

## Community Development Committee

Meeting date: June 4, 2018

**Subject:** We need more housing: The region's residential development in 2017

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

**Policy/Legal Reference:** Minnesota Statutes section 473.24

**Staff Prepared/Presented:** Matt Schroeder, Senior Researcher (651-602-1513), Krysten Ryba-Tures, Researcher (651-602-1821)

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

### Proposed Action

None; information and discussion only.

### Background

Under Minnesota Statutes section 473.24, the Metropolitan Council is responsible for preparing population and household estimates for the cities and townships in the seven-county Twin Cities region. As an important input into these population estimates, the Council collects data every year from local governments on building permits.

Research staff have examined data from the recently concluded annual survey of building permits in the context of national trends in residential development. In the Twin Cities region:

- **SUPPLY:** Residential construction continues to increase, but not quickly enough to keep up with household growth. Like many other metro areas across the country, the region needs more housing.
- **TYPE:** The majority of the region's added housing were multifamily units—consistent with the Council's long-term expectations. While other housing markets have "peaked" in this housing type, multifamily construction remains strong in the Twin Cities.
- **LOCATION:** Residential development continues to be distributed across the region, with growth strong in both the developed core and the developing edges of the region.

### Thrive Lens Analysis

As the region's most comprehensive source of data on the number of housing units, the Council's work on residential building permits supports informed discussions of several Thrive outcomes.

Within the Council, data on development patterns advance the Stewardship outcome by: (a) providing a real-time grounding for *Thrive MSP 2040's* long-term forecasts and (b) showing how future infrastructure investments can most effectively align with existing needs. The data also allow us to monitor how the region is sharing Prosperity and Livability across the different parts of the region.

When combined with our household estimates, residential construction data also contribute to the regional conversation on other Thrive outcomes. Our region's relatively low housing costs have long been a competitive advantage over other metros (Prosperity) and a key component of our quality of life (Livability). Our region needs more housing in order to maintain these outcomes. Furthermore, because rising housing costs hit low-income households hardest, there are Equity implications to development patterns as well.