



# Priorities for Affordable Housing: Proposed Policy Direction

## For confirmation September 4, 2013

### Overall direction

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The Metropolitan Council will use its authority and resources to promote housing options for *all* income levels, including those households whose moderate and low incomes need affordable homes. The Council will incent local governments to use innovative approaches to expand the supply of affordable housing, to encourage investment in preservation of existing affordable housing, and work with its affordable housing partners to destigmatize the term “affordable housing”.

### Framing affordable housing

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*Thrive MSP 2040* and the Housing Policy Plan will set priorities for different types of affordable housing, particularly including granular goals for new production of housing affordable to households at different income levels. At moderate income levels, city actions, such as zoning and land use policies, can influence the supply of affordable housing; at lower income levels, constructing new affordable housing generally requires federal, state, and/or local subsidies. Local goals reflecting the differences among communities will help local governments develop differentiated housing strategies optimally aligned to local situations.

With the need for affordable housing identified at different income levels, the Council will monitor the region’s production of affordable housing at different income levels. This will allow the Council to track how well the region and its communities are meeting the areas of greatest need.

### Priorities on the location of affordable housing

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The Council wants to preserve a mix of housing affordability along the region’s transitways to help ensure that low-income households benefit from the transit investments rather than being displaced out of gentrifying neighborhoods. The quality and intentionality of local and regional planning preparing for new transit often determine if neighborhoods gentrify or not.

The Council will use its resources, including investments in transit, infrastructure and redevelopment, to help create and preserve racially-integrated, mixed-income neighborhoods across the region. Where ill-functioning markets are leading to concentrations of race, poverty and affordable housing (such as in racially-concentrated areas of poverty), the Council will work with communities to create more balanced neighborhoods, including strategically targeted subsidies to develop market-rate housing.

The Council will review local comprehensive plans to identify where and in what acreage local communities are guiding land for higher density and affordable housing and will discourage communities from concentrating affordable housing within their borders.

The Council’s priorities for affordable housing will encourage preserving existing affordable housing across the region. The Council will encourage additions to the affordable housing stock in areas that have an inadequate supply of existing affordable housing and are experiencing new housing construction – particularly in areas that are well-connected to jobs and transit.

## **Housing Performance Scores**

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The Council will use its Housing Performance Scores to create incentives that reward communities and corridors that perform at building and creating a supportive environment for affordable housing. Communities actively compete to receive the limited Livable Communities Act grant money available, making it a valuable incentive to affordable housing production and preservation. The Housing Performance Scores, along with the Council's other quantitative tools such as the Livable Communities Act Affordable and Lifecycle Housing Goals, will be fair and will encourage communities to work toward more affordable housing. Future iterations of these quantitative tools will give redeveloping communities credit for their efforts and outcomes around preserving existing affordable housing. The Council will continue to use the Housing Performance Scores as a tool to select projects for Livable Communities Funding and as a factor to inform, but not limit, the Council's non-housing discretionary funding decisions.

Through the upcoming Housing Policy Plan, the Council will investigate a pilot project on corridor-wide approaches to incent affordable housing. Under the pilot approach, the Council could set corridor-wide goals for affordable housing, accompanied by a lower base level of affordable housing that each community along a corridor is expected to provide. The Council would encourage local governments to collaborate to determine the most efficient and effective means of achieving corridor-wide goals, including tradable credits for affordable housing production. The Council could consider corridor-wide performance in evaluating each local government's housing performance for eligibility and scoring for Council grants.

## **Additional roles**

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The Council will collaborate with regional leadership, local governments and the broader community to promote affordable housing within the region. The Council will also play appropriate roles to encourage corridor approaches to affordable housing.

Specifically, the Council will continue to partner with Minnesota Housing and the Family Housing Fund to fund affordable housing. The Council will explore whether local governments would benefit from additional technical assistance around affordable housing – either in developing the housing element and/or implementation plan of local comprehensive plan or supporting housing development projects (e.g., site selection, funding options, or design recommendations).

The Council will support research and testing related to fair housing, discriminatory lending practices, and real estate steering. Without the information to know if, how and where these discriminatory practices are occurring, it is difficult to develop policy solutions. To fulfill its responsibility to affirmatively further fair housing, the Council will serve as a partner in examining and testing for discriminatory practices. By committing to this research, the Council will send a signal that these discriminatory practices are not acceptable.

These expanded roles in technical assistance and information will help the Council serve a resource to both units of local governments and the region in promoting affordable housing and racially-integrated, mixed-income neighborhoods across the region.

***Additional detail about priorities for affordable housing will be developed and adopted in the Housing Policy Plan.***