

Mixed income housing policy: Education and feasibility project

Community Development Committee

1 June 20, 2016



Today's discussion

- Project purpose
- Work done to date
- Next steps
- Questions and discussion

Why support the exploration of mixed income feasibility?

- “Creating mixed-income communities has become *one popular policy response to the social isolation and economic and public sector disinvestment* that characterize high-poverty neighborhoods...” (Mark Joseph, PhD, Director of the National Initiative on Mixed-Income Communities)
- The Council will “[p]rovide local governments with data, research, and best practices on the development of mixed-income housing and related strategies.” (2040 Housing Policy Plan, p. 124)

Why support the exploration of mixed income feasibility?

- Renewed interest in providing housing choices, especially *incorporating affordable housing within market rate developments*
- Cities are looking for tools and strategies to encourage mixed income development *without using low-income housing tax credit financing*

Partnering to explore mixed income housing opportunities

Workshops

- Explore successful mixed income policies
- Determine what levers can encourage mixed income housing



Mixed income housing calculator

- Customize with regional data



Train the trainer

- Train partners who can help communities use the calculator

A series of workshops targeted at local government staff :

- April: A big picture overview of mixed income housing
- June: The Minneapolis-St. Paul region's experience with mixed-income housing
- July: Exploring the mixed income housing feasibility calculator
- TBD: Mixed income housing – train the trainer

First workshop: an overview of mixed income housing

- 33 attendees from 14 cities and 4 counties
- On a scale from 1 (poor) to 5 (excellent), the average score was 4.66 amongst 30 respondents.

Future workshops

- Focus on mixed income housing in the Twin Cities
 - Identify unique opportunities and challenges in our region
- In-depth exploration of customized mixed income feasibility calculator
 - Ensure calculator is as representative of the region's market as possible
- Train the trainer
 - Promote ongoing use of the calculator as interest in the region grows

The mixed income housing feasibility calculator

Mid Rise - Rental
Floor Area Ratio: 1.46 - Units Per Acre: 60 -
Development Cost Per Unit: \$302,782

60
Units

Affordable

\$215,700
Value Capture Opportunity

Cost: \$18,166,945
Profit: \$2,032,395
Project Value: \$20,199,340

11.2%
Profit

Feasible

Save Print

Units: 60
Construction Cost (SqFt): \$170
Land Cost Per Acre: \$2,000,000
Parking Ratio (Spaces/unit): 1.25
Parking Cost Per Space: \$20,000

Affordable Units

Primary AMI Level: 60%

Density Bonus: 0%
Average Market Rent: \$2,025

Required Profit: 10%
Cap Rate: 5.50%
Area Median Income: \$81,100

Templates Help

Strong Market
Mixed Market
Low Rise Rental
Mid Rise Rental
High Rise Rental
Detached Homeownership
Low Rise Condo
Mid Rise Condo
High Rise Condo

Soft Market

Council role in continued mixed income housing support

- Create materials to support cities considering mixed income policies in their comprehensive plan update
- Provide technical assistance around mixed income policies and use of the mixed income feasibility calculator
- Continue to engage and explore opportunities for mixed income housing policy

For more information:

www.metrocouncil.org

Tara Beard

Housing Policy Analyst

tara.beard@metc.state.mn.us