

## Community Development Committee

Meeting date: June 1, 2015

**Subject:** Discuss public comments received on the draft amendment to the *2040 Housing Policy Plan*

**District(s), Member(s):** ALL

**Policy/Legal Reference:** Minn. Stat. 473.145

**Staff Prepared/Presented:** Libby Starling, Manager of Regional Policy and Research (651-602-1135)

**Division/Department:** Community Development / Regional Planning

### Proposed Action

None. Information and discussion only.

### Background

On March 25, 2015, the Metropolitan Council formally released the draft amendment to the *2040 Housing Policy Plan* for public comment. The public comment period and the public hearing record remained open through May 15, 2015.

During the public comment period, the Council received 33 written submissions including comments from:

- 21 cities, with one comment from a local elected official supplementing a staff comment
- 5 counties and county organizations, representing four of the region's seven counties
- 5 organizations, with one letter on behalf of an additional four organizations
- 1 resident

The four individuals who testified at the May 4, 2015 public hearing either submitted written comments or posted their testimony on a public website. All of the public comments and written testimony are separately posted within the meeting agenda.

### Rationale

The Community Development Committee will be asked to adopt the revised amendment to the *2040 Housing Policy Plan* at the June 15, 2015 meeting. To meet this timeline, staff would like to use the June 1 Community Development Committee meeting to discuss the key themes identified in the public comments and to preview the direction of proposed changes to the language of the amendment.

Staff identified the following key issues and lingering tensions in the public comments:

- Housing requirements for local comprehensive plans:
  - Balancing local desire for flexibility with the need for consistency and clarity in both density expectations and which tools communities choose to use to address their housing need
  - How to guide land to meet the allocation of affordable housing need in fully-developed communities
- Allocation of Affordable Housing Need:
  - Revisit whether access to transit should be included in the formula for the Allocation of Affordable Housing Need

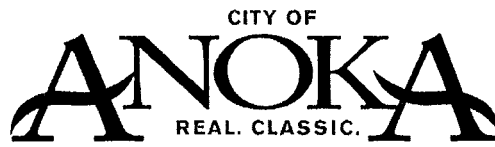
- Address whether some communities have already provided their “fair share” of affordable housing
- How to better distinguish the Allocation of Affordable Housing Need from the negotiation of affordable and life-cycle goals for affordable housing production
- Lack of resources to build new affordable housing:
  - What resources are available to meet the need for affordable housing
  - The role access to transit should play in the Council’s priorities for affordable housing funding
- Housing Performance Score (HPS):
  - Specific questions about how many points certain elements should receive
  - Need to review the methodology periodically
- Fair Housing:
  - What opportunities are available for the *Housing Policy Plan* and the Council to do more to support fair housing



May 26, 2015

Comments on The Housing Policy Plan Amendment were received from the following cities/townships/local entities:

Anoka  
Apple Valley  
Blaine  
Brooklyn Park  
Burnsville  
Carver  
Cottage Grove  
East Bethel  
Independence  
Lakeville  
Minneapolis  
Orono  
Ramsey  
Rogers  
Rosemount  
Saint Paul  
St. Francis  
St. Paul Park  
Victoria  
Waconia  
White Bear Lake



May 20, 2015

Metropolitan Council  
Attn: Housing Policy Plan Comments  
390 Robert Street North  
St. Paul, MN 55101-1805

RE: Draft Housing Policy Plan

Dear Metropolitan Council Members and Staff,

Thank you for giving us the opportunity to review and comment on the region's proposed Housing Policy Plan. Below are the comments from City of Anoka Staff based on what we have determined to be of some concern to our City and its citizens.

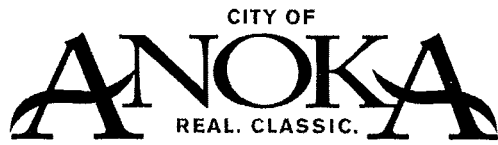
- Before adopting the Housing Policy Plan, I would encourage you to add definitions that describe the roles and responsibilities of the public, private and non-profit communities that will be turned to when housing is being developed. The Housing Policy Plan does not provide any information about partnerships needed to put projects together.
- There should be recognition for affordable housing projects that the City has already completed and continues to maintain. Considering the LCA objectives of re/development that mixes incomes and creates a full range of housing a scoring mechanism could give the highest number of points to both a project that adds market rate and/or higher cost housing in a low income area **and** a project that adds affordable units in a higher income area. Conversely, the lowest number of points would be awarded to a project that adds additional affordable housing in an area with an existing concentration of affordable housing **and** a project that adds market rate housing in an area with an existing concentration of market rate housing.
- The City of Anoka would like to confirm that the proposed policies found within this document are voluntary policies and not mandates passed down to local governments.
- The Housing Policy Plan talks about the need for \$5 billion in funding to support the housing goals set for the next decade. The only funding sources identified in the Housing Policy Plan are Livable Communities Program and Sewer Availability Charge as resources for developing housing. That leaves a large gap between what these two programs can provide as funding and what the Council is expecting from cities. A more detailed description of funding mechanisms that will support the goals you have set is needed. If you are setting high goals for communities, there needs to be an understanding of resources available to meet development need.
- Comprehensive Plans seem to get mentioned frequently. Is this reflective of the Met Council's desire to hold cities more accountable to what is stated in their comprehensive plans? If so, we

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would fully support that, but feel that this should be transparent and gradual, rather than immediate.

- The need allocation and scoring methodology process in the Housing Policy Plan needs to be fully transparent.
- If based solely on areas of concentrated poverty and racially concentrated areas of poverty, we have some concern that funding for transportation and housing projects will only go to the urban core first leaving diminished funding for outer ring suburbs.
- The current housing performance score emphasizes efforts related to the construction of new affordable housing units. We feel that developed areas should get credit for protecting existing affordable housing stock.

Thank you for considering our comments in regards to the proposed Housing Policy Plan. City of Anoka staff would be pleased to participate in any future discussions about changes to the Housing Policy Plan. Feel free to call me at (763) 576-2724 or email me at [dberger@ci.anoka.mn.us](mailto:dberger@ci.anoka.mn.us) if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Darin Berger". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Darin Berger  
Housing Manager

City of Anoka Housing and Redevelopment Authority

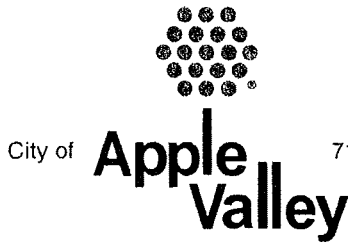
Copy: Anoka City Council

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May 15, 2015

Adam Duininck, Chair  
Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101

Subject: Comments concerning the draft Thrive MSP 2040 Housing Policy Plan (HPP)  
Amendment

Dear Mr. Duininck:

The Mayor and City Council for the City of Apple Valley provide the following feedback to the referenced draft and continue to share the same objective: thriving livable communities.

1. Housing is not a “system” yet is being highly regulated in the 2040 Plan.
2. The average subsidy per affordable unit being added in 2014, according to the Metropolitan Council research, requires \$185,000/per unit; \$5 billion in unidentified resources, 2021 to 2030, or about \$500 million a year. The stated community role in the amendment is to use state, regional and federal resources to identify needed resources to achieve local goals. Resources will be insufficient and affordable housing is only one of many community needs.
3. Mobility solutions for lower income diverse households should be recognized/credited as a way that limited resources can change the income and housing affordability equation. The City, in partnership with Dakota County, is presently evaluating transit access options for 474 households. The neighborhood being evaluated, while in close proximity to the Red Line, does not have the direct access and service facilities. Less resources for significantly more household benefitted changes the opportunity equation for access to jobs, learning and housing choices in the region. The number of households experiencing a cost burden is reduced.
4. In a similar way, Apple Valley is active in economic development partnering with local business to develop new jobs with good household wages. Job development should be recognized/credited as changing a household in a positive way to reduce cost burden.
5. The regional affordable housing need is identified by the Metropolitan Council as 37,900 new affordable housing units, broken down as follows:
  - a. 18,900 housing units for households below 30% of AMI
  - b. 9,450 housing units for households from 31% to 50% of AMI
  - c. 9,550 housing units for households from 51% to 80% of AMI
6. Apple Valley’s identified “share” of that need is 833 total units, 2021 to 2030 and broken down as follows:

407 units below 30% of AMI  
210 units between 31% and 50% AMI  
216 units between 51% and 80% AMI

7. Maxfield Research, a demographic company, conducted a market study at the end of 2013 for Apple Valley and the Dakota County CDA. In establishing community housing goals, it is important to respond to the marketplace demand (not just needs) for affordable housing as just one of many housing market segments that make up a “Suburban” livable and resilient community.

The Maxfield Research forecast for Apple Valley:

- Affordable Rental; 2010 to 2020	238 units
- Affordable Rental; 2020 to 2030	270 units
- Senior affordable; 2010 to 2020	107 units
- Senior affordable; 2020 to 2030	<u>280</u> units
	895

While the Metropolitan Council and Dakota County methodology are different, the reported need (Metropolitan Council – 833) and opportunity (Maxfield Research – 895) are similar.

8. The City acknowledges the affordable housing need of 833 if there are sufficient affordable housing resources, credit is given to mobility and job creating solutions that also change the profile and opportunity for existing and new households, and if the goal remains a recommendation rather than a requirement.
9. At least one-third of the amendments and additions to the HPP is a highly technical “Appendix B: Methodology of the Allocation of Affordable Housing Need” that does not belong in the HPP policy document. Whether a city chooses to agree or disagree with the methodology in the Appendix, the complexity far exceeds the Metropolitan Council’s legislative authority to request Apple Valley to guide suburban land to “address the community share of the region’s affordable housing need”. To the extent land is available for development, Apple Valley is willing to consider guiding land that may be used for affordable housing as well as commercial redevelopment and job creation.
10. There are multiple ways that Apple Valley has supported affordable housing:
  - Land use approval, including higher density multi-unit housing that includes some affordability, particularly near transit stations.
  - Partnerships with private development and the Dakota County CDA that leverages resources for affordability.
  - Partnership with business that increases employment options in the City.
  - Support and funding that improves transit services, access to jobs, and the addition of jobs within an expanding regional system, particularly for lower income households.
11. The City objects to only allocating limited resources to affordable housing when resources spent on improved transit service for lower income households or job creation that improves household incomes should be credited as adjustment factors to meeting affordable housing needs.
12. The City supports building and sustaining neighborhoods that do not create areas of concentration of poverty.

13. Apple Valley supports the “Suburban” community designation if the uniqueness is fully recognized. That overall designation recognizes 5 units/acre as sufficient density to meet total needs. The amended HPP develops new density options sufficient to promote affordable housing: 8 units/acre or 12 units/acre. The Transportation Policy Plan recommends near a BRT line a minimum of 10 to 15 units/acre with a target of 20 to 60 units per acre. Given this clear lack of policy consistency by the Metropolitan Council, the City of Apple Valley has long maintained an appropriate policy statement: pursue compact, mixed use, suburban intensive development that encourages multi-unit market rate housing with some affordability.
14. The Metropolitan Council has provided a draft performance score methodology. To understand what it means, shouldn't a draft score for communities be shared now so that the methodology could be confirmed? Affordable housing allocations were shared and helpful to the discussion. Apple Valley would like to see a performance score.
15. The Red Line was built to serve existing affordable and fully developed neighborhoods within ½ mile of the transit stations. To require significantly more affordable housing only near transit risks developing new areas of concentration.
16. Affordable interest rates in the marketplace have not been fully considered in addressing the impact on housing cost and helping to reduce household cost burden.
17. Apple Valley has “units of affordability” called licensed group homes that affordably deliver 24 hour care and should be credited to meeting needs of 156 distinct and independent lowest income “households”. There are 9 active “Adult Foster Care” locations licensed for 24 residents and 37 “Residential Habilitation Service” locations licensed for 132 residents.


Throughout the Thrive 2040 drafting process, Apple Valley has continued to maintain that the City will:

- Continue to be a partner and collaborator with the Metropolitan Council
- Accept the land use designation “suburban”
- Manage storm water and local street replacement thoughtfully
- Pursue compact, mixed use, suburban intensive development
- Thrive as a place to live, work, learn, shop and recreate
- Sustain park and trail assets and be walkable and bikeable
- Negotiate lifecycle and affordable housing goals based on a balance in all choices and encouraging multi-unit market rate housing with some affordability

Please consider, respond and address these items as comments on amendments to the Thrive MSP 2040 Housing Policy Plan.

Sincerely,

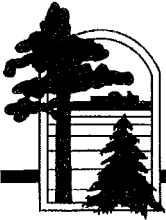
CITY OF APPLE VALLEY



Bruce Nordquist  
Community Development Director

cc: Mayor and City Council  
City Administrator





# City of Blaine

10801 Town Square Drive NE  
Blaine, MN 55449-8101  
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March 12, 2015

Metropolitan Council  
MAR 16 2015  
Received Chair's Office

Adam Duininck, Chairman  
Metropolitan Council  
390 Robert Street North  
Saint Paul, MN 55101

SUBJECT: Thrive 2040-Housing Element

Dear Chairman Duininck;

We have been watching with growing concern the Met Council's work in the area of affordable housing. In particular, the approach taken with suburban communities as it relates to housing growth and the need to develop a certain percentage of that growth as affordable housing, is of specific concern. Creating opportunities for families to obtain affordable housing is a very necessary and important regional goal and the work you have done to document and foster discussion of that need is commendable.

What is troubling however to us as community leaders, as we learn more about Thrive 2040 and what it means, is how the affordable housing goals, are placed on the back of growing communities, which are not in the business of, nor equipped, to provide affordable housing. Specifically we have learned that the Met Council's goal for Blaine in the next decade is the creation of over 1500 new affordable housing units (36% of our expected residential growth). Presently 79.3 % of Blaine's housing stock is affordable at 80% of median income.

Blaine is opposed to the proposed Housing Element requirements of the Thrive 2040 for the following practical reasons:

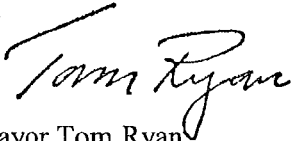
- The number of units (1500+ units) is unattainable and would likely require a subsidy allotment for Blaine that is more than available metro-wide.
- Producing a comprehensive plan with a stated unrealistic housing goal creates an expectation from the public or housing consumers that cannot and will not be met.
- The efforts required for the preparation of the Thrive 2040 plan to document the steps and actions we propose to take to meet goals that are placed upon cities are unnecessary and will take time and attention away from community issues that require real solutions.

We understand that many of these requirements are placed upon the region and Met Council by the legislature and that only their discussion and action on these issues might provide a more reasonable approach; but we felt it important to voice our concerns.

If you have any questions please don't hesitate to contact Clark Arneson, City Manager, Bryan Schafer, Community Development Director or myself.

Lastly, thank you for your dedicated public service. It is hard work I know.

Sincerely,

A handwritten signature in black ink that reads "Tom Ryan". The signature is written in a cursive style with a prominent initial "T".

Mayor Tom Ryan  
City of Blaine

Cc: Marie McCarthy, Commissioner  
Metropolitan Council  
390 Robert Street North  
Saint Paul, MN 55101

Patricia Nauman  
Metro Cities  
145 University Ave W.  
St. Paul, MN 55103-2044  
(651) 215-4000

Blaine City Council

Blaine Legislative Delegation

**Brooklyn Park**  
**Administration**

City of Brooklyn Park  
City Hall  
5200 85th Ave. N.  
Brooklyn Park, MN 55443  
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www.brooklynpark.org

May 15, 2015

Dear Metropolitan Council Members and Staff,

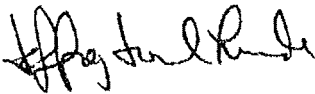
Thank you for your request for input regarding the Housing Policy Plan. We welcome the opportunity and appreciate your invitation of Brooklyn Park staff to participate in the Metropolitan Council's Housing Need, Housing Performance Score, and Housing Allocation subgroups. The Metropolitan Council's focus on housing issues is important because a healthy and affordable housing stock is essential for a thriving region.

While we appreciate the effort, we have significant concerns with the proposed 2040 Housing Policy Plan. The plan does not affirmatively further fair housing laws and we do not believe that it will help the region and Brooklyn Park solve for inequities. To move toward a more equitable region for all, the Housing Plan should include the policies and strategies outlined in the 2014 Fair Housing and Equity Assessment report, specifically those policies which address racially concentrated areas of poverty.

As proposed, the Housing Plan does little to address the issues and could have a detrimental impact on Brooklyn Park's tax base. Tax base, which translates to the ability of our community to pay for services and amenities, is of utmost concern to our community because our per capita tax capacity is 54% of the average of our 11 peer cities. Perpetuating regional tax base disparities will perpetuate the concentration of poverty in the region.

Thank you for considering our concerns with the proposed 2040 Housing Policy Plan.

Sincerely,



Jeffrey J. Lunde  
Mayor



Michael Sable  
Interim City Manager



City of  
**BURNSVILLE**

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May 13, 2015

Adam Duinick, Chair  
Metropolitan Council  
390 Robert Street N.  
St. Paul, MN 55101

RE: Burnsville Review Comments for Housing Policy Plan Amendment

Dear Chair Duinick:

The purpose of this letter is to submit comments on the proposed Housing Policy Plan Amendments. We have reviewed the plan and appreciate the opportunity to provide feedback. The proposed amendment to include an emphasis on housing preservation is good and recognizes that the most efficient way to achieve affordable housing is to preserve what we already have. The City also appreciates the transparency throughout the document, especially in determining the affordable housing need for the communities and housing performance scores. The City does have the following concerns:

**Comprehensive Plans and Affordable Housing Opportunities and Need:** Requiring specific densities to meet the need is overreaching by morphing into a land use mandate. Land use decisions should be made at the local level and cities have the flexibility and authority to determine what is right for their community within the context of regional system statements. Density is not always a predictor of affordability, especially with luxury rentals currently in high demand in our market or in new construction market rate senior housing.

In the past the Met Council has used the lowest density of a given land use range when calculating opportunities for affordable housing. This is unfair and cities should be given credit for actual densities, which are usually higher, or the average density of that range. Met Council staff has noted that other densities will be allowed if a city can prove affordability. The Housing Policy Plan should allow for flexibility when determining how a community's need can be met by using average density or actual density of a given land use category.

Does "projected need" and "guiding land for affordable housing need" include only vacant land? Specifically, is all land guided in the City taken into account or a combination of vacant and other land? The plan does not specify, so additional clarification would be helpful. There has been some confusion in interpretation among parties reviewing the plan.

The City is concerned about the review of Housing Plans within the Comprehensive Plan. The HPP Amendment calls for specific programs and action to be taken to achieve the housing goals. All reasonable resources are to be identified. It was noted by Met Council staff that cities will

have to list what resources are reasonably available and then why or why not they will be used. Who determines what is reasonable? Met Council staff has noted that cities will not be judged on why or why not a particular tool is available, yet there is no reference in the Amended Housing Policy Plan that addresses this. If the expectation is that Cities will have to list what is available and when the tools may or may not be used at their discretion and *without* judgement, then the plan should read as such.

**Affordable Housing Allocation:** The City would support an allocation that would give a greater reduction in the allocation for communities with a higher percentage of existing affordable housing units. The proposed formula makes some adjustments for existing housing, but communities such as ours that are nearly fully developed have few opportunities for new housing development in the future. The City already provides a significant share of the affordable housing units to the region.

The report asserts there is very little affordable housing need or opportunities in rural unsewered areas and, therefore, those areas are not taken into account in the allocation. This seems shortsighted as there are affordable housing needs everywhere and there are opportunities, or perhaps the plan should require said opportunities, within those areas whether via preservation or new construction. For example, there are manufactured home communities (or individual homes) in the region in rural areas not on city utilities that provide affordable housing. All areas should be treated equally.

**Housing Performance Scores:** The new formula seems like it could provide for a balanced and more equitable approach across the region, and takes into account whether the community is fully developed by giving points for existing affordable and preservation of units or for providing new affordable housing opportunities in growing cities. However, the City is uncertain as to how the score methodology will actually play out. There should be scenarios or examples provided. The Met Council should be open to re-reviewing the performance score criteria and making changes since this is a new formula.

Cities should be given credit for head of household job creation. Since low wage jobs are a part of the formula, recognition should be given to increased head of household jobs which reduce the affordable housing need. Cities do have tools that are often used for job creation, and there may be more opportunities in our market to create higher-paying jobs and reduce the expected affordable housing need than there are to provide affordable housing. This should be considered.

Credit is given for private sector construction of new affordable units, yet credit is not given for private preservation of units. It is not unheard-of for a landlord to buy a four-plex and fix it up or make improvements to maintain it for affordable housing. There are also organizations that philanthropically provide for affordable housing with non-city or county funds. Does it matter if the affordable housing preserved is publicly or privately funded? It should not. When a lower income household repairs their roof or puts on new siding, it extends the life of that affordable home. Further, this type of preservation is the most efficient in providing affordable housing, and such improvements should be taken into account or at least explained why they are not in the plan.

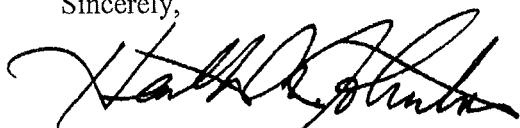
**Available tools for Comp Plan and Housing Performance Score:** There are many cities that do not have their own Housing Authority. It is going to be time-consuming to gather all of the information from the County HRAs and multiple cities will be requesting the same information. It would be helpful if the Met Council could coordinate the collection of information and data for

cities with County HRAs. Further, it will be difficult for cities to explain what resources are available if they are not city resources and if the cities have no influence on how those funds are distributed. Some consideration should be given here for how the cities are actually going to have to gather and report on data or use funding that is not theirs.

**Metropolitan Council Disconnect:** There seems to be a disconnect between where the affordable housing needs are (greatest numbers in the suburbs according to Met Council staff) and where the funding goes, especially LCDA dollars or transportation dollars under Met Council purview. More of these resources should be dedicated to the suburbs if that is where the need is. If the suburbs do not receive a proportionate share of transportation dollars, how are the affordable housing units going to be accessible to the people who need them? The appropriate bodies within the Met Council do not seem to be in alignment with the policy plans of the Met Council. This should be addressed immediately.

Thank you for the opportunity to comment on the amendment to the Housing Policy Plan. We appreciate the changes that have been made and that public input was again solicited. The City of Burnsville takes long-term planning and housing seriously and we are committed to being part of a successful region.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather A. Johnston". The signature is fluid and cursive, with a large initial "H" and "J".

Heather A. Johnston  
City Manager

CC: Steven Chavez, District 15 Council Member  
Burnsville City Council  
Jenni Faulkner, Community Development Director  
Kari Gill, Dakota County CDA  
Patrick Boylan, Metropolitan Council Sector Representative



May 5, 2015

Chairman Adam Duinick  
Metropolitan Council  
390 North Robert Street  
St. Paul, MN 55101

Metropolitan Council

MAY 13 2015

Received Chair's Office

RE: Draft Housing Policy Plan Amendment

Dear Chairman Duinick:

Please accept the attached comments on behalf of the Carver City Council related to the Draft Housing Policy Plan Amendment. The City shares a vision of being a community for a lifetime. To that end, Carver would like to ensure that diverse housing options are available for all who choose to live and work within Carver. However, the City believes that the number of affordable housing units allocated to Carver is disproportionate to a community of its size. The City respectfully submits the following comments on the Draft Housing Policy Plan Amendment:

1. The plan does not adequately address the ability of the various communities within the region to fund affordable housing, and it is clear that there are insufficient federal, state, and regional funds to address the issue. As stated in the plan (page 7), the average subsidy per affordable unit is \$185,000. In the draft plan, Carver has been assigned a preliminary affordable housing allocation of 441 additional affordable housing units. These 441 units represents a cost burden on our community of \$81.6 million, or approximately \$62,000 per each existing household just for the construction of the units. By contrast, that relative cost burden on existing households would be \$5,875 for Plymouth and \$3,660 for Minneapolis. This relative cost burden on cities similarly situated to Carver (small but fast-growing) is much greater on a per household basis than it is for the majority of the communities in the region. Further, once the additional housing is constructed, the residents will need the same services as provided to all residents of each community (schools, parks, road maintenance, etc.). Presuming that a city would need to utilize local tools such as tax increment financing (TIF) to subsidize the construction of the units, there would then not be a tax funding source for the incremental services needed to support an

increased population. The allocation formulas should be adjusted to account for the financial ability to develop and support new affordable housing for each community, potentially measured by tax capacity.

2. The Housing Policy Plan discusses the need to preserve existing affordable housing. However, the allocations are based solely on new growth in a community and do not consider the impacts of redevelopment on both the destruction and potential creation of affordable housing. The allocation formulas should be adjusted to account for redevelopment potential of communities instead of only focusing on new growth to recognize the potential for communities with a lower “new” growth rate to construct new affordable units in locations that have high access to jobs.
3. The formulas (both existing and proposed) for calculating Housing Performance Scores unfairly impact small, rapidly growing communities such as Carver. The combination of a high affordable housing allocation, lower tax capacity, and limited local capacity and economies of scale to provide “Housing Programs and Policies” do not lend themselves to success with achieving high Housing Performance Scores. By way of example, rehabilitation and preservation points are awarded for substantial improvements to affordable rental housing, and based on the category that Carver is placed in represents 30% of the possible points in that highly weighted category. However, an analysis of Carver’s existing housing stock shows that there is not a single unit today that can qualify under the preservation/rehabilitation category, making that 30% of points impossible to receive. Further, many of the points are awarded based on sheer number of units created or preserved, number of programs and tools utilized, and other volumetric measurements. Smaller communities simply will not have the level of “volume” regardless of which of those items is being measured as compared to larger communities and thus are not on a level playing field with the larger communities.
4. The use of Housing Performance Scores as a factor in funding decisions for everything from Livable Communities grants to transportation funding reduces the competitiveness of projects proposed by or in smaller, high-growth communities such as Carver. Ironically, these are generally the same communities that will need the largest total public subsidies per existing household for construction of new affordable housing.
5. It is the City’s understanding that the Metropolitan Council is currently in the process of updating the growth projections for Thrive 2040, which will then be used in the formulas for the allocation of affordable housing. A preliminary review of those draft updated forecasts suggest that Carver’s affordable housing allocation would then be increased substantially from the 441 units included within the Draft Housing Policy Plan Amendment to approximately 680-685 units, requiring subsidy of over \$125 million with a resulting cost burden per existing household of over \$96,000. Given the already high cost burden per household in the existing draft for which there is no source of funding, there is no reason to assign an even higher allocation to Carver.



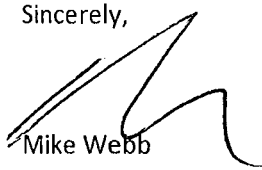
6. The City notes that the membership on both the Allocation of Affordable Housing Needs Workgroup and the Housing Performance Scores Workgroup do not contain any representatives from smaller, rapidly growing communities and that the formulas that are being used in both the allocation and the Housing Performance Scores favor the larger communities.
7. The City would encourage the Metropolitan Council to develop the Housing Policy Plan in a fiscally constrained manner, similar to the Transportation Policy Plan.

The Housing Policy Plan is premised on a regional desire for each community to accommodate its fair share of affordable housing and provide opportunities for residents to move out of Areas of Concentrated Poverty. Unfortunately, it is our opinion that the methodologies for both affordable housing allocations and Housing Performance Scores steers limited state and regional financial resources to support affordable housing and related system improvements to larger communities that have a tax capacity that can better support the construction of new affordable housing than smaller communities, and further that much of that funding is being steered towards Areas of Concentrated Poverty.

**For all of the reasons contained within this letter, but predominately because a community the size of Carver does not have the financial resources to construct and provide service to affordable housing in the amount allocated, the City of Carver is requesting that the Metropolitan Council re-examine and adjust the formulas for the allocation affordable housing and Housing Performance Scores in order to reduce the allocations on small communities to an achievable level that is fiscally constrained.**

Thank you once again for the opportunity to comment on the Draft Housing Policy Plan Amendment. If you have any questions about these comments or wish to discuss them further, please contact either Brent Mareck, City Administrator, at 952-448-5353 or Cindy Nash, City Planner, at 763-473-0569.

Sincerely,



Mike Webb  
Mayor

*I told you I'd give you props  
on MPR!!  
😊*

cc: Deb Barber, District 4 Metropolitan Council Member  
Jim Ische, Carver County Board  
Dave Hemze, Carver County Administrator  
Angela Torres, Sector Representative

May 7, 2015

Ms. Beth Reetz, Interim Director  
Community Development Department  
Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101-1805

Dear Ms. Reetz:

The City of Cottage Grove has taken the opportunity to review the Metropolitan Council's 2015 draft forecasts for population, households, and employment for our community, as well as the information on the methodology behind the creation of said forecasts.

Forecasts for City Of Cottage Grove

	Population			Households			Employment		
	2020	2030	2040	2020	2030	2040	2020	2030	2040
Forecasts (2014 as adopted)	37,500	43,200	49,300	13,700	16,200	18,600	7,600	8,400	9,600
Draft forecasts (2015 update)	38,400	42,200	47,000	13,300	15,200	17,300	7,700	8,400	9,000

Given an uninterrupted cycle of the marketplace, the City would concur that the projected numbers are a reasonable estimate with which to base future land use and infrastructure planning. The City is actively preparing for the upcoming updates to our Comprehensive Plan. Cottage Grove is a growth-oriented community which will continue to provide for orderly and fiscally responsible planning and related infrastructure to meet the needs of the expected growth.

Just as the City makes infrastructure investments to support growth, we would encourage the same commitment from our regional partners. The region must provide increased transit opportunities, improved roadways, adequate waste facilities, and sustainable water supply for the southeast metropolitan area.

Over 30 percent of the estimated 2,200 new households projected for 2020 to 2030 in Cottage Grove are identified as needing to be affordable. This is an unrealistic goal. Without a radical shift in regional funding and programs to support that cause, growth will be hindered or not completed as planned. The City currently has an abundant number of affordable units with 2,170 units or 18.5 percent of our existing housing stock at or below the 2014 60 percent AMI affordable house value index of \$166,000.

Our staff will continue to work with the sector representative for Cottage Grove and other Metropolitan Council staff to plan for the anticipated growth. Thank you for the opportunity to review the estimates.

Respectfully,



Myron Bailey  
Mayor

**From:** Jack Davis [<mailto:jack.davis@ci.east-bethel.mn.us>]  
**Sent:** Friday, May 15, 2015 1:05 PM  
**To:** Barajas, Lisa  
**Cc:** Steve Voss; Tim Harrington; Ron Koller; Brian Mundle; Tom Ronning  
**Subject:** FW: East Bethel and the Met Council Housing Policy Plan- Comments

Lisa,

This is the City of East Bethel's comments regarding amendments to the MET Council's Housing Policy Plan. The City's position is:

- We have met our allocation of affordable housing and this issue is addressed in our Comprehensive Plan
- Any further allocation to East Bethel is not warranted as our population has declined since 2010 and MET Council's projections for 2030 have been revised downward from 23,000 to 16,000. The projected 30% decrease in our population growth, should if anything, reflect a reduction in our allocation.

We object to any increase over the allocation that we cover in our Comprehensive Plan. If there is an increase assigned to the City, we wish to appeal the decision.

Thank you.

Jack Davis  
City Administrator  
City of East Bethel  
2241 221st Avenue NE  
East Bethel, MN 55011  
Direct - 763-367-7850  
Fax - 763-434-9578  
[jack.davis@ci.east-bethel.mn](mailto:jack.davis@ci.east-bethel.mn)

**From:** Will Stancil [<mailto:whstancil@gmail.com>]  
**Sent:** Monday, May 11, 2015 3:52 PM  
**To:** Jack Davis  
**Subject:** East Bethel and the Met Council Housing Policy Plan

My name is Will Stancil, and I am a staff attorney at the Institute on Metropolitan Opportunity at the University of Minnesota. I write informally with a question about an important matter of regional policy. Our calculations show that the Met Council is preparing to adopt a housing policy which places a greatly disproportionate burden on East Bethel, allocating it 230 units of affordable housing beyond its fair share. Any insight you could provide on the matter would be greatly appreciated. Details are below.

As you may know, through next Friday, the Met Council is accepting comments on proposed amendments to its Housing Policy Plan, including a new formula for determining affordable housing need in cities such as East Bethel. The Council's determination of affordable housing need occupies a central role in its interactions with local governments: it requires that city comprehensive plans guide sufficient land to accommodate these allocations, and there are a number of other mechanisms the Council can and use to enforce these allocations, including funding conditioned on its Housing Performance Scores.

Given the centrality of the need allocations, it essential for the Council to use a rational and equitable formula to determine need. We believe, however, that the currently proposed formula insufficiently accounts for preexisting affordable housing in each municipality. It does so by only making small proportional adjustments to housing allocations, so that even communities with a significant current surplus of affordable housing can receive large goals -- sometimes larger than very high income communities which have produced little affordability in the past.

We are concerned that this approach places an unfair burden on communities that already contributing their fair share -- or greater -- to the region's affordable housing stock. It also potentially undermines the Met Council's professed objective of eliminating segregation and concentrations of poverty.

We at the Institute have produced an alternative need model. We believe this model to be a simpler, fairer, and more straightforward method of determining need. Our "fair share" model simply subtracts existing affordable units from each city's allocation, reducing the affordable need allocation by one for every extant unit of affordable housing.

Using these projections, we have discovered that the Met Council's proposed formula seriously impacts your community: its approach allocates East Bethel 230 units, while our approach reduces that allocation to 0. (If you're curious, I've attached a map comparing the results of our fair share model and the Met Council's proposal, and we're happy to provide more information upon request.)

We plan to submit this alternative formula before the comment period closes on Friday, and recommend that it be adopted in place of the current proposal. However, we are also interested in hearing the input of the communities most heavily burdened by the Met Council's plan. As East Bethel is one such community, we are curious about the city's take on the Met Council's need allocations. Is East Bethel intending to submit comments on the amendments to the Housing Policy Plan? If so, does it broadly approve or disapprove of the amendments? Are there any considerations we could or should take into account in our comments? We are committed to a fairer metropolitan housing policy, and if there is sufficient interest, have also considered convening a meeting in which local representatives could present their viewpoints on the Met Council's proposed allocations.

Thank you for your time.

City of Independence

**From:** Spencer, Brad (RBC Wealth Mgmt) [mailto:brad.spencer@rbc.com]

**Sent:** Monday, March 30, 2015 3:52 PM

**To:** Toni Hirsch

**Subject:** RE: Housing Policy Plan Amendment - Comment Period to 5/15

With most of our city un-sewered Ag preserve and our density restricted to large lot sizes I'd say our allocation of 45 should actually be Zero. Large lots and low income housing do not go together. Development of that level would be impossible under current Comprehensive plan and Met Council restrictions.

Brad L. Spencer  
Vice President – Financial Advisor  
RBC Wealth Management  
952-476-3734



City of Lakeville  
*Positioned to Thrive*

May 11, 2015

Metropolitan Council

MAY 13 2015

Adam Duininck, Chair  
Metropolitan Council  
390 Robert St. N.  
Saint Paul, MN 55101

Received Chair's Office

RE: 2040 Housing Policy Plan

Dear Mr. Duininck:

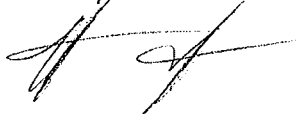
The City of Lakeville has reviewed the 2040 Housing Policy Plan (2040 HPP) and proposed amendments dated March 16, 2015 in advance of the City's efforts to undertake an update of the Lakeville Comprehensive Plan by December 31, 2018 as required by State Law. Lakeville concurs with the Metropolitan Council that providing for a diversity of viable housing options for persons of all ages, incomes and life circumstances is a fundamental goal important to the quality of life in the community and economic vitality of the City. The City's review of the 2040 HPP and the comments outlined herein are made in consideration of Lakeville's own vision for growth and development that will continue in the community as well as the guidelines of the Thrive MSP 2040 regional plan.

- The proposed amendment of the HPP changes the focus of the document from guiding development of regional and local housing policy to effectively mandating the City implement programs, fiscal devices and other specific actions (Minnesota Statutes 473.859, Subd. 4) to achieve affordable housing targets defined for Lakeville by the Metropolitan Council. The City of Lakeville strongly believes that our elected officials are acutely aware of the City's housing needs and consistently review our plans and goals to address the changing demographics in our city.
- The Metropolitan Council's allocation for affordable housing units includes adjustment factors such that cities like Lakeville are expected to develop affordable housing beyond their proportionate share of the region's affordable housing needs within the 10 year period from 2020 to 2030.
- The City will need to designate within its 2040 Staged MUSA Expansion Areas Plan and 2040 Land Use Plan a minimum of 176 acres of land for development by 2030 at densities of eight dwelling units per acre or more at which housing units available at 80 percent of the AMI can be constructed. The area of land for development at these densities likely can be guided along Cedar Avenue within the Special Plan Area designated by the 2008 Lakeville Comprehensive Plan.

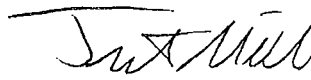
- The City is concerned that the Metropolitan Council's allocation of 35 percent of the new housing units in Lakeville constructed between 2020 and 2030 will be available at less than 80 percent of AMI is not likely to be achieved given an evaluation of the existing housing supply, current and probable future market factors or fiscal resource requirements for development in Lakeville.
- The inability of the City to meet the Metropolitan Council's targets for affordable housing has potentially severe implications for other elements of development in Lakeville due to the resulting effect to the City's Housing Performance Score. A low Housing Performance Score would decrease the City's ability to obtain certain Metropolitan Council housing incentive funding for development of affordable housing and regional funding for critical infrastructure needed to accommodate overall allocations of development as part of ThriveMSP 2040.

Lakeville appreciates the opportunity to provide these comments on the draft 2040 HPP to the Metropolitan Council. Lakeville will continue to expand its efforts in regards to affordable housing when it has the ability and resources to do so. However, the City is concerned that the affordable housing goals set forth by the Metropolitan Council for Lakeville in the 2040 HPP are unrealistic for the City to achieve and will ultimately negatively affect the City's ability to support the region's growth and development projected by ThriveMSP 2040. If additional discussions are warranted, or you would like additional information from the City regarding these comments, please do not hesitate to contact City staff.

Sincerely,



Matt Little  
Mayor



Justin Miller  
City Administrator

- c. City Council  
Wendy Wulff, Metropolitan Council District 16  
Justin Miller, City Administrator  
Daryl Morey, Planning Director  
David Olson, Community and Economic Development Director  
D. Daniel Licht, The Planning Company LLC

May 15, 2015

Libby Starling  
Metropolitan Council  
390 Robert Street North  
Saint Paul, MN 55101

RE: Metropolitan Council's draft amendments to the Housing Policy Plan

Dear Ms. Starling,

Thank you for the opportunity to comment on the Metropolitan Council's draft amendments to the Housing Policy Plan. The City appreciated the opportunity to have Minneapolis staff represented on the working groups that aided in the formation of the amendments to the Allocation of Affordable Housing Need, Housing Performance Scores, and Comprehensive Plan requirements for Housing.

We wish to reiterate a comment the City of Minneapolis provided in 2014 on the draft Housing Policy Plan: "We appreciate the work of the Metropolitan Council staff and the project group that helped to develop the draft plan. We commend you on developing a strong document and taking the leadership to renew the Housing Policy Plan." The City believes the proposed amendments to the Housing Policy Plan will serve the region well. Below you will find additional comments on the proposed amendments to the Housing Policy Plan.

*The Housing Policy Plan needs to be stronger in identifying the resource challenges facing the production and preservation of affordable housing.* The City of Minneapolis is appreciative that the proposed amendment attempts to quantify the resources needed to fund the production of affordable housing to meet the established regional need of affordable housing for 2021-2030 at \$5 billion. This is an important figure that helps to illustrate the dire need for additional resources and the examination of policies and tools to provide for the needed affordable housing. We believe making the case for resources, as well as new and refined tools and policies, to meet the affordable housing need are incredibly important. Important enough that that this figure should not only be mentioned in the amendments on page 79, but integrated into the plan's Introduction under "Housing challenges facing our region today and tomorrow."

*The City supports the Allocation of Affordable Housing Need methodology and its application.* We believe the refinements proposed in the amended Housing Policy Plan will serve the region and the City of Minneapolis well.

*The City supports the proposed methodology for calculating the Housing Performance Score.* We believe the methodology and the application of the Housing Performance Scores supports the adopted approach in *Thrive MSP 2040* to make scarce regional resources be more impactful. The City notes that the actual Housing Performance Scores under this proposed methodology have yet to be calculated for the City of



Minneapolis or other cities. We support a review of the Housing Performance Score methodology a few years after implementation to determine if refinements are warranted.

The City supports the proposed Housing Requirements for Local Comprehensive Plans that are identified in the amended Housing Policy Plan. We believe the refinements proposed in the amended Housing Policy Plan will serve the region well.

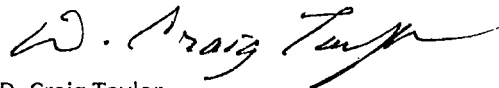
The proposed amendments to the Housing Policy Plan include revised language regarding the potential use of the Sewer Availability Charge to promote affordable housing. The City of Minneapolis reiterates the comment it submitted in 2014 on the Housing Policy Plan regarding the Sewer Availability Charge.

The City of Minneapolis has consistently advocated for improvement to SAC including less complexity and lower rates. We have also advocated for a fee structure where there is a more direct correlation between the charge and the service or benefit rendered. Currently, all SAC rate-payers pay the same amount even though some sewer access projects require new infrastructure or a tremendous investment in existing infrastructure, while others may not require any change whatsoever. We are mindful that any increase in the volume of wastewater is already accounted for through the Metropolitan Wastewater Charge (MWC).

Minneapolis supports the goal of finding additional funding sources for affordable housing development and preservation. The current proposal lacks detail so it is currently unclear if an Affordable Housing SAC Credit is the most effective tool to achieve the desired outcomes. We would be open to discussing the issue further, particularly in the broader context of the SAC fee structure. As a cost-for-service program, we believe SAC rates should be determined based on the costs of providing wastewater services. A credit program with a neutral impact on rates may be desirable. We would be sensitive to proposals which could lead to an increased burden for SAC rate-payers, or that could affect the MWC rates as the result of MWC transfers to SAC to cover deficient balances.

We look forward to continued collaboration with you and your staff on these and other topics. If you have any questions or require further clarification please do not hesitate to contact Kjersti Monson, Director of Long Range Planning.

Sincerely,



D. Craig Taylor  
Executive Director  
Community Planning & Economic Development - CPED

CC:

Kjersti Monson, Director of Long Range Planning, CPED  
Andrea Brennen, Director of Housing Policy & Development, CPED  
Jack Byers, Manager of Long Range Planning, CPED  
Mark Van der Schaaf, Metropolitan Council  
Michael Larson, Metropolitan Council



## CITY OF ORONO

Street Address:  
2750 Kelley Parkway  
Orono, MN 55356

Mailing Address:  
P.O. Box 66  
Crystal Bay, MN 55323

Telephone (952) 249-4600  
Fax (952) 249-4616  
[www.ci.orono.mn.us](http://www.ci.orono.mn.us)

May 12, 2015

Freya Thamman, Sector Representative  
Metropolitan Council  
390 North Robert Street  
St. Paul, MN 55101

Re: Comments on Forecasts and 2040 Housing Policy Plan Amendments

Dear Ms. Thamman:

The City of Orono is in receipt of the updated Population, Household and Employment Forecasts distributed by the Metropolitan Council in April. We note that while the forecasts exhibit modest increases from those adopted in 2014, they would appear to be within the general ranges expected based on an analysis conducted by City staff in Fall 2013.

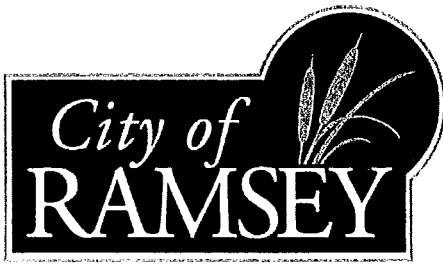
We do have a concern regarding the recent draft amendments to the 2040 Housing Policy Plan. The Plan indicates that of approximately 350 new households forecasted to be created in Orono during 2021-2030, the City's allocated share of affordable housing need for that period is 153 units, or just over 40% of the total growth. With affordability separated into three distinct levels based on median income, the Plan suggests that within the <30% of median income level, Orono should plan to provide for as many as 66 new homes at a price point of \$74,000 in order to accommodate Households with incomes of \$24,700. Within the 31-50% range, an additional 50 units at a price range of \$133,000 are allocated to Orono, with 37 units indicated for the 51-80% range with a price point of \$217,000.

Given the high land values and limited areas of the City where land is available with the types of services necessary to accommodate affordable housing, we believe that achieving the low- and mid-range allocation goals will be extremely difficult at best. It would be Orono's goal to focus on the high end of the allocation range in evaluating the options for achieving a reasonable level of affordability in new housing as Orono nears a fully developed status over the next two decades.

Please feel free to contact me or City Administrator Jessica Loftus if you have any questions.

Sincerely,

Lili Tod McMillan  
Mayor, City of Orono



7550 Sunwood Drive NW • Ramsey, Minnesota 55303  
City Hall: 763-427-1410 • Fax: 763-427-5543  
www.cityoframsey.com

April 29, 2015

Metropolitan Council  
Attn: Adam Duinick, Chair  
390 Robert Street N  
St. Paul, MN 55101-1805

RE: Draft Housing Policy Plan (2015 Amendment)

Chair Duinick:

Thank you for the opportunity to review the regional Housing Policy Plan 2015 Amendment. Please include our comments from our September, 2014 submitted comments as well. Some of our broader policy comments are repeated in this response, with our revised comments in the bullet list below. The City supports the Metropolitan Council's goals in promoting its housing goals. However, the City wants to ensure that it does not result in mandates that might be in conflict with our existing land use goals. The following comments are compiled of consensus of our Planning Commission and City Council.

#### General Assumption

- The following comments are based on the assumption that no changes to our Future Land Use Map nor our Housing Assistance Policy will be necessary in order to achieve the standards contained within the proposed amendment to the Housing Policy Plan.

#### Statement of Support

- Ramsey Appreciates the flexibility granted in the Housing Performance Scores that recognizes variation in new construction levels and acknowledges policies that encourage affordable housing even if actual construction not experienced in a given year. Ramsey supports the multiple thresholds, including the threshold of up to 80% AMI, where this was previously 60% AMI. Finally, Ramsey supports points awarded for all local tools provided and acknowledgment of other county, city, non-profit, and state programs that provide tools to the City.
- Ramsey supports the clarification on existing statutory requirements and submittal requirements versus recommended strategies as it relates to the requirement to create a Housing Plan at the local level.

#### Priority Areas of Concern

- Regarding language on page 8 and 13, regarding the utilization of the Sewer Availability Charge (SAC) as a tool to promote affordable housing, the City desires to clarify that SAC policies should not result in limitations in future expansion of the Metropolitan Urban Service Area (MUSA). If this language is to be interpreted in such a way that future MUSA expansions may be limited if the City does not achieve its affordable housing goals, then the City objects to this language. If the language allows only for the utilization of SAC as a financial tool, then the City is fine with the language.

- Ramsey appreciates many of the peer and comparable communities included in the two (2) working groups that helped shape the amendment. That being said, in retrospect, the City of Ramsey would have desired to see that there was additional representation from Anoka County communities on the Working Group. Are there documented summaries of these working group meetings?
- The City of Ramsey feels that the report fails to quantify different socioeconomic factors between individual communities. It appears that the methodology is focused heavily on existing regional and local forecasts.
- The City of Ramsey feels that the report lacks a focus on an increase in aging population, a key housing priority for the City.

#### Questions/Clarification

- Ramsey requests clarification on the definition of Affordable Housing as it relates to land use planning. It is our understanding that the current definition is six (6) units per acre, but the amended plan notes ranges from eight (8) units per acre to twelve (12) units per acre. Ramsey simply desires to better understand how our allocation of affordable housing will be impacted by these thresholds based on our current Future Land Use Map. Our current definition of Medium Density Residential is 3-7 units per acre. Our current definition of High Density Residential is 7-15 units per acre. Our concern is that Ramsey will not receive credit for areas currently shown as High Density Residential which we feel will provide the necessary housing variety and is already currently in our land use plan. Perhaps our areas of High Density Residential will qualify in part two (2) of Option 2 (see page 11 of amended plan). This is important as it relates to how we accomplish our allocations published in the exhibits to the amended plan.
- Please define what you mean by 'updated housing requirements' under your implementation plan. Previously, this simply stated review criteria.
- Ramsey acknowledges that our comment desiring to see the methodology of allocating affordable housing need has been incorporated. Ramsey desires a process to help refine these numbers upon output to ensure that these allocations are in line with local experiences. In other words, will there be some process to help refine or amend these numbers at the request of local communities? We believe a process currently does exist, but want to better understand if that process will change with the new methodology.

#### Technical Detail Comments

- Please note that Exhibit Titles are not matching the correct page. Perhaps this is a result of 'Tracked Changes'
- Based on Exhibit 2 on page 30, Ramsey's allocation of affordable housing will be adjusted downwards. Ramsey does not object. It appears that according to Metropolitan Council data, 66.4% to 79% of homes constructed in Ramsey are affordable to households at or below 80% AMI.
- Subject to how the Metropolitan Council will calculate areas guided for Medium Density (3-7 units per acre) and High Density (7-15 units per acre) Residential, Ramsey does not object to the overall allocation of 438 affordable units. Ramsey assumes that our current Future Land Use Map will be able to accommodate this allocation. If the Metropolitan Council feels adjustments to our Future Land Use Map are necessary to accomplish this allocation, please inform us. Otherwise, we will move forward on the assumption that no changes to our land use plan are necessary in order to achieve this allocation.
- It appears that our comment regarding 'normalizing' our Housing Performance Score has been incorporated to a degree. Acknowledgement of future forecasted growth and history of activities of the past ten (10) years has been added. Ramsey desires to see how our Housing Performance Score will be impacted based on the new methodology.

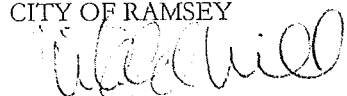
- Under Housing Programs and Policies, we desire to understand if the programs provided by Anoka County will qualify for our Housing Performance Score. We do not desire to duplicate these already existing services and programs. We will reserve our final comments on this factor until we can see how the broad matrix applies to our local example.

The City of Ramsey continues to express a concern with our published forecasts as it relates to the current system plans. While we acknowledge our Land Use Plan can accommodate these forecasts, we feel the system plans for Transportation and Water Supply lack the necessary investments to accommodate this growth.

Ramsey notes that it will take strong partnerships between the Metropolitan Council and local governments to achieve the allocations by bands in Exhibit 6. Specifically, Ramsey desires a conversation regarding our ability to achieve the allocation of affordable housing at the 30% AMI level. Based on our experience, the surrounding market, and some of the goals of Property Owners with areas guided for the appropriate densities for affordable housing, Ramsey finds it will be difficult to achieve these goals without assistance of programs such as the Livable Communities Program of the Metropolitan Council, the Minnesota Housing Finance Agency, and the Anoka County Housing and Redevelopment Authority.

Sincerely,

CITY OF RAMSEY



Tim Gladhill

Community Development Director

CC: Edward Reynoso, Metropolitan Council Member, District 9



(763) 428-2253

---

22350 South Diamond Lake Road · Rogers, Minnesota 55374

VIA E-Mail

May 15, 2015

Metropolitan Council  
390 Robert street North  
St. Paul MN 55101  
[Public.info@metc.state.mn.us](mailto:Public.info@metc.state.mn.us)

Re: Draft Housing Policy Plan Amendment Comments

The City of Rogers has reviewed the draft Housing Policy Plan Amendment and would provide the following comments:

- The allocation method uses three bands of affordability with regard to distribution of affordable housing. **We would note that meeting housing needs, especially at the lower bands, would require significant and onerous public subsidies which cities like Rogers cannot likely achieve, especially while already losing 15-20% of our tax capacity to the Metropolitan Fiscal Disparities Pool on a net basis and receiving no Local Government Aid. The current system of taxes and credits significantly impacts the resources available to cities like Rogers' in responding to demands such as affordable housing production.**
- The proposed affordable housing allocation adjusts for existing housing stock and proximity of low-wage jobs to workers, but does not adjust separately for transit/transportation access, as this factor is accounted for in growth forecasts. Metro Cities' policies support adjusting for transit/transportation access, and would request the amendment to be more explicit as to how this adjustment is accounted for in the forecast model, so that this information is transparent and can be appropriately evaluated. This is especially important for a city like Rogers which receives no service from Metro Transit.
- We would emphasize the Council's review and comment role with respect to local comp plans. No additional content or format for the completion of comp plans that goes beyond the Land Use Planning Act or is needed for the Council to perform its statutory functions, should be required for the review of local comprehensive plans. City officials

must follow their respective local codes and ordinances and balance political considerations and other city needs and demands, and these all bear on what resources might be available or are practical for any given city.

- Any long-range plan must balance consistency of the requirements across the region with sufficient local flexibility and not prescribe or judge any city's use or non-use of particular tools and resources. The types of local tools and resources cities employ to meet housing or any other local needs are local decisions, to be made by local elected officials, and whether particular tools are reasonable for a given community are decisions that other communities, and not the Metropolitan Council, are in a position to make.
- Density requirements must be reasonable and take into account the impacts of market trends on city development/redevelopment activity. Prescribed densities that would require the development of high-density apartment or medium-density townhome development cannot be consistently achievable in all cities due to market forces well beyond the control of cities. We would request that staff work to provide additional clarity and assistance to local communities around the new density requirements. The new density requirements, as they would apply to a particular city, are not clear in terms of intent or practical impact. While increasing densities might help to support the production of affordable housing, regulatory density requirements cannot create a market where one does not exist. **Increased densities are not the sole answer to affordable housing, nor should affordable housing be the sole or primary criteria on which a community's densities are based.** Moreover, while higher densities may, in some circumstances create affordable housing, those same density requirements may very well cause other unintended problems in terms of service demand, etc., which will compete for a given city's financial resources. **Finally, the policy must be sufficiently flexible to allow for differences in city needs, capacities and market trends.**

#### **General Comments Regarding the Housing Policy Plan:**

##### Sewer Availability Charge

Explore developing an "Affordable SAC Credit"

While such a program could provide an economic incentive program to cities that are connected to the Metropolitan system, it could also give the more urbanized communities an economic advantage over cities that are not connected to MCES sewer, as cities like Rogers would not be able to provide the same incentive given the needs of our standalone treatment facility. If an "Affordable SAC" program were to be adopted, some additional resources (e.g., grants) should be provided to communities operating their own local wastewater treatment operations.

##### Regional Solicitation for Transportation Funding

The Housing Policy Plan adopted in December 2014 includes the use of Housing Performance Scores in the scoring of the Regional Solicitation process. The City of Rogers continues to object to this element. While we recognize affordable housing needs are used as a scoring element, the use of Housing Performance Scores are not equitable when relating to transportation needs, which should be based on regional traffic and safety needs. Although City of Rogers has historically scored lower on the Housing Performance Score, this in no way reflects upon the

transportation needs for the city as a whole or those of the larger region. The City of Rogers serves a regional traffic hub that continues to increase in congestion and as the regional continues to grow.

Rogers is a jobs center that includes a vibrant commercial/industrial base and a significant warehouse/distribution hub. Our distribution centers have been located largely to serve the entire Metropolitan Council region and population, whether that population resides in affordable or market-rate housing. Without the free-flow of traffic to and from such areas around the region, the cost of bringing products to market increase for all residents, counter to the goals of creating affordability.

While our Housing Performance Score may generally be on the lower end of the spectrum, **we are extremely proud to have created 10,000 jobs within our City of 12,000 people. The extent to which something (housing) is affordable is measured by its cost relative to a consumer's ability to pay. The affordability of housing, then, is affected by available resources (income) every bit as much as it relates to housing cost. A very robust argument could be had as to which is the more helpful and sustainable approach to increasing regional "affordability:" providing housing at a subsidized cost or providing job creation that expands a family's resources and self-sufficiency. Most would agree that both approaches are extremely important and should deserve credit when it comes to distribution of regional infrastructure dollars, in this case, transportation funding.**

Thank you for considering our comments as they relate both to the forthcoming action on the Housing Policy Plan Amendment, as well as the Plan's subsequent implementation.

If you have any questions feel free to call me at 763-428-2253.

Sincerely,



Steve Stahmer  
City Administrator



May 5, 2015

Mr. Adam Duininck, Chair  
Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101

**Metropolitan Council**

**MAY 12 2015**

**Received Chair's Office**

RE: 2040 Housing Policy Plan Amendment May 2015

Dear Mr. Duininck:

The purpose of this letter is to submit comments to the Metropolitan Council from the City of Rosemount on the 2040 Housing Policy Plan Amendment-May 2015. We have reviewed the draft Amendment and appreciate the opportunity to provide feedback. The City of Rosemount's comments follow:

- The previous Housing Policy Plan was released without the revised Housing Performance Score survey, the methodology for determining the local affordable housing needs, and the Comprehensive Plan review criteria. The Amendment addresses two of the three stated items, but again does not provide the revised Housing Performance Score survey. It is unclear why the Survey contents are undetermined when the Survey is considered by the Agency as an important tool for future decision making, such as for regional transportation funding. The City continues to request a draft of the Survey with the ability for future dialogue.
- The amount of affordable housing for the City of Rosemount will be difficult to achieve as it represents 34.6% of all new housing projected in the community until 2030. The City is not opposed to provision of affordable housing but does not have access to enough financial tools to provide the amount projected in the Amendment. When Metropolitan Council staff was asked about the inability to adequately meet goals of the Amendment, including the provision of lands designated with higher densities, it was indicated that the City did not have to participate in the Livable Communities Program. It is assumed that the Metropolitan Council is not trying to prompt cities to drop out of the Livable Communities Program as a result of the proposed policies. This is not an adequate response to the question about setting reasonable goals.
- Staff was informed that the affordable housing numbers are adjusted for existing housing stock and local employees. However, it was indicated that they were not adjusted for access to transit since the overall regional model took transit into account. While the regional model may consider transit, most of the transit continues to be centered in the central cities and inner ring suburbs where land for development is scarcer. While Rosemount does not have many transit opportunities, we have significant land available for development and therefore have the tenth-highest affordable housing allocation of all communities included in the seven county metro area. The City of Rosemount does not currently have the services

***SPIRIT OF PRIDE AND PROGRESS***

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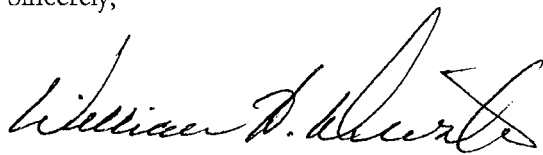
[www.ci.rosemount.mn.us](http://www.ci.rosemount.mn.us)

available to accommodate the 832 affordable housing households desired in the Plan. And the region has made it clear that there will not be significant transit investments in Rosemount in the near term.

- Staff was informed that rehabilitation of affordable housing units would receive credit in the Housing Performance Score survey if the investment was made by the public sector rather than the private sector. Rosemount questions why there is a differentiation. So long as affordability is preserved, why does it matter how the unit rehabilitation was funded?
- Staff was informed that Metropolitan Council staff will be flexible in some areas of implementation if previous local activities have resulted in affordable housing. The document does not appear to provide for this stated “negotiated flexibility.”
- Similar to our comment about the Housing Policy Plan, the Plan should be created to provide flexibility, recognizing that the communities in the Metropolitan area are different and one size will not fit all. Further, given the time horizon of the upcoming 2018-2040 Comprehensive Plan, the Housing Policy Plan should build in an ability to be more nimble. As we experienced in the last decade, the economic downturn raised issues that were not anticipated when the last policy plan was adopted. This inability to react adequately to change created impediments to the City’s development goals.
- The City of Rosemount is indicating in this letter that we will strive to meet affordable housing targets but we question whether there are adequate resources available to provide over one-third of the City’s growth as affordable units.

We thank you for the opportunity to comment on the 2040 Housing Policy Plan Amendment-May 2015. We look forward to continue working with the Metropolitan Council on revising and creating a Housing Policy Plan that will addresses the housing needs of a growing Rosemount and a growing region.

Sincerely,



William H. Droste  
Mayor

cc: Steven Chavez, District 15 Metropolitan Council Representative  
Wendy Wulff, District 16 Metropolitan Council Representative



CITY OF SAINT PAUL  
*Christopher B. Coleman, Mayor*

25 West Fourth Street  
Saint Paul, MN 55102

Telephone: 651-266-6565  
Facsimile: 651-266-6549

May 15, 2015

Mr. Adam Duininck, Chair  
Metropolitan Council  
390 Robert Street  
Saint Paul, MN

RE: City of Saint Paul Comments on the Metropolitan Council's Proposed Amendments to the 2040 Housing Policy Plan

Dear Mr. Duininck:

The City of Saint Paul has the following comments on the proposed amendments to the Housing Policy Plan. These comments focus on the affordable housing estimates, the distribution of these estimates to the three bands of affordability, and issues related to the requirements of the Housing Element of the 2018 comprehensive plan update.

**Over Estimation of Existing Affordable Housing**

The City of Saint Paul is concerned that the Metropolitan Council is over estimating the number of affordable owner-occupied housing units through its exclusion of utilities and property maintenance or associations fees (depending on dwelling type) and, as a result, does not recognize the true regional and local need for affordable housing. HUD considers affordable housing as units where households are paying less than 30% of their income towards housing costs, including utilities. The Metropolitan Council does not take this approach. Instead in the Housing Policy Plan, the agency identifies the number of affordable owner-occupied units (up to 80% of AMI) by determining what a monthly mortgage payment would be based on a series of assumptions on down payment, interest rates, tax rates, and insurance costs (mortgage and homeowners). This equation does not take into consideration monthly utility costs and property maintenance, which takes the form of association fees in townhome and condominium housing types. Housing in Saint Paul is significantly older than much of the metropolitan area. With older, less energy efficient homes, both property maintenance and utility costs are expected to be higher within the city than in communities where newer housing has been built to modern energy code requirements.

The City of Saint Paul recommends that the Metropolitan Council more accurately portray the amount of affordable owner-occupied housing in the region and in Saint Paul by undertaking a more nuanced approach in its estimates. As the entire basis of the existing formula is a series of assumptions, making more informed assumptions on existing data sets is possible. For example,

the Council could determine a general utility cost analysis based on age of structure with greater utility costs associated with older structures and decreasing costs as energy codes were put into place. Another alternative would be to make a determination of average utility cost based on the city types used for comprehensive planning. It is expected that the older homes in Minneapolis and Saint Paul would have similar utility costs, the inner-ring suburbs would have similar utility costs, and the suburban communities would have similar utility costs. The Metropolitan Council should also develop a cost for property maintenance and association fees. It seems that maintenance costs could be either tied to the age of individual units or a scale developed for like communities, and association fees determined by surveying townhome and condo associations. It is critical that the Metropolitan Council more accurately estimate affordable housing need so that policymakers at the state and federal levels understand the pressing need for more affordable housing resources.

### **Distribution of Affordable Housing within Affordability Bands**

The City of Saint Paul is concerned about the Metropolitan Council's approach to the distribution of affordable housing into the three "bands" of affordability without consideration to the existing level of need within the community or metropolitan area. For example, Saint Paul has an immense existing need for housing at the 0 – 30% of AMI band and, through this process, was allocated 877 households in the 0 – 30% of AMI band for the ten-year planning horizon. According to the 2007 – 2011 Comprehensive Housing Affordability Strategy (CHAS) data, the City of Saint Paul has 24,300 households living at 0 – 30% of AMI of which nearly 80% experience some level of cost burden (20% cost burdened and 60% severely cost burdened). This allocation must consider the existing need for housing at the three levels prior to making the allocation. Crediting cities back the percent they exceed the current metropolitan average for each affordability band (with a minor "benchmarking" adjustment) without looking at the remaining need is too simplistic a formula for an extremely complex issue.

### **Comprehensive Plan Requirements**

1. Value of home affordable by income level: The City of Saint Paul takes issue with the affordable home prices by income level that the Metropolitan Council is putting forward in *Table 8: Affordable home prices by household income (2013)*. As described in the previous section, this calculation excludes key housing costs, such as utilities, annualized home maintenance costs, and association fees for condominiums and townhomes. Basically homeowners buying at this level will be cost burdened once all housing costs are considered. The City would like more realistic estimates to be considered.
2. Inclusion of 80% of AMI map: This map will provide little value in a city-wide plan for housing goals and policies over a 30-year time horizon. This element should not be required.

Should you have any questions on these comments, please feel free to contact Jamie Radel at 651-266-6614.

Sincerely,



Jonathan Sage-Martinson, Director  
Department of Planning & Economic Development

**From:** Nate Sparks [<mailto:nsparks@nacplanning.com>]  
**Sent:** Thursday, May 14, 2015 12:57 PM  
**To:** PublicInfo  
**Cc:** Joe Kohlmann  
**Subject:** St Francis - Public Comment - Affordable Housing Policy Plan

The City of St Francis would like to provide the following comment regarding the Affordable Housing Policy Plan:

The City of St Francis is concerned about the number of affordable housing units that are expected to be provided by the City in the 2020-2030 period and respectfully requests the number be reduced. With limited transportation and employment options, the City is concerned that it will be difficult to provide high-quality affordable housing to the level required by the draft policy plan.

Thank you for your consideration,

Nate Sparks  
City Planner  
City of St Francis  
(763) 231-2555

**From:** Nate Sparks [<mailto:nsparks@nacplanning.com>]  
**Sent:** Tuesday, May 12, 2015 5:13 PM  
**To:** PublicInfo  
**Cc:** Kevin Walsh  
**Subject:** St Paul Park - Public Comment - Affordable Housing Policy Plan

Greetings,

The City of St. Paul Park would like to provide the following comment regarding the Affordable Housing Policy Plan.

The City of St Paul Park has a general concern regarding the number of housing units expected to be provided in the period from 2020-2030. The City has some concern because of the limited availability of land that is ready for development within the City. With most of the new development in the City being infill development there are concerns that it may be difficult for the City to provide this number of affordable housing units based on current conditions and opportunities.

Thanks,  
Nate Sparks  
City Planner  
City of St Paul Park  
(763) 231-2555



## City of Victoria

Ph. 952.443.4210

Fax 952.443.2110

Metropolitan Council  
Attn: Adam Duninck, Chair  
300 Robert Street North  
St. Paul, MN 55101

Metropolitan Council

MAY 15 2015

Received Chair's Office

May 11, 2015

RE: Draft Amendment to 2040 Housing Policy Plan

Dear Mr. Duinck:

We appreciate the opportunity to comment on the Draft Amendment to the 2040 Housing Policy Plan (Housing Plan). It is understood from the current draft that emphasis is being placed on creating balanced housing options throughout the metropolitan region, most specifically relating to needed low income housing. As a community, Victoria is committed to creating and promoting housing diversity that would allow for our residents to have a home here in Victoria that meets the ever-changing needs of individual homeowners and families throughout the course of their lives. We are currently in the infancy stage of engaging our residents in a community conversation on housing diversity in hope of being able to more accurately seek out and accommodate the sizes, floorplans, and price points that will not only keep our residents in the community, but increase the availability of housing options for the region.

The Housing Plan indicates that three (3) key inputs were used to identify the assigned share allocation of low income housing for the City of Victoria: 1) number of existing affordable units; 2) presence of transit options; 3) proximity of low wage jobs. While these three inputs should aid in being able to estimate a proportionate balance of affordable living options in a given community, the formula identified in the plan does not weight the three inputs equally and as a result will render Victoria's ability to achieve the assigned allocation numbers as problematic. Victoria does not currently have a large number of qualifying affordable units based upon the criteria used in the Housing Plan and this factor is weighted significantly higher than the proximity of transit or low paying jobs; however, the fact that our community does not have access to transit and is not yet strong in our commercial/job base would serve as reasons why we've been challenged at seeing affordable units organically woven into our community to date. We are unaware of any future plans by the Metropolitan Council for investment in transit in Victoria or Carver County. We also understand that our housing performance scores will be used to evaluate future requests by our community for assistance in transportation infrastructure projects. Does the Metropolitan Council expect that Victoria should supply and meet the high target of allocated affordable housing unit numbers and place residents and families in a location that is absent affordable transportation options and is also a distance from large job centers? We would request further consideration in the allocation formula being revised to weight the three inputs equally to provide better representation of unique community conditions and planned regional investment in those inputs.

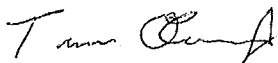
The City has concerns with how the targeted housing allocations will be enforced and our inability to seek funding through the Consolidated Request for Proposals process due to our Housing Performance Score preventing Victoria from qualifying



for those funds which, in turn, prevents our ability to achieve the specific allocation totals at 50% or less AMI. It is noted in the Housing Plan that a Council goal is to "Better recognize local variations in their fiscal, technical, and human resource capacity, existing built environments, cost and availability of land, and existing level of developer interest." We do believe that through our guided land use planning that Victoria is positioned well to provide diverse housing options as the City continues to grow; however, land costs, development fees, rising material costs, and elevated building code standards will challenge the development community and the City to achieve any allocation at or below the 50% AMI without outside funding sources. If developer interest was currently strong in providing affordable housing options in Victoria we would already have a larger proportional "equal share" of the regions total affordable housing stock. We would request that the Metropolitan Council identify how compliance with the housing allocation targets will be determined and any consequences for non-compliance, specifically if consequences further jeopardize our ability to participate in seeking funding sources to achieve the allocation levels.

We would request revision to the 2040 Housing Policy Plan Amendment specific to the formula used in the allocation of affordable housing. The formula should more accurately reflect a community's present market conditions, planned regional investment in transit, and proximity to low wage jobs or employment centers. We believe the current housing policy plan dismisses the unique characteristics and constraints of the City of Victoria and does not provide an equal opportunity to compete for housing development assistance through the Metropolitan Council's funding programs. We look forward to seeing additional discussions on the 2040 Housing Policy Plan and other various regional policy plans that will mold and shape our metropolitan area into a much more resilient place for generations to come. Should you need any clarifications or would like to discuss our concerns further, please contact me.

Sincerely,



Tom O'Connor  
Mayor  
City of Victoria, MN

CC: Deb Barber, District 4 Council Member  
Angela Torres, Sector Representative  
Victoria City Council  
Laurie Hokkanen, City Manager

Subject: Voicemail  
From: Susan Arntz <[sarntz@waconia.org](mailto:sarntz@waconia.org)>  
To: "Torres, Angela" <[Angela.Torres@metc.state.mn.us](mailto:Angela.Torres@metc.state.mn.us)>  
CC:

I was calling just to give you a heads up on the letter we were sending regarding our growth projections.

We have comments on the HPP but our voice is a bit too small and we don't really have the ability to determine how we are going to manage to create housing in various financial thresholds. It's not clear to me how the Met Council will manage those accomplishments other than using density. So, we're just going to march on.

Susan MH Arntz, ICMA-CM  
City Administrator  
City of Waconia  
201 South Vine Street  
Waconia, MN 55387  
Office: 952-442-2184  
Direct: 952-442-3100  
[www.waconia.org](http://www.waconia.org)

**From:** Mark Sather [<mailto:msather@whitebearlake.org>]

**Sent:** Monday, May 18, 2015 12:35 PM

**To:** PublicInfo

**Cc:** Rummel, Sandy; Anne Kane

**Subject:** Housing Plan

On behalf of the City of White Bear Lake I submit these comments regarding the affordable housing component of the Metropolitan Housing Plan. The City supports and encourages decent, safe and affordable housing for individuals and families of all ages and means in the metropolitan area and will continue to seek development of such opportunity within White Bear Lake. It has for over two decades actively promoted and facilitated affordable housing because it is called for in its Comprehensive and strategic plans, is considered essential to a quality community and it is beneficial to the metropolitan area. It will continue to do so.

During the comment period for the Housing Plan the City became familiar with a study and report prepared by the Institute on Metropolitan Opportunity from the University of Minnesota. This study points to what appears to be an unsupported and inequitable distribution of proposed affordable housing goals for cities already meeting their reasonable share of the needs. I understand the Institute has presented its findings as justification for changes in the proposed plan and therefore I will not repeat the basis for the argument that the proposed distribution of affordable units warrants reconsideration. In short, White Bear Lake is prepared to undertake its fair share of the affordable housing goals but based on the study and report of the Institute on Metropolitan Opportunity it expects the burden of the goals will be equitably and proportionately distributed with existing affordable units factored into the calculation. Please consider these comments and the Institute's study in your final decision. Thank you.

Mark Sather  
City Manager  
City of White Bear Lake



May 26, 2015

Comments on The Housing Policy Plan Amendment were received from the following counties/county entities:

Anoka County Housing and Redevelopment Authority  
Carver County  
Carver County Community Development Agency  
Hennepin County Community Works  
Washington County Housing and Redevelopment Authority



## ANOKA COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Scott Schulte, Chair  
Matt Look  
Rhonda Sivarajah  
Jim Kordiak

Julie Braastad, Vice Chair  
Robyn West  
Mike Gamache

May 14, 2015

Adam Duininck, Chairman  
Metropolitan Council  
390 Robert Street North  
Saint Paul, MN 55101

Dear Chairman Duininck and Council Members,

Thank you for the opportunity to comment on the draft Housing Policy Plan (HPP). Anoka County supports a plan that is fair and recognizes that not every community is the same. There are three very distinct rings of growth that identify the communities in Anoka County. On the southern end of the county, the communities are very urban. These cities are considered to be first ring suburbs with sewer and a large amount of affordable housing stock which is aging, but has served many generations as a gateway for immigrant families. The first ring communities are considered fully developed. The middle section of the county includes the largest cities in the county, Blaine and Coon Rapids, along with many other second ring communities, many of these communities are also fully developed and face the same redevelopment requirements as the first ring communities. These cities have also maintained very high rates of affordable housing. The northern part of the county is very rural. Many of the cities and the remaining township are primarily single family housing and are served with wells and septic systems.

What I have noticed in the draft HPP is a one size fits all solution to affordable housing. The draft plan attempts to credit cities that have affordable housing stock but the weighted formula does not adequately address the differences in housing supply. It still requires fully developed communities with significant amounts of affordable housing units to continue to add units. This could only be achieved through redevelopment activities that are very costly.

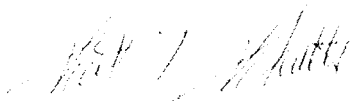
The rural communities face an entirely different challenge. Communities that have a majority of homes without water and sewer are being asked to increase affordable housing options without having reasonable access to funding sources. Based on these distinctly different housing patterns, I respectfully offer the following comments:

- First and foremost, housing is not a regional system with which the Metropolitan Council has statutory authority over. Cities, counties, private and non-profit developers are the drivers of housing in the region.

- Before adopting the HPP, I would encourage you to add definitions that describe the roles and responsibilities of the public, private, and non-profit communities that will be turned to when housing is being developed. In today's world there are many partners on any development. The HPP does not provide any information about partnerships needed to put projects together.
- The HPP talks about the need for \$5 billion in funding to support the housing goals set for the next decade. The only funding sources identified in the HPP are Livable Communities Program and Sewer Availability Charge as resources for developing housing. There is a huge disconnect between what these two programs can provide as funding and what the Council is expecting from cities. I would also encourage you to describe in greater detail funding mechanisms that will support the high goals you have set. If you are setting high goals for communities, there needs to be an understanding of resources available to meet development need.
- I am also concerned that while the Council convened stakeholder groups, the information gained during these discussions was not shared with the communities now being asked to respond to the HPP if adopted by the Council. The Housing Performance Scores were briefly discussed in the HPP, but it is not easy to interpret how they will impact a community. I believe that more discussion needs to take place before performance scores can be put into place.

Before the HPP is finalized, I would strongly encourage you to work with a broader range of stakeholders and provide better definition around the key areas indicated above. I find it very concerning that formulas for housing need, housing performance scores, and lack of appropriate funding to implement the goals of the Metropolitan Council have not been widely discussed with those who are expected to implement the goals. I would encourage you to step back from rushing this plan through the approval process.

Sincerely,



Scott Schulte, Chair  
Anoka County Housing and Redevelopment Authority

SS:KS:tp



Office of County Commissioners  
Carver County Government Center  
Human Services Building  
602 East Fourth Street  
Chaska, MN 55318-1202  
Phone: 952 361-1510  
Fax: 952 361-1581

Metropolitan Council  
MAY 12 2015  
Received Chair's Office

May 5, 2015

Adam Duinick, Chair  
Metropolitan Council  
300 Robert Street North  
St. Paul, MN 55101

**RE: Draft Amendment to the 2040 Housing Policy Plan (HPP)**

Dear Chair Duinick,

Thank you for the opportunity to comment on this amendment to the 2040 Housing Policy Plan (HPP). A number of communications from the County Board to Former Chair Haigh and from County staff to Council staff have stated that significant investment in housing options will be needed to attract and retain a competitive workforce and meet the changing needs of seniors in Carver County. Although Carver County's numbers are smaller for these populations, the market challenges related to affordable housing development are significant.

Land prices, development fees including Sewer Access Charges (SAC), and rising material costs are a few examples of challenges organizations like the Carver County Community Development Agency (CDA) face when pursuing affordable housing projects. The CDA's on-the-ground experience demonstrates that affordable housing projects do not come together without assistance from communities, the Metropolitan Council, and other outside sources working together. This letter identifies areas that can be improved in order for the Council to support communities more effectively to achieve the ambitious housing allocations.

1. HPP amendment language explains that affordable units should be allocated across the region's communities in a way that places more units where they will expand housing choices the most. At the same time, HPP policies stress that the Council will focus its affordable housing development assistance in transit oriented development (TOD) along fixed transitways. Most communities in the region and all communities in Carver County do not have fixed transitways identified in the Transportation Policy Plan.

*Carver County requests that the Metropolitan Council re-evaluate its strategies to support affordable housing development so that all communities can reasonably compete for scarce funds. Market realities dictate that financial assistance is a key component to successfully developing affordable workforce and senior housing options regardless of proximity to fixed transitways. This holds true for all bands of affordability, but particularly for units affordable to incomes at or below 50% AMI.*

2. Page 47 of the HPP states that Housing Performance Scores will be used in the Regional Solicitation for federal transportation funding. A list of Council Actions on Page 8 of the HPP amendment states that the Council will, "discontinue the calculation of county Housing Performance Scores and embed county activities into city and township Housing Performance Scores."

*Carver County requests the following:*

- a. *The Metropolitan Council needs to re-evaluate using Housing Performance Scores as a part of the Regional Solicitation scoring for transportation projects in light of its policy not to produce county level scores.*
  - b. *If the Housing Performance Score is to be part of the Regional Solicitation scoring, the Metropolitan Council needs to define what Housing Performance Score will be used to evaluate county transportation projects.*
  - c. *If no county Housing Performance Scores are to be calculated, the Metropolitan Council needs to justify how it can hold counties seeking to complete regionally significant transportation projects accountable for city decisions and performance related to affordable housing production.*
3. The HPP amendment defines Affordable Housing Need targets based on a combination of existing housing stock and job/worker balance. The resulting targets are ambitious and will be a challenge for all communities to meet, particularly for communities that currently lack affordable housing options and have high targets to meet.

*Carver County requests the following:*

- a. *All communities should have a legitimate opportunity to compete for the Metropolitan Council's housing development assistance programs, like the various LCA accounts. Project proposals should be evaluated against the existing precedent of the target community's current stage of development and previous affordable housing development experience. The Council needs to acknowledge that approaches to goals like connecting to transit and job centers, preserving the environment, and incorporating innovative practices will differ drastically from one community to another.*
- b. *The Metropolitan Council needs to clarify how compliance with housing allocation targets is determined as well as the consequences of non-compliance.*

The Board and County Staff look forward to continuing discussions related to the 2040 HPP and the other regional policy plans as we continue to define our regional vision and implement Thrive MSP 2040.

Sincerely,



Randy Maluchnik, Carver County Board Chair

- cc. Deb Barber, District 4 Council Member  
Jennifer Munt, District 3 Council Member  
Angela Torres, Sector Representative





Carver County Community Development Agency

**Metropolitan Council**

**MAY 12 2015**

**Received Chair's Office**

May 5, 2015

Adam Duininck, Chair  
Metropolitan Council  
300 Robert Street North  
St. Paul, MN 55101

**RE: *Draft Amendment to the 2040 Housing Policy Plan (HPP)***

Dear Chair Duininck,

Thank you for the opportunity to comment on this amendment to the 2040 Housing Policy Plan (HPP). The Carver County Community Development Agency (CDA) is a division of Carver County. The CDA is a special taxing district with the powers of HRA and EDA. Specifically, our mission is to provide life-cycle housing and economic development opportunities for residents and businesses of Carver County. The CDA works closely with the Carver County Board of Commissioners, Carver County Planning staff, local cities, Minnesota Housing, federal Housing and Urban Development (HUD), State Department of Employment and Economic Development (DEED), Greater MSP, and additional stakeholders inside and outside our service area in regards to housing and economic/community development.

Specifically, in regards to housing, the CDA has been an active participant in the Metropolitan Council's Thrive 2040 planning process. Additionally, CDA staff has been an active participant in the following Metropolitan Council planning activities:

- Metropolitan Council Thrive 2040 Planning Meetings
- Metropolitan Council Planning Handbook development
- Metropolitan Council Economic Competitiveness Initiative
- Participation in the joint Carver County City/County Planner quarterly meetings with the Metropolitan Council

In June of 2014, the CDA commissioned a Comprehensive Housing Needs Assessment for Carver County by Maxfield Research, a leading housing research firm. The study was shared with the Metropolitan Council and the local cities and stakeholders for comments. In addition, the study was placed on our web site ([www.carvercda.org](http://www.carvercda.org)) and distributed via e-mail to all our cities and local stakeholders. The study outlined needs for all types of housing units throughout Carver County through the year 2040 to coincide with planning activities revolving around the Thrive 2040 Plan and to support local comprehensive planning efforts throughout Carver County. The housing need, in virtually all types and incomes, was significant. In addition, the need for affordable housing was very significant. However, the ability to create affordable housing in Carver County is extremely difficult. Market forces do not bear out the affordable housing development feasibility in most of our communities. Some specific challenges to development of affordable housing are as follows:

- Land prices
- Construction costs to build
- Development fees
- Lack of resources on the city level to be a partner in development

- Public pressure and resident opposition to affordable housing developments (not in my back yard)
- Lack of county, state and federal resources to fill affordable housing project cost gaps

The Metropolitan Councils HPP outlines ambitious goals for development of affordable housing specifically utilizing a formula. Our own Carver County 2014 Housing Needs Study for Carver County referenced earlier also outlines ambitious needs for affordable housing in Carver County. Unfortunately, the numbers shown in the demands outlined for both do not coincide with the HPP amendment language and policies. Specifically, the Metropolitan Council policies stress that it will focus its affordable housing development assistance in transit oriented development along fixed transitways. Cities in Carver County do not have fixed transitways identified in the Transportation Policy Plan. Carver County is by and large a suburban county. That is especially true in the western, less populous and more rural agriculturally based areas.

Given this situation identified above, the CDA requests that the Metropolitan Council re-evaluate its strategies to support affordable housing development so that all communities can reasonably compete for scarce funds. Market realities dictate that financial assistance is a key component to successfully developing affordable workforce and senior housing options regardless of proximity to fixed transitways. This holds true for all bands of affordability, but particularly for units affordable to incomes at or below 50% AMI. It is equally difficult to achieve affordable housing development in the 80% AMI, 100% AMI and even market rate development in Carver County overall. The CDA has received verbal comments at past planning meetings from our cities that they cannot achieve the development of affordable housing goals identified in the HPP amendment due to the facts presented above.

Currently, the CDA has seen a healthy rebound in the economy since the 2008 financial crisis. This healthy rebound is especially true locally. Carver County and Scott County and the general southwest market areas have seen tremendous economic activity occur over the past few years, with more economic growth planned. Recent examples to substantiate this include the completed expansions of Shutterfly, Datacard, Emerson Rosemount, Compass Data, and the recently announced plans of Rahr Malting and Amazon in nearby Shakopee. Carver County and Scott County are closely linked geographically and are only separated by the Minnesota River and our companies interact and do business with each other on a regular basis. While municipalities may recognize borders, many residents and businesses do not. Our economies are intertwined as are numerous employers.

In Carver County, we have seen four new data centers with an aggregate investment of over \$350,000,000 over the past four years. Other recent and planned expansions include Beckman Coulter in Chaska, 212 Medical (Ridgeview) in Chaska, Lakeview Clinic in Chaska, Park Dental in Chaska, a new medical office building in Chanhassen, a recently announced lifestyle center in Chanhassen, numerous new restaurants, another expansion of Ridgeview Medical in Waconia, and a new Waconia elementary school. All these companies have identified the need for housing, and typically affordable housing is identified as a necessity.

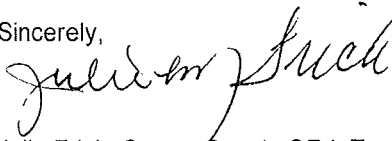
Housing is driven by job creation, not necessarily access to public transit. The CDA recognizes that housing, job creation and transit are all connected. When the Metropolitan Council is reviewing allocations of funding for housing with its policies, it should strongly consider where jobs and investment are occurring in its HPP and direct its investments to support those businesses and cities.

Lastly, the CDA supports and acknowledges the May 5<sup>th</sup> comment letter from Carver County. The CDA is and has been working closely with Carver County on planning activities as well as providing housing to residents of Carver County. This comment letter also supports past communications from the CDA Board to Former Chair Haigh and from County/CDA staff to Metropolitan Council staff.

The Carver County CDA, its Board and staff would like to acknowledge and thank the Metropolitan Council and staff on their support of both our planning and housing development efforts and projects. Specifically, the recently funded and approved Land Trust Townhome Housing project in Waconia as well as the Carver Crossing development in the City of Carver could not have been developed without the financial assistance from the Metropolitan Council. We would like to build upon that success and focus on additional developments that support our expanding economy and future economic development and housing efforts.

The CDA Board and CDA/County staff looks forward to continuing discussions related to the 2040 HPP and the other regional policy plans as we continue to define our regional vision and implement Thrive MSP 2040.

Sincerely,



Julie Frick, Carver County CDA Executive Director

cc. Carver County CDA Board of Commissioners  
Deb Barber, District 4 Council Member  
Jennifer Munt, District 3 Council Member  
Angela Torres, Sector Representative  
Carver County Board of Commissioners



## Hennepin County

Public Works

### Community Works

701 Fourth Avenue South, Suite 400  
Minneapolis, Minnesota 55415-1842

612-348-9260, Phone  
612-348-9710, Fax  
www.hennepin.us

May 15, 2015

Chair Adam Duininck  
Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101

### RE: COMMENTS ON HOUSING POLICY PLAN AMENDMENT

Dear Chair Duinnick,

Thank you for the opportunity to comment on the proposed amendment to the Housing Policy Plan. The Housing Policy Plan describes multiple strategies that advance the Metropolitan Council's overall policy priority: "Create housing options that give people in all life stages and of all economic means viable choices for safe, stable, and affordable homes." This premise and policy are generally consistent with the Hennepin County's overarching goal of self-sufficiency ("*People achieve success with the support of essential services, have access to affordable housing and opportunities for life-long learning*"), and Public Work's goals for Livability ("*Support job creation and economic vitality; provide a full range of housing opportunities; enhance the mobility and connectivity of our workforce*").


Our comments are brief:

1. We appreciate the Metropolitan Council's willingness to revisit the Housing Performance Scores. Specifically, the inclusion in the 2015 methodology to break down affordability by levels is a positive step. Additionally, we commend staff for attempting to demystify the methodology for allocation.
2. We greatly appreciate the discontinuation of calculation of Housing Performance Scores for counties.
3. We encourage the Metropolitan Council to provide additional resources toward affordable housing in the region. At this point, the Metropolitan Council does not have a sufficient funding mechanism to incent communities to develop affordable housing development. As you are aware, only the Local Housing Initiative Account is specifically designed to fund affordable housing. Severe shortages of funds continue to hinder affordable housing development in the region.

4. Finally, and most importantly, we encourage the Metropolitan Council to continue to work with cities to ensure that affordable housing "Needs" and "Goals" are accurately reflected in those communities.

Hennepin County looks forward to working with the Metropolitan Council and cities to continue to advance affordable housing in the region.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read 'Margo Geffen', with a long horizontal flourish extending to the right.

Margo Geffen

Manager, Housing Development and Finance

May 13, 2015



Metropolitan Council Public Information  
Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101

**RE: COMMENT ON HOUSING POLICY PLAN AMENDMENT**

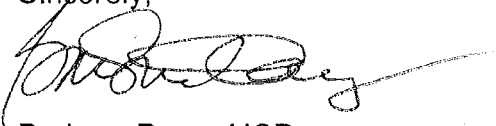
I am writing to provide comments on the proposed Amendment to the Housing Policy Plan, including Housing Performance Scores and Allocation of Need Methodology. These comments were derived after reviewing the draft in detail and convening a meeting with some of the municipal planning staff in the county.

1. **The additional language on page 6 of the amendment regarding the lack of adequate resources for affordable housing helps to document the context and difficult environment in which local governments must work. In Washington County, cities rely on the Low Income Housing Tax Credit program to complete workforce and senior housing. The allocation to the County HRA, as a sub-allocator, is limited and is one of many elements that will need to be factored into the goal negotiations with those cities that choose to participate in the Livable Communities Act program.**
  - Tax Credit allocation is limited. The Low Income Housing Tax Credit is the most important tool to create affordable workforce housing in the county. The allocation of 9% Low Income Housing Tax Credits to Washington County as a sub-allocator is sufficient for a projected average of only 40 affordable rental units per year. The annual credit allocation amount for most projects is not sufficient for a development to move forward after one allocation round so, in some cases, it may take two rounds of credit allocations, or two years, before construction can start (and assuming other resources in place as well). In total this only amounts to a 400 units over 10 years, which in comparison to a total “need” of 5,103 units for the county by 2030, is only 8%.
  - Affordable Senior Housing takes longer to finance. Creating affordable senior housing is even more time consuming. It takes four years to secure the financing for one 70-unit development. Many developers use the 4% Low Income Housing Tax Credit tool but it creates less private equity and therefore requires more public subsidy in order to achieve rents at 50% AMI. It simply takes longer to obtain the grants and loans needed to make the development pro forma work.
  - Cities have no control over county or state funding resources. While it is understood that cities need to implement policies to help create affordable housing (e.g. fee waivers etc.), it is important to point out that cities in the county have no direct control over the allocation of tax credits (and many other resources) which is the primary tool to create it.

2. **The County HRA supports deleting the Housing Performance Score for counties and revising the annual scoring procedure to credit cities with points for the countywide programs and services conducted by county HRA/CDA's.**
  - Communities with smaller capacities in the county rely on the County HRA to provide a variety of housing programs and services, and communities should receive the credit for it.
3. **The affordable home price thresholds in Table 8 need to be carefully reviewed because land, development, and construction costs are increasing.**
  - Development costs are going up, which affects the affordability levels. As the economy recovers, land values have already increased in the county. Recent construction bids have shown increasing labor costs. New code requirements have caused additional per unit expenses. For example, the changes in the energy code and sprinkler requirements can add up to \$20,000/unit in upfront costs. It is suggested that the thresholds for affordability be adjusted to recognize these real estate trends and/or that local development costs data be evaluated when negotiating community goals.
4. **It is suggested that the Housing Policy Plan contain more direct language regarding the need to foster a rigorous analysis to determine the supportive service costs and program needs, and then determine how to couple these services with the housing development programs, especially for households at or below 30% AMI (possibly in the Collaboration section of the Plan).**
  - Anticipate service needs. The Amendment states that almost 50% of the affordable housing demand is for households earning less than 30% AMI. Many of these households will be lower income seniors (Baby Boomers), households experiencing homelessness, or those with disabilities. These households will require support services that are now provided by the Department of Human Services and county departments. Collaborative program planning and budgeting is needed to adequately anticipate the financial and program demands that will arise.
  - Add affordable senior housing as a funding priority. Given the recent demographic analysis on the increasing housing demands for the Baby Boom generation, it is suggested that Met Council advocate for revision of the Metropolitan Housing Implementation Group Strategy to add affordable senior housing as a priority.
5. **Communities outside the urban service area are attempting to diversify their housing stock in order to retain and to attract young families. It is suggested that the Metropolitan Council consider revising its Local Housing Incentives Account to assist cities who demonstrate a feasible program which creates new affordable housing.**

Thank you for your consideration on these comments and I look forward to working with Met Council on future efforts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barbara Dacy', with a long horizontal flourish extending to the right.

Barbara Dacy, AICP  
Executive Director





May 26, 2015

Comments on The Housing Policy Plan Amendment were received from the following elected officials:

Amy Brendmoen, Councilmember, City of Saint Paul



CITY OF SAINT PAUL  
OFFICE OF THE CITY COUNCIL

AMY BRENDMOEN  
Councilmember

May 15, 2015

Metropolitan Council  
390 Robert St.  
Saint Paul, MN

Dear Chair Duininck and Councilmembers,

Thank you for your thoughtful review of housing need and funding in the region. Although much of the way a city is built lies within its own jurisdiction, funding greatly influences how a city develops and by extension how its people and neighborhoods fare.

I support comments submitted by the Saint Paul Planning and Economic Development staff challenging the impacts of the formula that could result in reduced investment in the city. Beyond that, I urge the Met Council to think of housing beyond the four walls that make a unit and into the community in which it's built.

As it stands, little public investment is available to finance housing developments that stabilize neighborhoods struggling with concentrated poverty. Funding from the Met Council has the ability to be transformative by supporting the renovation of existing units, promoting home-ownership, investing in economic development near affordable housing, and encouraging income diversity in all communities.

As Chair of the Saint Paul Housing and Redevelopment Authority, I will take an active role in ensuring housing resources are spent to achieve important goals including;

- Greater income diversity within neighborhoods and reduction of racially concentrated areas of poverty.
- Stabilization of existing affordable housing and therefore of the neighborhoods where it exists.
- Investment in economic development and public infrastructure in areas of racially concentrated poverty.

Once again, thank you for your work. I welcome an ongoing conversation on how we will plan and deliver for the increasing demand for affordable housing in the Metro Region.

Sincerely,

Amy Brendmoen



May 26, 2015

Comments on The Housing Policy Plan Amendment were received from the following organizations:

Catholic Charities  
Center of the American Experiment  
Housing Justice Center/Housing Preservation Project  
Institute on Metropolitan Opportunity  
Metro Cities  
Metropolitan Interfaith Council on Affordable Housing (MICAH)



CATHOLIC CHARITIES  
of St. Paul and Minneapolis

May 15, 2015

Metropolitan Council  
390 Robert Street North  
Saint Paul, MN 55101  
public.info@metc.state.mn.us

**Re: Public comment on the draft amendment to the 2040 Housing Policy Plan**

Dear Chair Duininck and Metropolitan Council Members,

Catholic Charities of Saint Paul and Minneapolis appreciates the opportunity to comment on the draft amendment to the 2040 Housing Policy Plan. We value the Metropolitan Council's regional perspective and leadership on finding the most effective ways to use public resources to increase the availability of affordable housing for low- and moderate-income Minnesotans. Through our direct service to thousands of children, adults, and families living in poverty, we know that every success in life begins with a home.

As the largest comprehensive social service organization in the Greater Minneapolis-St. Paul region, we offer our comments with the belief that a thriving region requires both growth and equity – a focus on meeting the needs of the most vulnerable and on creating opportunities for all to prosper.

1. We support the Council's efforts to reduce the concentration of poverty by creating benchmarks to better assess housing stock in local communities. These tools, including the proposed brackets to describe levels of affordable housing (0-30% AMI, 30-50%, and 51-80%) will give our region a more accurate view of the availability of affordable housing across income spectrums. Tracking housing need and production at these new thresholds will support greater transparency and accountability as local communities make investments to meet the demand for a wide variety of affordable housing – including housing with support services for the most vulnerable residents who face many barriers to accessing stable, affordable homes.
2. A core element of Catholic Charities' mission is to be a leader and committed partner working to reduce poverty and create opportunity in our region. To that end, we are grateful for the Council's encouragement of local communities to take equal responsibility for providing affordable housing options, while also leveraging federal, state, and regional resources. As one of the region's leading providers of

assistance in finding and securing affordable housing, we know the importance of working with property owners as partners in this process.

We are particularly excited and supportive of the Met Council's landlord outreach plan to encourage more unit owners to participate in the federal Housing Choice Vouchers program to expand housing choice for low-income residents.

3. Catholic Charities is also encouraged by the Council's participation in the Metropolitan Housing Implementation plan to align priorities with Minnesota Housing and other government and nonprofit stakeholders to wisely and collaboratively invest in housing throughout the region. We hope that this approach, paired with measuring local progress toward the region's affordable housing goals, will help to alleviate concentrated areas of poverty.

Providing a clear and transparent point system that assesses the role of each community to take on this task is also a crucial element to incentivize and encourage greater partnership among regional communities.

Thank you again for the opportunity to comment. Please consider Catholic Charities a partner and resource as the Met Council continues its work to develop a vision for an equitable and thriving region where people at every income level have real choices about where they live.

Sincerely,



Jessie Sorensen  
Vice Resident, Public Engagement  
Catholic Charities of St. Paul and Minneapolis




Published on *Center of the American Experiment* (<http://www.americanexperiment.org>)

[Home](#) > [Blog](#) > [2015](#) > [Testimony before the Met Council on the Council's "Thrive Housing Policy Plan"](#)

## Testimony before the Met Council on the Council's "Thrive Housing Policy Plan"

By [Katherine Kersten](#) <sup>[1]</sup>      May 13, 2015      Categorized in [Met Council](#) <sup>[2]</sup>

 [SHARE](#) <sup>[3]</sup>

<sup>[4]</sup>

[Katherine Kersten](#) <sup>[1]</sup>

The Metropolitan Council's new "Thrive Housing Policy Plan" is overreaching and profoundly misguided.

The plan was generated in a kind of dream world—unconstrained by real world market considerations of supply and demand, by the needs and preferences of local communities, or by the availability of the funds required.

In the Twin Cities metro area, two-thirds of housing in sewerred communities is already affordable to people making 80 percent of Area Median Income (AMI) or below (\$63,900 for a family of four)—one of the higher percentages among major metropolitan areas in the nation. Yet the Met Council has decided—on essentially arbitrary grounds—that our region will need far more such units in the future. Under its new plan, local communities must plan *and budget* for these.

The first city listed in the plan's Exhibit 6, Andover, gives a sense of what this will mean for local communities. Under the plan, nearly one-third of new dwelling units built in Andover between 2021 and 2030 must be "affordable." *Ninety-nine percent* of those must be affordable for people at 50 percent of AMI or below, and nearly 60 percent for people at 30 percent or below. (These incomes are \$41,450 and \$24,850, respectively, for a family of four.)

Andover—on the edge of the metro area—has no public transit and no plans to expand transit in the future. It's a challenging and inconvenient place for people of very limited means to live. Yet the plan requires Andover, and cites like it, to plan and budget for a host of new affordable units whether or not low-income people will actually want to live there, or whether it makes economic sense for developers to build housing for them there.

Likewise, the plan requires cities like Plymouth—which lack the buildable land necessary—to plan and budget for the Council's arbitrarily determined affordable housing numbers. As a result, over time, the Thrive plan will create an artificial oversupply of high density-zoned land, which will drive up the price of single-family homes across the metro.

The new plan will also require cities to explain, in their comprehensive plan, how they will *budget* for this supposed new housing need, and what fiscal and other tools they will use to make it happen. According to the Council, over the next decade, \$5 billion in public subsidies (or \$500 million a year) will be required to meet its projected need for units affordable at 50 percent of AMLI or below.

In reality, funding on anything like this scale is simply not in the cards—at the federal, state or regional level. So the Council will attempt to strong-arm *cities* into financing new affordable housing themselves by tying receipt of vital transportation and other Council-controlled benefits to compliance with its housing numbers.

The Council's plan to base regional transportation decisions on cities' compliance with unrealistic housing diktats will penalize cities for failing to do the impossible.

Here's another example of the Council's overreaching in Thrive: The new plan essentially gives the Council veto power over cities' comprehensive planning on housing-related matters, though the Council lacks statutory authority to do this.

According to the plan, from now on, the Council will decide whether cities' updated comprehensive plans are "complete"—which means cities must keep resubmitting their plans until they conform to the Council's demands. Ironically, in this way, the new housing plan will actually give the Met Council more authority over housing than over the statutory systems specifically placed under its control by the Metropolitan Land Planning Act.

- Does the Council understand its housing plan's implications for the local communities that will be expected to carry it out?
- Does it know, for example, what it will *cost* individual cities to supply the affordable housing the plan imposes on them?
- Does it have any idea what cities will have to do to supply the services—like public transportation—that new low-income residents will need?
- Does it have any idea what cities will have to do as they struggle to supply the jobs these residents will need?
- Does it know how much cities will have to raise taxes or how much housing costs are likely to rise for market-value-paying residents, who now must subsidize many others?

I suspect the answer to all these questions is "No." Is that the answer citizens have a right to expect in a democracy?

Links:

[Housing Policy Plan executive summary](#) <sup>[5]</sup>

[Housing Policy Plan text](#) <sup>[6]</sup>

[Housing Policy Plan draft amendment](#) <sup>[7]</sup>

Exhibit 6 of amendment (Exhibit 6: Allocations by Affordability Band for 2021-2030 for All Communities) starts on p. 41. It shows how much affordable housing for people at 80%, 50% and 30% of metro Area Median Income each city must plan and budget for.

**Source URL:** <http://www.americanexperiment.org/blog/201505/testimony-before-the-met-council-on-the-council%E2%80%99s-thrive-housing-policy-plan>

**Links:**

- [1] <http://www.americanexperiment.org/author/katherine-kersten>
- [2] <http://www.americanexperiment.org/blog/met-council>
- [3] <http://www.addthis.com/bookmark.php?v=250&username=augustash>
- [4] <https://twitter.com/share>
- [5] <http://www.metrocouncil.org/METC/files/c2/c274875d-7ab3-404a-a141-718458634c43.pdf>
- [6] <http://www.metrocouncil.org/METC/files/54/54ec40bb-d6ce-45bb-a571-ee00326ccd20.pdf>
- [7] <http://www.metrocouncil.org/METC/files/d9/d9bea9d3-4485-4d81-9688-b77e9d50be38.pdf>



Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101

May 14, 2015

RE : Comments on proposed Amendment to Housing Policy Plan

Dear Sir/Madam :

We submit these comments to the proposed Amendment to the Housing Policy Plan on behalf of the following organizations : Housing Justice Center (formerly Housing Preservation Project), Mid-Minnesota Legal Assistance, Minnesota Housing Partnership, ISAI AH, and All Parks Alliance for Change (APAC).

As a general matter, we support the proposed Amendment, though believe it would be more effective with changes suggested below. We believe the proposed method of allocating need among communities is reasonable and balanced. We believe modifications to the Housing Performance Scores will make it a more useful and meaningful tool to encourage greater affordable housing efforts. Finally, providing greater guidance and more rigorous review of Housing Elements in Comprehensive Plans should lead to better plans, particularly if there is follow up review on commitments cities make in those plans. Our remaining comments are on specific provisions of the amendment that still need some revision or where we wish to highlight support.

#### **Housing Performance Scores**

The amendment language discussing the Housing Performance Score (HPS) changes lists four goals for the revisions (p. 6 of the amendment, to be inserted in Part III, p. 82-83 of the original plan). However, there is a very important goal of these changes that has been implicit in all our discussions but that needs to be explicit : Placing greater weight on those local government activities that are most important to accomplishing our larger regional goals. This needs to be added.

Appendix C provides the methodology for calculating HPS. One area we believe needs more thought is preservation, particularly multifamily rental. Preserving our existing affordable housing supply is critical. The proposed methodology, however, effectively reduces incentives to support new production if points can instead be earned for preservation activities, with more developed communities having greater opportunities to score well with preservation. This may make some sense as a matter of policy if we are really encouraging the most meaningful preservation activities, consistent with the principle cited above. At least to date, however, the role of local governments in preserving existing affordable rental housing typically has been a lesser role than that played in facilitating new development (with some exceptions). With new development, cities impact proposals in a number of ways, from assistance with site identification and acquisition, zoning and land use approvals, regulatory and fee waivers, and financial assistance. When it comes to preservation of existing properties, the city's role may be limited to a local financial contribution, if that. Should a city be able to get points for counting the preservation of an affordable project when all or much of the preservation activities and funding comes from other entities? Right now there appears to be nothing that requires that the preservation efforts have to actually be performed by the local government. Preservation points should focus on activities undertaken by the local government.

One important preservation activity that should be explicitly recognized is actions cities take to preserve manufactured home parks at risk due to redevelopment pressures or declining physical condition. There are several metro area manufactured home parks currently providing critical affordable housing resources which are potentially under threat of closure for redevelopment. While city actions to preserve or enhance this resource could be credited under the category "demonstrable efforts to improve/preserve unsubsidized affordable housing," a specific reference here to manufactured home parks would be very useful.

Awarding points based on the scale of local financial contribution is an important step forward in the HPS, as this could encourage greater local contributions. We have two concerns. First 2% of total development cost (TDC) is a far too modest contribution and setting the bar this low will become a disincentive for those communities now making contributions greater than 2%. Second, regulatory flexibility, such as density bonuses and parking requirement reductions, can result in very substantial financial incentives which should be recognized and properly valued. The Medina Townhomes proposal provides an instructive example of some standard types of local incentives because it provides pro formas with and without incentives which the City initially offered, then withdrew under NIMBY pressure. The original per unit TDC was \$216,043, of which Medina was proposing to contribute \$15,300/unit in CDBG funds and waiver of SAC/WAC fees. In addition, the city initially permitted a 23% increase in density (26 to 32 units) which would have resulted in saving about \$12,500/unit in fixed costs. The direct financial incentives would have amounted to 7% of TDC and didn't even include Tax Increment Financing (TIF), a source used by many cities. The increased density would have resulted in an additional 5.8% cost saving/unit for a total of 13.8% or \$27,800/unit. Incentives on this scale are both necessary and frequently feasible.

The potential disincentive to keep local contributions down to 2% could be eliminated by awarding more points based on the extent of the city's contribution, although 2% is still too low as a starting point. And a more comprehensive way to define this is necessary, so that it evaluates the net financial impact of city policy actions as well as direct contributions. The approach is a worthwhile improvement in the scoring system, but setting a 2% standard for awarding points sends the wrong message and will do more harm than good.

Inclusionary housing policies are getting increasing attention because of their potential to both create more affordable units beyond the limits of public funding, and because they meet local goals to create mixed income housing. Although such policies are recognized in the existing HPS scoring, they ought to be elevated and receive greater weight, because of the important goals they can accomplish.

When cities follow through on new policy or funding commitments they make in the housing elements of their comprehensive plans, they ought to receive some credit in their HPS. This will help tie the HPS and housing element systems together more effectively, and reinforce expectations for cities.

#### **Housing Element review**

The proposed new language on implementation programs for housing elements is a positive step forward, but there is one key statutory requirement still missing. Under Minn. Stat. § 473.859 subd. 4, an implementation program "shall describe public programs, fiscal devices, and other specific actions to be taken *in stated sequence...*" (emphasis added). In the working group drafting this section, we

described this requirement as establishing when a city will plan to take certain actions over the course of the ten year planning period. This point should be explicit in the implementation section.

One lesson many of us learned from our review of comprehensive plans last time was that it was not uncommon for plans to list actions the city would undertake or would consider undertaking but then never followed through with. One of the most important ways the Council can make housing elements more meaningful is if the Council devotes staff resources to follow up with cities over the course of the decade to see if they follow through on the housing element commitments they make. This should be reflected in the description of the Council's role in reviewing housing elements.

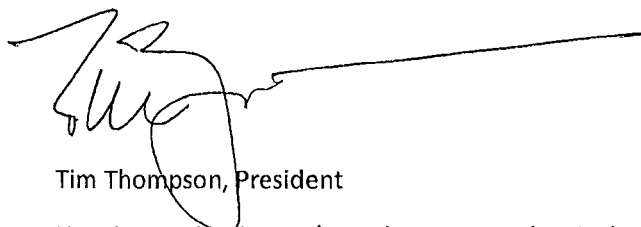
Finally, as Council staff work through the details of Housing Element guidance, we urge a special emphasis on city assistance in identifying and facilitating acquisition of sites for affordable housing.

### **Additional Issues**

On p. 10 of the draft amendment ("Existing housing needs,") the amendment defines three bands of affordability going up to 80% AMI, but then includes Table 8 listing affordable home prices up to 115% AMI. Reference to income levels as affordable above 80% AMI is inconsistent with Plan policy and should be eliminated or otherwise differentiated from the definition of "affordable." Given the racial disparities in income, there must be focused attention to people with the greatest need, and references to the 80%-115% income group detracts from that focus.

In Part III, Council policies and roles, the draft proposes continuing to explore how to promote affordability through the Council's handling of SAC, which we support.

Regards,

A handwritten signature in black ink, appearing to read 'Tim Thompson', with a long horizontal line extending to the right from the end of the signature.

Tim Thompson, President

Housing Justice Center/ Housing Preservation Project  
570 Asbury St.  
St. Paul, MN 55104

## **Institute on Metropolitan Opportunity**

### **Comments on the Metropolitan Council Proposed Amendments to the Housing Policy Plan (May 2015)**

These comments describe the Institute on Metropolitan Opportunity's (IMO's) primary concerns with the amendments to the Metropolitan Council's Housing Policy Plan. Many of these concerns have been noted in previous comments to the Council.<sup>1</sup> Also included below is an alternative method for calculating housing need allocations, which ameliorates some – but by no means all – of these concerns.

At the outset, it is worth noting that many of the difficulties described below are the product of the Council's attempt to describe housing need and goals in exact numerical totals. This approach complicates the Council's role, because it requires the Council to accurately project population growth, housing need, and other trends fifteen years into the future, tasks it has historically struggled with. When the projections miss the mark, or insufficient resources are available to build the housing the Council has assigned, the Council's system risks breaking down, producing outcomes that are actively detrimental to the region.

A simpler approach would be to simply require that a certain share of new housing in each community be affordable, and adjust those shares annually based on existing affordability, past performance, and current conditions. However, such a system would require a significant rethinking of Council housing policy, and the following comments assume that the Council is committed to a system similar to the one described in its proposed amendments.

#### **Objectives**

If it hopes to create a sound affordable housing strategy, the Council must adhere to two broad objectives.

First, the Council should seek to implement a true “fair share” system, in which cities' allocations and goals are lowered and increased in relation to a cities' existing affordable housing stock, in an attempt to ensure that each metropolitan community provides its share of regional need. In the past, the Council has described its allocation system as a “fair share” policy, and the architects of the Minnesota Land Planning Act

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<sup>1</sup> See, e.g. Institute on Metropolitan Opportunity, Comments to Metropolitan Council on Draft Housing Policy Plan (2014).

(MLPA) clearly envisioned such a policy.<sup>2</sup> A fair share system reverses the regional disparities that can result in racial and economic segregation, and eliminates the ability of individual communities to isolate themselves economically and socially at the region's expense. Much of the Twin Cities' success in the past has been a result of the region's commitment to ensuring that each of its communities does its part in providing for regional need.

Second, the Council should examine its allocations and goals, as well as the enforcement mechanisms connected with those allocations and goals, to ensure that they do not exacerbate existing economic and racial disparities. For instance, the Council should examine its policies to confirm that they do not result in the creation or excessive preservation of low-income housing in neighborhoods and municipalities with disproportionately large shares of affordable housing. Policy research around the nation continues to confirm the strong link between individual economic mobility and neighborhood characteristics – particularly racial and economic integration, crime rates, and K-12 educational opportunity.<sup>3</sup> In light of this fact, the Council should ensure that its housing allocations result in greater housing availability in areas that excel along these dimensions. The Council's housing policy should seek to reverse existing disparities at the municipal, neighborhood, and individual level, improving the lives and livelihoods of lower-income families by increasing housing choice and providing safe and affordable housing in areas where opportunity is high.

Combatting racial disparities and promoting integration are not only advisable as a practical matter, they are legally required. Because the Metropolitan Council receives a variety of funding from the federal government, it is subject to the requirement that it “affirmatively further fair housing,” as described in federal law and HUD regulations.<sup>4</sup> It is subject to civil rights certifications and must take steps to ensure subsidized housing – in this case, a large subset of the affordable housing affected by its need allocations – is not concentrated in areas of high poverty and segregation. Federal law requires that the Council's policies actively promote the racial integration of housing.

Unfortunately, the proposed amendments to Council's housing plan do not accomplish these goals. The Council could use the adoption of a new Housing Policy Plan – the first in three decades – as an opportunity to reconfirm and strengthen its commitment to a more equal, equitable, integrated, and sustainable region. Instead, the Council has proposed to readopt slightly modified versions of policies that have been in place for more than a decade. During this time span, inequality and segregation in the

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<sup>2</sup> See, e.g., Metropolitan Council, *A “Fair Share” Plan: Subsidized Housing Allocation in the Twin Cities Metropolitan Area* (1977).

<sup>3</sup> See, e.g., Raj Chetty and Nathaniel Hendren, *The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates* (2015), available at <http://scholar.harvard.edu/hendren/publications/impacts-neighborhoods-intergenerational-mobility-childhood-exposure-effects-and>.

<sup>4</sup> See 42 USC §§ 3608 (e), 5304 (b) (2), 5309 (a); 24 CFR §§ 91.225 (a), 91.325 (a); Affirmatively Furthering Fair Housing, 78 Fed. Reg. 43729 (proposed July 19, 2013) (to be codified at 24 C.F.R. pt. 5); see also U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, FAIR HOUSING PLANNING GUIDE (1995).

Twin Cities has increased. Gaps between communities have grown and a number of cities have entered a process of racial and economic transition. More of the same cannot be expected to reverse these trends.

## **Opportunity**

In the recent Fair Housing Equity Assessment (FHEA), the Council developed a sophisticated opportunity analysis which examined local conditions across a number of dimensions.<sup>5</sup> In large part, the purpose of this analysis was to construct a framework by which the Council could determine the impact of its place-based policies on lower-income families. It examined five dimensions: school performance, crime rates, employment opportunities, poverty-related public services, and environmental factors.

Recent research has reaffirmed the wisdom of this analysis. One recent, comprehensive Harvard study revealed that neighborhoods play an important role in the wellbeing of young residents.<sup>6</sup> The study used tax records to conduct a robust analysis of over five million families, and ultimately found nearly incontrovertible evidence of major neighborhood effects on families across generations. Every single year spent by a child below 21 in a “better” neighborhood translates linearly into higher income, higher college attendance rates, lower teenage birth rates, and higher marriage rates in adult. Importantly, the study found five factors that distinguished “worse” neighborhoods from “better” neighborhoods, which were only loosely correlated with housing prices: degree of racial and economic segregation, quality of schools, crime rates, degree of income inequality, and marriage rates.

This study and others confirm that any attempt to use housing policy to affect existing racial and economic disparities must begin with a searching analysis of neighborhood opportunity. Likewise, neighborhood opportunity is an effective lens through which the Council can examine the equity effects of its housing policy.

While the Council’s housing allocations do not incorporate its FHEA opportunity analysis, this does not mean the opportunity analysis should have no bearing on the allocative model. On the contrary, the findings of the FHEA offer an important mechanism for evaluating the consequences of the Council’s housing plan: if its allocations place housing in areas that score poorly in the opportunity analysis, or stifle the access of lower-income families to areas of high opportunity, then the plan is critically flawed. Such a plan could not be said to constitute an equitable, coherent, or intelligent policy. It may also run afoul of statutory requirements, such as the “affirmatively furthering” requirements described above.

Unfortunately, the housing allocations in the Council’s current proposed amendments do not appear to adequately provide lower-income families access to

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<sup>5</sup> Metropolitan Council, *Choice, Place and Opportunity: An Equity Assessment of the Twin Cities Region* (2014).

<sup>6</sup> Raj Chetty and Nathaniel Hendren, *The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates* (2015).

opportunity, as defined by the Council's FHEA analysis. There is a negative correlation between cities that receive high numerical housing allocations and cities that score highly on the crime, education, and environmental dimensions of the analysis.<sup>7</sup> This indicates that the Council's housing plan tends to direct more housing into neighborhoods lacking opportunity in these regards, with potentially generations-long consequences on the wellbeing of low-income families in the region. The allocations make it more likely that low-income families will be stuck in low-performing schools, forced to endure high crimes rates, and live in unhealthy environments. This is, in effect, the exact opposite of the desired result.

### **Growth Projections**

The proposed amendments still rely heavily on the Council's growth projections. As noted in IMO's September 2014 comments on the Council's first round of revisions, there are two problems associated with the use of the Council's growth projections as the basis for the need calculations.<sup>8</sup> First, this procedure creates a serious risk of artificially inflated targets in the central cities and inner suburbs while reducing them in middle and outer suburbs. Historically, the Council's growth projections have always overstated expected growth in core areas. There is significant institutional pressure to project growth in the core of the region, as it is politically unpalatable to forecast stable or declining population in central areas, where the Council's policies are often designed to enhance growth.

The effects of this can be clearly seen in Maps 1 and 2, below.<sup>9</sup> These maps compare earlier Council forecasts for the years 2000 and 2010 to actual population growth over the same periods. In both maps, core areas grew consistently less than predicted, while the outer suburbs received more growth than expected. There is no reason to assume that current projections will not suffer from the same biases.<sup>10</sup> Whatever else might be drawn from this, it is important that the Council's housing policy not be based on faulty indicators.

Second, even if the Council's growth projections were reliable, the use of projected growth in this manner is problematic. The MLPA requires each community in

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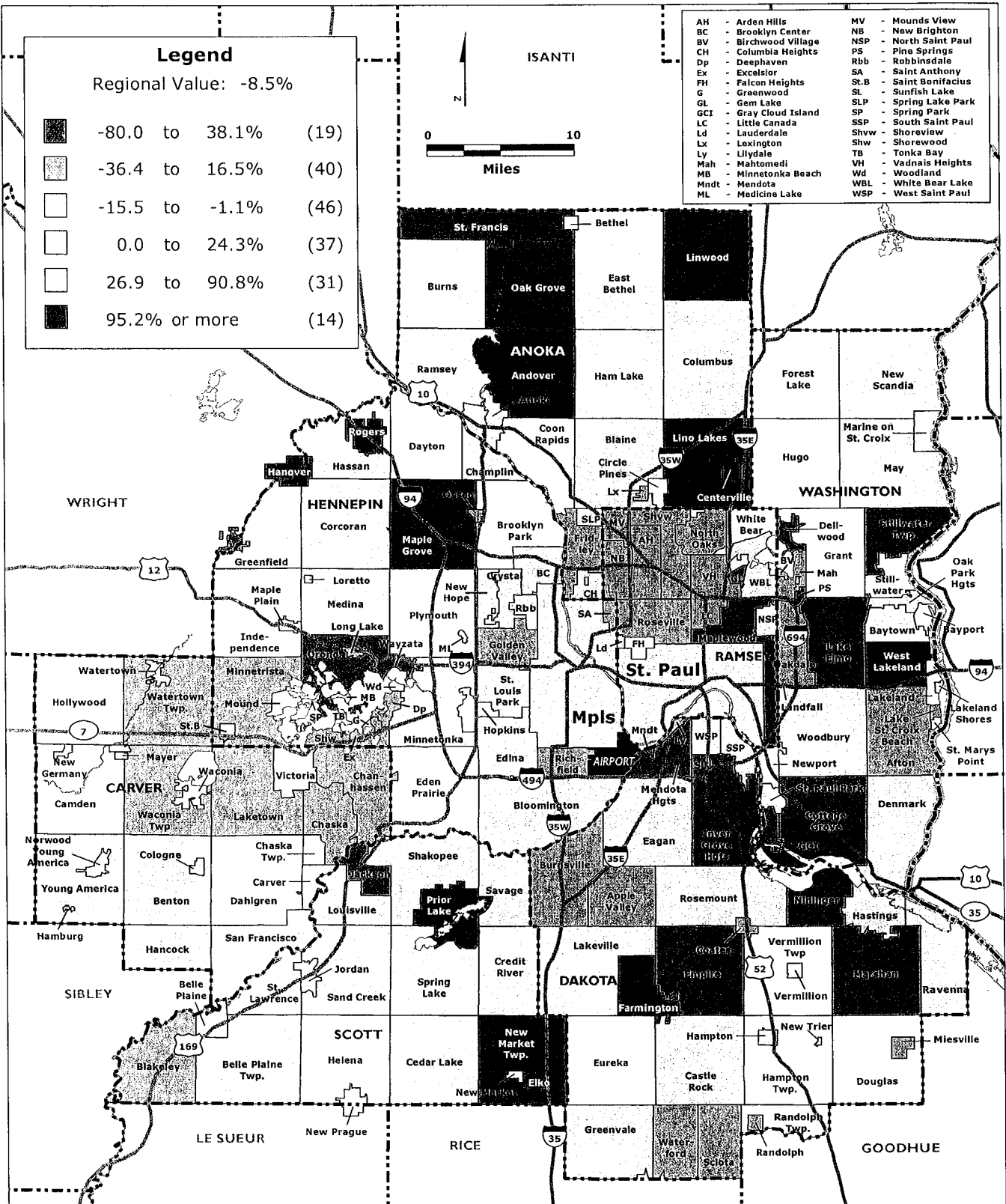
<sup>7</sup> Opportunity measures are from Metropolitan Council, *Choice, Place and Opportunity: An Equity Assessment of the Twin Cities Region* (2014). The correlation coefficient for school performance is -.30 (significant at 99%); the correlation coefficient for crime rates is +.14; the correlation coefficient for environmental conditions is -.11. Correlation coefficients for job opportunities and public services are positive; however, as discussed below, an alternative model can maintain the positive correlation with job opportunities while reversing the correlations for the three factors above.

<sup>8</sup> Institute on Metropolitan Opportunity, Comments to Metropolitan Council on Draft Housing Policy Plan (2014).

<sup>9</sup> These maps are replicated from MYRON ORFIELD AND TOM LUCE, REGION: PLANNING THE FUTURE OF THE TWIN CITIES (2010).

<sup>10</sup> Despite the fact that the central cities (especially Minneapolis) have had many housing starts/permits in recent years, the most recent data show the old growth pattern re-emerging (as gas prices ease and people adjust to higher average prices, the economy recovers, and the financial/foreclosure crisis eases in the outer suburbs).

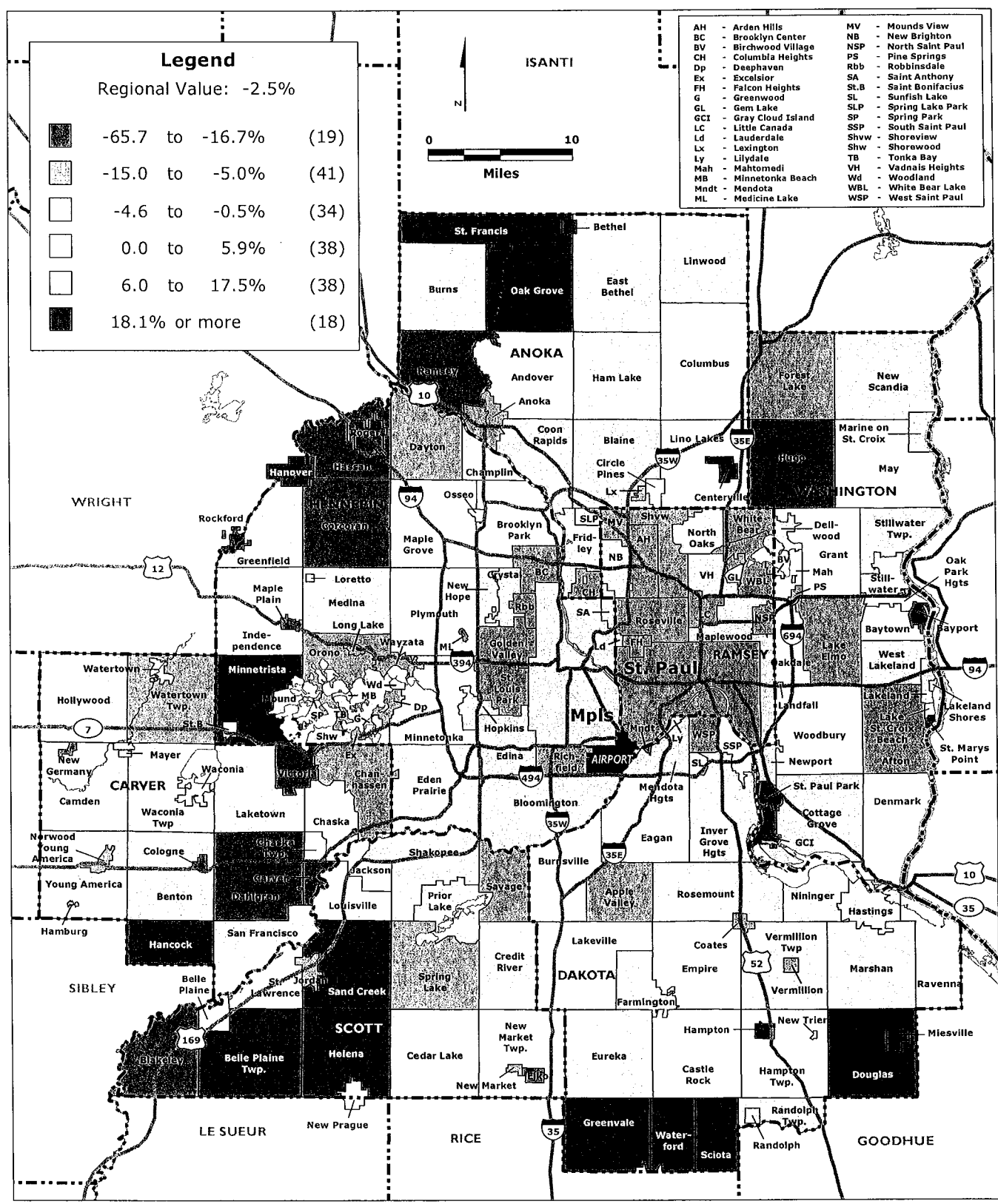
**Map 1: Percentage Difference Between the Actual Population in 2000 and the 2000 Forecasted Population from 1975**



Data Source: Metropolitan Council.



### Map 2: Percentage Difference Between the 2005 Population Estimate and the 2005 Forecasted Population from 2000



Data Source: Metropolitan Council.

the metropolitan area to contribute “the local unit’s share” of affordable housing; the Council itself reads this as a “fair share” obligation.<sup>11</sup> However, relying on growth to set the base share can potentially insulate communities with stable populations from any need to contribute additional affordable housing, regardless of whether low- and moderate-income families have housing choice in those areas. This problem is aggravated by the use of a ratio adjustment for existing affordable housing (discussed below). The ratio adjustment does not fully reward (penalize) places with current surpluses (shortages) in available affordable housing.

### **Existing Affordable Housing**

The proposed amendments also do not rectify the other major problem with the previous need allocation formula. As has been noted by IMO previously, the manner in which the proposed methods adjust for existing affordable housing stocks is seriously flawed.<sup>12</sup> The targets are for absolute numbers of housing units, and surpluses or shortfalls in affordable housing are also calculated in numbers of housing units.<sup>13</sup> However, under the current method, adjustments to the base share for the existing affordable housing factor are proportional, not absolute.<sup>14</sup> The complicated formula (involving scale-adjusted Z scores and a two-thirds weight) used in the proposed amendments changes a city’s affordable housing allocation by a percentage equal to 78 percent of the actual percentage point difference between the city’s existing affordable housing percentage and the un-weighted regional average of city-level affordability rates. This is mathematically nonsensical, especially since the adjustment is applied to the growth share, not the community’s overall housing. There is simply no reason to expect that an area that has over- or under-provided affordable housing by a certain proportion in the past can be restored to its fair share by over- or under-providing 78 percent of that same proportion of *new* affordable housing growth.

Proportional adjustments – increasing or decreasing a fair share target by a percentage – also guarantee that *all* places will be required to add affordable housing even if they already have much greater affordable housing shares than other parts of the region – indeed, even if their existing housing stock is already 100 percent affordable. This directly contradicts the MLPA’s description of local fair share obligations, which explicitly allows for communities to meet their obligation by “providing sufficient *existing* or new housing.”<sup>15</sup> Under the Council’s allocation model, there is simply no way for a city to meet its fair share obligation with its existing housing stock.

For instance, using the estimate of the region-wide percentage of housing (inside the MUSA) affordable at 80 percent or less of regional median income implied by the data in Exhibit 5 of the Proposed Amendment, Minneapolis would have 11,462 more

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<sup>11</sup> Minn. Stat. 473.859 subd. 4.

<sup>12</sup> Institute on Metropolitan Opportunity, Comments to Metropolitan Council on Draft Housing Policy Plan (2014).

<sup>13</sup> See Metropolitan Council, *Allocation of Housing Needs 2010-2020*.

<sup>14</sup> *Id.*

<sup>15</sup> Minn. Stat. 473.859 subd. 4 (emphasis added).

**Table 1: The Inadequacy of the Proportional Adjustment for Existing Affordable Housing**

<u>City</u>	<u>Existing Affordable Housing Share</u>	<u>Affordable Housing Surplus (Shortfall)</u>	<u>Met Council Proportional Adjustment for Affordable Housing Stock</u>	<u>Adjustment as a % of Surplus/Shortfall</u>
Minneapolis	77%	11,462	-272	2.4%
St. Paul	84	16,535	-306	1.9
Blaine	79	2,020	-132	6.5
Brooklyn Cente	94	2,751	-65	2.4
Brooklyn Park	85	4,150	-138	3.3
Coon Rapids	93	5,843	-125	2.1
Richfield	93	3,486	-44	1.3
Chanhassen	33	(3,646)	161	4.4
Eden Prairie	43	(8,117)	199	2.5
Edina	35	(7,822)	58	0.7
Lakeville	51	(4,328)	155	3.6
Maple Grove	57	(3,754)	78	2.1
Minnetonka	46	(6,047)	93	1.5
Plymouth	47	(7,278)	112	1.5
Woodbury	37	(8,496)	281	3.3

Source: Metropolitan Council, Proposed Amendment to the 2040 Housing Policy Plan.

Surpluses and Shortfalls were calculated as the difference between the number of estimated affordable units in 2020 in a city and 71 percent of 2020 units. (71 percent is the regional average based on 2020 housing unit estimates and the existing affordable housing share.)

affordable units in 2020 than its “fair share” of 71 percent.<sup>16</sup> However, Minneapolis’ 2020-2030 target for affordable housing is reduced by only 272 units using the proportional adjustment in the Council’s Proposed Amendments. Minneapolis ends up with an overall target of 3,368 affordable units – the largest allocation in the region. Why should a municipality that already has a surplus of affordable units in excess of 11,000 be expected to add another 3,368 affordable units, when there are many municipalities that are currently nowhere near providing their fair share? St. Paul and most of the region’s inner suburbs show similarly illogical results.

At the other extreme, equivalent estimates for Minnetonka and Plymouth show affordable housing shortfalls in 2020 of about 6,000 and 7,200, respectively. But the Council’s proportional adjustment for existing affordable housing increases the allocations for these two high-opportunity locations by only 93 and 112 units – or less than two percent of the existing shortfalls. Other high-income areas with high-performing schools, low poverty and low crime (like Edina, Eden Prairie, Chanhassen, Lakeville, Maple Grove and Woodbury) show similar results.

Table 1 shows a selection of the most glaring examples of the inadequacy of the proportional adjustment method.

This flaw is particularly egregious because a fairer and more intuitive method is easily available. Instead of using a proportional approach, the Plan should use absolute figures. Surpluses (or shortfalls) of affordable units should simply be subtracted from (or added to) fair share targets.<sup>17</sup>

IMO has devised an alternative method for calculating fair share that relies on absolute numbers of existing units. As in the Council’s model, each municipality is assigned a base allocation of 33.5 percent of its projected growth. Next, the model determines the absolute number of units each city has above or below the regional weighted mean share of affordable housing, which is 71 percent. For instance, a city with 100 units of housing and 50 units of affordable housing would have a shortage of 21 units (i.e.,  $50 - (100 \times .71)$ ), while a city with 200 units of housing and 150 units of affordable housing would have a surplus of 8 units (i.e.,  $150 - (200 \times .71)$ ). In absolute numbers, this surplus (or shortage) is then subtracted (or added) to the city’s base allocation.

The IMO model then incorporates the proportional adjustments for low-wage workers and jobs used in the Council’s Proposed Amendments. In order to prevent any city from receiving an excessive need allocation, targets are capped at 65 percent of projected growth (where applicable). Negative numbers are, of course, adjusted to zero.

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<sup>16</sup> The proposed amendments actually use 66.4 percent – the un-weighted average of affordability rates across cities – as the regional average. This makes sense when calculating the Z scores for the Council’s proposed adjustment procedure. However, the actual regional affordable housing rate to be used when calculating over- or under-supplies of affordable units is better estimated by the weighted average (or by the total affordable units in the region divided by the total number of housing units in the region).

<sup>17</sup> Low-wage jobs and workers are measured in fundamentally different units than housing counts, so it is reasonable to use proportional adjustments in those cases.

Finally, income bands are applied in the same manner as in the Council's model.<sup>18</sup> The resulting alternative model allocates the same number of units as the Council's model, but in a far more equitable fashion.<sup>19</sup>

Maps 3 and 4 demonstrate the enormous practical implications of the Council's proportional approach. They show how fair share obligations would be distributed around the region using the Council's proposed proportional affordable housing adjustment (Map 3), versus IMO's alternative adjustment, which adds or subtracts units in absolute terms (Map 4).<sup>20</sup> (Table 2, appended to the end of the text, shows the figures used to calculate overall housing need for each individual municipality.)

The fair share targets in IMO's alternative model have a strong negative correlation with current affordable housing concentrations.<sup>21</sup> In general, the proportional method used in the Council's proposed model (Map 3) would further concentrate poverty in the central cities and some inner suburbs, while the additive method (Map 4) would help to spread low-income households more evenly across the region.<sup>22</sup>

Importantly, IMO's alternative model fares much better than the Council's proposal when viewed through the lens of the Council's own opportunity analysis, as described above. IMO's model is much more likely to allocate new affordable housing to cities served by higher-performing schools. Unlike the Council's allocations, which, as previously discussed, are strongly negatively correlated with local school performance, IMO's allocations are positively correlated with local school performance.<sup>23</sup> The same is true with a number of other dimensions of the opportunity analysis conducted by the Council in its recent Fair Housing Equity Assessment: while the Council's allocations correlate with higher crime rates and poorer environmental conditions, IMO's correlate with lower crime rates and better environmental conditions.<sup>24</sup> *In sum, the Council's model*

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<sup>18</sup> The distributions of the allocations for the three income bands using the alternative adjustments are similar to Map 4. These maps are available on request.

<sup>19</sup> The alternative simulation produces a total regional obligation of roughly 38,700, very close to, but slightly greater than, the Council's projected regional need. The formulas could be easily fine-tuned to produce the exact amount if needed. However, as it is extremely unlikely that need allocations will be followed precisely, it is, from a practical standpoint, far more important to use a model that equitably distributes housing than a model that produces an artificial, and ultimately meaningless, degree of numerical precision.

<sup>20</sup> A city's fair share obligation was capped at 65 percent of projected growth in the alternative shown in Map 4.

<sup>21</sup> The correlation between the fair share allocations in Map 3 and current affordable housing percentages is statistically insignificant (-.09) while it is statistically significant at the 99 percent confidence level (-.33) for the allocations in Map 4.

<sup>22</sup> The distributions of the allocations for the three income bands using the alternative adjustments are similar to Map 4. These maps are available on request.

<sup>23</sup> The correlation coefficients are +.19 (statistically significant at 95%) for the IMO allocations and -.30 (significant at 99%) for proposed Council allocations. Local school performance scores were drawn from the data in Metropolitan Council, *Choice, Place and Opportunity: An Equity Assessment of the Twin Cities Region* (2014).

<sup>24</sup> The correlations for crime rates are +.14 for the Council allocations and -.18 (significant at 95%) for IMO allocations, and for environmental conditions are -.11 for the Council allocations and +.12 for IMO allocations. Both models result in positive correlations with job opportunities. IMO's allocations correlate

*directs affordable housing away from better opportunities (better schools, cleaner environments and lower crime rates) while IMO's directs it toward greater opportunities.*

### **Housing Performance Scores**

Current data suggest that the Council is failing to create sufficient incentive for municipalities to provide their share of allocated housing, or even meet their minimum LCA goals. For example, by 2013, only seven of the 95 LCA participating communities were on track to meet their 2010-2020 LCA goals.<sup>25</sup> Even more problematically, five of these communities were inner-ring suburbs and one was Minneapolis – all areas which already contain a substantial surplus of affordable housing, relative to the regional average. In other words, the vast majority of cities will likely miss their minimum LCA goals, including, with a single exception, all of the higher-income outer-ring suburbs, where affordable housing is currently scarce.

The LCA's inability to achieve its intended outcomes is, at least in part, a consequence of the misapplication of the Council's primary incentive for affordable construction, the Housing Performance Scores.

The current scoring system is improved from the previous iteration, particularly by the inclusion of a greater focus on local housing programs and policies, and the extra points awarded for housing affordable at the very lowest incomes. There is still room for significant improvement. In particular, Housing Performance Scores should consider local zoning and land use laws, which often form a key barrier to improved housing choice. This is especially important because many cities that are currently rewarded for their high housing scores – e.g., the central cities of Minneapolis and Saint Paul – also exhibit internal patterns of economic and racial segregation, often as a result of land use rules that restrict low-income development.

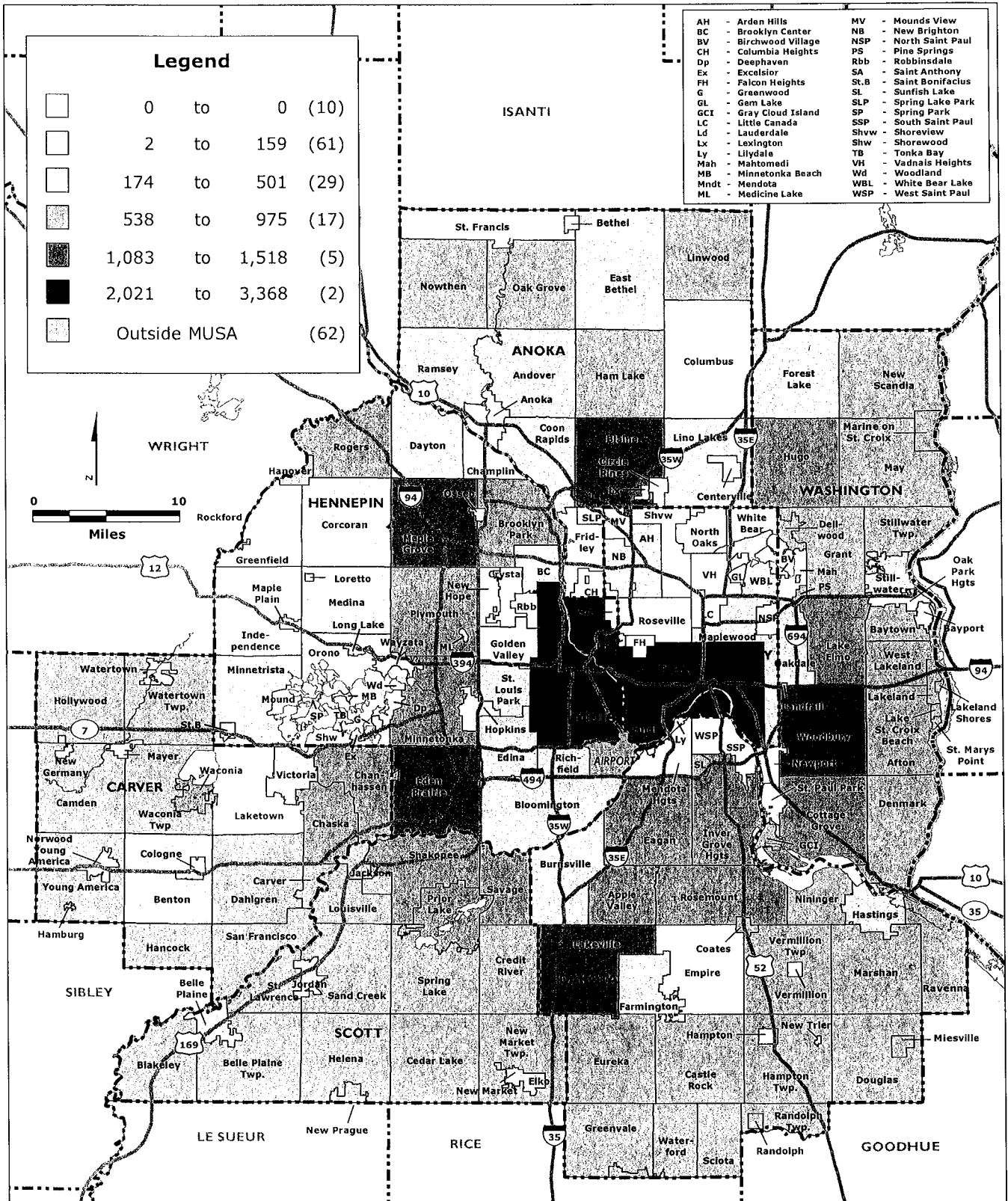
However, the more troubling aspect of the Housing Performance Scores is not their implementation, but their application, which the proposed amendment leaves unchanged. The scores are applied to a very narrow set of funding, limiting their incentive value. Municipalities with low housing performance are penalized in applications to two (of three) LCA programs. But the LCA is itself a voluntary program, and only 95 of the 124 communities receiving a housing need allocation have negotiated LCA goals. In other words, nearly 25 percent of regional cities are not even eligible for the majority of the funding that is intended to incentivize them to improve their housing performance.

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negatively with the final opportunity dimension used in the Council's study – access to poverty-related public services – while the Council's correlates positively with this measure. However, in IMO's alternative model, most communities with low allocations *already have* substantial supplies of affordable housing – in other words, families who prioritize access to services have significant housing options in these communities.

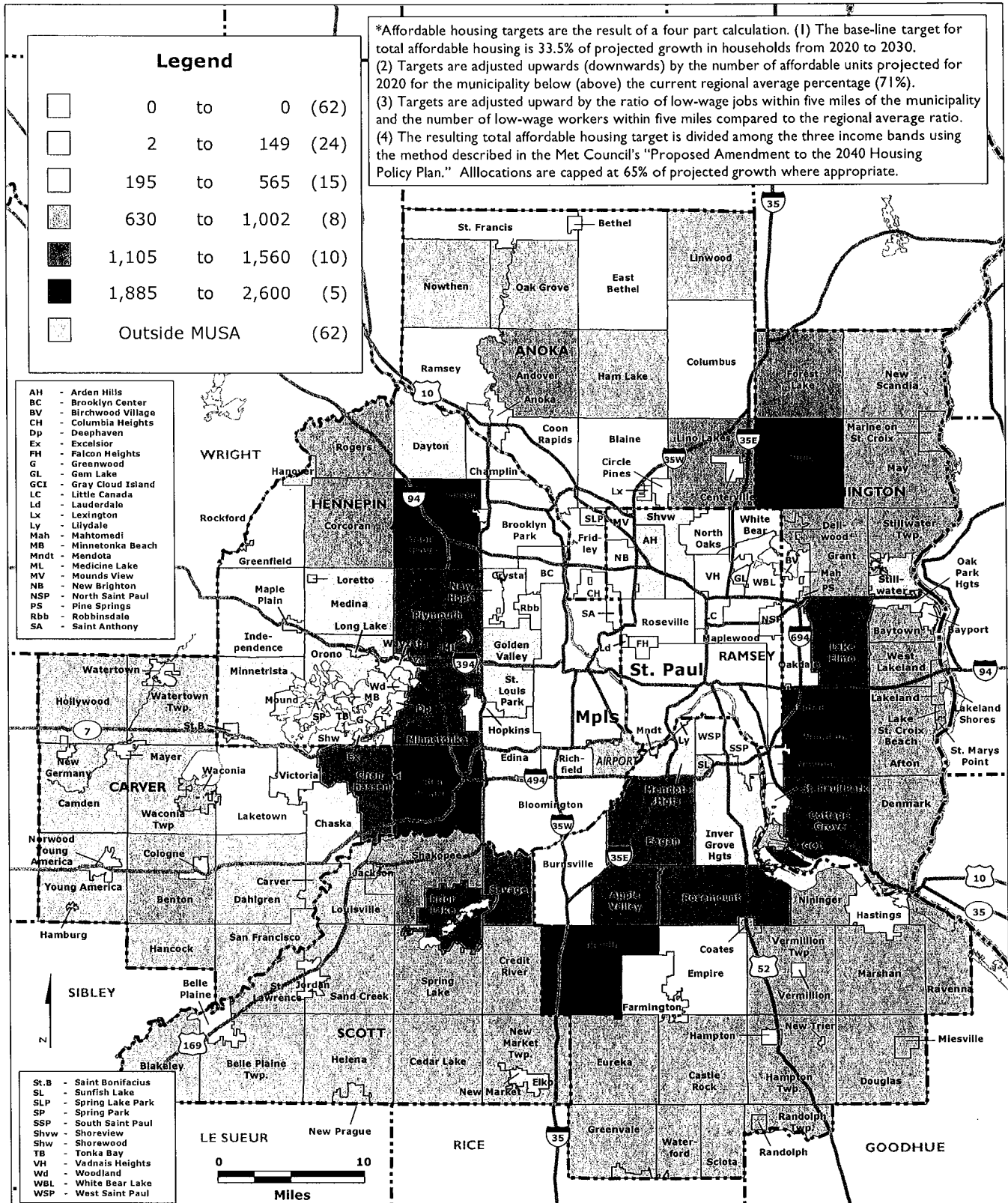
<sup>25</sup> A city was deemed to be on track if it had produced 40 percent of the upper end of its LCA affordability range during the four years from 2010 through 2013. The data was derived from Metropolitan Council, *Affordable Housing Production, Twin Cities Area* (2013).

### Map 3: Metropolitan Council Allocations from Proposed Amendments to the 2040 Housing Policy Plan, March 16, 2015



Data Source: Metropolitan Council.

### Map 4: Allocations with Proportional Adjustment for Jobs/Workers and Absolute Adjustment for Existing Affordable Housing-Capped (Total for All Affordability Ranges)\*



Data Source: IMO calculation using data from the Metropolitan Council.



Cities with a low score are, by contrast, *more* eligible for affordable housing subsidies. While this approach assists cities that are voluntarily seeking to reduce affordable housing shortfalls, it cannot be said to create a significant incentive to produce affordable housing. Many higher-income communities resist affordable housing for political reasons, and are unlikely to avail themselves of housing funding, even if they receive high priority for that funding.

Housing scores also constitute 7 percent of the available points in the scoring system for transportation funding. This system, however, is unlikely to have much effect on local policies or performance, because communities can compensate for poor housing performance by improving their scores across the other 93 percent of available points.

The simplest means of strengthening the Housing Performance Scores would be to utilize the scores in evaluating applications for a broader array of funding. In the 1985 Housing Development Guide – the Council’s previous housing policy plan – housing performance was used by the Council to prioritize “all applications for state and federal funding.”<sup>26</sup> This was accomplished through a variety of means, including the Council’s statutory power to review “matters of metropolitan significance” and a series of cooperative agreements with state and local agencies.<sup>27</sup> The Housing Policy Plan notes that the Housing Performance Scores are a direct continuation of this previous policy.<sup>28</sup>

The current Housing Policy Plan states that the Council’s previous review authority was derived from the federal A-95 review process, which was repealed in 1982. That description, however, omits important historical details. While, in the 1970s, the Council’s reviews were sometimes conducted within the framework of the A-95 process, A-95 was not the source of the Council’s review authority. Instead, the Council relied on its authority under the MLPA, and additionally maintained a number of cooperative agreements with HUD and state agencies, empowering it to prioritize funding. Notably, the MLPA authority and cooperative agreements remained in effect after the repeal of A-95. This is clearly demonstrated by the funding priority language within the 1985 Housing Development Guide, which entirely postdates A-95. Moreover, the 1985 and previous housing policy plans leave no doubt that the Council’s review authority extended to state sources of funding, such as park, transportation, sewer, and other grants. A-95, as a federal policy, could neither increase nor, in its repeal, reduce the Council’s authority to prioritize this state funding. Therefore, there can be no question that Council retains its extensive review powers today, even if it has chosen to exercise them less broadly.<sup>29</sup> (As noted above, the Council continues to condition a small portion of

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<sup>26</sup> Metropolitan Council, *Housing Development Guide* 45 (1985).

<sup>27</sup> Minn. Stat. § 473.171; Minn. Stat. § 473.173.

<sup>28</sup> Metropolitan Council, *Housing Policy Plan* 81-82 (2014).

<sup>29</sup> In the 1970s, these cooperative agreements were sometimes conducted under the auspices of the federal A-95 process. However, other cooperative agreements with HUD and state agencies – and the 1985 Housing Development Guide itself – postdate the A-95 review process, which was repealed by executive order in 1982. Moreover, A-95, as a federal policy, could neither increase nor, in its repeal, reduce the Council’s authority to prioritize state funding. Therefore, the Council still retains the authority to implement similar policies today.

transportation funding on housing, demonstrating that the Council has the capacity to integrate housing and other sources of funding.)

### **Conclusion**

IMO asks the Council to strongly reconsider its methods for allocating affordable housing need and incentivizing housing performance. In the past, the Council was a national leader in housing policy, and the impacts of its innovative techniques and clearheaded pursuit of a fairer region are still felt today. However, the past several decades have seen a rapid reversal of these gains. This process has been accelerated by Council policy. With the adoption of a new Housing Policy Plan, the Council has an important opportunity to change course and build powerful tools that support institutional fairness while eliminating regional disparities. The Council is urged to do so.

**Table 2: Comparison of Met Council and Institute on Metropolitan Opportunity  
Affordable Housing Allocations for 2020-30**

<u>County</u>	<u>City</u>	Projected Growth in Housing <u>Units</u>	Base <u>Allocation</u>	Met Council	Met	IMO	IMO Final <u>Allocation</u> <sup>1</sup>	IMO/ Met Council <u>Difference</u>
				Adjustment for Existing Affordable <u>Housing</u>	Council Final <u>Allocation</u>	Adjustment for Existing Affordable <u>Housing</u>		
Anoka	Andover	1,350	452	16	416	695	878	462
Anoka	Anoka	650	217	-48	153	-1,897	0	-153
Anoka	Bethel	20	7	-2	4	-53	0	-4
Anoka	Blaine	3,900	1,305	-132	1,119	-2,020	0	-1,119
Anoka	Centerville	110	37	-2	31	-23	2	-29
Anoka	Circle Pines	80	27	-5	21	-372	0	-21
Anoka	Columbia Heights	350	117	-28	98	-2,261	0	-98
Anoka	Columbus	120	40	4	41	40	72	31
Anoka	Coon Rapids	1,800	602	-125	426	-5,843	0	-426
Anoka	East Bethel	920	308	-29	230	-365	0	-230
Anoka	Fridley	600	201	-45	155	-2,845	0	-155
Anoka	Hilltop	40	13	-3	11	-131	0	-11
Anoka	Lexington	70	23	-6	17	-243	0	-17
Anoka	Lino Lakes	1,530	512	40	496	676	995	499
Anoka	Ramsey	1,600	535	-51	438	-693	0	-438
Anoka	St. Francis	410	137	-29	90	-315	0	-90
Anoka	Spring Lake Park	160	54	-12	43	-730	0	-43
Carver	Carver	1,310	438	61	441	425	706	265
Carver	Chanhausen	1,850	619	161	788	3,646	1,203	415
Carver	Chaska	1,800	602	-17	538	89	565	27
Carver	Cologne	360	120	-17	95	-111	0	-95
Carver	Hamburg	20	7	-2	4	-60	0	-4
Carver	Laketown Township	0	0	0	0	53	0	0
Carver	Mayer	160	54	-10	35	-146	0	-35
Carver	New Germany	50	17	-4	11	-52	0	-11
Carver	Nor/America	680	227	-48	159	-434	0	-159
Carver	Victoria	730	244	79	298	1,509	475	177
Carver	Waconia	1,680	562	11	563	352	898	335
Carver	Watertown	340	114	-24	76	-407	0	-76
Dakota	Apple Valley	2,800	937	-15	833	581	1,266	433
Dakota	Burnsville	1,000	335	-28	302	-1,636	0	-302
Dakota	Eagan	1,950	652	18	717	2,308	1,268	551
Dakota	Empire Township	280	94	9	100	42	130	30
Dakota	Farmington	1,350	452	-28	374	-244	73	-301
Dakota	Hampton	10	3	-1	2	-64	0	-2
Dakota	Hastings	1,300	435	-64	363	-1,394	0	-363
Dakota	Inver Grove Heights	2,100	702	-29	631	-116	482	-149
Dakota	Lakeville	4,000	1,338	155	1,410	4,328	2,600	1,190
Dakota	Lilydale	40	13	2	17	123	26	9
Dakota	Mendota	10	3	0	3	-11	0	-3

**Table 2: Comparison of Met Council and Institute on Metropolitan Opportunity  
Affordable Housing Allocations for 2020-30**

County	City	Projected Growth in Housing Units	Base Allocation	Met Council	Met	IMO	IMO/ Met Council Difference	
				Adjustment for Existing Affordable Housing	Council Final Allocation	Adjustment for Existing Affordable Housing		IMO Final Allocation <sup>1</sup>
Dakota	Mendota Heights	330	110	32	150	2,014	215	65
Dakota	Rosemount	2,400	803	41	832	1,006	1,560	728
Dakota	South St. Paul	350	117	-27	83	-2,225	0	-83
Dakota	Vermillion	0	0	0	0	-31	0	0
Dakota	West St. Paul	400	134	-27	123	-2,056	0	-123
Hennepin	Bloomington	1,350	452	-32	501	-1,775	0	-501
Hennepin	Brooklyn Center	900	301	-65	219	-2,751	0	-219
Hennepin	Brooklyn Park	2,950	987	-138	803	-4,150	0	-803
Hennepin	Champlin	550	184	-16	159	-574	0	-159
Hennepin	Corcoran	970	324	35	329	494	631	302
Hennepin	Crystal	200	67	-15	52	-2,377	0	-52
Hennepin	Dayton	1,170	391	0	384	112	492	108
Hennepin	Deephaven	10	3	1	4	823	7	3
Hennepin	Eden Prairie	3,250	1,087	199	1,518	8,117	2,113	595
Hennepin	Edina	700	234	58	348	7,822	455	107
Hennepin	Excelsior	10	3	0	3	118	7	4
Hennepin	Golden Valley	400	134	9	150	1,230	260	110
Hennepin	Greenfield	60	20	4	23	62	39	16
Hennepin	Greenwood	0	0	0	0	172	0	0
Hennepin	Hopkins	300	100	-11	121	-917	0	-121
Hennepin	Independence	100	33	11	45	158	65	20
Hennepin	Long Lake	90	30	-1	30	14	46	16
Hennepin	Loretto	10	3	0	3	-8	0	-3
Hennepin	Maple Grove	3,050	1,020	78	1,083	3,754	1,983	900
Hennepin	Maple Plain	90	30	-4	25	-99	0	-25
Hennepin	Medicine Lake	0	0	0	0	60	0	0
Hennepin	Medina	480	161	53	216	1,040	312	96
Hennepin	Minneapolis	9,700	3,245	-272	3,368	-11,462	0	-3,368
Hennepin	Minnetonka	1,800	602	93	802	6,047	1,170	368
Hennepin	Minnetonka Beach	10	3	1	4	128	7	3
Hennepin	Minnetrissa	820	274	100	339	607	533	194
Hennepin	Mound	250	84	-6	67	-186	0	-67
Hennepin	New Hope	400	134	-27	111	-1,892	0	-111
Hennepin	Orono	350	117	39	153	1,467	228	75
Hennepin	Osseo	120	40	-9	31	-314	0	-31
Hennepin	Plymouth	2,250	753	112	942	7,278	1,463	521
Hennepin	Richfield	650	217	-44	195	-3,486	0	-195
Hennepin	Robbinsdale	250	84	-19	65	-1,538	0	-65
Hennepin	Rogers	1,460	488	49	544	820	949	405
Hennepin	St. Anthony	250	84	-3	102	-5	144	42

**Table 2: Comparison of Met Council and Institute on Metropolitan Opportunity  
Affordable Housing Allocations for 2020-30**

<u>County</u>	<u>City</u>	Projected Growth in Housing <u>Units</u>	Base <u>Allocation</u>	Met Council	Met	IMO	IMO Final <u>Allocation</u> <sup>1</sup>	IMO/ Met Council <u>Difference</u>
				Adjustment for Existing Affordable <u>Housing</u>	Council Final <u>Allocation</u>	Adjustment for Existing Affordable <u>Housing</u>		
Hennepin	St. Bonifacius	0	0	0	0	-69	0	0
Hennepin	St. Louis Park	900	301	-12	332	-99	338	6
Hennepin	Shorewood	100	33	12	44	1,404	65	21
Hennepin	Spring Park	60	20	0	18	41	39	21
Hennepin	Tonka Bay	30	10	3	13	308	20	7
Hennepin	Wayzata	120	40	6	50	515	78	28
Hennepin	Woodland	0	0	0	0	119	0	0
Ramsey	Arden Hills	810	271	43	333	878	527	194
Ramsey	Falcon Heights	0	0	0	0	71	0	0
Ramsey	Gem Lake	30	10	1	11	34	20	9
Ramsey	Lauderdale	10	3	-1	3	-251	0	-3
Ramsey	Little Canada	130	43	-5	39	-497	0	-39
Ramsey	Maplewood	1,550	518	-75	419	-2,374	0	-419
Ramsey	Mounds View	50	17	-4	14	-1,174	0	-14
Ramsey	New Brighton	700	234	-22	232	-727	0	-232
Ramsey	North Oaks	80	27	13	41	485	52	11
Ramsey	North St. Paul	250	84	-19	60	-1,235	0	-60
Ramsey	Roseville	400	134	-8	145	-546	0	-145
Ramsey	Saint Paul	6,650	2,224	-306	2,021	-16,535	0	-2,021
Ramsey	Shoreview	300	100	3	106	862	195	89
Ramsey	Vadnais Heights	350	117	-4	119	10	149	30
Ramsey	White Bear Township	180	60	4	66	561	117	51
Ramsey	White Bear Lake	700	234	-32	206	-1,373	0	-206
Scott	Belle Plaine	800	268	-59	206	-706	0	-206
Scott	Elko New Market	890	298	27	287	311	502	215
Scott	Jordan	660	221	-25	174	-243	0	-174
Scott	Prior Lake	2,400	803	87	871	1,858	1,560	689
Scott	Savage	1,700	569	51	580	1,877	1,105	525
Scott	Shakopee	2,950	987	-33	938	43	1,002	64
Washington	Bayport	120	40	0	41	47	78	37
Washington	Birchwood Village	0	0	0	0	184	0	0
Washington	Cottage Grove	2,350	786	17	698	1,011	1,515	817
Washington	Forest Lake	1,250	418	18	431	654	813	382
Washington	Hugo	2,900	970	138	975	1,556	1,885	910
Washington	Lake Elmo	1,770	592	173	733	1,641	1,151	418
Washington	Landfall	0	0	0	0	-87	0	0
Washington	Mahtomedi	80	27	7	34	1,118	52	18
Washington	Newport	260	87	-14	66	-269	0	-66
Washington	Oakdale	700	234	-10	214	-109	104	-110
Washington	Oak Park Heights	230	77	3	82	221	150	68

**Table 2: Comparison of Met Council and Institute on Metropolitan Opportunity  
Affordable Housing Allocations for 2020-30**

<u>County</u>	<u>City</u>	Projected Growth in Housing <u>Units</u>	Base <u>Allocation</u>	Met Council Adjustment for Existing Affordable <u>Housing</u>	Met Council Final <u>Allocation</u>	IMO Adjustment for Existing Affordable <u>Housing</u>	IMO Final <u>Allocation</u> <sup>1</sup>	IMO/ Met Council <u>Difference</u>
Washington	St. Paul Park	430	144	-32	102	-545	0	-102
Washington	Stillwater	750	251	20	284	1,244	488	204
Washington	Willernie	0	0	0	0	-45	0	0
Washington	Woodbury	3,700	1,238	281	1,443	8,496	2,405	962
Total		113,300	37,898	197	37,907	-1,434	38,718	

<sup>1</sup> IMO final allocations are capped at 65% of projected growth where applicable.

Source: Metropolitan Council, Proposed Amendment to the 2040 Housing Policy Plan.



May 14, 2015

Mr. Adam Duininck, Chair, and Metropolitan Council Members  
390 North Robert Street  
Saint Paul, MN 5501

Dear Chair Duininck and Council Members:

Thank you for the opportunity to comment on the three areas proposed for amendment to the Housing Policy Plan. Metro Cities appreciates the work groups conducted by Council staff around the proposed content for the plan earlier this year, and for Council staff's presentation on these issues recently to a Metro Cities focus group.

The comments below address each of the three areas of the proposed amendment.

#### **Allocation of Affordable Housing Need**

The proposed allocation adjusts for existing housing stock and proximity of low-wage jobs to workers, and does not adjust separately for transit/transportation access, as this factor is accounted for in growth forecasts. Metro Cities' policies support adjusting for transit/transportation access, and would request the amendment to be more explicit as to how this adjustment is accounted for in the forecast model, so that this information is transparent and can be appropriately evaluated by all who are affected by the policy and allocation.

Metro Cities supports additional clarity in the formula which adjusts for existing housing stock, by clearly identifying which measures were used to arrive at the adjustment. Although the allocation adjusts for existing stock that is subsidized and not subsidized, Metro Cities has concerns that the method may not adequately adjust for a community's existing housing, including preservation efforts. Metro Cities' policies support a formula that reflects a community's balance and breadth of existing affordable housing, and supports the use of city data in addition to other sources. The amendment should include additional detail as to the measures used to arrive at this factor.

Metro Cities' policies support distributing affordable housing need as a range of needs in a community. The allocation attempts to accomplish this by using three bands of affordability. While Metro Cities supports this approach generally, our organization has concerns about how the bands may be used to evaluate cities' progress toward meeting their local allocation of the need, particularly when meeting the need at the lower band in particular will require significant public subsidies, the levels of which are grossly insufficient to meet the need.

Generally, the amendment must recognize that significant federal and state financial assistance, as well as assistance from the Council, will be necessary to enable local communities to meet the regional allocation of need. The challenges in meeting the housing need numbers generated consistent discussion at the work group. The lack of available resources to address affordable housing remains a significant obstacle to increasing affordable housing.

Metro Cities requests that the amendment language be clear about the purpose and function of the need numbers, and provide sufficient context about the lack of resources to meet the need. Without this information, the function of the allocation can be easily misconstrued and misunderstood. This will hinder productive discussion with all stakeholders toward addressing affordable housing needs in the region.

The proposed amendment states that the Council will consider the use of the Sewer Availability Charge (SAC) to determine its viability as a resource for affordable housing. Metro Cities opposes the use of the SAC fee to subsidize Council goals and objectives. We understand that the Council will conduct a group to consider this source for affordable housing. Metro Cities would appreciate the opportunity to participate in these discussions and would ask that the Council take this opportunity to have a broader dialogue about the resource challenges needed to support affordable housing.

Metro Cities supports language in the amendment that identifies triggers that would prompt a review of the allocation. During the last need allocation, the significant changes in the housing market prompted concern about its potential effect on the need numbers. While we are not advocating for frequent reviews that would put cities into a state of perpetual planning and reworking of local goals and plans, the Council should identify factors, such as significant housing market changes, that would prompt a review of the numbers.

### **Review of Housing Elements of Local Comprehensive Plans**

With respect to proposed new requirements for local plans, Metro Cities would like to stress the Council's review and comment role. Council staff have acknowledged that the new requirements will provide for a more 'robust' review of plans. However, no additional content or format for the completion of comp plans that goes beyond the Land Use Planning Act or is needed for the Council to perform its statutory functions, should be required for the review of local comprehensive plans.

Particularly, city officials must follow local codes and ordinances and balance community needs, demands and resources, all of which bear on which resources might be available or are practical for a city. Therefore, what is required in a long range plan must balance consistency of regional requirements with local flexibility and not prescribe or judge a city's use or non-use of particular tools and resources. The types of local tools and resources cities employ to meet housing or other local needs are local decisions and whether particular tools are reasonable for a community are decisions that individual communities, and not the Metropolitan Council, are in a position to make.

The original draft amendment contained the following language: "The Council will accept reasonable explanations (e.g. lack of capacity or competing priorities) for why available tools will not be used to address housing needs as part of a complete housing element." This language was eliminated by the Community Development Committee, and should be reinstated. The elimination of this language suggests that a 'one size fits all' standard will be employed by the Council in its review of the housing element of local plans. Re-inserting this language will provide needed assurance that the Council will work in close partnership with cities on these issues.

Density requirements must be reasonable and take into account the effects of market trends on city development/redevelopment activity. We would request that staff work to provide additional clarity and assistance to local communities around the density requirements. Metro Cities has heard from city officials that the new density requirements are at the very least confusing and we would request staff work to provide additional clarity about the new requirements. While increasing densities might help to support the production of affordable housing, they are not the sole solution, and the policy must be foremost sufficiently flexible to allow for differences in city needs and capacities.



## Housing Performance Scores

Metro Cities supports the new methodology that accounts for a full range of city activities in both new production and preservation/rehabilitation which serves a range of city characteristics, as well as the narrative field to supplement data in the standard scoring categories. Metro Cities also supports the ten-year look back period of affordable housing activity that recognizes the cyclical economic nature of housing production. Metro Cities also supports the “hold harmless” provision of a city’s 2015 score being no lower than 80 percent of the average of a city’s 2010-2014 score.

Metro Cities would also support a review of the new methodology after two rounds of scores to review the point potential for each category and unintended consequences of the new scoring.

## General/Summary

During the work groups, Metro Cities noted persistent advocacy by housing stakeholders for more stringent Council requirements on local governments for affordable housing. The tenor of some of the discussions suggest that the roles of local government, the Council, state and federal government, and private and non-profit sectors warrant clearer articulation and context in the housing policy plan language. While cities and the Council play important roles, providing housing is a shared responsibility that involves the federal, state and regional governments, the private sector and non-profit organizations, among others.

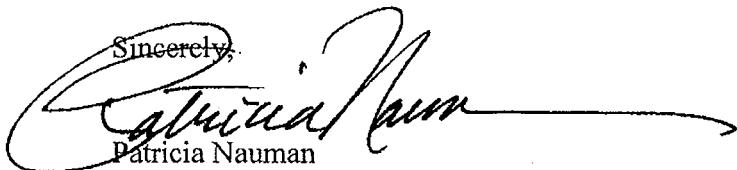
In particular, resources from the state and federal government play primary roles – and stand as a key obstacle to - increasing affordable housing. These resources have been dwindling for years, and simply imposing more regulations on local governments will not alter this fact, nor will it solve the need for housing in the region.

Generally, the Metropolitan Council’s role in housing is a limited one, and thus the Council must take care not to overstep its authority in this area, but instead work collaboratively and consistently with local governments as it sets regional policies and investments.

Metro Cities supports the goal of increasing affordable housing in the region. We also recognize that these needs take significant resources that go well beyond the scope of a regional housing policy plan. This housing plan will serve the region well if at its core it is comprehensive in addressing the scope of housing needs, recognizes roles and resource challenges, and supports strong partnerships and collaboration among all sectors involved in the provision of housing. The housing policy plan will then be positioned to help guide policymakers, stakeholders, local governments and the private sector on these issues in the coming years.

Metro Cities appreciates the work and outreach of Metropolitan Council members and staff on during the amendment process, and stands ready to work with, and assist, the Council in its efforts on these important issues.

Sincerely,



Patricia Nauman  
Executive Director



*"Do Justice, love mercy and walk humbly with your God" Micah 6:8*

May 15, 2015

Thank you for the opportunity provide to comments on the Housing Policy Plan Amendment.

As people of faith we believe that we are to love and treat others as ourselves and that every one without exception has a decent, safe, accessible and affordable home (rental/homeownership)

**We see this amendment as a significant step forward**

1. The decision of the Met Council to look at four levels of affordable housing need – those under 30% of AMI, those between 30% and 50% AMI, those between 50% and 80% AMI and those between 80% and 115% – is a very positive one. It more accurately measures our actual housing need over the last decade. It also shows how badly our economy is out of balance. Focusing only on the need that new households will generate, without looking at the current need and lack of affordable housing across the metro, masks the depth of the economic inequality we are laboring under. Adding existing need to comprehensive planning is a good step. But looking with clear eyes at what the need will be with the groups that actually need it is a huge step forward. We recommend vacancies be built into each income level to address turnover and repair issues. The Complicated formula utilized may be difficult for some to understand.
  
2. The amendment does a good job of describing the need for Housing Choice throughout metro area for all income levels. As you indicated 64% of all trips of people with incomes under \$30,000 are by automobile. People with limited incomes can move and live beyond our transit lines and affordable housing opportunities needs to be available throughout the region.

**Major Concerns:**

1. Fair Housing Law Enforcement is Not included
  - a. We believe you are utilizing a flawed Analysis Impediments to Fair Housing.
  - b. The Analysis of Impediments in no way goes deeply enough into the problems with Fair Housing and the entire section needs more funding, tools, and controls. At the very minimum the Metropolitan Council should commit to and fund fair housing screening across the region.

- c. The Lack of importance of the Fair Housing Plan is indicated by low number of points it receives on the scorecard – 3 points There should be more points for Fair Housing and a large bonus for fair housing testing.
  - d. There are persistent and deep racial inequities in housing in this metropolitan area. There is virtually no discussion of insuring fair housing opportunities for people of color, Latino/Hispanic, American Indians, ethnicity, people with disabilities, criminal, credit issues, large families, faith, different languages/cultural considerations in the housing amendment...
  - e. One of the priorities through 2015 and issuance of Systems Statements (page 5): Adopt a fair housing plan- clearly this amendment does NOT make Fair Housing a Priority.
  - f. Accessibility is not clearly defined. We encourage the Council to expand its input into the Housing Plan by including people with various accessibility needs including physical, mental and/or chemical health, criminal, credit, and others in policy decision making in this area.
2. In the Introduction you indicate our community is growing, we would like you to add that it is also aging, becoming more diverse, and many people have extremely low incomes.
  3. Home Ownership and Rental Units - Vacant units should rehabbed by people in the community. Points should be provided to community based developers that live in the community, hire unemployed or underemployed people in the community.
  4. Amendments to Comprehensive Plans: We believe Cities are currently using amendments as a way to get around the approved land use plans and are decreasing the zoned density after the approved plan without replacing it with other zoned land at higher density. We believe this violates the comprehensive housing plan process and MICAH supports amendments that increase density.

The comprehensive plan must provide zoned land throughout the community for affordable housing.

5. We are concerned about the level of Community Input: How many people with incomes under 30% median, minorities, diverse languages, housing issues were included in developing this plan. We are concerned about the Reading grade level of this amendment. We had community members review this plan, many did not understand what they were reading, the formula, and felt left out and not heard in this process. MICAH would like to assist you with the Equity in Place Coalition and

other groups to help communities develop an inclusive and strong comprehensive plan. We believe the Met Council is required to comply with Environmental Justice Guidance (see attached).

**6. Scorecard**

- a. While it is advantageous to offer cities the opportunity to provide narrative and additional information we question how scoring for this will be carried out transparently and what documentation will be required to support such narrative information.
- b. Housing requirements for local Comprehensive Plans:

We believe that it would increase local awareness and advance affordable housing efforts if information / training on regional as well as local housing issues could add points to the scoring for educational opportunities taken advantage of by city councils, planning commissions and staff. This information/training would include fair housing regulations & local & regional needs, homelessness in school districts, existing and future local and regional housing needs and opportunities, land use and efforts to advance compatibility with other communities consistent with metropolitan system plans.

- c. We recommend that cities receive Scoring points for their work to create incentives for owners/managers of rental properties to accept Section 8 vouchers and also people with rental barriers.
- d. Moving to award points for tools and mechanisms actually used by jurisdictions rather than those simply available – but unused – is a step forward.

- 7. The plan indicates it would cost \$500 Million/year in public investment to build the housing under 50% of media. \$5 Billion over 10 years- what resources have you identified? We know it will cost \$2 Billion to just address 10% of disparity in homeownership between white and non-white in the State.

When we were discussing this plan at a MICAH chapter meeting, with a developer who has worked to build affordable housing, we looked at the 30% AMI targets and his comment was ‘these goals are a joke.’

This is very true and real; given the current funding systems, getting hundreds and thousands of housing units built at 30% AMI is not going to happen, unless something changes. The honest look at housing need that this represents is one of those changes.

But admitting we have a problem is only half of the solution – we need massive commitment on all levels to re-balance our economy, from wages to healthcare to

housing. We need the Metropolitan Council to use both carrot and stick to push more jurisdictions to reach these goals, we need local organizing to push it. We need commitments to change.

8. The Legislature has been considering a bill where each City's proposed number of affordable units may have to be approved by the Legislature. How would such a change impact this plan? The Legislature has two diverse proposals they are considering on funding of affordable housing, one potentially makes significant cuts to affordable housing funds in the 2016-2017 , how would that impact this plan?
  
9. Accountability: We believe the plan is still significantly lacking specific details in this area.  
We believe it will be impossible to hold cities accountable to the goals set in this plan unless there are resources available for them to create, rehab, and maintain affordable housing.

Thank you for the opportunity to comment.

Sincerely,

*Sue Watlov Phillips*

Sue Watlov Phillips, M.A.

Executive Director



May 26, 2015

Comments on The Housing Policy Plan Amendment were received from the following residents:

Steve Ficker

## COMMENTS ON THE AMENDMENT TO THE 2040 HOUSING POLICY PLAN

I live in Prospect Park, within the Minneapolis Central Corridor that's served by Green Line rail transit.

I like the new direction at the Met Council, and the new initiatives for allocation of need, and scoring, which are included in the 2040 Housing Policy Plan amendment.

New Housing Performance Scores have great potential but unfortunately aren't specific enough to be escape proof. How will the Council determine if the information communities provide to showcase their efforts is complete and accurate? The Council can't succeed if it doesn't know the true situation at the community level.

The Central Corridor is now in the spotlight nationally, because its a rare opportunity to witness city to city urban light rail development. Our region is also in the spotlight because we have some of the highest racial disparities in the nation.

An uninhibited examination of Central Corridor transit development decisions would provide insight into how things actually get done, without scrutiny, in the Twin Cities. Worthy community based Central Corridor development planning processes were repeatedly derailed, defunded or co-opted. Low income residents are now being pushed out of their corridor neighborhoods, while lucrative contracts go to successor organizations that displaced genuine community planning.

I've been a member of the Prospect Park East River Road Improvement Association since 1997. For more than 15 years I've been involved in attempts to make the City's neighborhood decision process more democratic and inclusive. I've also been an advocate for building low income affordable housing in our neighborhood, along the Green Line rail corridor.

PPERRIA's nearly all white Board has been spectacularly undemocratic, and adverse to community residents other than homeowners. For many years it openly discriminated against students, deeming them temporary residents.

In 2005 I submitted a proposal to develop affordable housing in the Prospect Park neighborhood. The PPERRIA NRP Phase II Steering Committee was charged with bringing Action Plan proposals to a neighborhood wide meeting, where the community would then decide what to include in the Plan. The Steering Committee did not advance my proposal. I was told my proposal was "unrealistic".

At the neighborhood meeting, I proposed an amendment to the Action Plan Draft, which had already been prepared by the Steering Committee. I proposed allocating Neighborhood Revitalization Program funds for inclusionary construction of low income affordable housing in Prospect Park. The amendment passed easily.

The amendment language was incorporated into the PPERRIA Phase II Action Plan and sent to NRP. But the PPERRIA Phase II Action Plan which PPERRIA distributed to others, and represented on its web site to be the approved plan, omitted the just approved amendment requirement to build low income housing with NRP dollars.

I was unaware of this omission because I did not own a computer at that time.

In 2007 Home Improvement & Affordable Housing Action Plan funds were transferred to the Center for Energy and Environment, which was chosen to administer the neighborhood's NRP home improvement loans. So far PPERRIA has produced no record of implementation of the affordable housing construction strategy, nor authorization for transfer of these funds to the CEE.

I've repeatedly asked PPERRIA's leadership for a complete accounting of these funds and actions, to no avail.

This 2012 email, for an example, received no reply:



From: Steve Ficker <steveficker@usiwireless.com>  
Subject: **PPERRIA Housing Funds**  
Date: April 19, 2012 11:59:12 PM CDT  
To: Dick Poppele <dick@umn.edu>  
Cc: laronchristina@gmail.com, Steve Ficker <steveficker@usiwireless.com>

Dr. Dick Poppele,

When I spoke to former Housing Committee Chairman Stu Anderson last October about the unmet Action Plan requirement to build affordable housing in our neighborhood, I asked how the Committee had spent its housing funds. Dr. Anderson said he did not know how much money the committee had when he was chair. He did recall a failed attempt to borrow some of these funds, however, so presumably some housing money remained to lend at that point.

I'd like to know the current status of the PPERRIA Phase 2 housing funds, and get complete documentation that accounts exactly for how and why these funds were spent. Your repeated claim that PPERRIA authorized transferring the housing funds to the Center for Energy and Environment home loan program when PPERRIA met July 2007 is not correct. I have not witnessed authorization to spend these housing funds, either at the committee or board/membership level. It appears now that PPERRIA has just moved on, without financial accountability.

I am therefore requesting copies of all records, actions and communications that concern or relate to PPERRIA's Phase 2 Housing Committee funds, including such documentation from the PPERRIA committees, board, current and past treasurers, subcontractors, staff, NRP, City of Minneapolis, CEE, auditors and any others who played a role in spending, transferring or accounting these funds.

I understand that several years ago PPERRIA leadership obtained an opinion, by former MN Department of Administration director Don Gemberling, that PPERRIA was not subject to state requirements regarding "open records". I do think in any case that PPERRIA has a fiduciary and moral responsibility to make its records public, and should be held accountable to the city, neighborhood residents, and potential residents who are in need of affordable housing.

Would you please also send me a copy of the aforementioned opinion from Mr. Gemberling.

Sincerely,  
Steve Ficker

In 2009 the previous PPERRIA Housing Committee Chairman sent this letter to me, and evidently also a copy to Dr. Poppele, concerning how housing funds ought to be spent and who deserved them.

July 23, 2009

Steven Ficker.

In response to your letter asking for \$20,000 to be taken out of the NRP Housing re-hab fund and be put into an as of yet undefined location to me is absurd. Where will this money go? What contractor is going to take \$20,000 and turn it into a \$175,000 affordable house?

\$20,000 would put two large roofs onto a Prospect Park home. It also would replace three furnaces for folks that qualify under this program. People who have lived in this neighborhood and have paid property taxes for years deserve this funding not a newcomer to the community.

If you wish to get involved in the neighborhoods "affordable housing program" take a walk down to Glendale Town Homes where you will find 50 such units.

Having said that, I will always go by majority rule.

Respectfully, Roger Kiemele



cc. Richard Poppele

Despite ongoing opposition at PPERRIA, a majority from Prospect Park actually did fund additional housing for low income residents - some of whom might well have become newcomers to our community.

The funding wasn't destined for Glendale, where you would find closer to 184 affordable units, - not 50 specified in the former Housing Chairman's letter.

It sounds like PPERRIA has changed accounting methods at least once, since the 2007 transfer of NRP housing funds. PPERRIA may also have sent housing funds back to the City, and some of these funds were sent from the City back to PPERRIA. So it could realistically require a forensic audit to determine the true paths this NRP money has taken.

PPERRIA Treasurer Reports are "filed for audit", but PPERRIA currently isn't subject to audit. Minneapolis' NCR program is even less accountable than the NRP it replaced, and supposedly reformed.

At the February 2015 Board meeting PPERRIA's Treasurer Dick P. proposed a draft budget. He explained that a report had said a lot of the funds that are dedicated funds are really PPERRIA's funds anyway, so why not just fold that into a general fund, and then have a budget for that. He said that in effect, that's what this budget reflects.

Former treasurer Dick K. later replied to the current treasurer that he needed to keep the dedicated funds separate - That's the obligation that you assume when you get the money..... The way you're talking it sounds like you're not doing that. That's why people are reacting.

People were reacting. PPERRIA's astonishingly poor financial transparency and accountability have been a source of controversy for years.

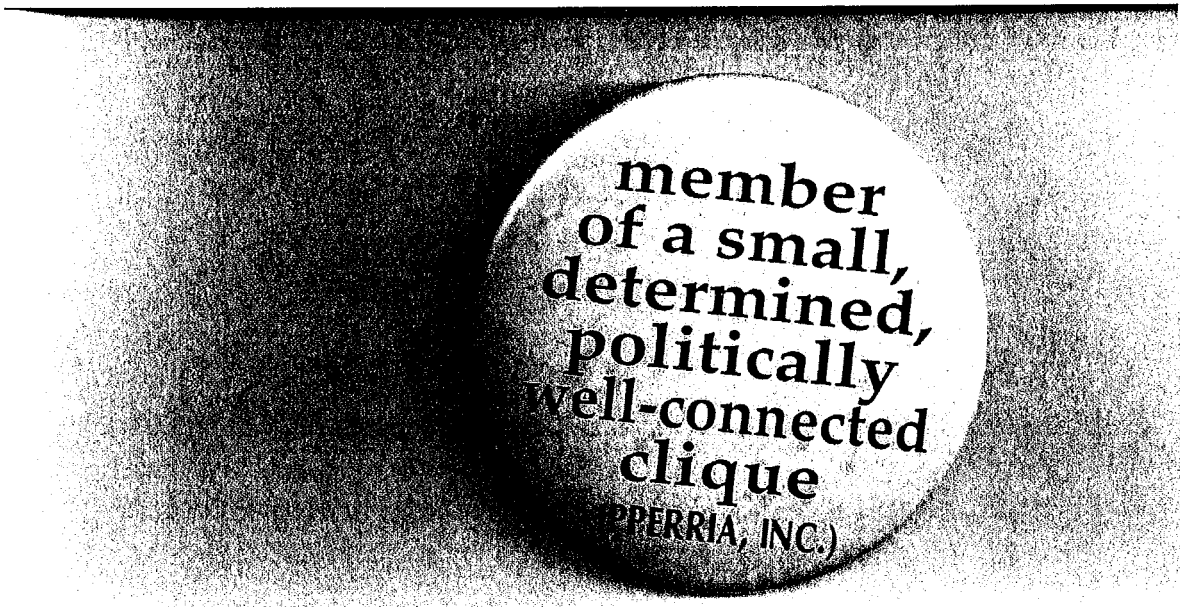
Dick K. earlier said he didn't believe the FICA estimate for staff. Someone else calculated an estimated \$6000 not in the budget cost.

The important context of these significant financial issues isn't apparent in PPERRIA minutes, which not always tell a complete or accurate story of what really happened at the Board meeting. I recently emailed this concern, and the three paragraphs of text above, to PPERRIA's Secretary.

This has been a historic issue that sometimes contributes to PPERRIA's undemocratic process.

In 2013 PPERRIA incorrectly claimed that there was no Board alternate available to fill a Board vacancy. PPERRIA suggested that its Board election records might have been misplaced, failed to look for those records, failed to follow its own election bylaws, and failed to implement its 2012 Board election results.

At the April 2013 Annual Meeting, PPERRIA distributed large yellow and black buttons at its sign in desk. The buttons boldly stated: "member of a small, determined, politically well-connected clique (PPERRIA, INC.)" - a reference to previous criticism.



Later during the meeting, PPERRIA's Board isolated itself from the Membership, and in violation of its bylaws, contrary to its President's promise, amended its bylaws without notice. The amendments serve to disenfranchise residents and concentrate power with a select few. The Board has progressively taken rights from the Membership since 2000.

At the April 2014 Annual Meeting members weren't allowed to speak on behalf of their Board candidacy. By the time my candidacy was announced, most of the ballots had already been collected. The President later told me someone else complained, after they also weren't allowed to announce their candidacy.

Despite years of criticism, this past year only one person of color was on PPERRIA's 40 member Board. There was no Board member advocating from Glendale Public Housing's 184 units. There were no students on the Board, although they're the biggest resident demographic. In the previous year (2013-2014) there were zero Board members of color.

Complete results of last month's PPERRIA Annual Meeting aren't yet posted on the PPERRIA website, but it's clear that a strong outspoken Glendale Resident Council leader, Ladan Yusuf, succeeded in winning one seat on PPERRIA's large Board of Directors.

Glendale residents have complained about an information drought, where the Minneapolis Public Housing Authority has met more frequently with the neighborhood group than with public housing residents.

GRC leader Yusuf believes the MPHA's goal is gentrification. She was recently quoted in the Strib saying: "There's something wrong going on here. They think we are blind. They think we are deaf. That we don't know what's going on here. They're treating us horribly."

These are just a few examples of what passes for community engagement in my Minneapolis neighborhood.

Why does the Metropolitan Council enthusiastically award grants to the MPHA under such conditions? I understand more funding is on the way, perhaps over a million dollars, to design a "cutting edge" replacement for Glendale Townhomes. Do Glendale residents' opinions matter?

Glendale is an exceptional public housing project that works, and has always worked. Does the Met Council have a clue why Glendale has been so successful? Why would the Met Council want to demolish something uniquely successful to replace it with something "cutting edge"?

How can PPERRIA continue to qualify for Minneapolis Citizen Participation Program funding and City designated status as the neighborhood's representative?

Our neighborhood association should be an embarrassment to the City and our entire region. Instead, the City and local political entities back it up, while residents get cheated.

I spoke with the former Council Chair several times, twice at length, about the undemocratic tactics and unscrupulous process PPERRIA had employed to benefit the interests of homeowners, most all of whom are white. At first it seemed she was reluctant to hear what I had witnessed. Later at Model Cities, following an introduction by my friend Vaughn, she seemed to acknowledge the situation in my neighborhood.

I sent comments about the 2040 Transportation Policy Plan to the Council last October, along with alarming evidence of misconduct by my neighborhood association.

Nevertheless it was not at all surprising to recently learn that Prospect Park Station ranks second highest for Met Council Green Line Livable Communities Grant funding (\$4,310,607).

I have no way of knowing whether PPERRIA receives funding that originates from the Met Council, but the independent non profits, which some PPERRIA leaders spun off from PPERRIA's Master Planning efforts, have taken over and are now directly involved in planning Green Line corridor development in our neighborhood. As you can see from the online excerpt below, Prospect Park 2020's original executive committee was made up entirely by members of PPERRIA's Board.

Governing Board

Nan Skelton - chair

Dick Gilyard\*

John DeWitt\*

Ray Harris

Nan Kari

Katya Pilling

Dick Poppele\*

\*executive committee

At incorporation, 2020's Strategic Partners list included political connections such as the offices of Mayor R.T. Rybak, Hennepin County Commissioner Peter McLaughlin, Met Council Chair Susan Haigh, and Met Council Member Adam Duininck.

Failure to appreciate the local situation has been a persistent downfall for the Council, be it local community sentiments or nearby environmental realities.

The culture of using a corrupted process to get whatever one wants is so ingrained in parts of our region that it will take extraordinary measures and uncompromised commitment by the Council to achieve Thrive's goal of equitable outcomes.

Without inclusionary requirements for the construction of low income affordable housing, adept community organizations may evade their commitments to develop such housing within their neighborhood.

The Metropolitan Council shouldn't give funding or benefits to communities unless the community's local financial records and actions are subject to complete, independent audits and genuine open access.

The Council should require local community processes to be democratic, and ensure meaningful, decisive voting right participation for all adult residents of the community.

An enlightened democratic approach would be an opportunity for the Council to distinguish itself as a relevant objective alternative.

An appointed Council can't be taken seriously if it acts on behalf of politics of an appointment, or turns a blind eye to the ongoing systemic injustice in our region.

The Council should establish a fair neutral procedure to investigate complaints and challenge decisions which are undemocratic or based on inaccurate information.

Housing Performance Scores should reflect the actual performance at the local community level, not just overall performance of large cities, in order to identify the source of inequities.

These are serious issues which the Metropolitan Council ought to consider, because Council involvement often occurs at the intersections of various government jurisdictions and community decision process. You will never achieve fair housing development if the local process isn't democratic and accountable.

Much appreciate the new allocation and scoring initiative -  
Steve Ficker

Attached documentation:

## Proposed Text To Amend PERRIA's 3-24-2014 Board Minutes

Paul Zerby said that he had talked to someone at the MN Attorney General's Office that morning. He related the following:

That she told him she couldn't give a legal opinion, but did say flexibility of the 317A statute depends on the governing documents.

She said if you end up with a dispute, say about a grant of money or a contract you agreed to, and somebody takes you to court, which is conceivable, then you've got a problem before the court. She said that if the court sees that you haven't tried to comply with your own rules, the court is not going to like that.

She also said she had been twice before the court where that situation has come up. In those cases, the court has not issued a written opinion, but has on the spot ruled against the non-profit when it failed to comply with its own requirements.



# Response to ‘Cunning, undemocratic neighborhood process continues near U’

By David Markle, Minnesota Daily reader  
April 29, 2015 (2 weeks ago)

Steve Ficker’s letter complaining about the Prospect Park East River Road Improvement Association, which he says is “spectacularly undemocratic,” strikes a chord in the heart of the undersigned long-time West Banker. In my neighborhood, we’ve suffered from an undemocratic, unrepresentative process more often than not.

At the present time, the West Bank Community Coalition represents hardly any residents from areas other than west of Cedar Avenue and is, in my opinion, largely dysfunctional.

The recent street demonstrations by Riverside Plaza tenants against Sherman Associate’s treatment of them and bad conditions in that 1,300 unit complex show how useless — if not complicit — Riverside Plaza Tenants

Association and the WBBA have been. Of particular note, one present city council member was previously the Executive Director of Riverside Tenants Association.

In the 1980s, the situation was bad, too, but at that time a group of activists east of Cedar had taken control of the neighborhood organization and created bylaws to favor their own control by discriminating against residents west of Cedar where most residents of color lived.

During that same period, the recognized neighborhood associations in Marcy Holmes, like PPERRIA — dominated by homeowners — went through grotesque unethical gyrations to exclude students from voting and gaining representation on the neighborhood board.

The sad truth is that when the City of Minneapolis works with recognized, city-funded neighborhood organizations, our model of a democratically elected government gets undermined. The City Council and city agencies will tend to use approval by a neighborhood group as a pretext for something the city wanted to do anyway, as a façade to hide behind.

But if the neighborhood group acts contrary and registers disapproval or wants

something else, the city will likely say, "You're merely advisory." By the way, I've long held that if they thought it would benefit Sherman Associates, the entire city government and staff would tight-rope walk across the Grand Canyon.

And what can you do if your neighborhood organization functions undemocratically? Sue them over an unfair election? You may find — as I once did — that you have no right to sue unless you were elected. And the state Legislature then underscored the position that merely having the right to vote doesn't mean you have any other rights with respect to that city-funded nonprofit corporation.

Good luck, Steve, you're fighting an uphill battle.