

We need more housing.

The region's residential development in 2017

June 4, 2018

Community Development Committee



Overview

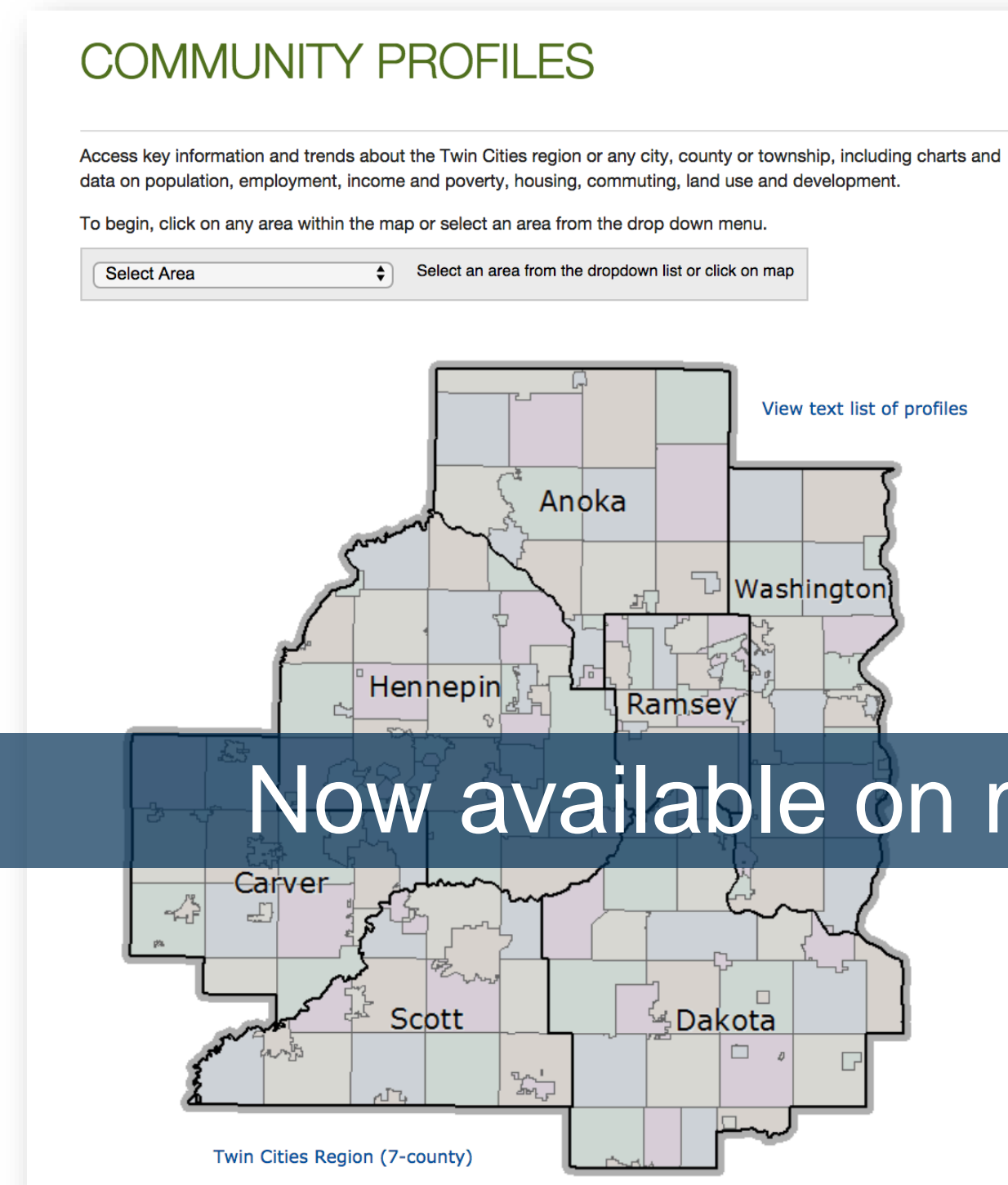
- About the building permit survey
- Is the Twin Cities region mirroring national residential development trends?
 - Supply
 - Type of housing
 - Location
- Discussion

About the building permit survey



Building permit survey

- Data collected by the Council annually since 1970
- Developed in collaboration with local governments
- Validated with federal sources, other Council datasets
- 2017 response rate: **96%**



Now available on metro council.org/data

2017 findings

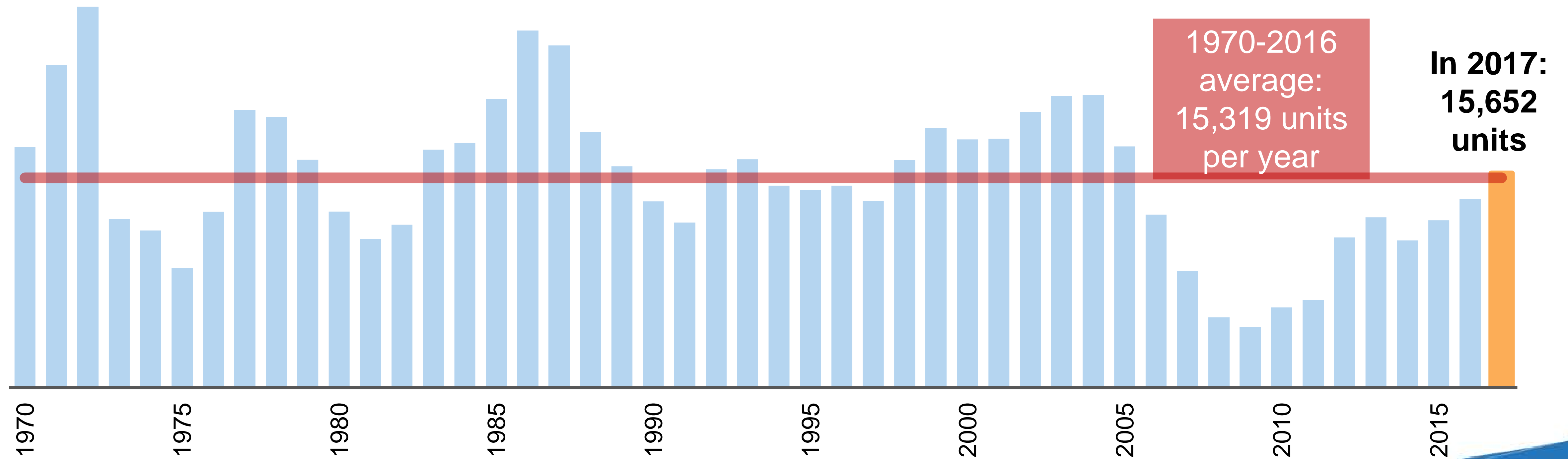
- Largely echo our previous reports:
 - Residential development is up: the region permitted a net gain of 15,226 units in 2017 (up 11% from 2016)
 - Multifamily remains the predominant housing type (60% of added units)
 - Minneapolis outpaced other places (+2,284 additional units in 2017), but development is happening across the region



Source: Metropolitan Council Building Permit Survey.

Data reflect net change resulting from all types of permits (including demolitions).

Permitted units: How many?



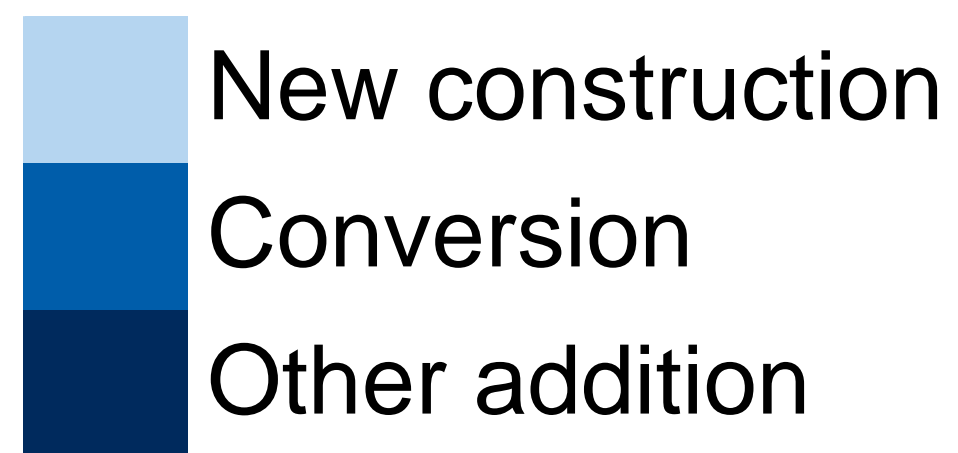
Source: Metropolitan Council Building Permit Survey.
Data reflect new construction only.

Components of supply

- Previous chart: just new construction (data for 1970 onward)
- Other kinds of permits also affect the housing stock
 - Demolitions
 - Conversions from (or to) commercial uses
 - Remodeling that adds or subtracts units
- All subsequent slides: net housing change (data for 2000 onward)

Components of supply

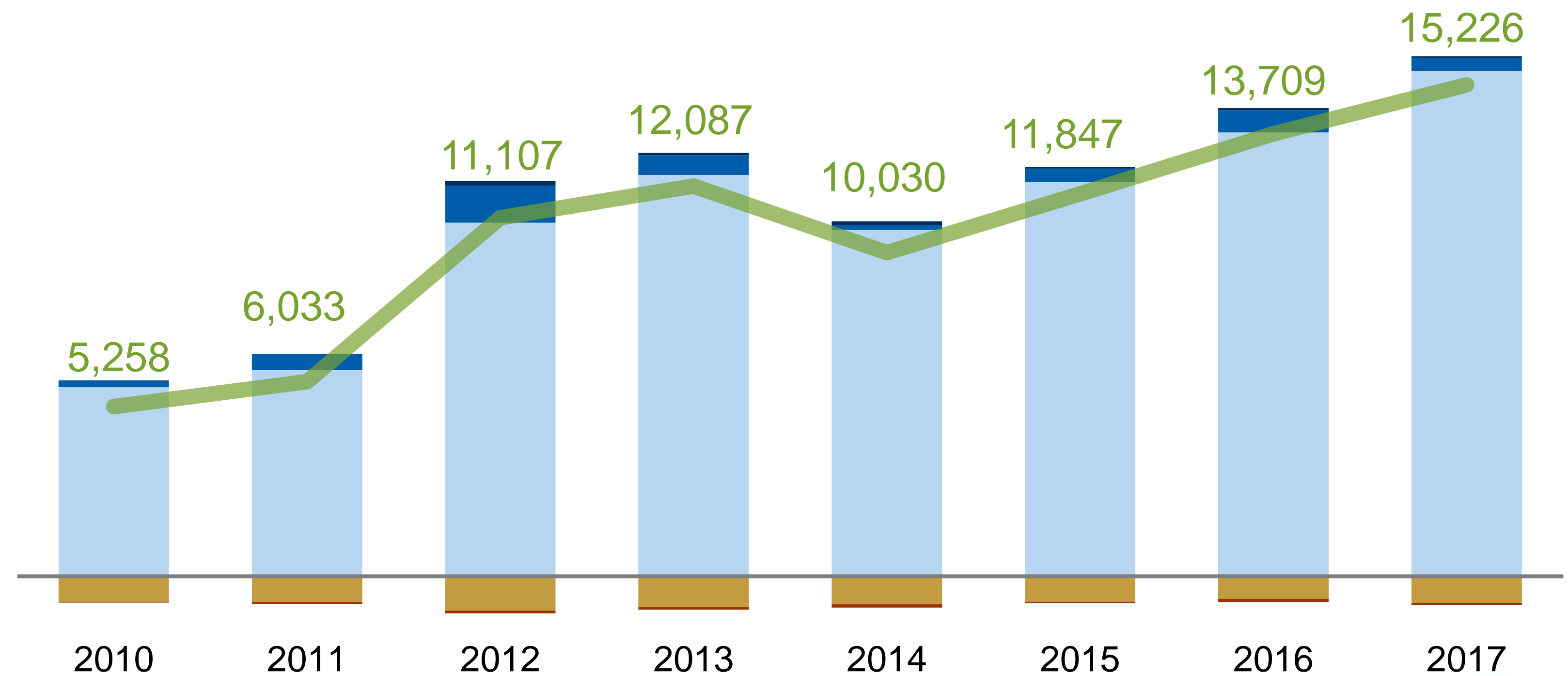
Added units



Lost units

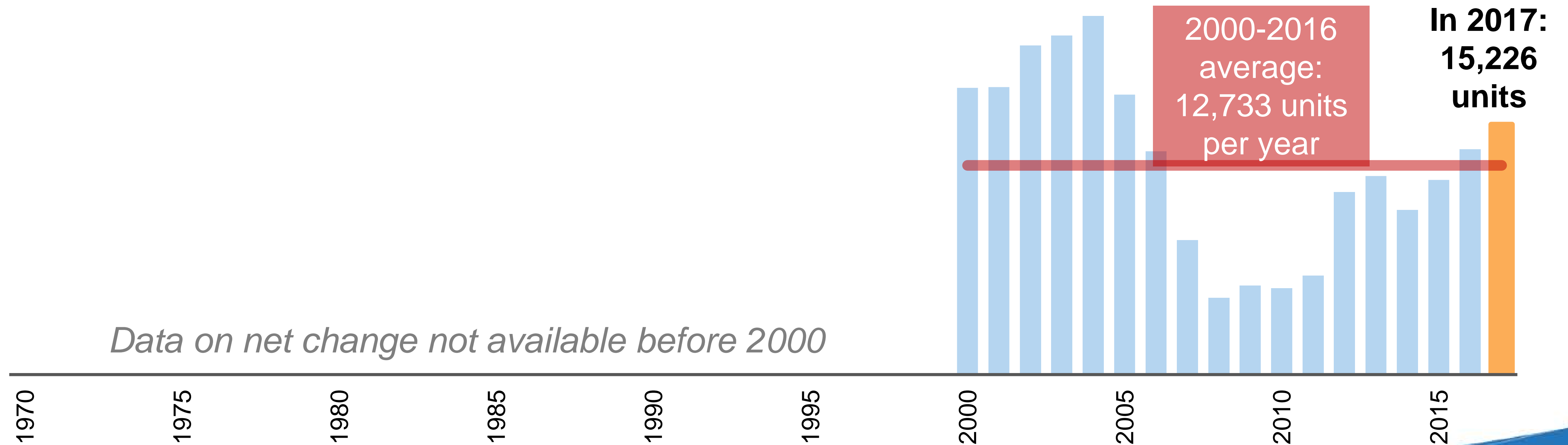


Net change



Source: Metropolitan Council Building Permit Survey.
“Net change” is the total added units minus the total lost units.

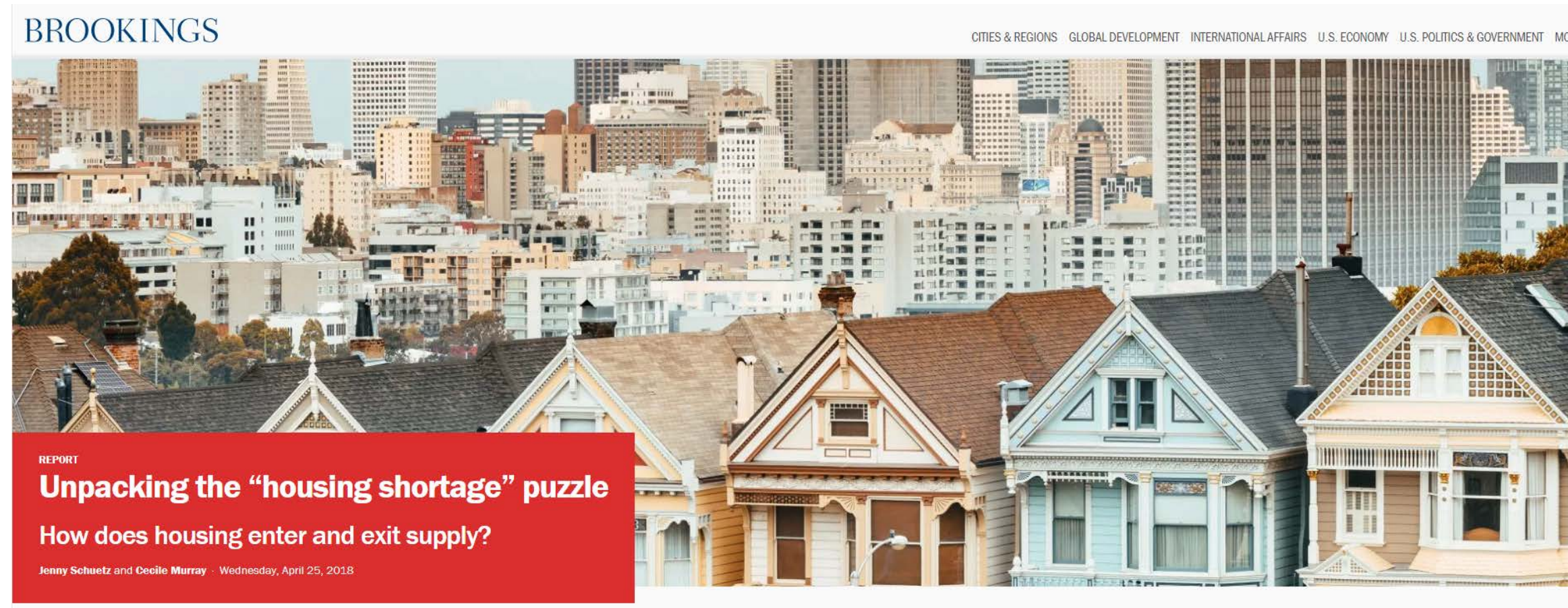
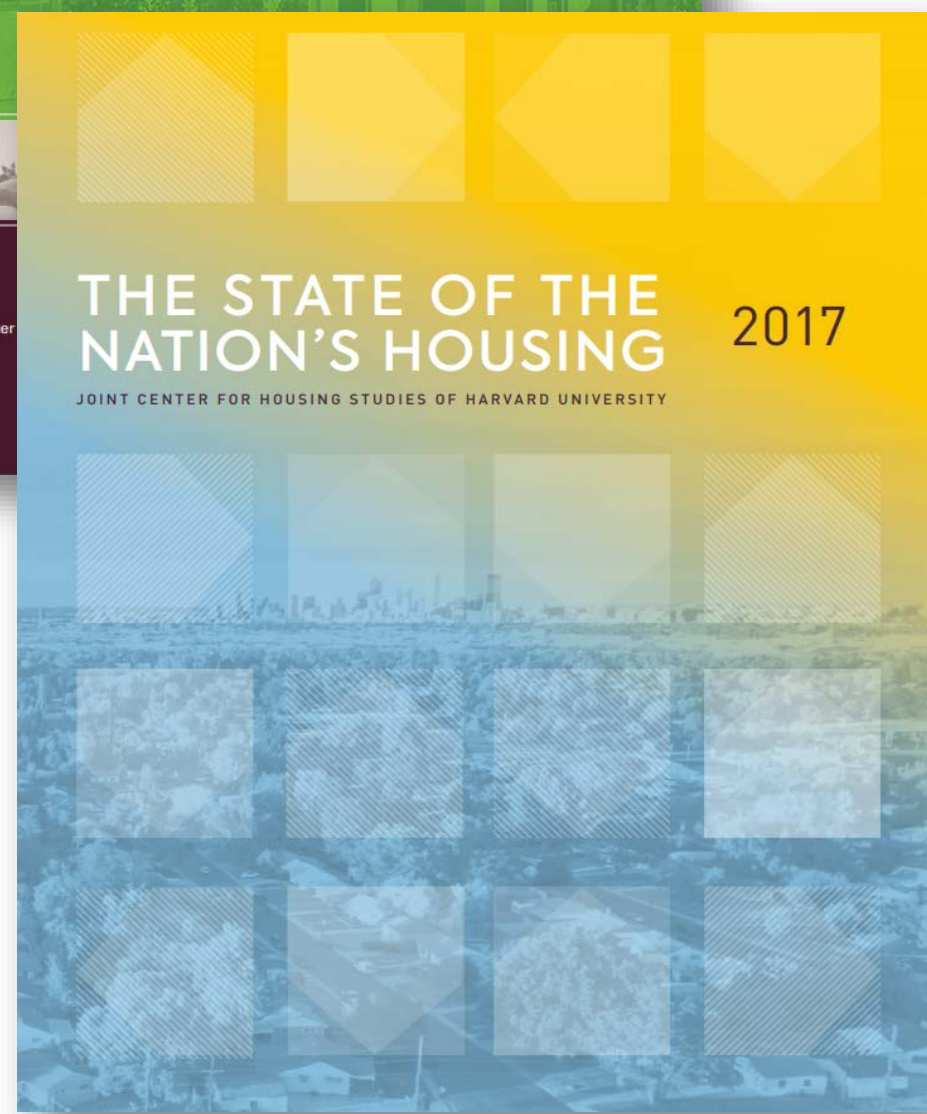
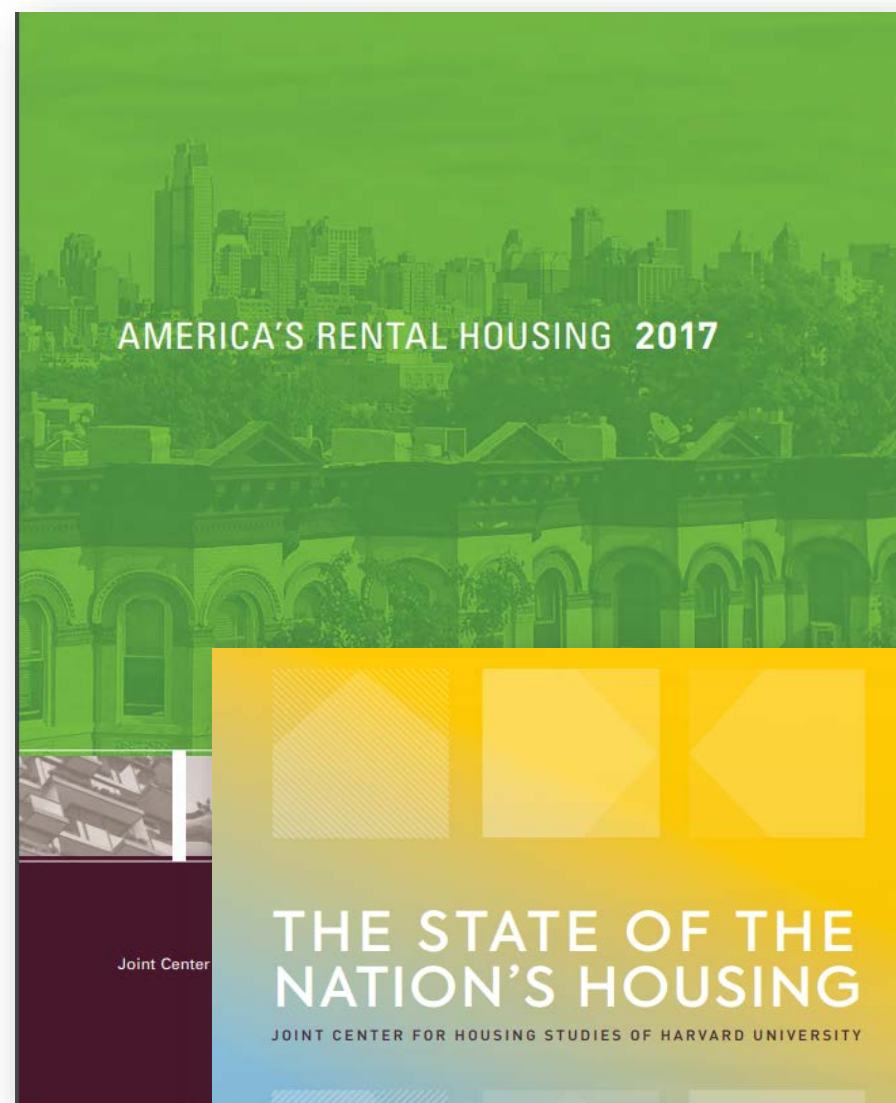
Net change: How many?



Source: Metropolitan Council Building Permit Survey.
Data reflect net change resulting from all types of permits (including demolitions).

Is the region mirroring national trends?

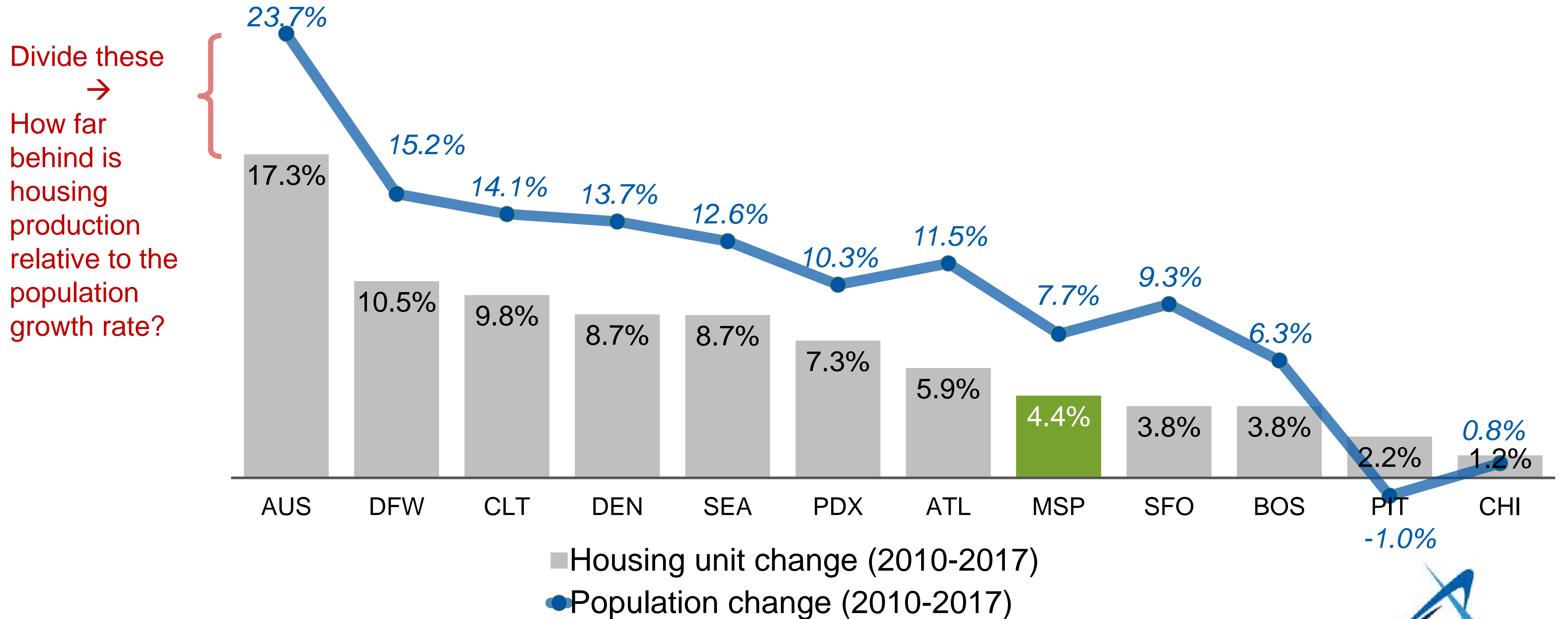
National trend sources



Residential development trends

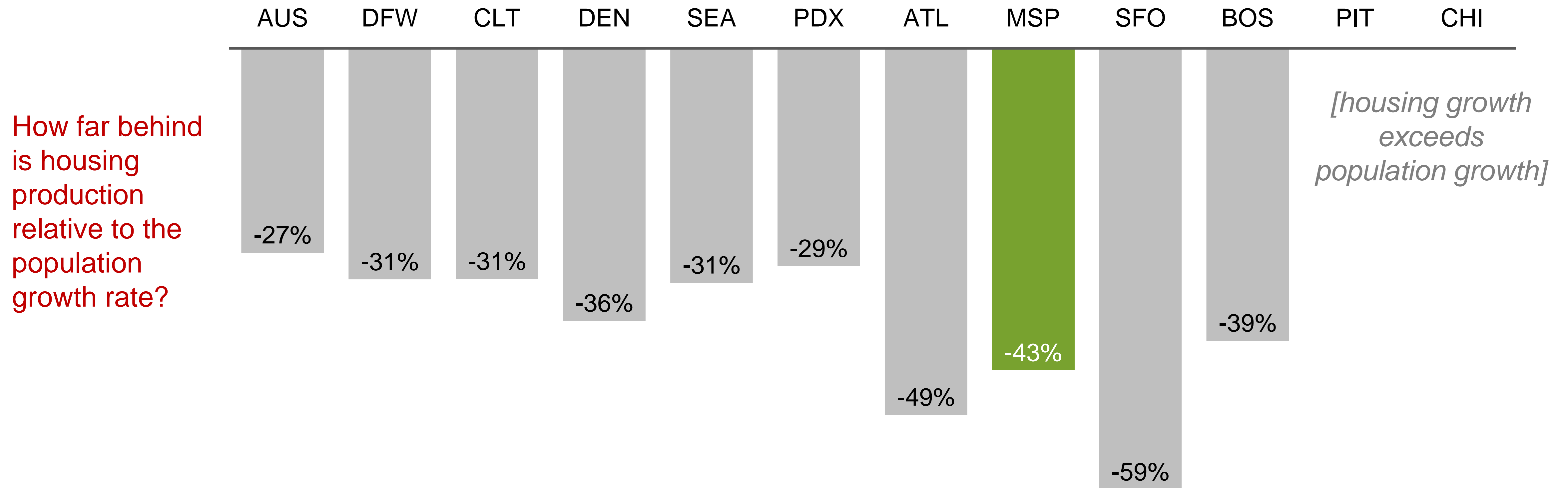
Trend	National level?	Twin Cities region?
SUPPLY There is a housing shortage, which may push up housing costs.	✓	?
TYPE Growth in multifamily development has peaked.	✓	?
LOCATION Net growth and market activity is largely taking place in suburban areas.	✓	?

Housing unit growth: Peer regions



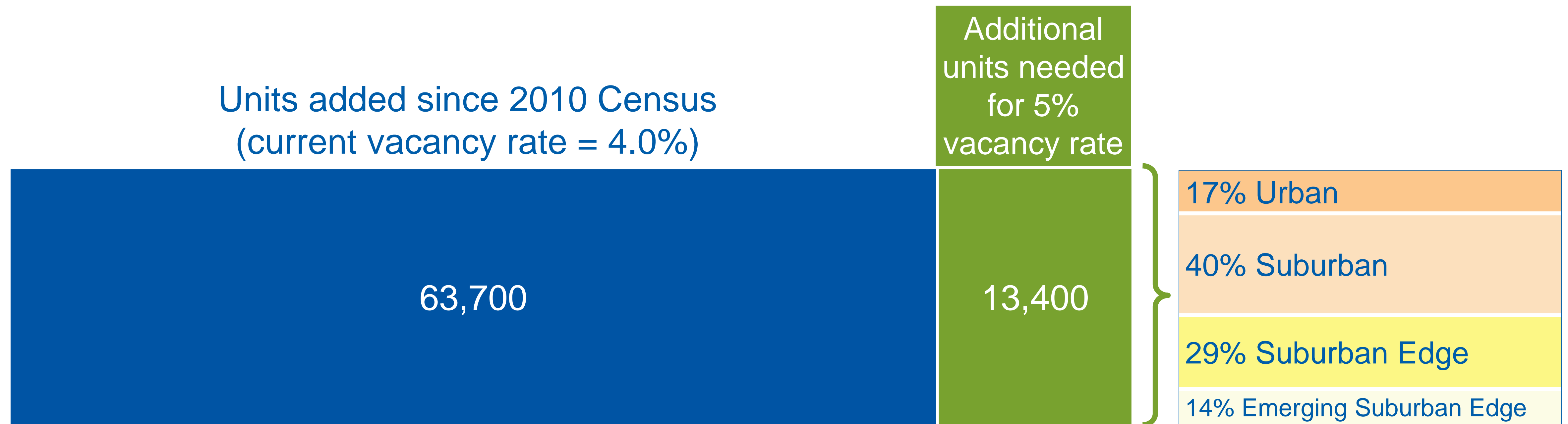
Source: U.S. Census Bureau Population Estimates Program. Population growth rate includes only people in households.

Housing unit growth: Peer regions



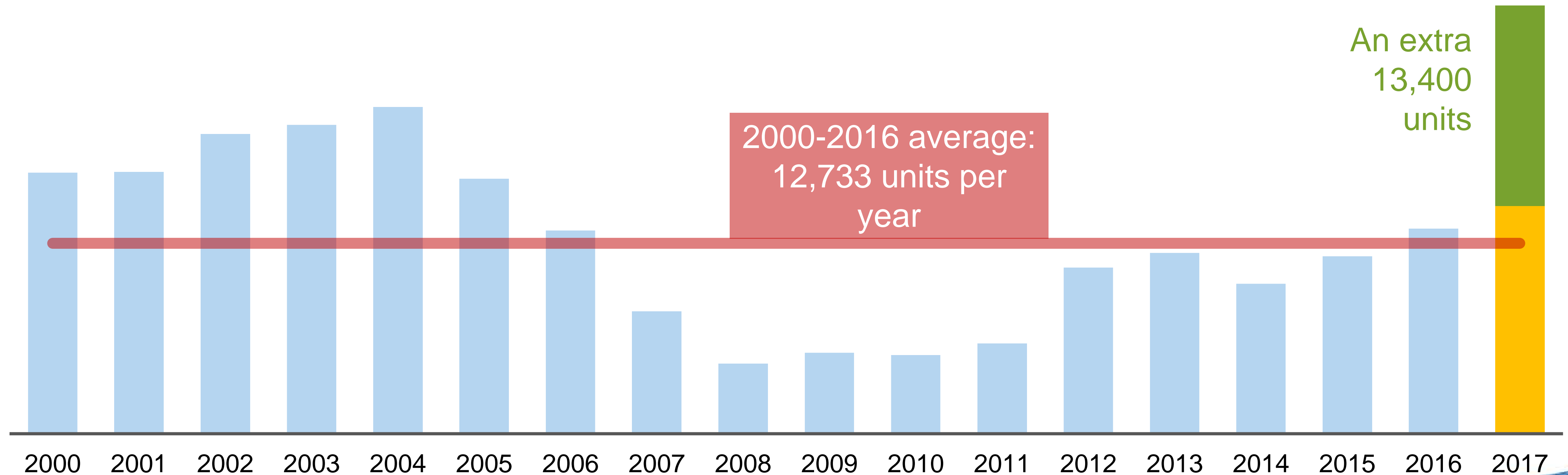
Source: U.S. Census Bureau Population Estimates Program. Population growth rate includes only people in households.

How far behind are we?



Source: Metropolitan Council, 2017 preliminary housing stock and household estimates.

Net change: How many?



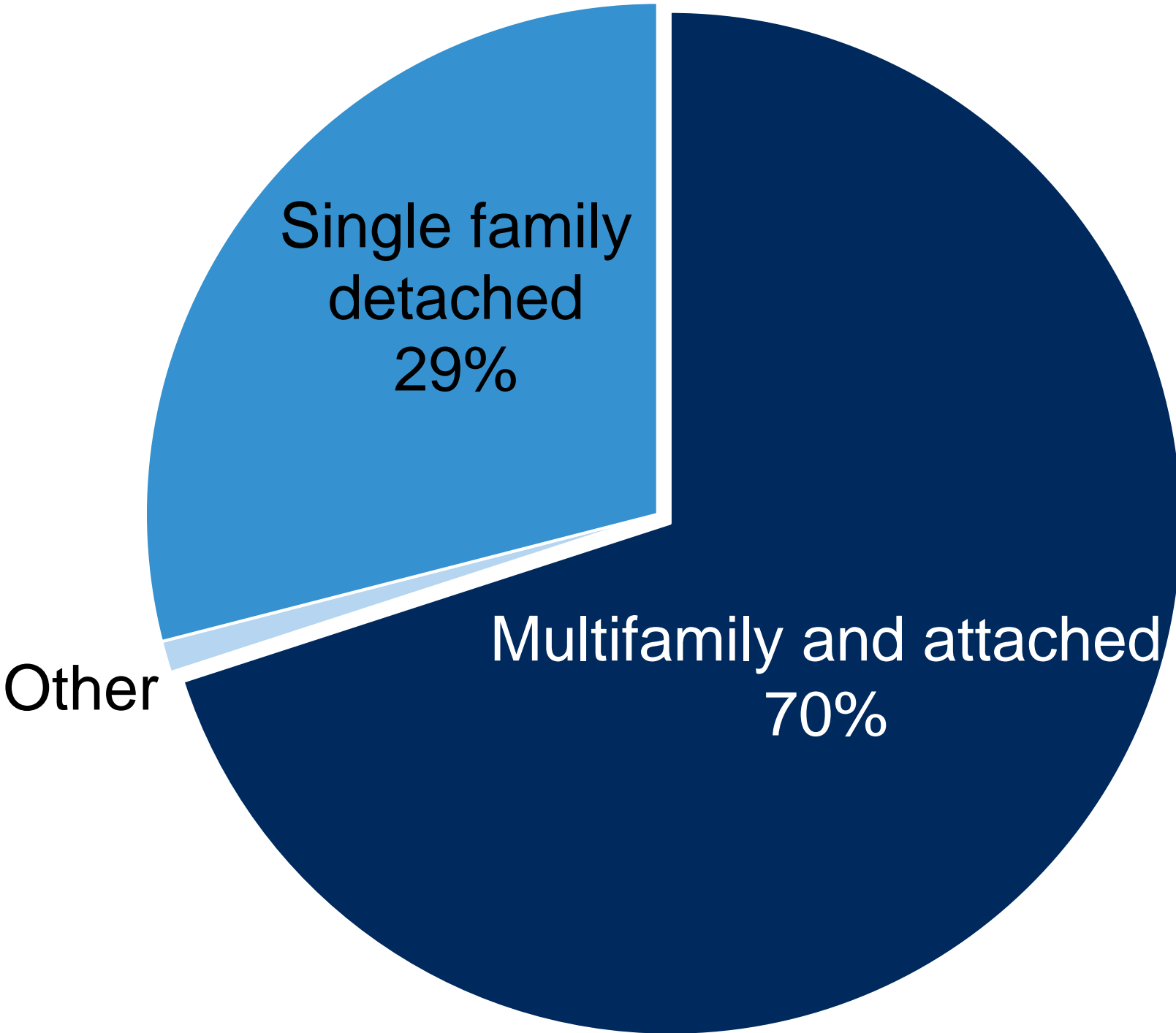
Source: Metropolitan Council Building Permit Survey.
Data reflect net change resulting from all types of permits (including demolitions).

Residential development trends

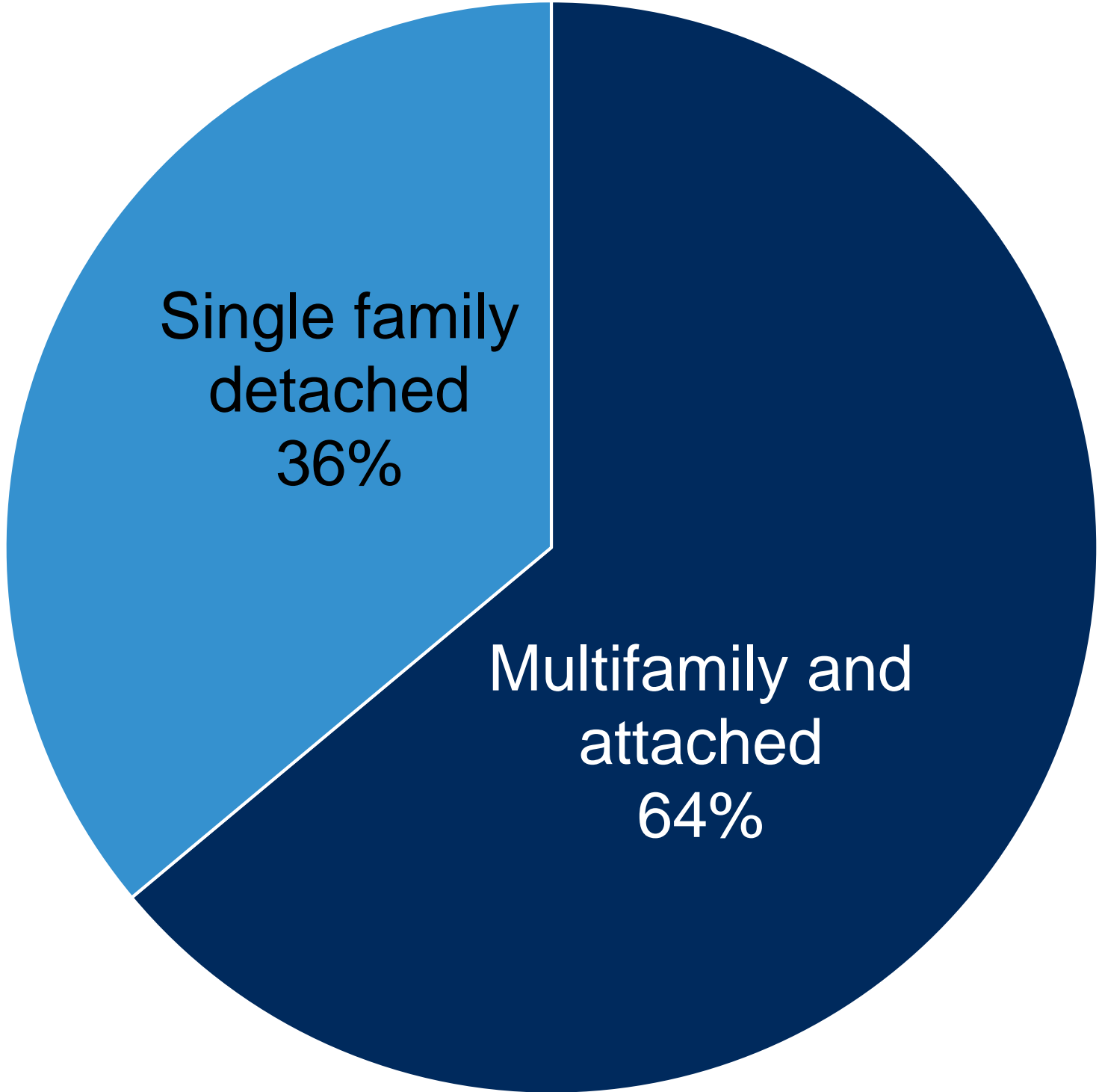
Trend	National level?	Twin Cities region?
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Comparing forecasts and housing production

- Forecasts of the “next 370,000 housing units” 2010-2040



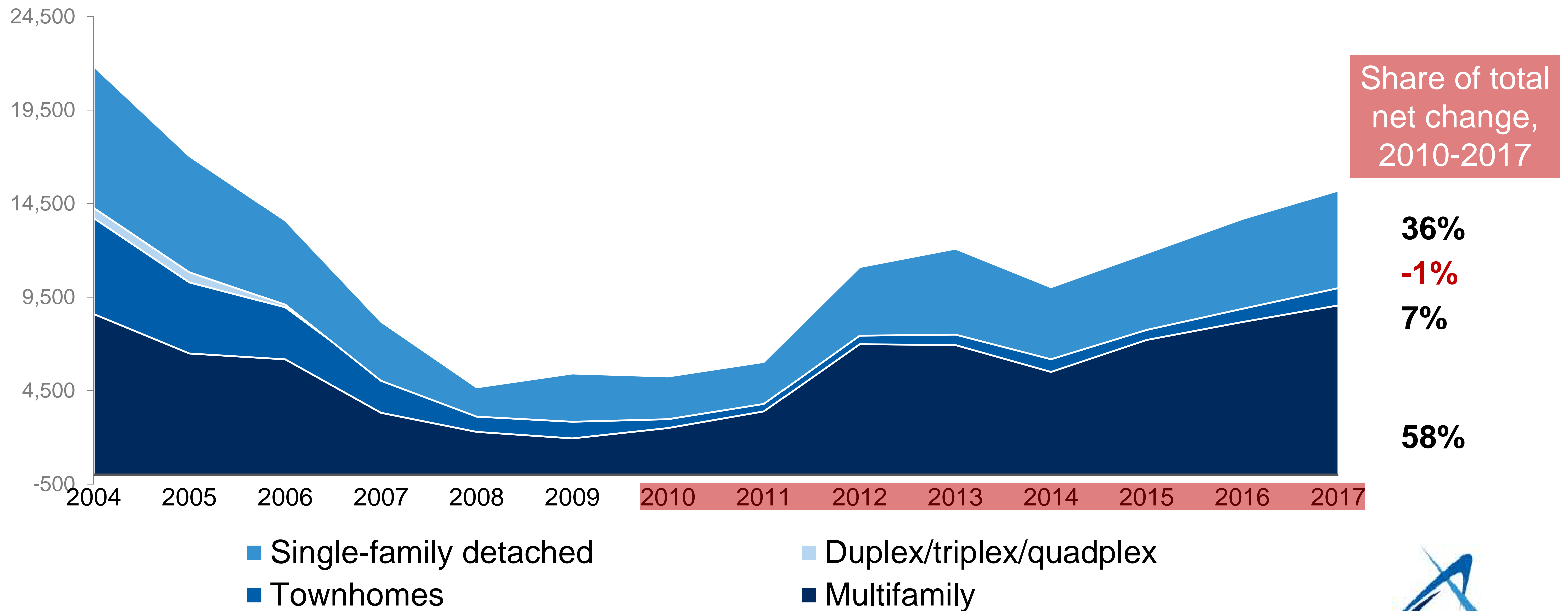
- Net change in housing units, 2010-2017



Source: Metropolitan Council Regional Forecast and Building Permit Survey.



Housing types



Source: Metropolitan Council Building Permit Survey.

Data reflect net change resulting from all types of permits (including demolitions).

The “missing middle”

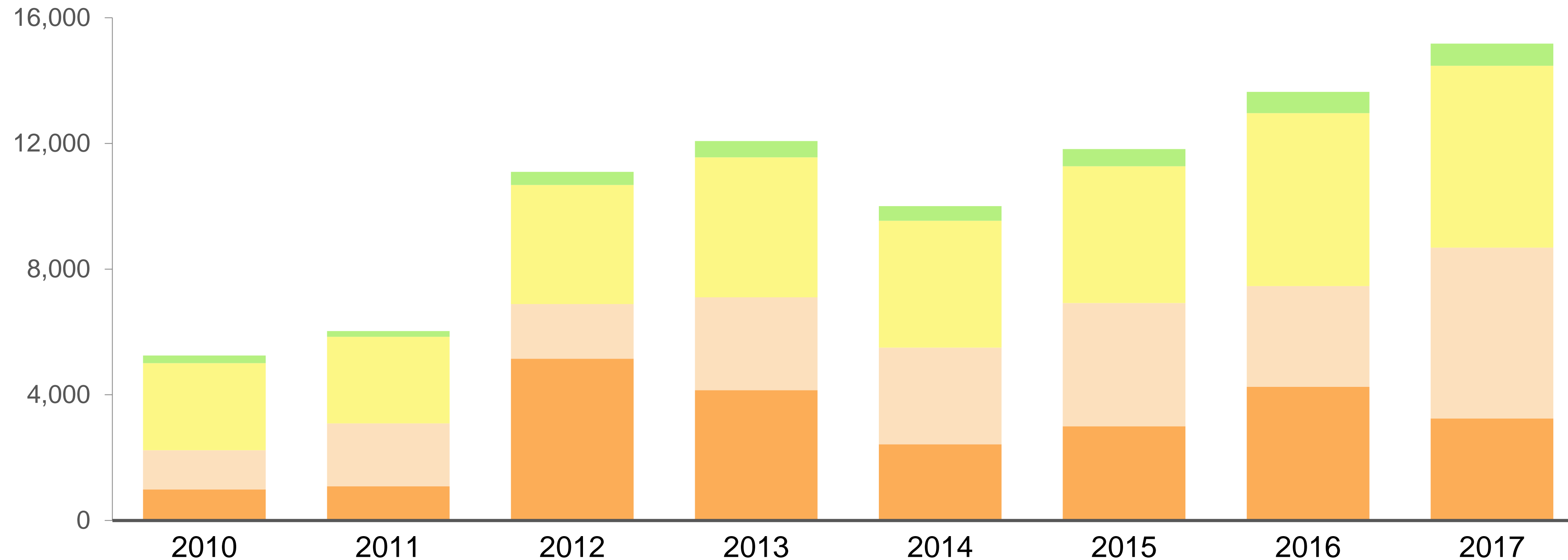
- Not much construction of relatively affordable options
- Townhomes
 - 2000-2009: 1/3 of all single-family permits
 - 2010-2017: 1/6 of all single-family permits
- Duplex/triplex/quadplex
 - Net loss in each of the last 11 years (-1,314 units total)
 - Wiped out gains in 2004-2006
- Accessory dwelling units (ADUs)
 - 2016: 29 permits reported
 - 2017: 27 permits reported

Source: Metropolitan Council Building Permit Survey.
Data reflect net change resulting from all types of permits (including demolitions).

Residential development trends

Trend	National level?	Twin Cities region?
SUPPLY There is a housing shortage, which may push up housing costs.	✓	✓
TYPE Growth in multifamily development has peaked.	✓	✗
LOCATION Net growth and market activity is largely taking place in suburban areas.	✓	?

Community designations



Average share of net change, 2010-2017

4%

41%

28%

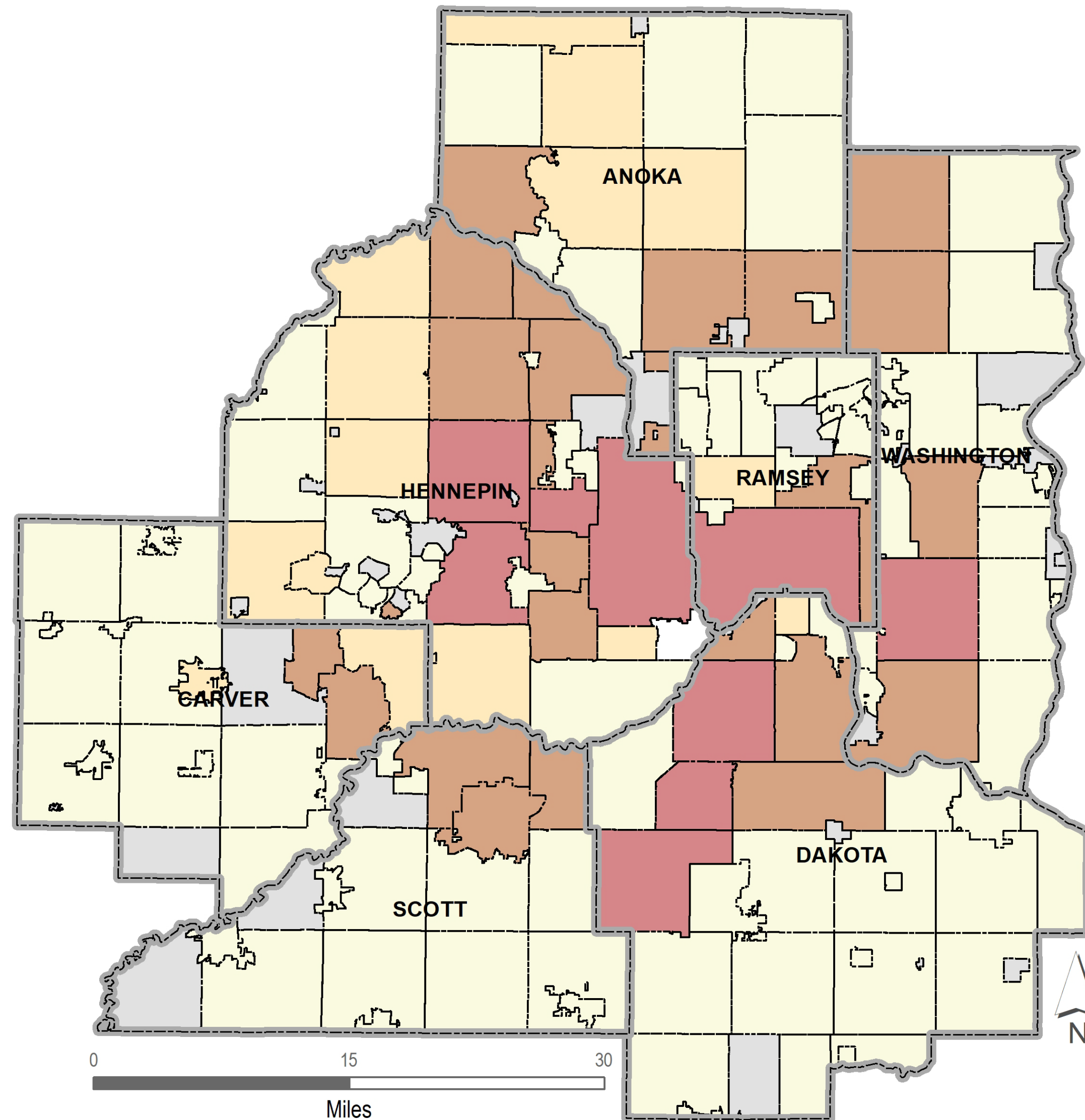
27%

- Rural Service Area
- Suburban Edge and Emerging Suburban Edge
- Urban & Suburban
- Urban Center

Source: Metropolitan Council Building Permit Survey.

Data reflect net change resulting from all types of permits (including demolitions).

Net housing change by community



Net change in units, 2017

Added over 500 units

100 – 500

50 – 99

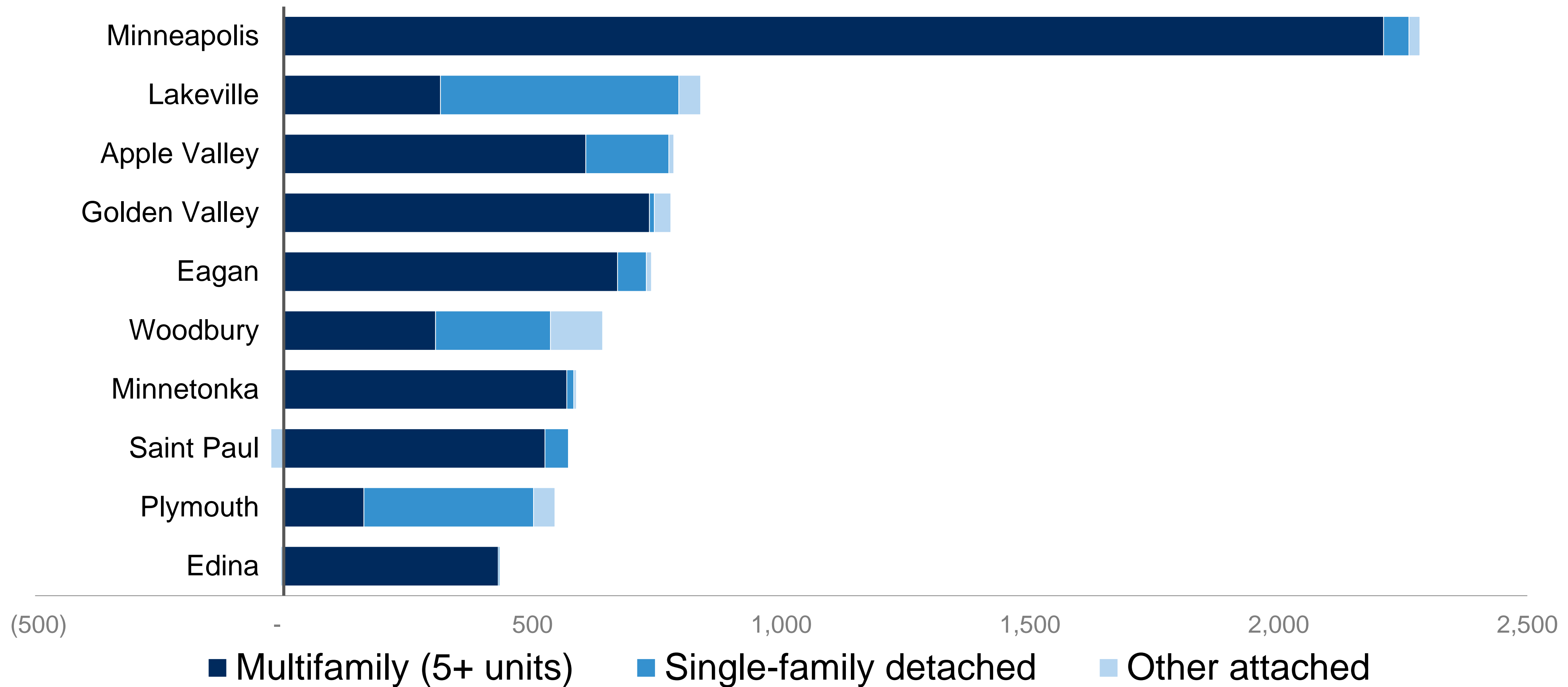
Less than 50 units

No additions or loss

Source: Metropolitan Council Building Permit Survey, 2017.

Data reflect net change resulting from all types of permits (including demolitions).

Cities with largest net change in 2017

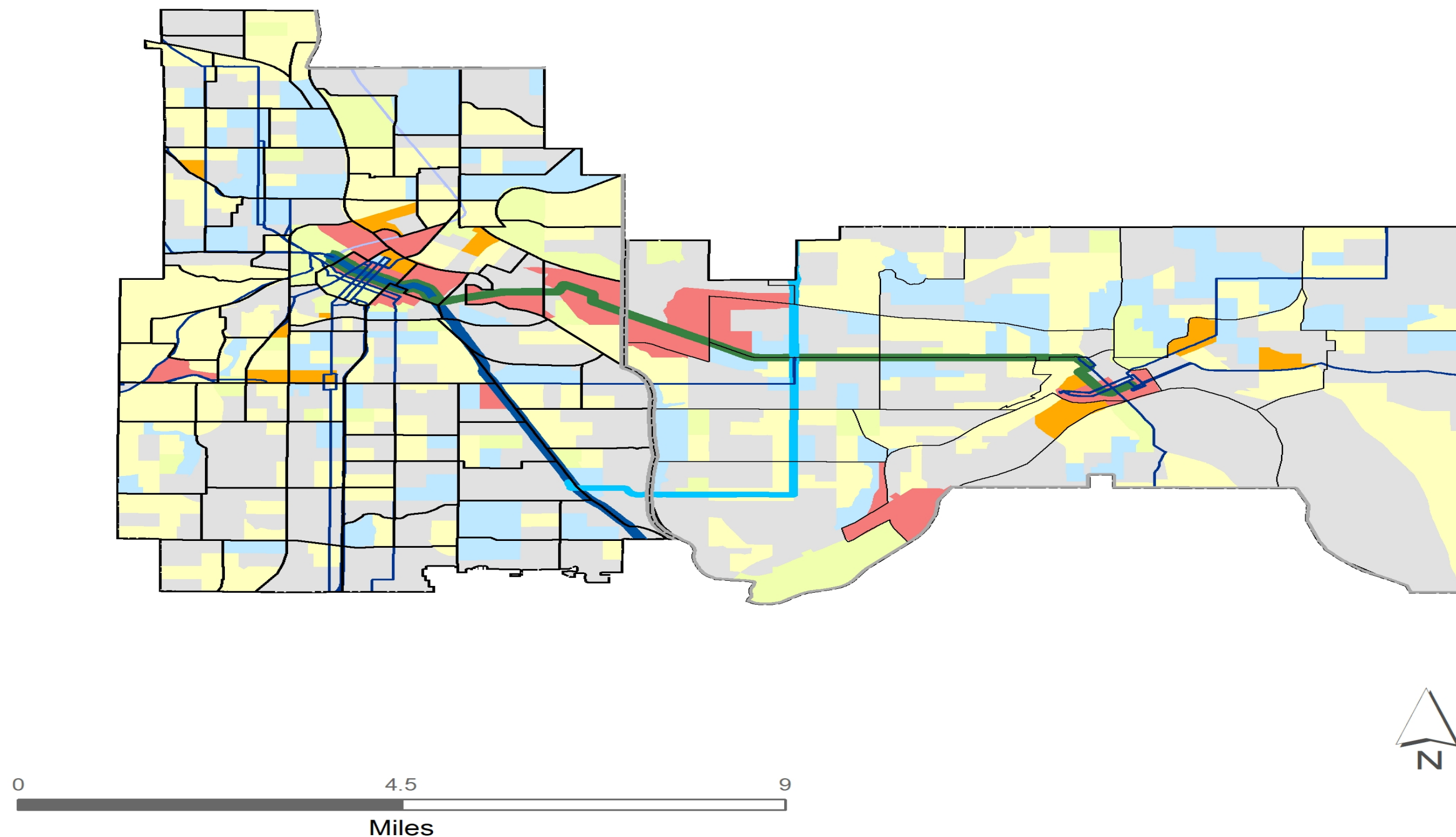
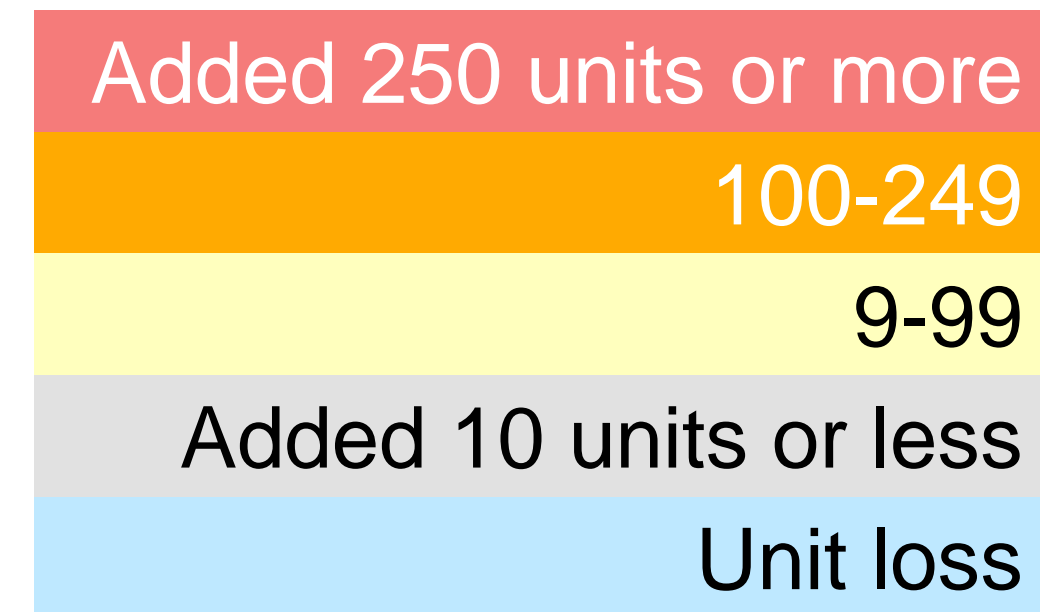


Source: Metropolitan Council Building Permit Survey.

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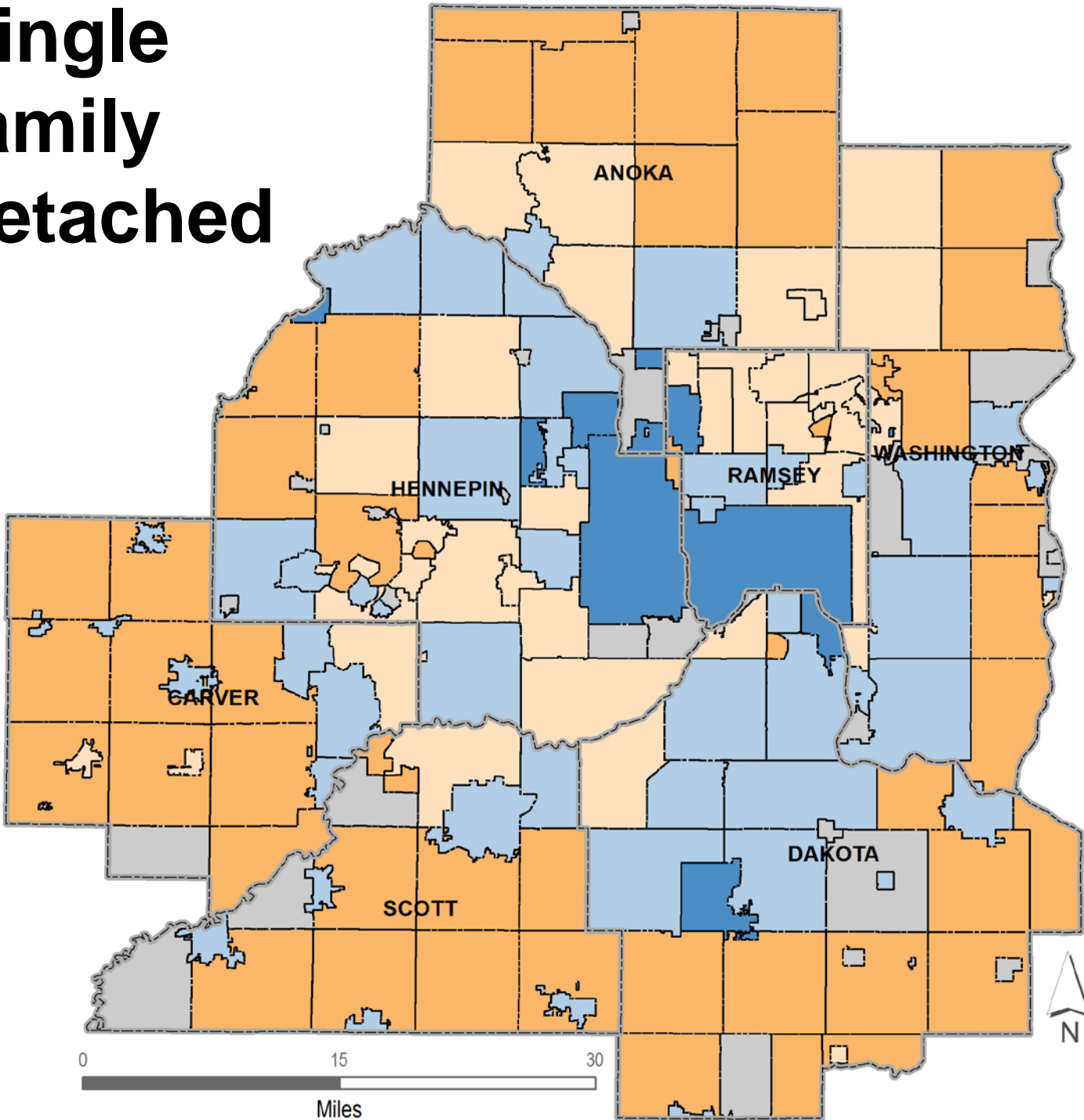
Uneven development within communities

**Net Change in units,
2015-2017**

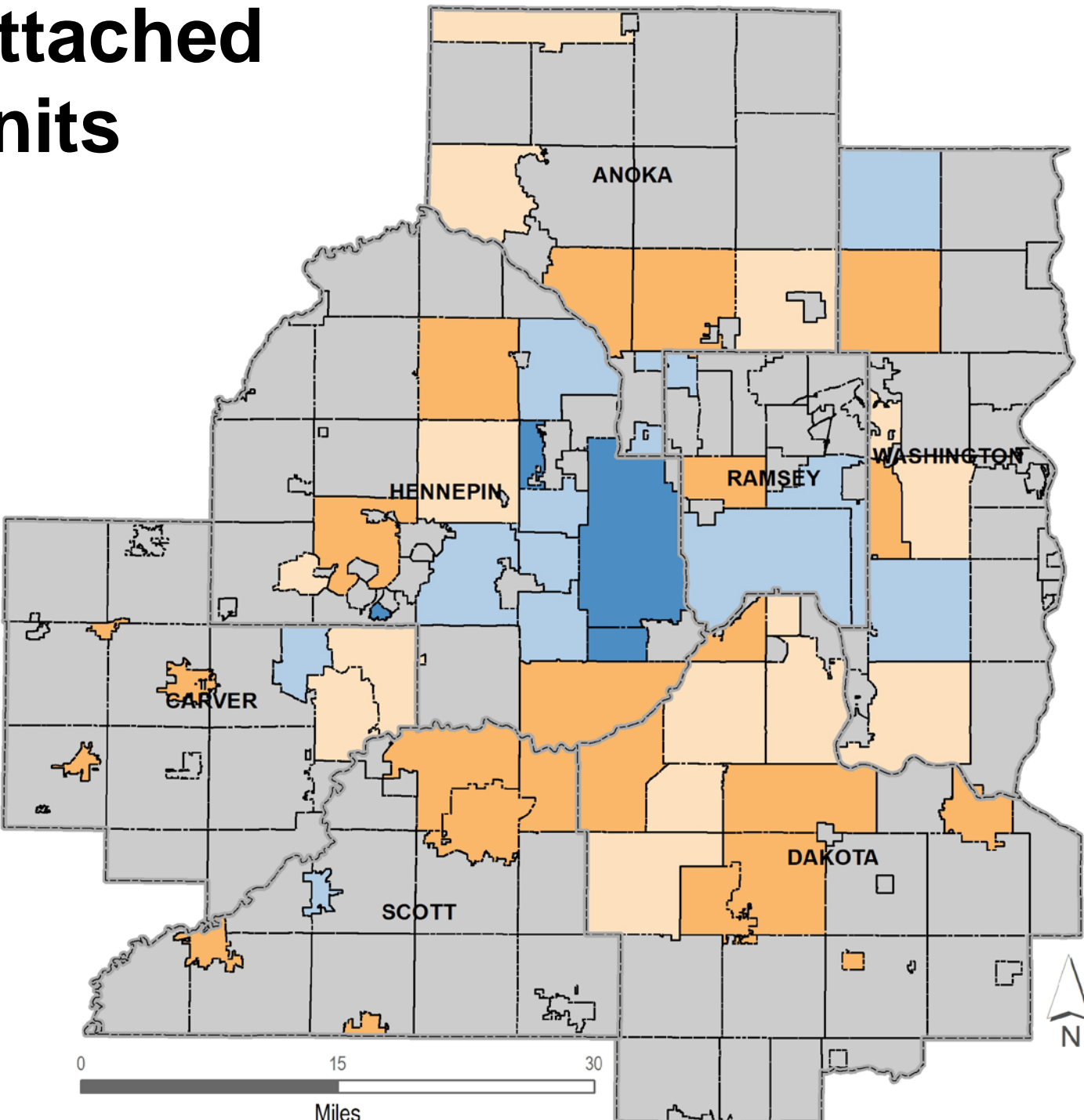


2017 Development density by housing type

Single family detached



Attached units



Source:
Metropolitan
Council Building
Permit Survey.

Data reflect new
construction only.

5.01 to 13 units per acre
2.71 to 5
1.01 to 2.7
Up to one unit
No SFD permitted

*Regional
average*

100 to 360 units per acre
33.71 to 100
20.01 to 33.7
Up to 20 units
No attached permitted



Residential development trends

Trend	National level?	Twin Cities region?
SUPPLY There is a housing shortage, which may push up housing costs.	✓	✓
TYPE Growth in multifamily development has peaked.	✓	✗
LOCATION Net growth and market activity is largely taking place in suburban areas.	✓	✗

Conclusions

- **We need more housing.**
 - Residential construction is still rising, but not enough to keep up with our growing population
- Multifamily construction continues to outpace single-family detached construction—consistent with the Council’s long-term expectations.
- Strong growth in both the developed “core” and the developing edges of the region

We need more housing. (Team)

Presenters

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