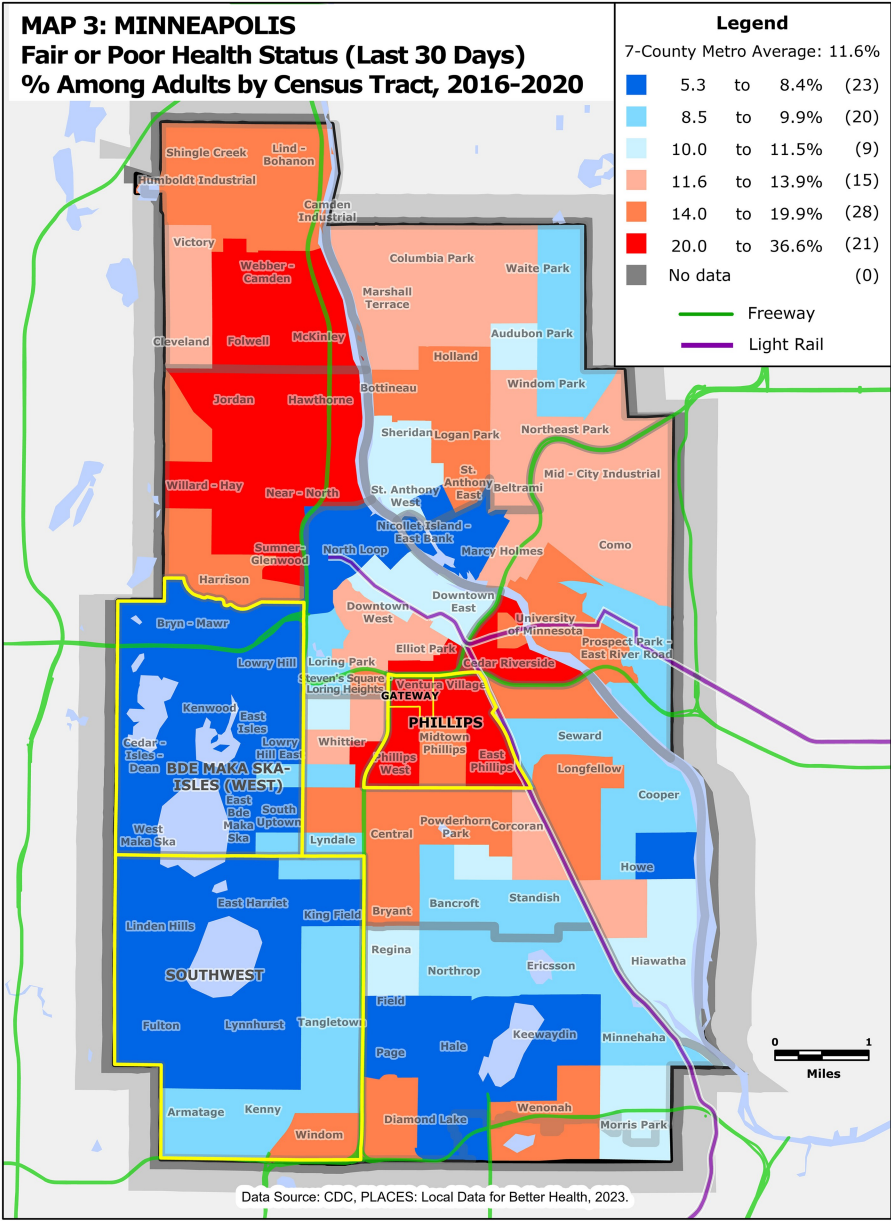
	West-SW Mpls	Phillips	% of West-SW Mpls	Gateway	% of West-SW Mpls
Asthma	9.0	12.2	136%	13.7	152%
COPD	3.1	7.0	228%	9.4	307%
Congestive Heart Disease	3.5	5.6	161%	7.3	212%
Diabetes	5.9	12.7	217%	17.4	296%
High Blood Pressure	22.1	30.1	136%	36.5	165%
Obesity	25.8	38.9	151%	43.1	167%
Stroke	1.9	3.7	195%	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%) viewed their health as only fair or poor. In Phillips, that number was over one-quarter (26.2%). Metro-wide, only 11.6% of residents viewed their health as fair or poor, and in the affluent West-Southwest Minneapolis neighborhoods, only 8.3% reported fair or poor health.⁶²

Map 3 shows that the Phillips area has self-reported fair or poor health status at much higher rates than Minneapolis neighborhoods, even those just 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% or more reported overall fair or poor health.

62. 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.



Children's health outcomes were particularly bad in Phillips. Over a five-year period, about 3% of children in Phillips were found to have elevated blood lead levels, a rate three times that of the metro area.⁶³ In the Gateway area, this rate jumped to 4%.⁶⁴ 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.⁶⁵ Small area prevalence data from the Minnesota Health Trends Across Communities (HTAC) project also shows that 14% of children in Phillips are obese, twice the rate of the metro area.⁶⁶ 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.⁶⁷

These poor health outcomes worsen quality of life and lower life expectancy rates for Phillips' residents. The average resident of Phillips lived 6.3 fewer years than the average resident of the region. Along with North Minneapolis communities, Phillips has the lowest life expectancy in the city. In Phillips, the life expectancy is 76 years, whereas in the metro it is 81 years. In the affluent Bde Maka Ska and Southwest communities of Minneapolis, life expectancy is 82 years.⁶⁸ Map 4 shows life expectancies across census tracts in Minneapolis, Phillips, Bde Maka Ska, and Southwest.⁶⁹

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

63. See *Childhood Lead Exposure*, MINN. DEP'T OF HEALTH, <https://data.web.health.state.mn.us/lead> [<https://perma.cc/S243-R3ZT>] (last visited Apr. 21, 2025) (detailing lead levels by census tract in Phillips and the Twin Cities seven-county metro area).

64. *Id.*

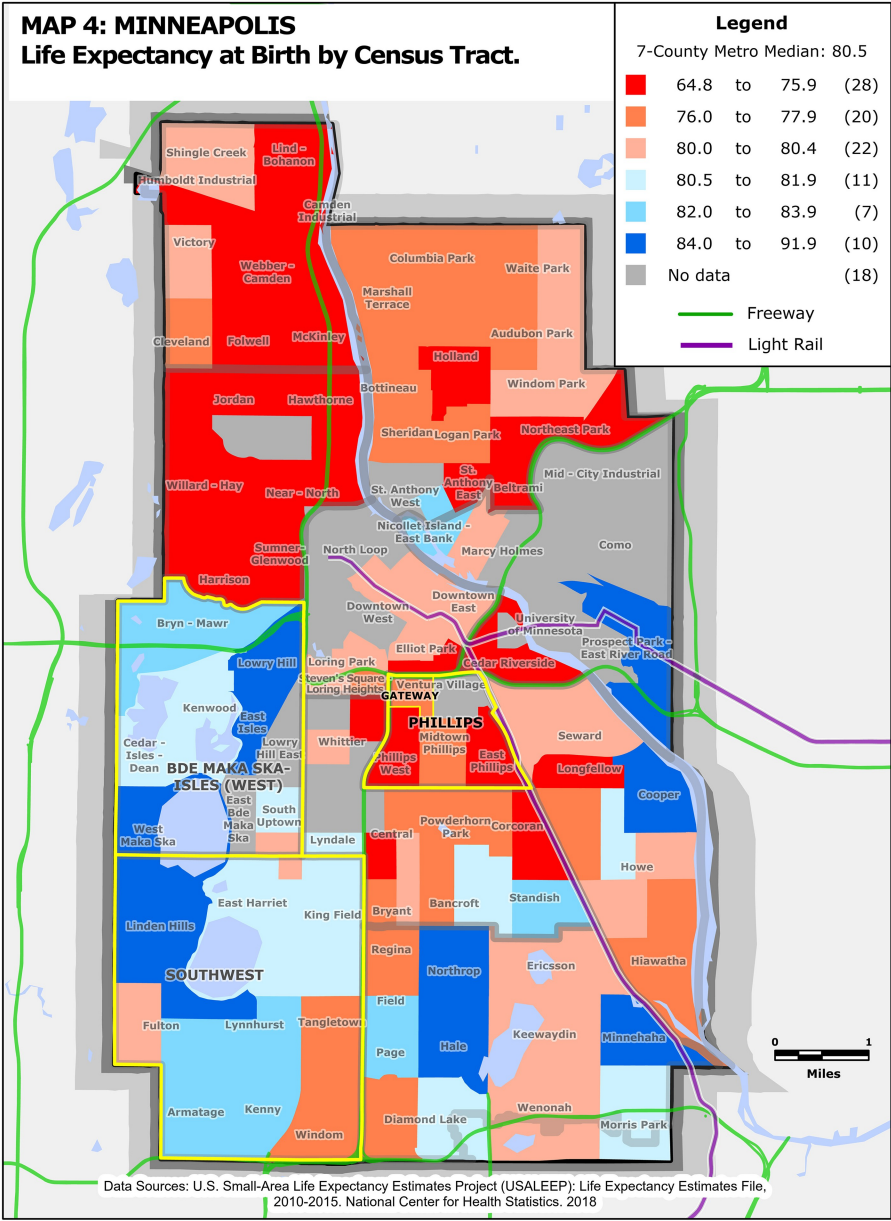
65. Kathryn B. Egan et al., *Blood Lead Levels in U.S. Children Ages 1–11 Years, 1976–2016*, 129 ENV'T HEALTH PERSPS. 37003, 37003-1 (2021).

66. See *Health Trends Across Communities in Minnesota (HTAC)*, MINN. ELEC. HEALTH REC. CONSORTIUM, <https://mnehrconsortium.org/explore-our-findings/health-trends-across-communities-in-mn/> [<https://perma.cc/7FPQ-T7H9>] (last visited Apr. 21, 2025).

67. *Preventing Childhood Obesity: 6 Things Families Can Do*, CDC (Sept. 19, 2025), <https://www.cdc.gov/obesity/family-action/index.html> [<https://perma.cc/5YEJ-RD23>].

68. For author analysis of U.S. Small-Area Life Expectancy Estimates Project (USALEEP): Life Expectancy Estimates File, see Map 4.

69. 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.



B. Failure to Improve Education in Phillips

Access to quality education and good schools is consistently one of the top priorities for families looking for housing.⁷⁰ Seventy-two percent of residents of low-income housing think that high-quality schools are important in choosing their housing location.⁷¹ It is their second most important concern, after their fear of living in a high-crime neighborhood.⁷² 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,⁷³ the opposite is true.

Decades of social science research indicate 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.⁷⁴ It is also well-established that school integration improves academic outcomes overall.⁷⁵ The best available research suggests educational disparities cannot be fully addressed by in-school policy interventions.⁷⁶ Ending school segregation and sustainably integrating schools so that children receive an equal education regardless of circumstance is the single most promising policy intervention for eliminating achievement gaps,⁷⁷ stabilizing school

70. MINN. HOUS. FIN. AGENCY, HOUSING LOCATION PREFERENCES OF MINNESOTANS 1, 2 (2012).

71. *Id.*

72. *Id.*

73. See NEXUS COMMUNITY PARTNERS, Remarks at the Board and Commissions Leadership Institute Issues Series at the McKnight Foundation, at 05:10 (YouTube, 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.”).

74. See 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., SCHOOL COMPOSITION AND THE BLACK-WHITE ACHIEVEMENT GAP 1, 23 (2018), <https://eric.ed.gov/?id=ED560723> [<https://perma.cc/F2RT-GU78>]; 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, 813 (2012).

75. See 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, 979–80 (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 74 at 435; Dennis J. Condron et al., *Racial Segregation and the Black/White Achievement Gap, 1992–2009*, 54 SOCIO. Q. 130, 149–53 (2013); GENEVIEVE SIEGEL-HAWLEY, NAT’L CONF. ON SCH. DIVERSITY, HOW NON-MINORITY STUDENTS ALSO BENEFIT FROM RACIALLY DIVERSE SCHOOLS 1, 4 (2012), <https://eric.ed.gov/?id=ED571621> [<https://perma.cc/9RED-KVAY>]; David Card & Jesse Rothstein, *Racial Segregation and the Black-White Test Score Gap*, 91 J. PUB. ECON. 2158 (2007).

76. See generally RUCKER C. JOHNSON, CHILDREN OF THE DREAM: WHY SCHOOL INTEGRATION WORKS (2019).

77. Roslyn Arlin Mickelson et al., *Effects of School Composition on K-12 Mathematics Outcomes: A Meta Regression Analysis*, 83 REV. ED. RSCH. 121, 122 (2013); Gregory J. Palardy, *High School Economic Segregation and Student Attainment*, 50 AM. ED. RSCH. J. 714, 714 (2013); Sarah J. Reber, *School Segregation and Economic Attainment for Blacks*, 45 J. HUM. RES. 893, 893 (2010);

systems,⁷⁸ improving life outcomes,⁷⁹ and unworking the long legacy of racial conflict in the United States.⁸⁰ There is also increasing evidence that the level of violence in neighborhoods like Phillips is another independent reason for low school performance.⁸¹

1. School Instability in Phillips

Because of Minnesota's permissive open enrollment policies and poorly regulated charter school sector,⁸² it is not possible to determine precisely which K-12 schools Phillips' children attend. However, the neighborhood 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.⁸³ In short, residing in Phillips appears to reduce educational opportunities relative to many other parts of Minneapolis and the Twin Cities.

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 around the area, with the number of schools operating at any one time reaching a peak of 25 in 2008.⁸⁴

Dennis J. Condrón, *Social Class, School and Non-School Environments, and Black/White Inequalities in Children's Learning*, 74 AM. SOCIO. REV. 683, 683 (2009); Allan Odden et al., *Assessing Teacher, Classroom and School Effects, Including Fiscal Effects*, 79 PEABODY J. EDUC., no. 4, 2004, at 4.

78. See 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, 569–70 (2009); Jennifer Holme, *Buying Homes, Buying Schools: School Choice and the Social Construction of School Quality*, 72 HARV. ED. REV. 177, 177 (2002) (emphasizing that parents' choices are mediated by status ideologies that emphasize race and class).

79. 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 1, 1 (2016).

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

81. Julia Burdick-Will, *School Violent Crime and Academic Achievement in Chicago*, 86 SOCIO. EDUC. 343, 343 (2013); Julia Burdick-Will, *Neighborhood Violent Crime and Academic Growth in Chicago: Lasting Effects of Early Exposure*, 95 SOC. FORCES 133, 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, 41 (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).

82. See Jeffrey Meitrodt, *Regulators Make It Easy for Failing Charter Schools to Stay Open*, MINN. STAR TRIBUNE (Dec. 21, 2024, 8:30 AM), <https://www.startribune.com/regulators-make-it-easy-for-minnesotas-failing-charter-schools-to-stay-open/601197815>.

83. Author analysis of data from Student Enrollment, Report Card and School Program Locations files. Data Center, MINN. DEP'T OF EDUCATION, <https://education.mn.gov/mde/data/> [https://perma.cc/LMP8-GKQS] [hereinafter MINN. DEP'T OF EDUCATION].

84. See *id.*

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 5.⁸⁵ In 2007 and 2008, Phillips reached a peak of 8 charter schools. As traditional public schools have closed,⁸⁶ new charter schools have opened.

However, many of these charter schools do not last long, and many have closed while others have opened.⁸⁷ 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. The nearby Cedar Riverside Community School recently closed because it failed to meet authorized operational, academic, and governance targets.⁸⁸

Traditional public schools tend to serve far more students overall. Using neighborhood boundaries as a rough estimate, Phillips' total charter schools served 14% of the neighborhood's students in 2021.⁸⁹ The share in charters was only 3.5% in 2000 but reached as high as 25% in 2007.⁹⁰ 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. For Black or Hispanic students, math and reading proficiency capped at 22% and 25% respectively. In most schools, proficiency for math was 10% or lower, and for reading, under 20%, as shown in Table 3 below.

85. *See id.*

86. 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.

87. 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.

88. *See* Patrice Relerford, *Minneapolis cuts ties to Heart of the Earth charter school*, MINNEAPOLIS STAR TRIB. (Aug. 13, 2008), <https://www.startribune.com/minneapolis-cuts-ties-to-heart-of-the-earth-charter-school/26893059>; CTR. FOR EDUCATION REFORM, *Closed Charter Schools by State* (2009), <https://2024.edreform.com/wp-content/uploads/2013/03/Closed-charters-by-state-2009.pdf> [<https://perma.cc/J9PN-EDV5>]; Becky Z. Dernbach, *For almost three decades, Somali children in Minneapolis Riverside Plaza could attend school in their apartment complex. The historic school will close permanently June 30*, SAHAN J. (May 13, 2021), <https://sahanjournal.com/education/termination-letter-ends-cedar-riverside-community-school-charter/> [<https://perma.cc/R3FU-72XH>].

89. MINN. DEP'T OF EDUCATION, *supra* note 83.

90. *Id.*

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. Amongst 11th graders, math proficiency is 4.3% for Black students and 6.7% for Latino students; reading proficiency is 42.1% for Black students and 16.7% for Hispanic students.⁹¹

3. Dropouts in Phillips

Phillips has one of the highest rates of high school dropouts in the metro area. In Phillips, 32.5% of adults 25 and older have less than a high school diploma; in Gateway, that number climbs to 37%. This compares to a metro-wide dropout rate of only 6.2%. For Black and Latino residents, the numbers are even worse: 48% of Black residents aged 25 and older have less than a high school diploma in the Gateway area, as compared to 39.9% in Phillips. Metro-wide, 17.1% of Black people drop out. Between 2010 and 2020, Black residents without a high school diploma increased by 15.7% points in the Gateway and by 7.6% points in Phillips.⁹² Outside of neighborhoods like Phillips with concentrated disadvantage, the percentage of Black residents without a high school diploma declined.⁹³

But things are even worse for Latinos. Almost 80% of Hispanic residents aged 25 and over have less than a high school diploma in the Gateway area, and

91. 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.

92. Education attainment results come from author’s 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> [https://perma.cc/932E-7762] (last visited Apr. 21, 2025) [hereinafter U.S. CENSUS BUREAU, ACS Data].

93. Education attainment results come from census tract-level calculations of U.S. Census Bureau, 2010 and 2020 American Community Survey (5-year) data. *See id.*

63% have less than a high school diploma in Phillips. This compares to 28.4% in the metro area. Between 2010 and 2020, Hispanic residents without a high school diploma increased by 18% in the Gateway and by 1.1% in Phillips. In the metro area, the percentage of Hispanic residents without a high school diploma declined by 7.9%.⁹⁴

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.⁹⁵ 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.⁹⁶

Low-income housing residents in the Twin Cities think that crime is their biggest housing concern in their communities, and 82% strongly do not want to live in a high-crime neighborhood.⁹⁷

Violent crime contributes to both educational and health inequality and is the most important issue to residents of low-income housing. Despite this, Equity in Place falsely asserts that concentrated affordable housing will decrease crime in high poverty neighborhoods. They also dismissed the concerns of civil rights

94. *See id.*

95. *See infra* Part II C.

96. *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).

97. MINN. HOUS. FIN. AGENCY, *supra* note 70.

advocates over the high levels of violent crime in socially disadvantaged neighborhoods, calling their concerns a “racial dog-whistle.”⁹⁸

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. These 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.⁹⁹

Crime rates ebb and flow in American metropolitan areas like the Twin Cities. After the late 1980s and ‘90s, when crime rates were very high, the Twin Cities region, like the rest of the nation, experienced a decades-long decline in crime, interrupted by periodic waves of increases.¹⁰⁰ Nevertheless, whether the crime rate is up or down, violent crime in American cities remains concentrated in disadvantaged neighborhoods.¹⁰¹

When violent crime is on the rise in America, neighborhoods like Phillips bear a hugely disproportionate share of the increase.¹⁰² When violent crime is

98. See Asad Aliweyd et al., *Counterpoint: Equity in Place Housing Effort Is Not the Cause of Segregation*, MINN. STAR TRIB. (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”).

99. 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).

100. See generally Friedson & Sharkey, *supra* note 99; Author analysis of FBI Uniform Crime Reporting Publications, Bureau of Criminal Apprehension Criminal Justice Information Systems Section, Minnesota Uniform Crime Reports.

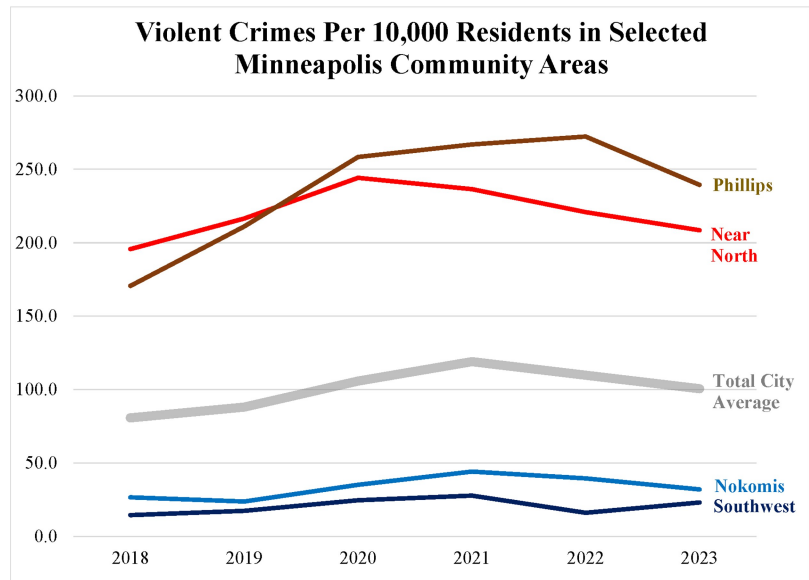
101. See Friedson & Sharkey, *supra* note 99, at 353.

102. *Id.*, at 343.

down, these areas see the greatest reduction.¹⁰³ Yet even during periods when crime is at its lowest, these neighborhoods experience violent crime at rates several times higher than those in neighborhoods without concentrated disadvantage.¹⁰⁴ Rates of violent crime detrimentally affect the health and well-being 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.

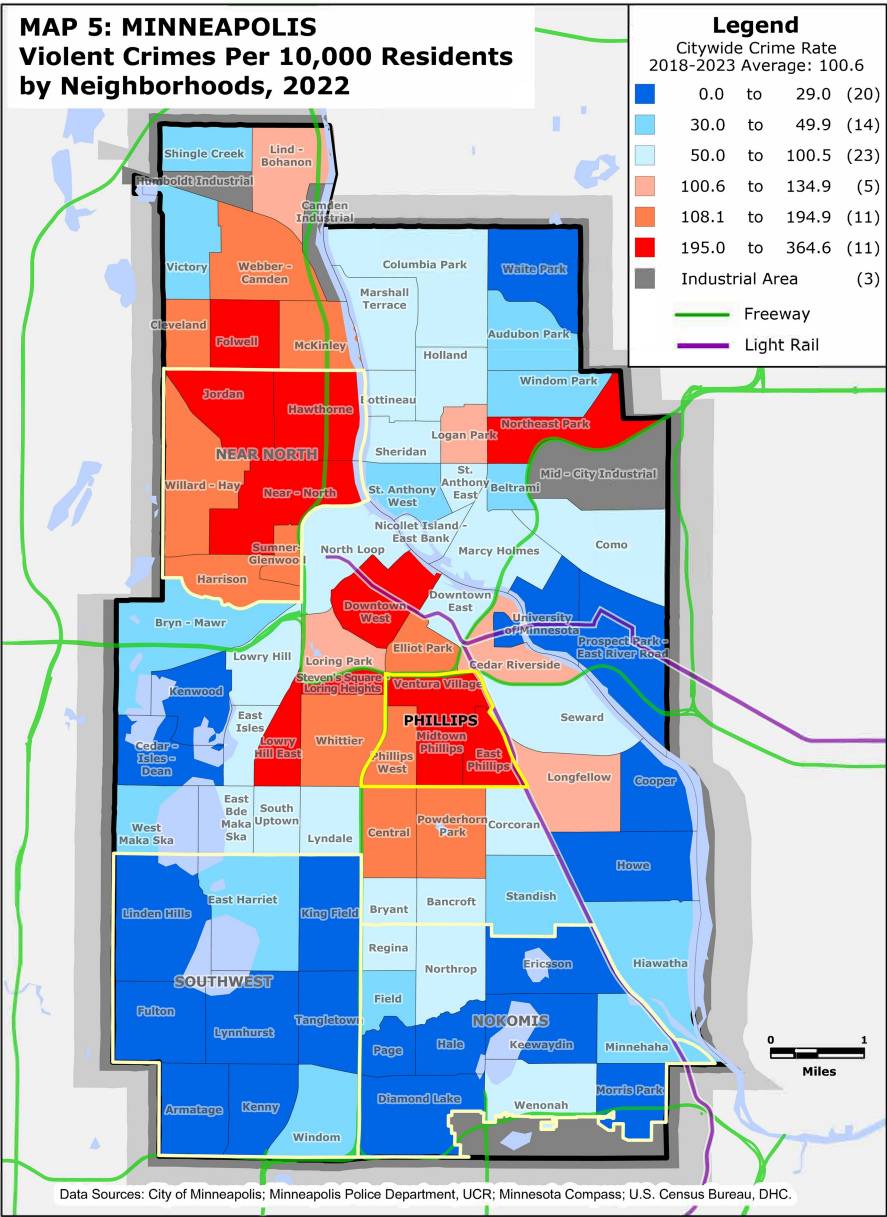
In 2018, when crime was relatively low, there were 170.6 violent crimes per 10,000 residents in Phillips. This figure is 11 times higher than in Southwest Minneapolis, which had a violent crime rate of 14.5, and 6 times higher than the less affluent Nokomis neighborhood, which had a violent crime rate 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—17 times the violent crime rate of Southwest Minneapolis at 16.0, or 7 times higher than the Nokomis neighborhood with a violent crime rate of 39.5, as is shown on Chart 1 and Map 5.

Chart 1:



Source: Minneapolis GIS, MapIT Minneapolis, Neighborhood Crime Statistics

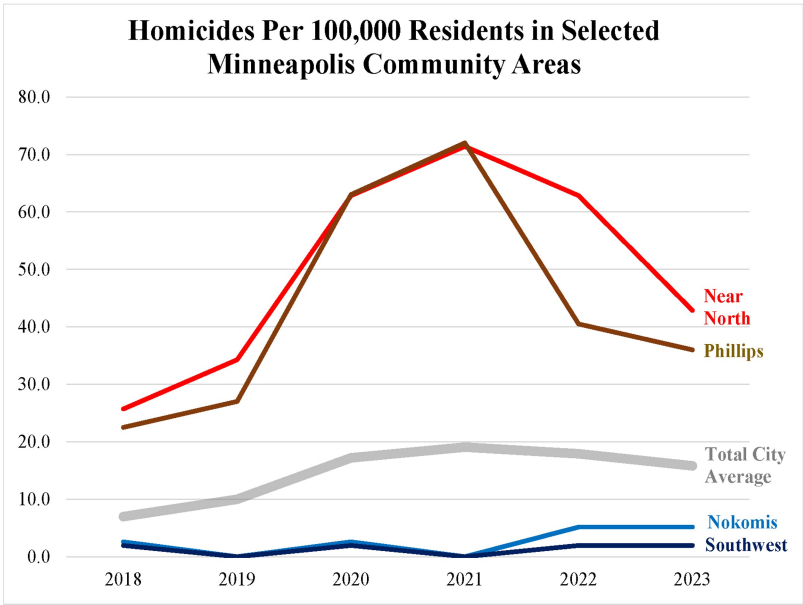
103. *Id.* at 348, 350.
104. *Id.* at 350.



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% increase, and Nokomis had 153, a 48% increase.¹⁰⁵

Homicide rates have historically been the highest in Minneapolis’ Near North community but have been closely matched by Phillips between 2018 and 2023. Chart 2 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.

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.

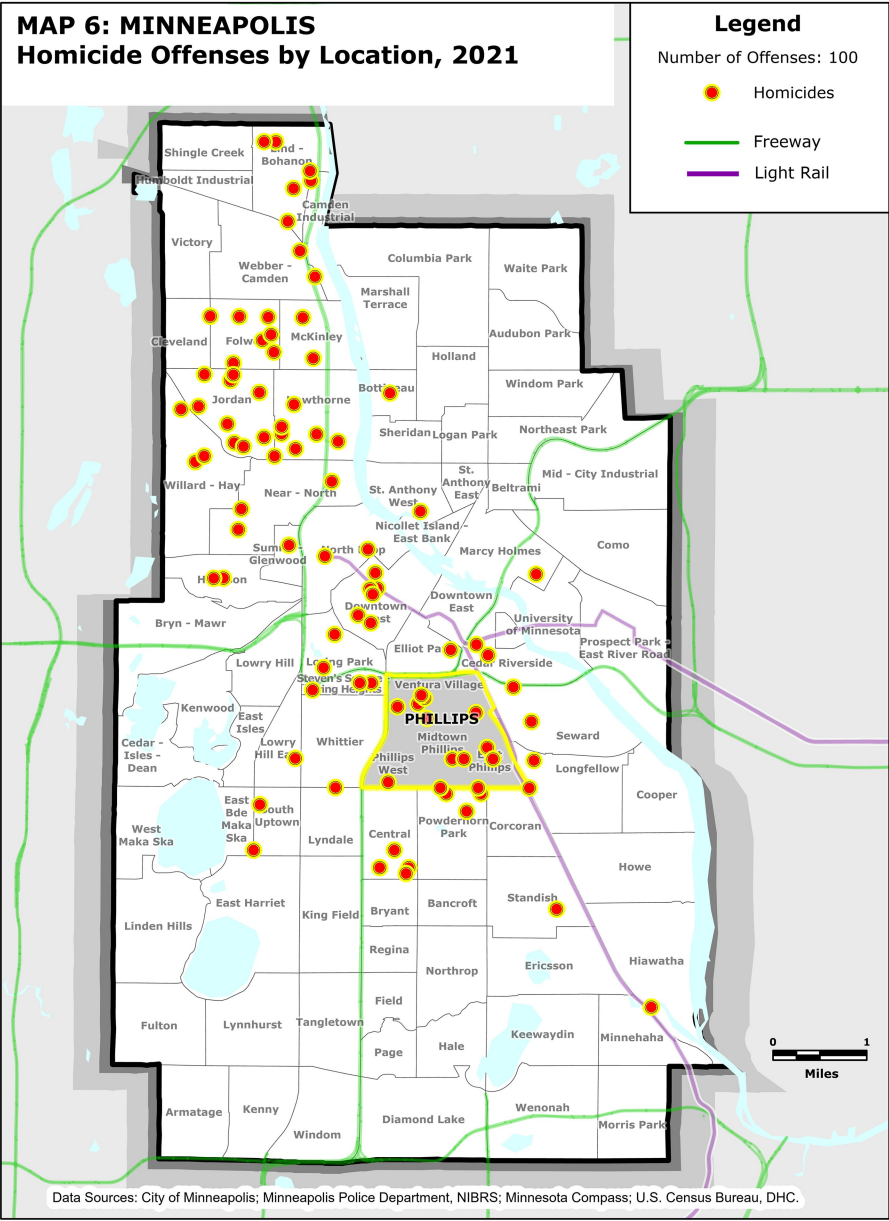
In Phillips, the number of homicides grew from 5 in 2018 to 16 in 2021, then dropped to 9 in 2022 and 8 in 2023. Phillips’ number of homicides is much

105. See *supra* Part II C., Chart 1.

greater than that of the Nokomis and Southwest communities, which both reported no homicides in 2019 and 2021, and only climbed to as high as 2 homicides in Nokomis in 2022 and 2023. Meanwhile, the most reported in the Southwest in a single year was 1 homicide, as shown in Map 6 on the next page.¹⁰⁶

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 communities in Minneapolis and the most violent as compared to any other St. Paul neighborhood or Twin Cities suburban jurisdiction. It is clearly demonstrable that high violent crime rates, like those found in Phillips, impact public safety, health, and the social fabric for persons living in subject 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.

106. 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> [<https://perma.cc/29JN-CF57>]. Phillips' homicide rate of 72 per 100,000 residents would have ranked as having the 15th 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-mgxr/about_data [<https://perma.cc/Q7JS-ZF78>].



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 the “rent burden ratchet” argument and the gentrification argument—both false—to retain government financing for higher-priced units with higher rents in impoverished neighborhoods. Equity in Place has also

rejected the traditional legal understanding that the Federal Fair Housing Act requires integration and has adopted a construction of federal civil rights law that is identical to that of the Trump Administration.

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.¹⁰⁷ 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 the suburban average cost of \$194,000.¹⁰⁸

A two-bedroom apartment recently built by the Dakota County Community Development Agency had a per-unit cost of \$283,000 and rented for \$920 per month.¹⁰⁹ By comparison, the Emerson Village project in North Minneapolis had a per unit cost of \$500,871, with \$1,200 per month in rent.¹¹⁰ Another recent project, 1920 W. Broadway, had a per unit cost of \$390,358 and rent between \$1,397 and \$1,677 per month.¹¹¹

B. Equity in Place's Rent Burden Ratchet

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 has argued that the need for affordable housing is greatest in the poorest urban and suburban neighborhoods.¹¹² It claims that because the most profoundly poor people have always been and will remain concentrated in extremely disadvantaged neighborhoods, the rent burden would always be greatest there.¹¹³

107. Orfield et al., *High Cost and Segregation*, *supra* note 2.

108. *Id.*

109. Email from Tony Schertler, Exec. Dir., Dakota Cnty. Cmty. Dev. Agency, to Myron Orfield (July 31, 2024) (on file with author).

110. *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.

111. *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> [<https://perma.cc/M976-HPHD>]. 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.

112. Goetz et al., *Minneapolis Rent Stabilization Study*, *supra* note 43, at 64–65.

113. See Crowell, *supra* note 44; Sisson, *supra* note 44.

C. *Equity in Place's False Claims of Gentrification*

In a recent memo to the Minnesota Advisory Committee to the United States Commission on Civil Rights, Professor Edward 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.¹¹⁴ 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 already gentrifying.

Equity in Place’s assertion rests on the claim that 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—is “vulnerable to gentrification.”¹¹⁵ For example, if a census tract has 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, the neighborhood is “vulnerable to gentrification.” In these neighborhoods, Equity in Place offered no evidence of past displacement of low-income people.

Equity in Place’s “vulnerable neighborhoods” were not vulnerable to gentrification but, in fact, becoming poorer. Between 2000 and 2015, the number of people in poverty increased from 48,871 to 62,933, representing a 7.2% rise. The number of low-income households rose from 97,946 to 111,198, a 6% increase. The number of middle-to-high income people decreased by 11,069, a 6% decline.¹¹⁶

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

114. Goetz Memorandum, *supra* note 5.

115. 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> [<https://perma.cc/9289-HN7Z>] [hereinafter GOETZ ET AL., DIVERSITY OF GENTRIFICATION]. 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.*

116. Author’s analysis of census tracts identified in the Twin Cities metro area using U.S. Census 2000 SF3 and 2016 American Community Survey Data, U.S. Census Bureau. See U.S. CENSUS BUREAU, ACS Data, *supra* note 92; *Summary File 3 Dataset*, U.S. CENSUS BUREAU, <https://www.census.gov/data/datasets/2000/dec/summary-file-3.html> [<https://perma.cc/YT92-FG2C>] [hereinafter U.S. CENSUS BUREAU, SF3 Data]; GOETZ ET AL., DIVERSITY OF GENTRIFICATION, *supra* note 115, 15–16.

plan.¹¹⁷ The Met Council then approved Minneapolis Policy 43 (and Equity in Place's definition) when it approved Minneapolis's comprehensive plan.¹¹⁸

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 households 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."¹¹⁹

117. CITY OF MINNEAPOLIS DEP'T OF CMY. 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 [<https://perma.cc/V66C-T3WY>] (reproducing EIP map).

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

119. The EIP definition of gentrification looks for "agreement across three different measures of gentrification." GOETZ ET AL., DIVERSITY OF GENTRIFICATION, *supra* note 115, 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.

While describing three 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’ tests, there were no gentrifying tracts.

While Equity in Place presented 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

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. 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.

gentrifying tracts. Thus, it seems that Equity in Place suggests that if there were more residents with bachelor's degrees, a neighborhood would be officially "gentrifying," even if neighborhood incomes and rents dropped and poverty rates rose.¹²⁰

In Equity in Place's gentrifying neighborhood, the percentage of those with a bachelor's degree increased to 34% of residents, a figure below the metro regional average of 40% of households.¹²¹ On the other hand, in Equity in Place's gentrifying tracts, the percentage of residents below the poverty line increased by 3 percentage points, from 24% to 27% of households.¹²² These "gentrifying" tracts began and ended the period with nearly three times the metropolitan poverty rate.¹²³

In Equity in Place's "gentrifying" tracts, the percentage of low-income residents (those below 200% of the poverty line) increased by 15%, and 52% of the households—twice the regional average—were low income. Seven of Equity in Place's "gentrifying census tracts" experienced increases in poverty of more than 10 percentage points.¹²⁴

Seven of Equity in Place's "gentrifying" tracts were also areas of concentrated poverty, meaning that they had poverty rates of more than 40%. 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:

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

120. 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." GOETZ ET AL., DIVERSITY OF GENTRIFICATION, *supra* note 115, at 26. EIP also notes that the neighborhoods lost median income. *Id.*

121. GOETZ ET AL., DIVERSITY OF GENTRIFICATION, *supra* note 115, at 15–19.

122. Author's analysis of census tracts identified in Twin Cities metro area; U.S. CENSUS BUREAU, 2000 SF3 and 2016 American Community Survey (5-year) Data. *See* U.S. CENSUS BUREAU, ACS Data, *supra* note 92; U.S. CENSUS BUREAU, SF3 Data, *supra* note 116.

123. *See* U.S. CENSUS BUREAU, ACS Data, *supra* note 92; U.S. CENSUS BUREAU, SF3 Data, *supra* note 116.

124. *See* U.S. CENSUS BUREAU, ACS Data, *supra* note 92; U.S. CENSUS BUREAU, SF3 Data, *supra* note 116.

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.¹²⁵

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.

D. Equity in Place and the Law

The Obama and Biden Administrations, following the federal judiciary’s construction of the Federal Fair Housing Act, and substantially similar state laws, maintained that the law forbids recipients of federal housing funding from “perpetuating segregation.”¹²⁶ Both administrations further held that recipients of federal housing funds must “affirmatively further fair housing,” or in the words of Justice (then Judge) Breyer, use their massive leverage to move to an integrated society gradually.¹²⁷ This means that Huntington, New York, could not build all its affordable housing in the poorest non-white part of town.¹²⁸ It had to change its zoning to build some in the whiter parts of town. The obligation to reduce segregation only ends when there is no longer any residential segregation. This does not mean that all affordable housing must be built in an integrated manner; however, governments, through their housing policies, do need to be making progress toward an integrated society.

Federal rules create a presumption against siting affordable housing in areas of concentrated poverty or in areas that are resegregating.¹²⁹ However, the law does not forbid building some portion of affordable housing in poor segregated areas or resegregating areas if a concerted revitalization plan accompanies the construction of that housing.¹³⁰

Additionally, the Housing and Rehabilitation Act of 1968, passed around the same time, sought to build housing to the extent practicable near low-income residents of poor neighborhoods, particularly non-white residents.¹³¹ The civil rights

125. See Orfield et al., *High Cost and Segregation*, *supra* note 2; Goetz, *Poverty-Pimping CDCs*, *supra* note 2.

126. 37 Discriminatory Effect Prohibited, 24 C.F.R. § 100.500 (2013).

127. See NAACP Bos. Chapter v. Sec’y of Hous. & Urb. Dev., 817 F.2d 149 (1st Cir. 1987).

128. Huntington Branch NAACP v. Town of Huntington, 844 F.2d 928 (2d Cir. 1988).

129. See Shannon v. HUD, 736 F.2d 809 (3rd Cir. 1970); NAACP v. Sec’y of Hous. & Urban Dev., 817 F.2d 149 (1st Cir. 1987); 24 CFR 941.202; see also Orfield, *Racial Integration and Community Revitalization*, *supra* note 41.

130. 26 USC 42 (m)(1)(B); 24 CFR 941.202(c)(iii).

131. See Housing and Urban Development Act of 1968, 12 U.S.C. § 1701u; 24 C.F.R. § 75 (2024).

forces strongly favor this sort of affirmative action.¹³² The community development forces, which are predominantly white, have used their control over government to prevent any progress on this goal. Furthermore, the Equal Protection Clause of the U.S. Constitution and the 1964 Civil Rights Act prohibit intentionally building a disproportionate share of affordable housing in poor, segregated neighborhoods.¹³³

Equity in Place rejects the traditional understanding of fair housing law and adopts a construction identical to that of the Trump Administration.¹³⁴ The architect of Equity in Place's legal arguments is Professor Edward Goetz, who has laid them out in some detail in a full-length book and several articles. The Met Council and the Minnesota Housing Finance Agency have also made him their principal advisor on fair housing issues.¹³⁵

Both the Trump Administration¹³⁶ and Professor Goetz¹³⁷ assert that because the word 'integration' is not in the Fair Housing Act, it cannot require integration.¹³⁸

132. See e.g., Memorandum from John A. Powell to the Minnesota Advisory Committee to the United States Commission on Civil Rights (June 11, 2024) [hereinafter Powell Memorandum]. Responding to the Goetz report, Powell writes:

I strongly object to the striking of all references in that report to the "opportunity neighborhood framework that is deeply imbedded in United States fair housing law. I also object to striking all the references to the testimony of the Reverend Alfred Babington-Johnson in that report. Reverend Babington-Johnson is a plaintiff in what I view as one of the most important fair housing cases presently being brought in the United States.

...

The Reverend Babington-Johnson and the black church historically have been the custodians of civil rights, and their voice should be heard. It is especially sad that his voice was silenced because he has sued the Minnesota Housing Finance Agency and the Metropolitan Council. Historically, it has been the duty of the United States Commission on Civil Rights to take seriously and investigate claims like those of Rev. Babington-Johnson, not simply eliminate them at the behest of a government agency whose illegal conduct has been challenged. It appears from record that the opportunity language was struck based on the testimony of Professor Edward Goetz and a group called Equity in Place that was formed by the affordable housing community in response to a suit very similar to the case brought by the Reverend Babington-Johnson.

Id. at 1–2.

133. *Gautreaux v. Chicago Housing Authority*, 503 F.2d 930 (7th Cir. 1974), *aff'd sub nom*, *Hills v. Gautreaux*, 425 U.S. 284 (1976). See Orfield, *Racial Integration and Community Revitalization*, *supra* note 41, at 1768–73 (providing analysis and commentary on *Gautreaux*).

134. Myron Orfield & William Stancil, *Challenging Fair Housing Revisionism*, 2 N.C. C.R. L. REV. 32 (2022); Powell Memorandum, *supra* note 132, at 3.

135. See 2010 HUD Sustainable Communities Housing Grant Application, August 21, 2010 (naming Goetz as the principle fair housing advisor). See *id.*, Appendix 3 (staff biographies and roles); see also *id.*, Proposal Narrative (naming CURA as responsible for carrying out civil rights mandates and duty to affirmatively further fair housing). These grants and their research and findings would form the basis for the Met Council's 2014 Housing Policy Plan that led to the litigation described in this paper.

136. Preserving Community and Neighborhood Choice, 85 Fed. Reg. 47,899, 47,902 (August 7, 2020); 24 C.F.R. § 5.91, 570, 574, 576, 903 (2020).

137. GOETZ, *THE ONE-WAY STREET OF INTEGRATION*, *supra* note 5, at 98. While Goetz seems to assert this as a formal legal argument, Reynolds only made such claims in press interviews. None of the briefs submitted by the Reagan Justice Department went as far as Goetz. Indeed, only the Trump Administration went this far.

138. For additional commentary on this debate, see Powell Memorandum, *supra* note 132.

Both argue that this requirement has been improperly inserted by the courts. When the great fair housing scholar Robert Schwemm asked Professor Goetz if this meant that the *Brown* decision was improperly decided because the Equal Protection Clause did not contain the word ‘integration,’ Professor Goetz remained silent in response.¹³⁹

Additionally, in identical sentences, Professor Goetz and the Trump Administration assert that the “record of legislative debate on the [the Fair Housing Act] bill is not extensive,” and that, “in fact, there is little in the congressional debates that can be used in retrospect to divine the intent of Congress.”¹⁴⁰ Both the Trump Administration and Goetz argue that there is little legislative history to inform the meaning of the Fair Housing Act.¹⁴¹

The Trump/Goetz claim is false on its face. All told, in 1967, there were 508 pages of Senate testimony about the new fair housing proposal,¹⁴² and an additional 361 pages of Senate debate in 1968. With four cloture votes, this constitutes one of the longest and most detailed civil rights debates in the history of Congress.¹⁴³

On the floor of the Senate, 16 senators gave major speeches in favor of the bill in 1968, including Senators Mondale (D-MN),¹⁴⁴ Brooke (R-MA),¹⁴⁵ Dodd (D-CT),¹⁴⁶ Tydings (D-MD),¹⁴⁷ Javits (R-NY),¹⁴⁸ Percy (R-IL),¹⁴⁹ Hart (D-MI),¹⁵⁰ Proxmire (D-WI),¹⁵¹ Case (R-NJ),¹⁵² Mansfield (D-MT),¹⁵³ Muskie (D-ME),¹⁵⁴ Gruening (D-AK),¹⁵⁵ Dirksen (R-IL),¹⁵⁶ Kennedy (D-MA),¹⁵⁷ and Kennedy (D-NY).¹⁵⁸ Each testifier referenced the integrative intent of the bill.¹⁵⁹

139. 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).

140. *Id.* at 91.

141. GOETZ, THE ONE-WAY STREET OF INTEGRATION, *supra* note 5, at 97; Preserving Community and Neighborhood Choice, 85 Fed. Reg. 47,899, 47,901 (August 7, 2020).

142. *The Fair Housing Act of 1967: Hearings Before the Subcomm. On Hous. & Urb. Aff. of the S. Comm. on Banking & Currency of the U.S. Senate: First Session on S. 1358, S. 2114, and S. 2280*, 90th Cong. (1967).

143. See Jean Dubofsky, *Fair Housing: A Legislative History*, 8 WASHBURN L. J. 149 (1969).

144. 114 CONG. REC. 2274–78, 2281–84 (1968).

145. *Id.* at 2279–80, 2281–84, 2524–28.

146. *Id.* at 2524, 2528–29.

147. *Id.* at 2529–30.

148. *Id.* at 2692, 2703–05.

149. *Id.* at 2524, 2538–41.

150. *Id.* at 2692, 2706–08.

151. *Id.* at 2984, 2984–86.

152. *Id.* at 3119, 3122–23.

153. *Id.* at 3806.

154. *Id.* at 3235, 3253.

155. *Id.* at 3331, 3341–42.

156. *Id.* at 3422–23.

157. *Id.* at 2524, 2544.

158. *Id.* at 2692, 2709.

159. See also powell Memorandum, *supra* note 132, at 3–6 (summarizing the substance of these floor speeches).

Senators Mondale, Brooke, Case, Proxmire, and Muskie also specifically discussed the bill's goal of eliminating the segregated placement of housing by HUD.

Mondale asserted that the government housing policies promoted segregation and must stop,¹⁶⁰ stating:

Negroes who live in slum ghettos, however, have been unable to move to suburban communities and other exclusively white areas. . . . An important factor contributing to exclusion of Negroes from such areas, moreover, has been the policies and practices of agencies of government at all levels. . . . The record of the U.S. government in this period is one, at best, of covert collaborator in policies which established the present outrageous and heartbreaking racial living patterns, which lie at the core of the tragedy of the American city and the alienation of good people from good people because of the utter irrelevancy of color.¹⁶¹

In the face of this overwhelming evidence in the congressional record, both Goetz and the Trump Administration point to a very short, irrelevant colloquy between Senator Mondale and the Senator from California to make a point that the law was not about integration. It is a non-sequitur to everyone who has ever studied the debate—except the Trump Administration and Professor Goetz. So troubling was Goetz's interpretation that none other than the chief author of the Fair Housing Act, in a *New York Times* article, declared it was in error.¹⁶²

E. Equity in Place and Unfair Characterization of the Fair Housing Position

A logical reading of the Fair Housing Act is that slightly more than 50% of units are built in an integrative manner. In such a way, recipients of federal funds would comply with Justice Breyer's logical construction of the duty to affirmatively further fair housing.¹⁶³ At slightly more than 50% of units built in a pro-integrative manner, one could say that housing authorities were not perpetuating segregation and were using their leverage to create a more integrated society. No region of the nation has ever come close to this, except the Twin Cities between 1971 and 1985, with about 75% of units being built in the most impoverished or

160. 114 CONG. REC. 2270–79, 2278 (1968).

161. *Id.* at 2277–78.

162. Walter F. Mondale, *Walter Mondale: The Civil Rights Law We Ignored*, N.Y. TIMES (Apr. 10, 2018), <https://www.nytimes.com/2018/04/10/opinion/walter-mondale-fair-housing-act.html> [https://perma.cc/9C7S-ERXC] (referring to Goetz, Mondale wrote, “some scholars have suggested that the ‘Fair Housing Act and its functions can be divided into an ‘anti-discrimination’ and ‘integration,’ with the two goals working at cross purposes.”). *See also* Powell Memorandum, *supra* note 32.

163. *See* NAACP Bos. Chapter v. Sec’y of Hous. & Urb. Dev., 817 F.2d 149 (1st Cir. 1987).

nearly most impoverished areas and perhaps 25% in either racially diverse or white communities.¹⁶⁴

Professor Goetz and many housing developers argue that “fair housers” want to prevent any money from going into poor neighborhoods for housing and leave poor communities without resources.¹⁶⁵ This has never been true. Even when cities like Chicago have been found guilty of the most egregious violations in operating their programs, voices like Alexander Polikoff, who represented the plaintiffs in *Gatreaux*, only proposed to the court that 75% of affordable housing be built in an integrative manner.¹⁶⁶

Professor Goetz describes himself as a “closet segregationist.”¹⁶⁷ He goes on: “I had to “get to this position” and was influenced to become a “segregationist” by those who lived in segregated neighborhoods.”¹⁶⁸ While he acknowledges some research showing that Black people want to live in integrated settings, in his court testimony in fair housing cases, he disputes the validity of that research.¹⁶⁹ While he acknowledges some benefit to integration, he is skeptical about these benefits, especially in public testimony.

At a recent meeting of the United State Civil Right Commission in Minnesota, he submitted a letter in which he wrote the “opportunity neighborhood” framework which animates so much housing policy and fair housing activity in recent years severely limits the concept of fair housing, flattening it to mean little more than the geographic distribution of households (and assisted housing) across a region.”¹⁷⁰ Goetz continues, “the opportunity framework envisions a world in which members of the protected classes living in core neighborhoods are pining away for the chance to move to predominantly white, suburban, opportunity neighborhoods. Research reveals this to be an exaggerated, almost caricatured understanding of the social

164. See generally Kirk McClure & Alex Schwartz, *Neighbourhood Opportunity, Racial Segregation, and the Low Income Housing Tax Credit Program*, 38 HOUS. STUDIES 1459, 81 (2023); Kirk McClure et al., *The LIHTC Program, Racially/Ethically Concentrated Areas of Poverty and High Income Neighborhoods*, 6 TEXAS A&M J. PROP. LAW 89 (2020).

165. Goetz Memorandum, *supra* note 5.

166. Alexander Polikoff shared an email colloquy with me between him and Professor Goetz in which Polikoff was clarifying his position that poor neighborhoods should receive affordable housing dollars, just not all the affordable housing dollars. In this exchange, Professor Goetz promised to retract what he agreed was a false statement he published about Polikoff’s position. Sadly, Goetz never made the retraction. Local civil rights forces have had much the same experience with Professor Goetz, repeatedly explaining that they believe that up to half of all affordable housing units can be built in poor areas, but Professor Goetz continues to characterize the fair housing position as cutting off all funds to poor neighborhoods. Given this history, it is hard to see Goetz statements as made in good faith.

167. 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>.

168. *Id.*

169. See, e.g., Deposition of Edward Goetz, *Noel v. City of New York*, 15-CV-5236 LTS-KHP (S.D.N.Y. Mar. 6, 2020) (testifying in support of a residency preference low-income housing, Goetz disputes the published 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. Goetz’s position if adopted would have reversed decision which prevents white communities from restricting low-income housing to local white residents.

170. Goetz Memorandum, *supra* note 5.

dynamics and residential preferences of those living in core neighborhoods.”¹⁷¹ “Finally,” he concludes, “of course, the ‘opportunity’ framework, neglecting as it does the continued investment needs of core neighborhoods, utterly fails the thousands and thousands of households who remain there.”¹⁷²

Existing scholarship demonstrates that segregation is not a matter of choice but is—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.¹⁷³ The vast majority of Black and Latino households want to live in integrated neighborhoods and have their children attend integrated schools.¹⁷⁴ 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, and access to economic opportunity.¹⁷⁵ These preferences are expressed both explicitly through

171. *Id.*

172. *Id.*

173. See generally Myron Orfield & Thomas Luce, *America’s Racially Diverse Suburbs: Opportunities and Challenges*, 23 HOUS. POL’Y DEBATE 395 (2013); Lincoln Quillian et 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 [<https://perma.cc/B6NW-JS6G>]; 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 [<https://perma.cc/H4YU-WG7E>]; 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> [<https://perma.cc/5R25-PDKM>]; JOHN YINGER, CLOSED DOORS, OPPORTUNITIES LOST: THE CONTINUING COST OF HOUSING DISCRIMINATION (1997).

174. See generally 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).

175. 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 more 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. YOUGOV, SCHOOL SEGREGATION SURVEY, (Dec. 16–18, 2015), https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/82ik29mdpw/tabs_HP_Racial_Segregation_20151218.pdf [<https://perma.cc/QSC6-DRTW>]. The key findings of that survey are as follows:

- 62% of Black respondents say that schools are “very” or “somewhat” segregated by race, compared to 34% of white respondents. *Id.* at 1.
- 61% of Black respondents and 55% of Hispanic respondents say that the government should make sure public schools are racially balanced, while 23% and 14% are unsure, respectively. By comparison, only 28% of white respondents support government action to create racial balance, and 19% 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% of Black respondents, and 53% 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% of whites say the same. 34% of whites say it is “[n]ot at all important” to them, compared to only 5% of Black or Hispanic respondents. *Id.* at 5.

polling surveys and implicitly through population migration patterns, where non-white Americans have increasingly opted to live in middle-class suburban areas.

In Goetz's book-length attack on residential integration, he places Stokely Carmichael at the center of Black public opinion, arguing that racially separate neighborhoods were the key to improving Black conditions in America.¹⁷⁶ Yet the 181-page book almost never mentions Martin Luther King, Jr., whose Chicago Freedom Campaign dedicated to racial integration was the major grassroots community movement that shaped the Fair Housing Act. At the time, polling showed that 96% of Black Americans and Chicagoans supported King's integration goals and opposed Carmichael's goals of a separate, segregated community.¹⁷⁷

Goetz glosses over the fact that Stokely Carmichael often asserted that community development organizations serving Black neighborhoods needed to be all Black.¹⁷⁸ In the Twin Cities, the poverty housing industry is 90% white and only 3% Black.¹⁷⁹ Like *Equity in Place*, it mostly lives in white or integrated neighborhoods.¹⁸⁰ It is almost certain that Carmichael would have supported removing Goetz and mostly white advocates for concentrating low-income housing development in neighborhoods like Phillips from the boards and staff of these so-called 'community, low-income' housing organizations and would have fired 90% of

- Finally, a large racial gap appears in a question over community schools. 50% of Black respondents expressed a preference for geographically distant, racially diverse schools over nearby, racially homogeneous neighborhood schools, and 28% say they are uncertain of which is better. By comparison, 67% of whites say homogeneous neighborhood schools are preferable, with 23% uncertain. *Id.* at 4.

176. GOETZ, *THE ONE-WAY STREET OF INTEGRATION*, *supra* note 5, at 73–78.

177. Report from Black America, *Newsweek poll 1968 shows 95 percent of blacks for King, 5 percent for Stokely Carmichael*, *NEWSWEEK*, June 30, 1969.

178. In a speech entitled "Black Power" delivered at the University of California at Berkeley on October 29, 1966, Carmichael declared:

Now we maintain that we cannot have white people working in the black community, and we mean it on a psychological ground. The fact is that all black people often question whether or not they are equal to whites, because every time they start to do something, white people are around showing them how to do it. If we are going to eliminate that for the generation that comes after us, then black people must be seen in positions of power, doing and articulating for themselves, for themselves.

Stokely Carmichael, *Black Power Address at UC Berkeley* (Oct. 29, 1966), <https://www.americanrhetoric.com/speeches/stokelycarmichaelblackpower.html> [https://perma.cc/WN9A-STV3] [hereinafter Carmichael, *Black Power Address at UC Berkeley*]. See also Terry Gross, *How Stokely Carmichael and the Black Panthers Changed the Civil Rights Movement*, NPR FRESH AIR (Feb. 8, 2023) <https://www.npr.org/2023/02/08/1155093955/mark-whitaker-black-panthers-stokely-carmichael-civil-rights-saying-it-loud-1966> [https://perma.cc/LB6W-4ZZH].

When Carmichael defeated the great (integrationist) civil rights leader John L. Lewis for the presidency of the Student Nonviolent Coordinating Committee (SNCC), the first thing Carmichael did was remove all the white employees and leaders and create an entirely Black organization. See *id.* Lewis like King believed that an effective civil rights organization must be multi-racial and that while Black leadership was critical, such organization needed white allies and often white spokespeople. Carmichael was even more adamant that community development organizations should be all Black than he was about civil rights organizations.

179. See Orfield et al., *High Costs and Segregation*, *supra* note 25.

180. *Id.* See also HALL & GRAY, *supra* note 8.

everyone in the poverty housing industry who concentrate their efforts in poor non-white communities. “Whites should go and organize in their own white neighborhoods,” he might have said.¹⁸¹

IV. THE HUMAN COST OF THE EQUITY IN PLACE STRATEGY

Poor neighborhoods like Phillips experience harm. In integrated neighborhoods these harms are much less, and educational and economic opportunity improves as does health. Living in mixed income neighborhoods that are more racially integrated reduces youth drug arrests and convictions for poor young people.¹⁸² White children living in integrated neighborhoods are less bigoted and less racially prejudiced.¹⁸³ Children who grow up with children of other races are more comfortable living and working with individuals of other races.¹⁸⁴ Single mother who move to mixed income neighborhoods have improved mental health.¹⁸⁵ Integrated high schools increase the chance of low-income non-white students to attend college.¹⁸⁶ As civil rights lawyer, scholar, and visionary behind the opportunity framework John A. Powell wrote in his 2024 memorandum to the Minnesota Advisory Committee of the United States Commission on Civil Rights in response to Goetz’s report, “. . . segregation effectively causes concentrated poverty. As a consequence, segregation inevitably raises the host of racial disparities associated with concentrated poverty and concentrated disadvantage.”¹⁸⁷

Studying the state of the old Confederacy, ironically, which has some of the nation’s most integrated schools, Rucker Johnson examined long term data on the relationship between school integration and adult wealth, from children born during in the 1950s to the 1970s.¹⁸⁸ The longer children are integrated, the better

181. See generally Carmichael, *Black Power Address at UC Berkeley*, *supra* note 176 (“If you need a coalition to redress itself to real changes in this country, white people must start building those institutions inside the white community. And that is the real question, I think, facing the white activists today. Can they, in fact, begin to move into and tear down the institutions which have put us all in a trick bag that we’ve been into for the last hundred years?”).

182. See generally Micere Keels, *Second-Generation Effects of Chicago’s Gautreaux Residential Mobility Program on Children’s Participation in Crime*, 18 J. OF RSCH. ADOLESCENCE 305, at 305 (2008).

183. *Id.*

184. *Id.*

185. See generally Jeffrey R. Kling et al., *Experimental Analysis of Neighborhood Effects*, 75 ECONOMETRICA 83 (2007).

186. See generally 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).

187. Powell Memorandum, *supra* note 132, at 7 (citing Paul Jargowsky and Natasha O. Tursi, *Concentrated Disadvantage*, PUB. POL’Y AND ADMIN. (2015)).

188. 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 [<https://perma.cc/CN8S-J5CK>].

effects Johnson found. For African-American students, integration “increased both educational and occupational attainments, college quality and adult earnings, reduced the probability of incarceration, and improved adult health status.”¹⁸⁹ Johnson further found that every additional year of integration increases adult wages, with an average increase in earnings of 30% or \$300,000 over the course of a lifetime. Johnson equated the benefits of integrated school for Black children to having two college-educated parents. He also found these benefits were passed on to their children, who experienced additional benefits if they attended integrated schools.

Evaluating data from the Moving to Opportunity Program, Professor Goetz found that the program had mostly negative effects. Raj Chetty at Harvard University, like most other scholars studying the program, found just the opposite.¹⁹⁰ Chetty found that younger children who moved to mixed- or higher-income neighborhoods saw large increases in lifetime earnings and were dramatically more likely to attend college. Chetty also more found that the MTO movers were more likely to live in higher-income neighborhoods as adults. Like Rucker Johnson, Chetty found that for young children, each additional year of integration produces additional improvements in outcomes.

In 2018, Chetty and Nathaniel Hendren released two new studies on intergenerational economic mobility.¹⁹¹ Relying on federal tax data, the first study found children who moved to neighborhoods with better schools and higher income outcomes also experience or share better educational and income outcomes as they grow older. The improvements grow larger with each year the child spent in the more integrated neighborhood.¹⁹² Chetty found a poor child moving from public housing to a lower-poverty neighborhood increased their lifetime earnings by an average of \$302,000.¹⁹³ This was almost the same number Johnson found. In their second study, Chetty and Hendren found that neighborhoods with “less concentrated poverty, less income inequality, better schools, a larger share of two-parent families, and lower crime rates” improved the education, health and income of new residents.¹⁹⁴

Chetty further found that integrating poor non-whites into mixed income communities led to social connection that seems to predict better life outcomes—essentially having friends and networks who are successful increases personal success.¹⁹⁵ Chetty’s work again contradicts Goetz’s assertion that social

189. *Id.*

190. 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).

191. Raj Chetty & Nathaniel Hendren, *The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects*, 133 Q.J. ECON. 1107 (2018) [hereinafter *Mobility I*]; Raj Chetty & Nathaniel Hendren, *The Impacts of Neighborhoods on Intergenerational Mobility II: County-Level Estimates*, 133 Q.J. ECON. 1163 (2018) [hereinafter *Mobility II*].

192. *Mobility I*, *supra* note 187, at 1107.

193. Chetty et al., *supra* note 186, at 860.

194. *Mobility II*, *supra* note 187, at 1163.

195. 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).

connection *within* segregated neighborhoods alone improves outcomes. Chetty finds high poverty neighborhoods actually reduce both social connection and positive network outcomes.

In 2019, George Galster surveyed social science evidence on the effects of neighborhoods as 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.¹⁹⁶ Galster reviewed both studies that found integration worked and also studies that found integration did not produce positive effects. In each category, Galster found a much higher number of studies finding causal effects. Galster's concluded:

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.¹⁹⁷

Contrary to Goetz's claims, the preponderance of evidence shows that very high numbers of low-income residents of high-crime neighborhoods with poor-performing schools want to move to safer neighborhoods with better schools—and once they move, they are happy they moved.¹⁹⁸ It is true that movers often struggle to find affordable housing, which forces them back into poor neighborhoods. But even when forced back, poor families who have experienced living in mixed- or higher-income neighborhoods find ways to get their kids into good schools, which are almost never in neighborhoods they are forced to live in. Finally, young individuals stuck in poor neighborhoods experience enormously higher levels of adversity than in more integrated settings.¹⁹⁹ This adversity hurts their health in clear ways and limits their economic mobility.

196. GEORGE C. GALSTER, MAKING OUR NEIGHBORHOODS, MAKING OUR SELVES 207 (2019).

197. *Id.* at 208.

198. See Stefanie DeLuca et al., *Why Poor Families Move (and Where They Go): Reactive Mobility and Residential Decisions*, 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) [hereinafter DeLuca et al., *Exploring the Trade-Off*]; 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> [<https://perma.cc/XLH2-87BG>].

199. DeLuca et al., *Exploring the Trade-Off*, *supra* note 194.

Duckworth, Mehta, Goetz, and all the members of Equity in Place call integration “the white proximity model.”²⁰⁰ Equity in Place has especially vigorously attacked Chetty and the body of research connecting racial integration with opportunity.²⁰¹

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.”²⁰²

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.”²⁰³ 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 represented, the introduction of the “White Proximity Model” into the lexicon of local planning and policymaking in the Minneapolis-Saint Paul region, Equity in Place effected a conceptual and discursive shift that would no longer grant whiteness invisibility in discussions of what constitutes “opportunity.”²⁰⁴

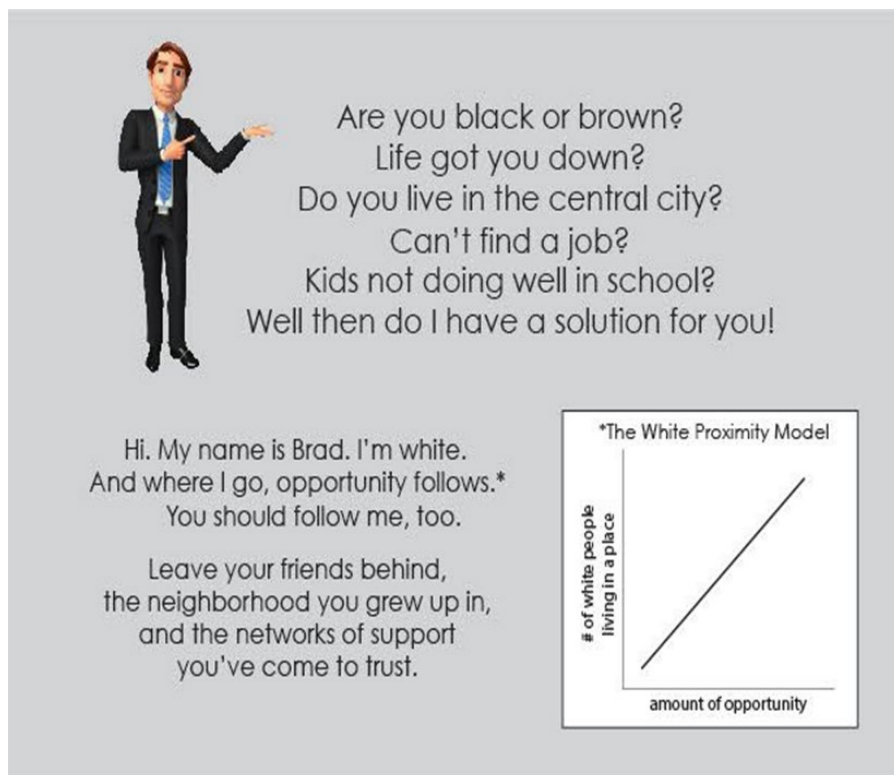
200. See fig. 1.

201. See, e.g., GOETZ, THE ONE-WAY STREET OF INTEGRATION, *supra* note 5, at 52–53.

202. GOETZ ET AL., CHANGING THE NARRATIVE, *supra* note 10, at 7.

203. 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.” Ramstad, *supra* note 165.

204. GOETZ ET AL., CHANGING THE NARRATIVE, *supra* note 10, at 7.

FIG. 1. White Proximity Model²⁰⁵

V. 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.”²⁰⁶ This indirect statement complements 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 civil rights like law, focusing on the problem as a concentration of poverty. . . . [Integration] does not do

205. *Id.*

206. GOETZ, THE ONE-WAY STREET OF INTEGRATION, *supra* note 5, 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) (Goetz testimony in support of a residency preference low-income housing disputes the published 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.

anything to address the underlying of structural and institutional racism and what allows poverty to exist in the first place.²⁰⁷

In another speech, 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.”²⁰⁸ 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.²⁰⁹

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 nonwhite people to affluent areas or

207. See LIBRARY JOURNAL, *Neeraj Mehta Keynote—LJ Directors’ Summit 2017*, at 15:08 (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, “[w]hile 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> [<https://perma.cc/U3TN-NV9C>].

208. *Cafe con Alondra—Gentrification: Who Gets to Live in Minneapolis in 2020?*, at 35:36 (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 racial integration in housing policy, for exactly the opposite principle.

209. 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> [<https://perma.cc/JWZ8-6VSK>] (quoting Neeraj Mehta).

any increase of middle-income or white residents in neighborhoods like Phillips. According to Mehta, socioeconomic or racial integration, even if it creates a stable mixed-income community, is positively harmful to poor nonwhite 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.²¹⁰ 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—and fought to remove any reference to segregation or integration from official documents, despite these topics being required by federal law.²¹¹

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.²¹² 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

210. See Complaint, Metro. Interfaith Council on Affordable Hous. v. State (U.S. Dep't of Hous. & Urb. Dev. Nov. 5, 2014).

211. 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/qqegybwrgismklmw5qrg5syyrwt07ca4/folder/252425606102> [https://perma.cc/N23G-GM8F]. 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.* (U.S. Dep't of Hous. & Urb. Dev. Nov. 5, 2014); 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 and the Webber-Camden Neighborhood Organization and the Whittier Alliance and the Folwell Neighborhood Association, HUD Case Nos. 05-15-0007-6 (Title VI), 05-15-0007-09 (Section 109) & 05-15-0006-6 (Title VI), 05-15-0006-9 (Section 109) (May 26, 2016), <https://archives.hud.gov/news/2016/pr16-079-165261715301.pdf> [https://perma.cc/8V96-P6FL]. Multiple members of Equity in Place testified in opposition to efforts to reduce racial segregation in housing. See Remarks from HUD Fair Housing Advisory Council Open Meetings (June 29, 2016; July 27, 2016; Sept. 28, 2016; Oct. 26, 2016; Dec. 7, 2016; Feb. 8, 2017; Mar. 15, 2017) (on file with author) (testimony discussed *infra*). 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, Director of Organizing and Policy at the Alliance for Metropolitan Stability, Representing the Equity in Place Coalition, to the Minnesota Advisory Committee to the U.S. Commission on Civil Rights (June 6, 2024), <https://usccr.app.box.com/s/qqegybwrgismklmw5qrg5syyrwt07ca4/folder/269592711691> [https://perma.cc/H3T7-9TNG] [hereinafter Duckworth Testimony].

212. HOUSINGLINK, 2024 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE: TWIN CITIES REGION (Dec. 15, 2014).

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.²¹³
- On July 27, 2016, Owen Duckworth, the lobbyist for Equity in Place, asserted that gentrification and displacement were 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 "anyone who said that there was enough affordable housing a poor neighborhood" like Phillips was racist.²¹⁴
- 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.²¹⁵

Civil rights activists would like state and regional housing policy to help integrate schools.²¹⁶ 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."²¹⁷ Equity in Place also asserts that low-income children do worse academically in socially and racially integrated neighborhoods than in all poor nonwhite schools.²¹⁸

Recent episodes also demonstrate the political strength of Equity in Place on school-related issues. 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, although extremely limited in scope, only slightly incentivized the creation of housing in higher-opportunity

213. See Testimony of Nelima Sitati-Munene, HUD Fair Housing Advisory Council Open Meeting (June 29, 2016) (on file with author).

214. See Testimony of Owen Duckworth, HUD Fair Housing Advisory Council Open Meeting (July 27, 2016) (on file with author).

215. See Testimony of Caty Royce, *supra* note 17.

216. See Complaint, Metro. Interfaith Council on Affordable Hous. v. State, (U.S. Dep't of Hous. & Urb. Dev. Nov. 5, 2014); Complaint, Stairstep Foundation v. State, No. 62-CV-23-2862 (Minn. Dist. Ct. dismissed Apr. 17, 2026) (dismissed according to parties' settlement agreement).

217. See Orfield et al., *Response to Poverty Pimping CDCs*, *supra* note 137, at 624–25.

218. See Duckworth Testimony, *supra* note 211.

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.²¹⁹

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% 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's cost-effective entities, such as the Dakota County Housing and Redevelopment Authority, still attempt 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 Article 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.²²⁰

In the short term, in response to ongoing civil rights lawsuits, Phillips 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.

In the long-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 the solutions 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 really be affordable housing that is built at a reasonable cost, offers low rents, and stays affordable. If this can be accomplished in affluent

219. See Letter from Equity in Place to the Minnesota Housing Finance Agency, *supra* note 211; Duckworth Testimony, *supra* note 211.

220. See Orfield et al., *High Costs and Segregation*, *supra* note 25; see also *Poverty, Politics and Profits*, *supra* note 25 (documenting billionaire developers of low-income housing).

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.

A. Phillips and George Floyd

On May 25, 2020, after decades of housing policy that made Phillips one of the poorest neighborhoods of Minneapolis and five years after *Cruz-Guzman v. State* and *Stairstep v. State* were filed challenging Equity in Place housing policy, George Floyd was murdered. The street corner where he died, a few blocks south of Phillips, sits within one of Minneapolis's racial borderlands, where miles of majority-white residential neighborhoods transition into a cluster of majority-nonwhite blocks.

In the wake of the murder, there were 7,500–12,000 demonstrations in the United States in 2,400 locations.²²¹ There were 8,700 additional Floyd demonstrations in 74 foreign nations.²²² The protests responded to the violence of Floyd's death but also reflected the anger and hopelessness of the racial inequality created by neighborhoods like Phillips in other cities in the United States and around the world.²²³

Mr. Floyd grew up in a neighborhood like Phillips, in Houston's Third Ward, one of the city's poorest and most racially segregated areas.²²⁴ He was from a different world than Derek Chauvin, the police officer who murdered him. Chauvin grew up in overwhelmingly white suburbs with overwhelmingly white schools, and lived in Oakdale, Minnesota, a suburb of St. Paul, in a neighborhood that is nearly 80% white,²²⁵ with a

221. ARMED CONFLICT LOCATION & EVENT DATA PROJECT (ACLED), DEMONSTRATIONS AND POLITICAL VIOLENCE IN AMERICA: NEW DATA FOR SUMMER 2020 (Sept. 3, 2020), <https://acleddata.com/report/demonstrations-and-political-violence-america-new-data-summer-2020> [<https://perma.cc/53J7-L96Q>].

222. *Id.*

223. See Myron Orfield & Will Stancil, *George Floyd and Derek Chauvin Might as Well Have Lived on Different Planets*, N.Y. TIMES (June 3, 2020), <https://www.nytimes.com/2020/06/03/opinion/george-floyd-minneapolis-segregation.html> [<https://perma.cc/P79S-VN5Z>]; Joseph Losavio, *George Floyd: These Are the Injustices That Led to the Protests in the United States*, WORLD ECON. F. (June 5, 2020), <https://www.weforum.org/stories/2020/06/this-is-what-has-led-to-george-floyd-protests-in-the-united-states/> [<https://perma.cc/78BE-SDLA>]; Adrienne Edwards-Bianchi, I-Tung Joyce Chang & David Knox, *The Impact of George Floyd and the Black Lives Matter Protests on Emerging Adults' Views on Racism and Racial Identity: A Mixed Methods Analysis*, 14 SOC. SCI., 555 (2025); Jack Wang, 'Conditions Were Ripe for a Moment Like This': How Current Protests Expose Deeper Racial Inequalities, U. CHI. NEWS (June 4, 2020), <https://news.uchicago.edu/story/conditions-were-ripe-moment-how-current-protests-expose-deeper-racial-inequalities> [<https://perma.cc/5JFZ-8AK3>].

224. Sarah Lahm, *George Floyd's Journey from Houston to Minneapolis Tells an Important Story*, THE PROGRESSIVE (May 23, 2025), <https://progressive.org/latest/george-floyds-journey-from-houston-to-minneapolis-tells-an-important-story-lahm-20250523/> [<https://perma.cc/G7MG-8W3V>].

225. Kim Barker & Serge F. Kovaleski, *Officer Who Pressed His Knee on George Floyd's Neck Drew Scrutiny Long Before*, N.Y. TIMES (July 18, 2020), <https://www.nytimes.com/2020/07/18/us/derek-chauvin-george-floyd.html> [<https://perma.cc/2WK7-VSEP>]; Clare Trapasso, *Why Derek Chauvin, Charged with Killing George Floyd, Sold His Minnesota Home*, REALTOR.COM (Apr. 12, 2021), <https://www.realtor.com/news/trends/derek-chauvin-sells-home-after-george-floyd-death/> [<https://perma.cc/YH5Z-TYJN>].

second home, where he voted and paid taxes, in the whitest county in Florida.²²⁶

George Floyd's murder by Officer Chauvin was captured on video and electrified the nation and the world. Not captured were another nearly one hundred murders that year in Twin Cities neighborhoods like Phillips and thousands of murders nationally in similar places. Thus, it has been for decades in the past.²²⁷ Going forward, such segregation will—for unforeseeable decades into the future—cause thousands upon thousands of murders and assaults that would not otherwise have occurred, and hundreds of thousands of ruined educations and terribly shortened lives that otherwise could have been saved.

The Floyd murder and the conditions of Phillips illustrate the deeper truth that racially segregated regions don't work. They create neighborhoods where almost no one can find a path to a good education or a decent job. They are politically and economically unstable. They result in societies where people can't understand each other or work together. Research shows that segregation can create and reinforce stereotypes and that it erodes people's ability to interact across racial lines. Segregated cities are more likely to produce racism, not just within the police force but throughout any political or civic institution with power.

Equity in Place, working in tandem with white racism, caused Minneapolis and the Twin Cities to abandon its vision of an egalitarian society, to stop enforcing civil rights rules, and in an Orwellian manner allow inequality and division to fester in the guise of the bankrupt vision of Equity in Place. As the conditions in Phillips and other neighborhoods like it worsen, time will produce more George Floyds, more hopelessness, more murders and ruined lives, more anger and hopelessness, and more racist white political movements.

The region is now paying an enormous price for those decisions. It should restore its commitment to equality by coordinating with the entire metropolitan area to plan for integrated housing and schools. Only in an integrated region can racial divisions even begin to heal.

226. Aviva Waldman, *Charges Say Chauvin Pretended to Live in Florida. How Common Is That?*, MINN. REFORMER (July 27, 2020), <https://minnesotareformer.com/briefs/charges-say-chauvin-pretended-to-live-in-florida-how-common-is-that/> [<https://perma.cc/CE6D-5RDL>]; Tony Webster, *More Legal Trouble for Former Officer Charged with Murder of George Floyd, Plus a Florida Angle*, FLA. PHOENIX (July 22, 2020), <https://floridaphoenix.com/2020/07/22/more-legal-trouble-for-former-officer-charged-with-murder-of-george-floyd-plus-a-fl-angle/> [<https://perma.cc/62SF-7VB4>].

227. According to FBI Uniform Crime Reports in 2020 there were 83 homicides in Minneapolis, and 33 homicides in St. Paul. Author analysis of Minneapolis and St. Paul Police Department neighborhood crime reports shows that the vast majority of those occurred in majority nonwhite and/or higher poverty neighborhoods.