

# DETAILED SCORING FOR HOUSING PERFORMANCE SCORES

*Methodology for the Housing Performance Scores*



**METROPOLITAN  
COUNCIL**

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The Council's mission is to foster efficient and economic growth for a prosperous metropolitan region

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The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

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The *2040 Housing Policy Plan* describes multiple strategies that advance the Metropolitan Council's overarching housing policy priority, which is to **Create housing options that give people in all life stages and of all economic means viable choices for safe, stable and affordable homes.** A range of housing options across the region benefits individuals, families, and local governments. Viable housing choices allow households to find housing affordable to them in the communities where they want to live. Like a diversified investment portfolio, a diversity of housing types can increase local government resiliency through changing economic climates.

The Council uses the Housing Performance Scores to document and monitor how communities are maintaining or expanding their supply of affordable housing and using fiscal, planning, and regulatory tools to promote affordable and mixed-income housing. Housing Performance Scores will likely continue to constitute a portion of the 9% of the total points available for Equity and Housing in the 2020 Regional Solicitations for Transportation Funding. The Score is no longer used in consideration for Livable Communities Act awards.

The following criteria and their relative weight will be used to determine a score of 0 to 100 points, reflecting local effort on housing affordability, including implementing effective housing programs, funding housing development, and creating and preserving housing affordability. The Council will publish scores online.

## *Overall Housing Performance Scores Methodology & Structure*

The categories for calculating Housing Performance Scores are:

- New affordable or mixed-income housing completed in the last ten years;
- Preservation projects completed in the last seven years and/or Substantial rehabilitation projects completed in the last three years;
- Housing program participation and production, and housing policies and ordinances
- Spending the Affordable and Lifecycle Housing Opportunities Amount annually

As outlined in the *2040 Housing Policy Plan*, the Council will review the Housing Performance Scores methodology every two years. The next review of the methodology will be in 2022.

The Council assembles data for the Housing Performance Scores from sources including Minnesota Housing and county governments. The Council asks local jurisdictions to provide additional information not available from other sources. Local municipalities can also submit an optional narrative describing tools, activities, services, or other housing efforts that they would like the Council to consider but that are not explicitly identified in other scoring criteria.

## *Recent New Affordable Housing and Preservation / Substantial Rehabilitation Projects (0-50 points)*

To meet its housing need, the Twin Cities region needs both additional affordable housing as well as to preserve and rehabilitate existing affordable housing. The need for additional affordable housing is strongest for lower income households who have fewer housing choices than higher income households.

Affordable housing is defined as housing that is restricted by a covenant that requires affordability for a determined amount of time. This could be achieved through award of public funds or low-income housing tax credits that require the affordability by nature of the award, or through a local program.

Overall, 50 points are available in this section; 25 points for new affordable housing and 25 points for

investments in the preservation and substantial rehabilitation of existing affordable or mixed-income housing.

A community that exceeds available points in one category but does not reach full points under the other receives one-quarter of the difference between the points earned under the former category, to be applied to the latter category (subject to the overall 50-point maximum).

Sample Scoring		Maximum Points	Earned Points	Counted Points	Total
Community A	New Affordable Housing	25	10	10 + $\frac{1}{4}*(43-25)$	15+25 = 40
	Preservation and Substantial Rehabilitation	25	43	25	
Community B	New Affordable Housing	25	37	25	25+25 = 50
	Preservation and Substantial Rehabilitation	25	30	25	

The following points will be awarded based on activities for projects over the last 10 years creating new affordable or mixed-income housing (where a city completed more than 10 projects, only the most recent 10 will count):

**Table 1: New Affordable and Mixed-Income Housing in last 10 years**

Item and description	Points
N1. New units affordable to households at or below 30% of Area Median Income (AMI) as a share of all housing units built over the last ten years	3 points per percentage point
New units affordable to households earning between 31% and 50% of AMI as a share of all housing units built over the last ten years	1.5 points per percentage point
New units affordable to households earning between 51% and 60% of AMI as a share of all housing units built over the last ten years	1.25 points per percentage point
New units affordable to households earning between 51% and 80% of AMI as a share of all housing units built over the last ten years	1 point per percentage point
New owner-occupied units affordable to households between 81% and 115% of AMI as a share of all housing units built over the last ten years	0.5 point per percentage point
N2. New units affordable to households at or below 30% of Area Median Income (AMI)	0.5 points each
New units affordable to households earning between 31% and 50% AMI	0.25 points each
New units affordable to households earning between 51% and 80% AMI	0.15 points each
New owner-occupied units affordable to households between 81% and 115% of AMI	0.10 points each
N3. Each local official control adjusted, waived, or used enabling affordable housing*	0.15 points each
N4. New mixed-income project (at least 5% of the units must be affordable to households earning 60% AMI)	7 points, one time only
N5. Direct local financial contribution* to affordable or mixed-income development, including the estimated value of local controls waived or adjusted	1 point for each percentage point contributed of the Total Development Cost, up to 6 points per project
N6. Issuance of housing revenue bonds for construction of affordable or mixed-income housing (e.g., bonds to be paired with 4% tax credits or bonds for age- and income- restricted senior developments)	5 points

\*See Appendix for full list of eligible points-earning local official controls & financial contribution types

Where applications involving substantial city effort in support of affordable housing are submitted to major funding partners (Minnesota Housing, Metropolitan Council, county governments), but not selected due to factors outside the municipality’s control, up to 25% of points may be awarded at the Council’s discretion. This situation is denoted by Unfunded in the dropdown for latest stage of development for the project.

The rehabilitation and preservation of existing affordable housing is often the most cost-effective approach to addressing affordable housing challenges. As the region’s affordable housing ages, addressing the physical needs of the existing stock becomes critical to avoid unnecessary loss of affordable units. This category is intended to capture larger scale rehabilitation and preservation projects (and that are typically a single project under common ownership, management, and financing). Single-family rehabilitation loan programs, for example—where each household served represents a unique real estate transaction—are covered in Housing Programs and Policies.

Points will be awarded based on activities involving affordable and/or mixed-income projects in the past seven years for preservation and the past three years for substantial rehabilitation. Under either, affordability of subsidized units must generally be secured for at least 15 years.

Preservation activities are rehabilitation efforts that substantially improve the physical asset and:

- Prevent the owner from converting the property to market rate or a different use by providing low-cost public financing (and under certain circumstances allowing for equity take-out), and
- Have as a financing condition that the owner consents to continued participation in a federal project-based rental assistance program, or that otherwise lead to long-term rent and income restrictions (this can include Section 202, Section 515, or Section 811 properties; Low-Income Housing Tax Credit properties; or permanent housing for the long-term homeless or other forms of service-intensive supportive housing) for the term of the mortgage or applicable instrument.

Note: While substantial rehabilitation may involve coordinated single family (i.e., scattered site development or redevelopment, or as part of a community revitalization plan) or multifamily efforts, preservation activities are exclusive to multifamily properties with expiring affordability restrictions and/or existing rental assistance or support services contracts.

For these purposes, the threshold for substantial rehabilitation is defined as:

- The cost of repairs, replacements and improvements are equal to or above an average of \$5,000 per dwelling unit (includes improvements to common areas), or
- Two or more major building components are being substantially repaired or replaced.

To receive credit, rehabilitated rental units must have either an income restriction of at least 15 years or a long-term commitment to accept Housing Choice Vouchers or other forms of public rental assistance.

**Table 2: Preservation of affordable or mixed-income housing in last 7 years**

Item and description	Points
P1. Preserved units serving a household at or below 30% of AMI as a share of existing housing units using state or federal project-based assistance	1.25 points per percentage point
Preserved units serving a household between 31% and 50% of AMI as a share of existing housing units using state or federal project-based assistance	0.75 points per percentage point
Preserved units serving a household between 51% and 80% of AMI as a share of existing housing units using state or federal project-based assistance	0.5 point per percentage point
P2. Each preserved unit serving a household at or below 30% of AMI	0.75 points each

	Each preserved unit serving a household between 31% and 50% of AMI	0.5 points each
	Each preserved unit serving a household between 51% and 80% of AMI	0.25 points each
P3.	Direct local financial contribution* to the preservation of affordable or mixed-income housing, including the estimated value of local controls waived or adjusted	1 point for each percentage point contributed of the Total Development Cost, up to 5 points per project
P4.	Each local control adjusted or waived to preserve affordable housing	0.15 points per unit
P5.	Demonstrated local efforts to preserve a manufactured housing park from threat of conversion or closure and loss of affordable units	7 points
P6.	Issuance of housing revenue bonds for preservation of affordable or mixed-income housing (e.g. bonds to be paired with 4% tax credits)	5 points

\*See Appendix for full list of eligible financial contribution types

**Table 3: Substantial Rehabilitation of Affordable Housing in last 3 years**

Item and description	Points	
R1.	Each rehabilitated unit serving a household at or below 30% of AMI	0.5 points per unit
	Each rehabilitated unit serving a household between 31% and 50% of AMI	0.25 points per unit
	Each rehabilitated unit serving a household between 51% and 80% of AMI	0.15 point per unit
	Each rehabilitated owner-occupied unit serving household between 81% and 115% of AMI	0.10 points per unit
R2.	Each acquisition/rehab/resale of an owner-occupied unit affordable at or below 80% AMI that is brought into a Community Land Trust	1.5 points per unit
R3.	Each local official control adjusted or waived to rehabilitate affordable housing	0.15 points per unit
R4.	Direct local financial contribution* to affordable or mixed-income development, including the estimated value of local controls waived or adjusted	0.5 points for each percentage point of the Total Development Cost contributed, up to 4 points per project
R5.	Rehabilitation activity that involves conversion of units from a non-restricted status to a rent and income-restricted status (newly built income-restricted units should be counted in N1-N2 above)	5 points
R6.	Issuance of housing revenue bonds for rehabilitation of affordable or mixed-income housing (e.g. bonds to be paired with 4% tax credits)	5 points

\*See Appendix for full list of eligible financial contribution types

## Affordable and Life-Cycle Housing Opportunities Amount (ALHOA) (0-26 Points)

The affordable and lifecycle housing opportunity amount (ALHOA) is annual and is a required expense of local dollars on affordable and/or life-cycle housing opportunities for all communities participating in the Livable Communities Act (LCA). ALHOA is not a grant from the Metropolitan Council. Local tax revenue or unrestricted sources of income (such as interest earned, service fee proceeds, etc.) can meet a community's ALHOA.

In order to be in good standing in the LCA grant program, communities must spend or contribute at least 85% of their annual ALHOA obligation. If your community did not spend your ALHOA in 2019 this could impact your eligibility to draw funds in LCA for the 2021 grant cycles.

Local taxes levied on behalf of county Housing and Redevelopment Authorities (HRA) or Community Development Agencies (CDA) are also eligible sources to the extent they are used for affordable and life-cycle housing opportunities. Grants, pass-through funding, or program dollars allocated through federal programs (such as CDBG or HOME funds) do not meet your city's ALHOA. Council staff ask Counties to submit funds by community and prepopulate this information in the survey before sending the survey out each year. Some Counties in the metro region levy small amounts for housing while others do the bulk of housing work on behalf of local communities.

Points for the ALHOA category are awarded as follows:

**Table 5: Scoring for ALHOA spending**

Item and description	Points
A1. Total amount of ALHOA spending by County and local community:	At least 1%: 5 points At least 50%: 10 points At least 70%: 15 points At least 85%: 20 Points 100% or more: 26 points

## Housing Programs and Policies and Shelter and Supporting Housing Stock (0-24 Points)

24 total points are possible between both areas of scoring, Housing Programs and Policies and Shelter and Supportive Housing Stock. For instance, if a community reports actions that result in 24 points awarded in Housing Programs and Policies but has no supportive or shelter housing, they will get 24 full points in the same way as a community that has robust supportive housing opportunities that is awarded 24 points but has adopted no local housing programs or policies in table 4. Likewise, communities may score a portion of points in one area of scoring and make up for it with an abundance of points in the other.

This category captures information on housing efforts that may be less direct or less costly than direct support for new development or major rehabilitation projects. Local programs and activities, or participation in other government programs, are important to the degree that the programs are used to benefit low- and moderate-income households.

**Table 4: Housing Programs and Policies**

Item and description	Points
H1. Provides at least one locally funded or administered housing program or service*	
H2. At least one housing program operated by a nonprofit organization receiving a local financial contribution (e.g. single family rehab loan programs, rental assistance programs, housing counseling programs or services, etc.)	2 points each
H3. Covering all or a portion of administrative expenses incurred in administering a federal, state, or county housing program (i.e. the difference between costs incurred and administration reimbursement from the federal, state, or county government)	
H5. Households served under city, county or state homeownership programs, including: <ul style="list-style-type: none"> <li>• Minnesota Housing single family rehabilitation loan, emergency loan, and/or community fix-up programs</li> <li>• Foreclosure prevention, down payment assistance programs or homebuyer education</li> </ul>	1 point for each 0.01% of households served
H6. Administering any of the following programs/policies in the last 5 years: <ul style="list-style-type: none"> <li>• A rental licensing program</li> <li>• An active code enforcement program (for rental or owner-occupied)</li> <li>• An Accessory Dwelling Unit (ADU) policy</li> <li>• A mixed-income (inclusionary) housing policy</li> <li>• Equity in Development and Hiring Policy</li> <li>• Tenants' rights policy(ies), such as those that prohibit Section 8 discrimination,</li> <li>• Displacement Prevention Policy – i.e. require notice of sale or right of first refusal, and/or address just-cause eviction</li> <li>• Strong Partnership with County HRA/CDA/EDA (Instead of operating a program or policy listed elsewhere in this section, your community has relied on your County housing or development agency to operate a similar policy on your behalf.)</li> <li>• Any additional policies that support affordable housing opportunities</li> </ul>	4 points each

\* Locally funded means where the community itself generated funding for the program, or received funding from a higher level of government and had control over its use (i.e. funds are expended by the community and not the higher level of government)

Trying to capture all efforts, tools, and activities to promote housing affordability would be not only challenging but also administratively burdensome. To yet recognize local innovations and initiative, the Council offers communities the option to showcase additional efforts that could merit points but are not otherwise captured in these guidelines. When generating the Scores, Council staff will evaluate how narratives fit into the overarching point structure and provide additional points at its discretion.

This category recognizes the critical role of communities that are home to housing for special and vulnerable populations. Multiplying factors awarded for housing opportunities were assigned such that some communities with these housing opportunities exceed the total possible points for this category. Points for the existing housing category are awarded as follows:

**Table 5: Characteristics and affordability of the existing housing stock**

Item and description	Points
C1. Total shelter or transitional housing facility capacity for people experiencing long-term homelessness	People served as a percentage of total households in your community multiplied by a thousand
C5. Capacity of facilities providing permanent housing serving a vulnerable or special population including: <ul style="list-style-type: none"> <li>• Adult offenders or adjudicated delinquents</li> <li>• People with physical disabilities, mental illness, developmental disabilities, or chemical dependency</li> <li>• Victims of sex trafficking or domestic abuse</li> </ul>	People served as a percentage of total households in your community multiplied by eight hundred

## Appendix

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### *Recognized local official controls include the following when used for affordable housing:*

- Allowing alternative construction methods or development flexibility
- Development approved at originally proposed development density
- Density bonus or transfer
- Floor Area Ratio (FAR) waiver
- Increased building height flexibility
- Land cleanup or site assembly
- Public land dedication or land cost write-down
- Parking variances
- Private street allowances
- Reduction in lot sizes or widths
- Reduction in street widths or right-of-way
- Setback reductions
- Sewer or water service line size reduction
- Soil correction variance
- Special or conditional use permits
- Tax abatement, reduction, or credit
- Reduction in public improvement and development costs (e.g. curbs, gutters, street lighting) /
- Planned Unit Development (PUD) cluster development
- Local sewer availability charge (SAC) credit or waiver
- Reduced park or impact fees
- On-street parking allowance
- Rezoning to accommodate development

### *Recognized fiscal/financial tools include the following when used for affordable housing:*

- Community Development Block Grant or Home Investment Partnerships funding (when funds are received through entitlement or granted or loaned to the local municipality for use at its discretion)
- Credit enhancements
- Loan guarantees
- General obligation, tax-exempt, mortgage revenue, private activity, or housing revenue bonds when used to create affordable or mixed-income housing
- Land write-downs, sale, public dedication, or acquisitions
- Livable Communities grants
- Fee waivers or reductions
- Tax abatement (full or partial)
- Tax increment financing (TIF)
- Minnesota Housing Impact Fund grants when awarded to the city
- County grants, loans, or bond proceeds when provided to the city for use at its discretion
- County Housing and Redevelopment Authority (HRA) / Community Development Agency (CDA) levies upon city residents to support affordable housing opportunities
- Estimated value of local official controls adjusted or waived
- Local sewer or water availability or access charge credit or waiver
- Local property tax levy



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