

Regional Planning

Affordable Housing in the Twin Cities: Trends in production and policy responses

February 4, 2019

Community Development Committee



Affordable Housing Production

From Minn. Stat § 473.254:

“... a comprehensive report card on affordable and life-cycle housing in each municipality in the metropolitan area. The report card must include information on government, nonprofit, and marketplace efforts.”



Housing Policy Plan



Overall housing 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.”

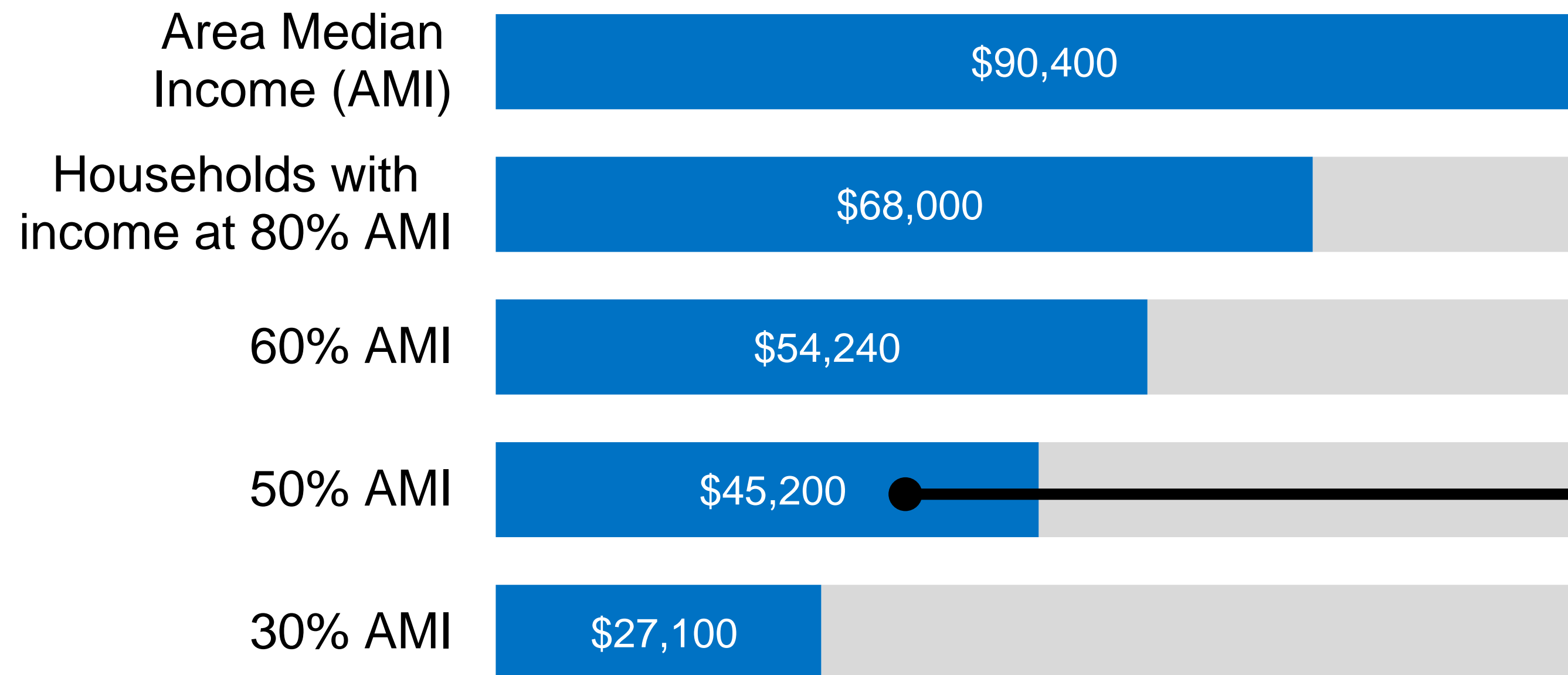
The region's housing affordability story



- More than one in four (28.4%) of the region's households were housing cost burdened in 2017.
- Largest racial disparities in homeownership rates between white households and households of color.

Measuring affordability: household incomes

Based on family of four in 2017

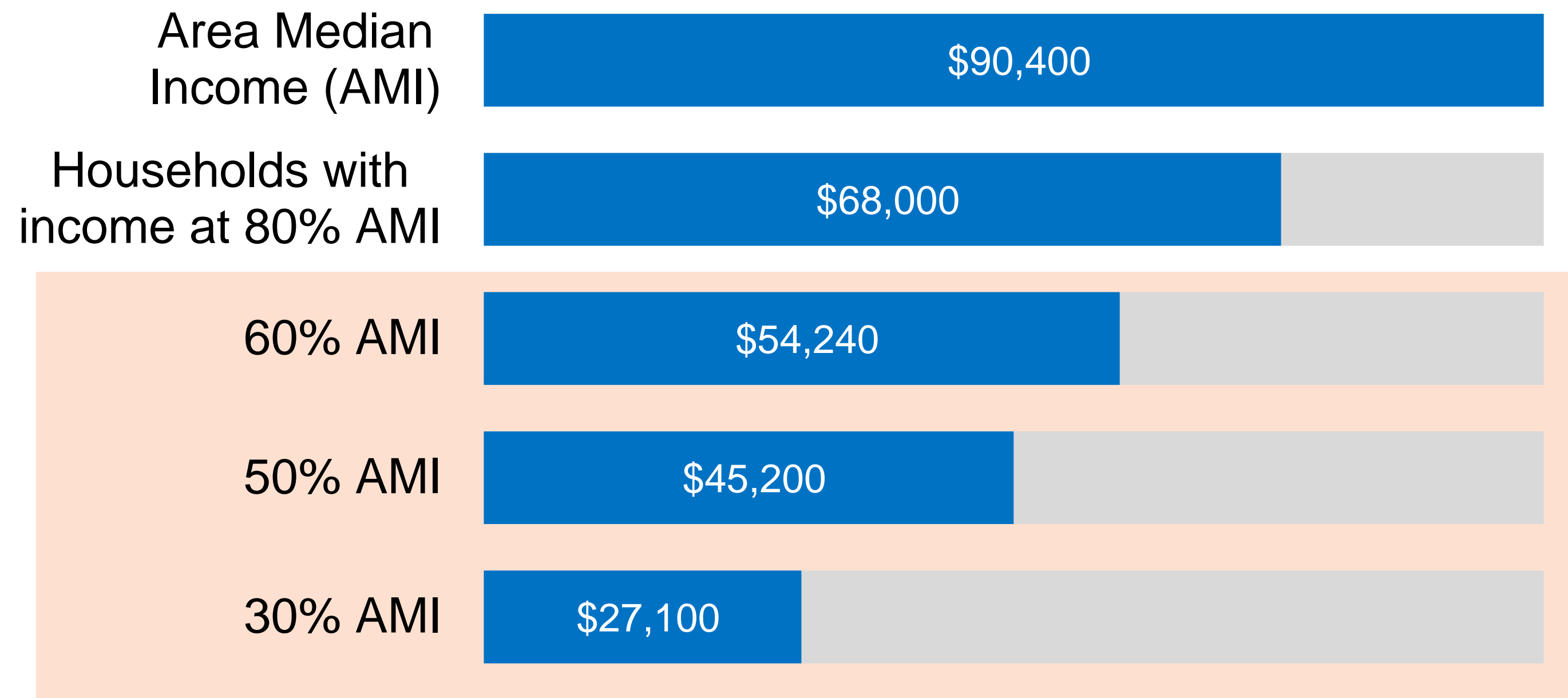


Comparable to 185% of the federal poverty threshold (\$46,424 in 2017)

Source: U.S. Department of Housing and Urban Development.

Measuring affordability: household incomes

Based on family of four in 2017



Since 2011, the Council uses the term “affordable” to describe housing units that low-income households could pay for with up to 30% of their monthly income. **Low-income households are those with incomes up to 60% AMI.**

Source: U.S. Department of Housing and Urban Development.

Measuring affordability: housing costs

What can households with incomes at 60% AMI afford?

Rental units

Efficiency	\$949
One-bedroom	\$1,017
Two-bedroom	\$1,220
Three-bedroom	\$1,410
Four-bedroom	\$1,573

Owner-occupied units

Priced at or below \$181,800.

Source: U.S. Department of Housing and Urban Development.

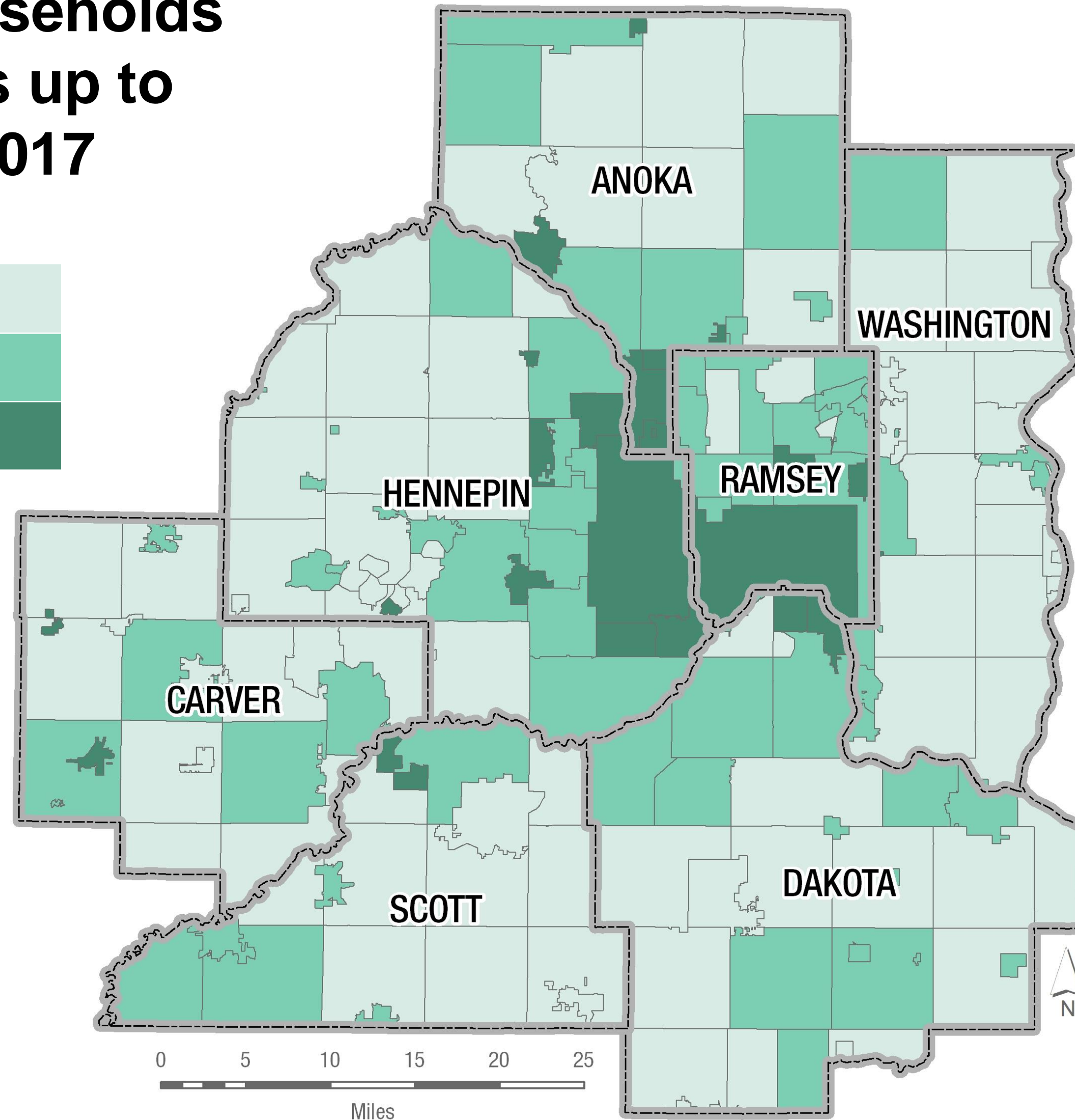
Low-income households live across the region

Share of households with incomes up to 60% AMI in 2017

4.9% to 19.9%

20% to 34.9%

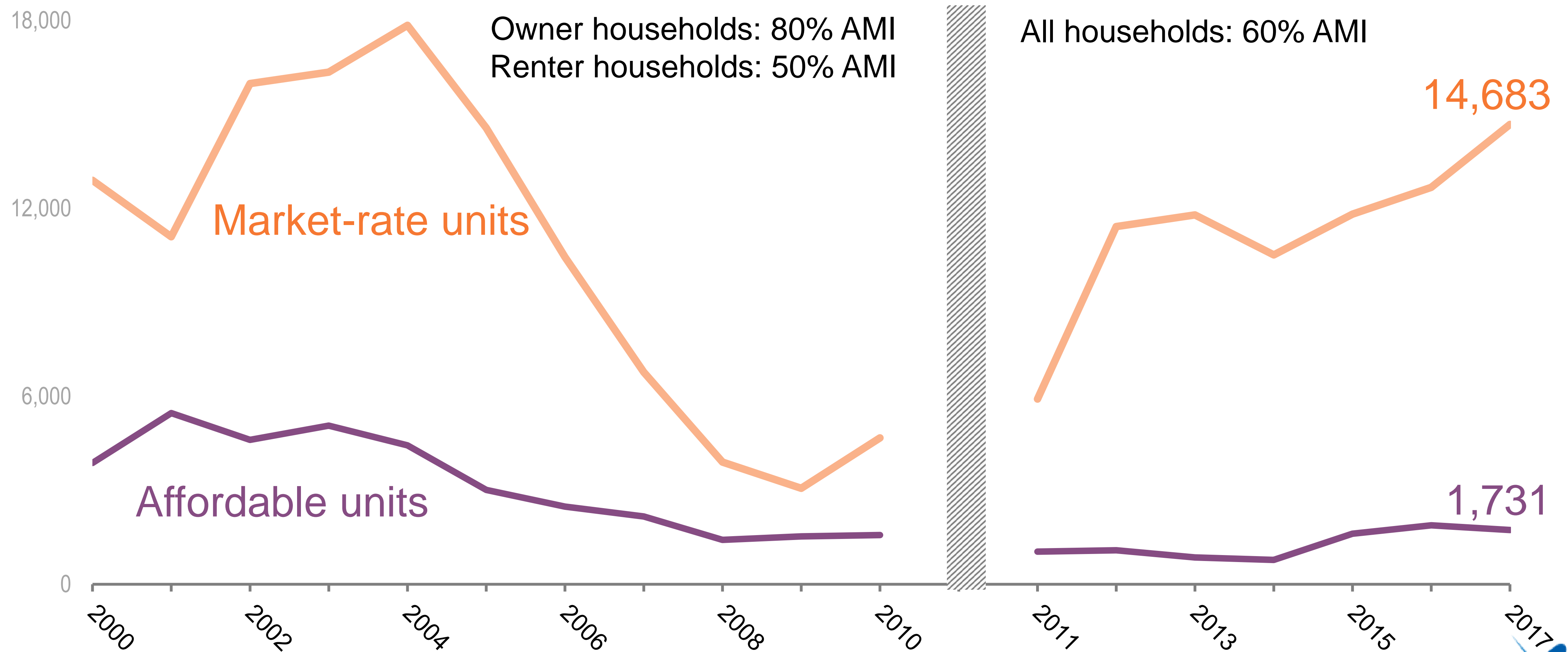
35% and above



- In 2017, 350,000 (27.7%) of the region's households had incomes at/below 60% AMI.
- Just under 142,000 households had incomes at/below 30% AMI in 2017.

Source: Metropolitan Council's Housing Affordability Estimates, 2017.

Regional housing production since 2000

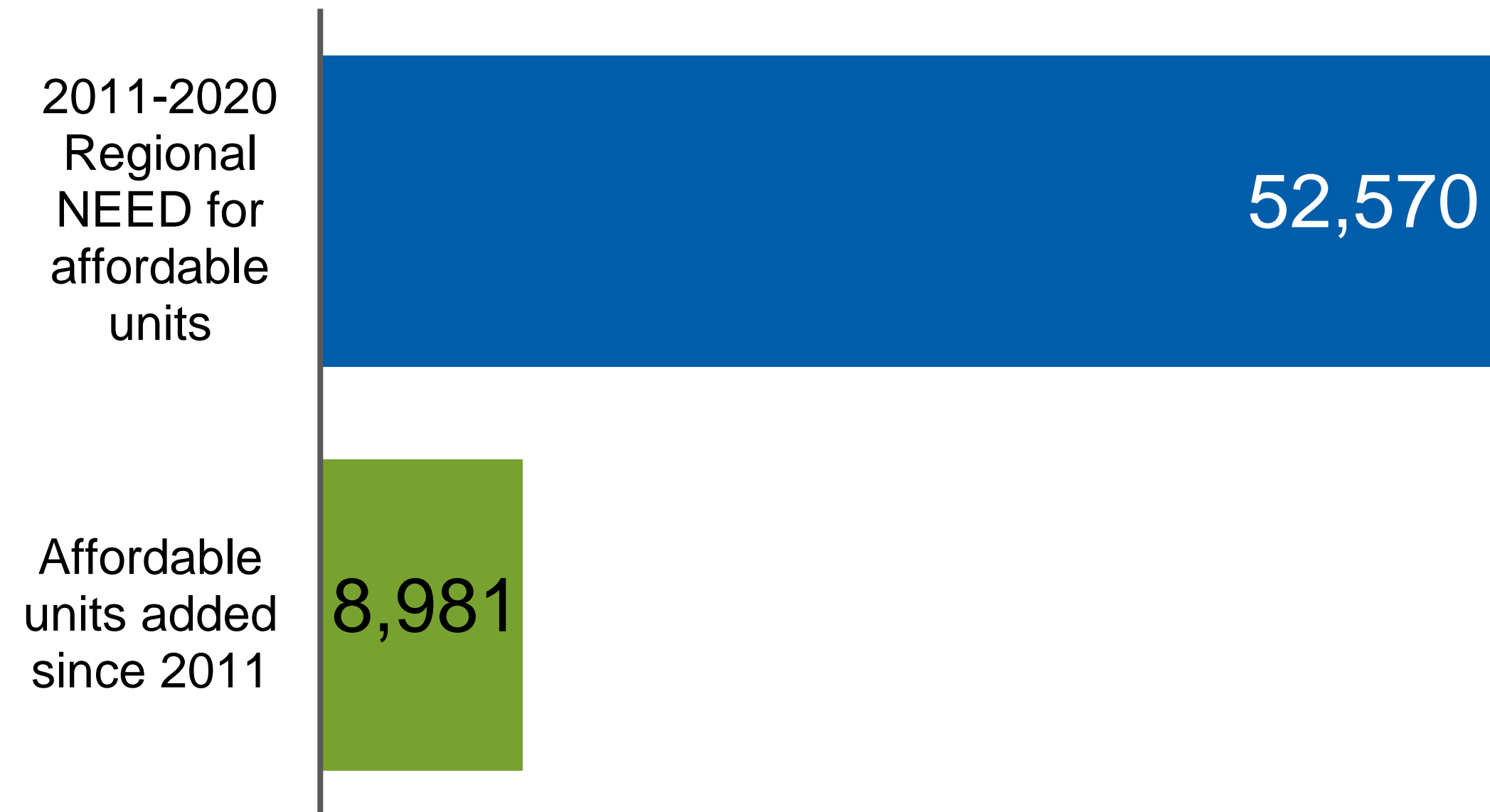


Source: Metropolitan Council's Affordable Housing Production Survey.

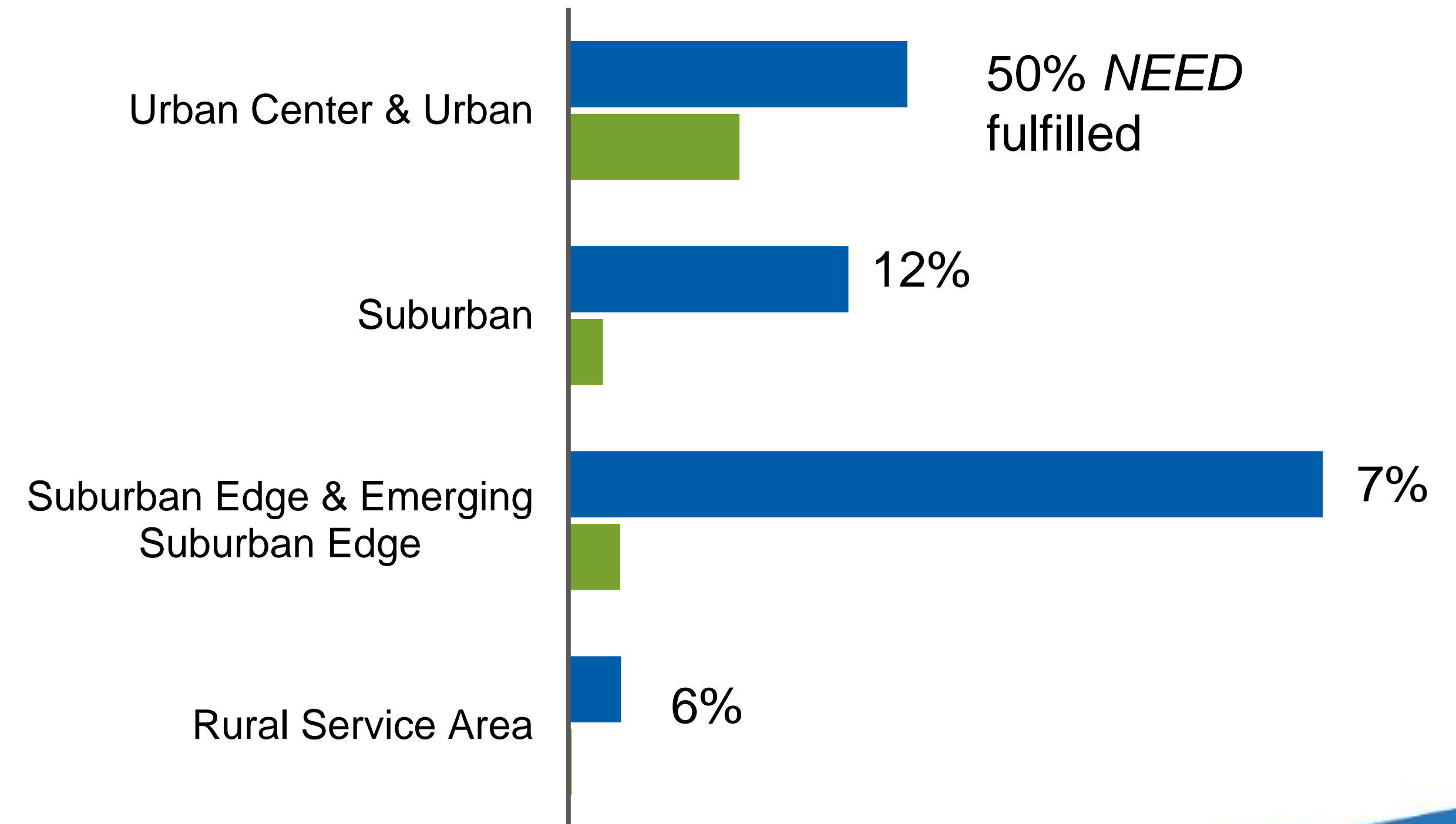


Affordable production versus projected need

NEED based on projected household growth



By Thrive Community Designations

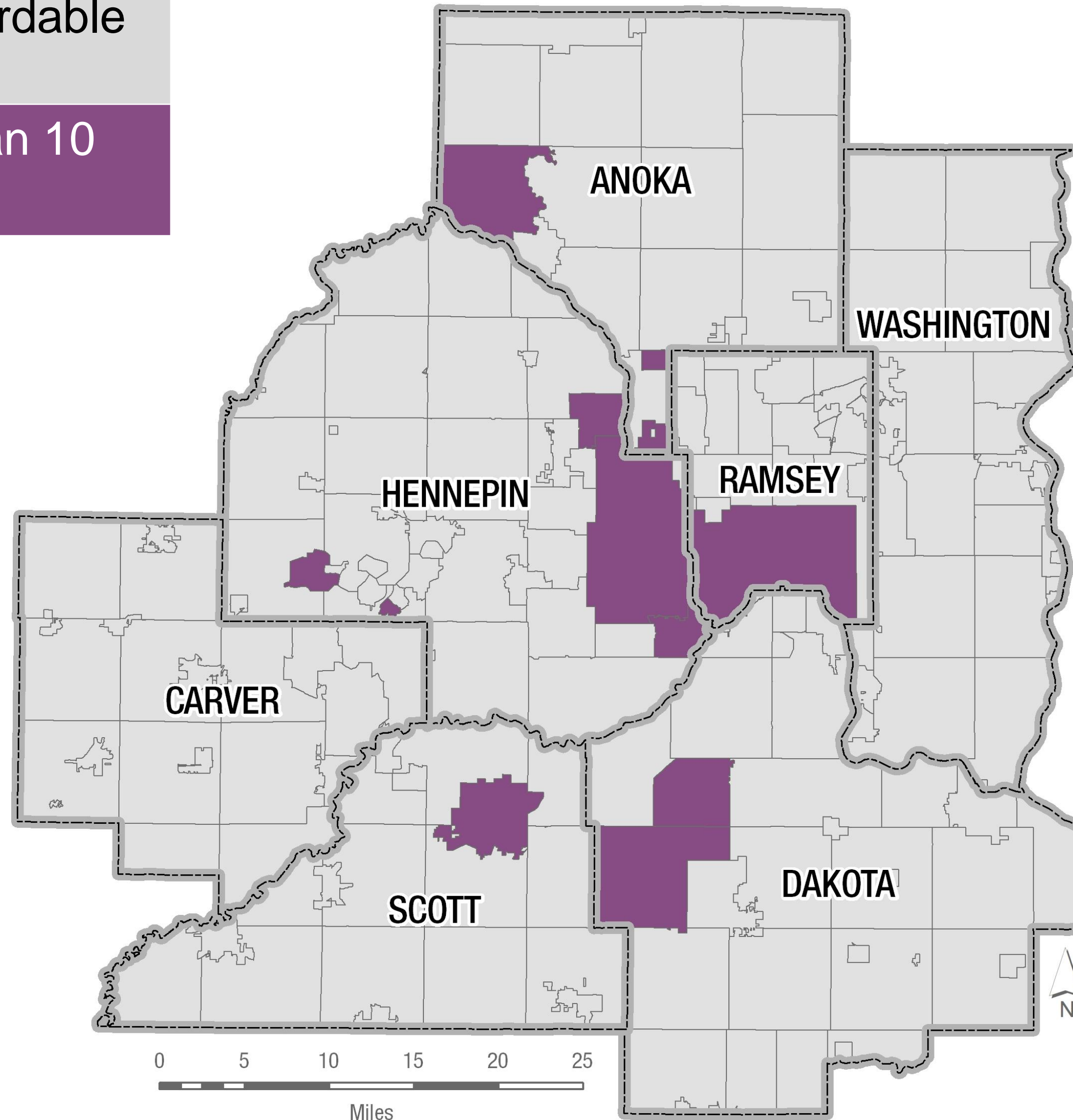


Source: Metropolitan Council's Affordable Housing Production Survey; Metropolitan Council, 2011-2020 Allocation of Affordable Need.

Affordable housing production in 2017

10 or fewer affordable units added

Added more than 10 affordable units



Top producers of affordable units in 2017

- Saint Paul (575 units)
- Minneapolis (241)
- Spring Lake Park (194)
- Apple Valley (190)
- Brooklyn Center (158)
- Columbia Heights (148)

Source: Metropolitan Council's Affordable Housing Production Survey.

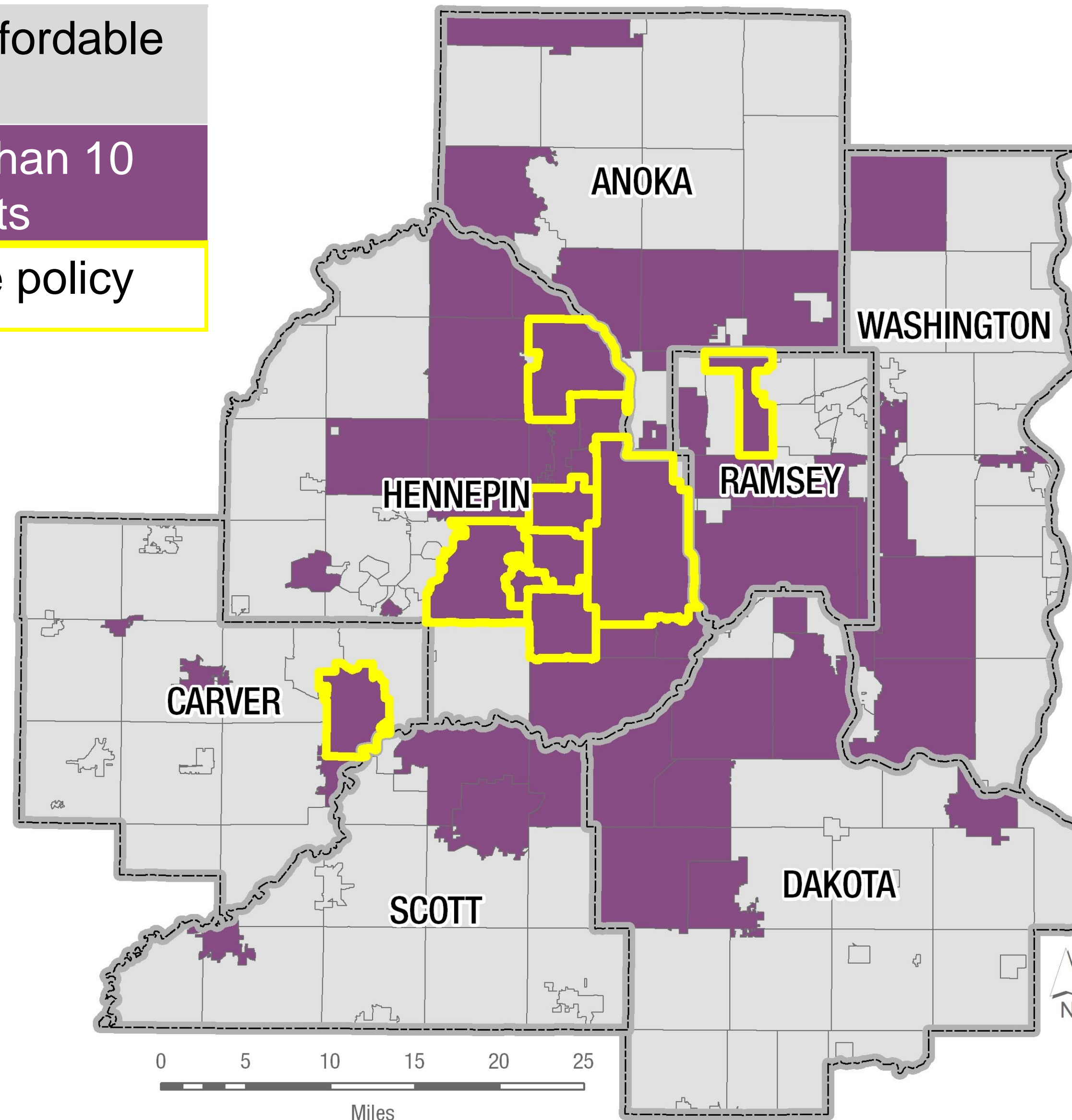


Affordable housing production since 2011

10 or fewer affordable units added

Added more than 10 affordable units

Mixed-income policy



Top producers of affordable units since 2011

- Minneapolis (2,837 units)
- Saint Paul (1,881)
- Columbia Heights (355)
- Prior Lake (240)
- Cottage Grove (213)

Source: Metropolitan Council's Affordable Housing Production Survey.



Strategy: Support mixed-income housing

Housing Policy Plan

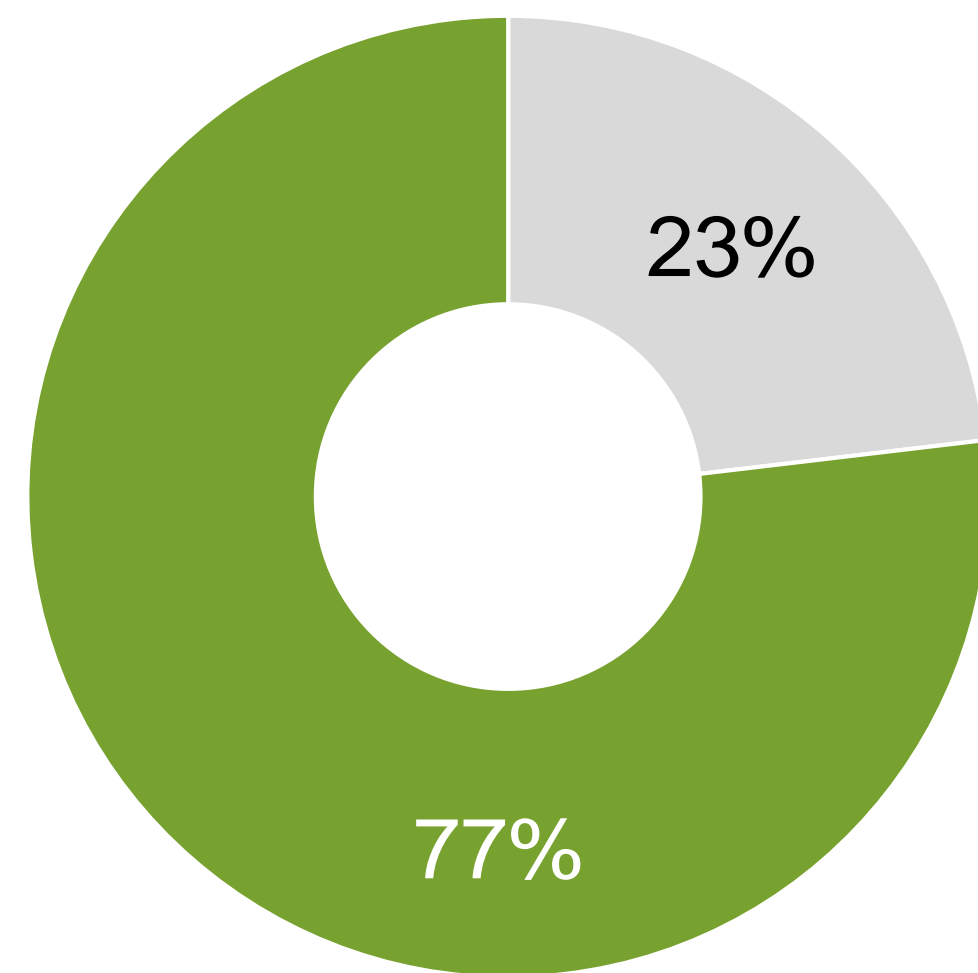
- “Provide local governments with data, research, and best practices on the development of mixed-income housing and related strategies.” (p.124)

What we’re doing

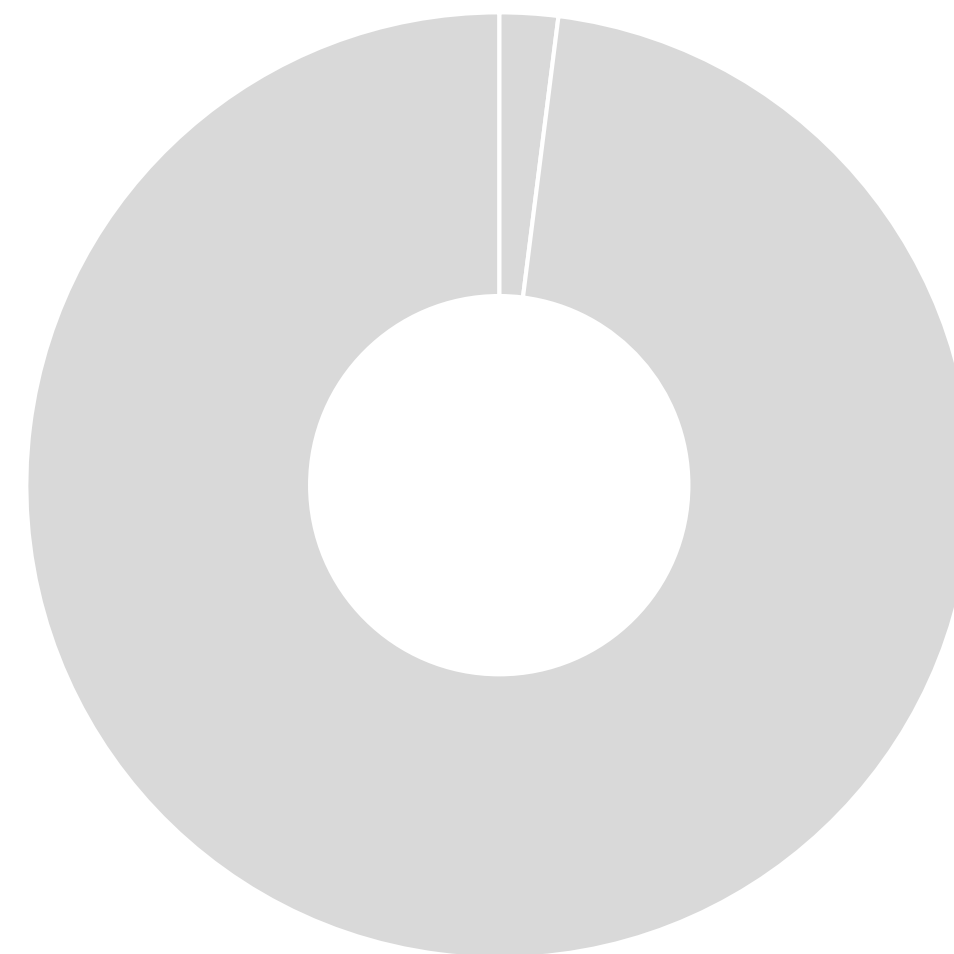
- 2019 Update to the Mixed Income Housing Feasibility Calculator
- Continued monitoring and technical assistance in support of mixed income policies throughout the region

1,731 affordable units added in 2017

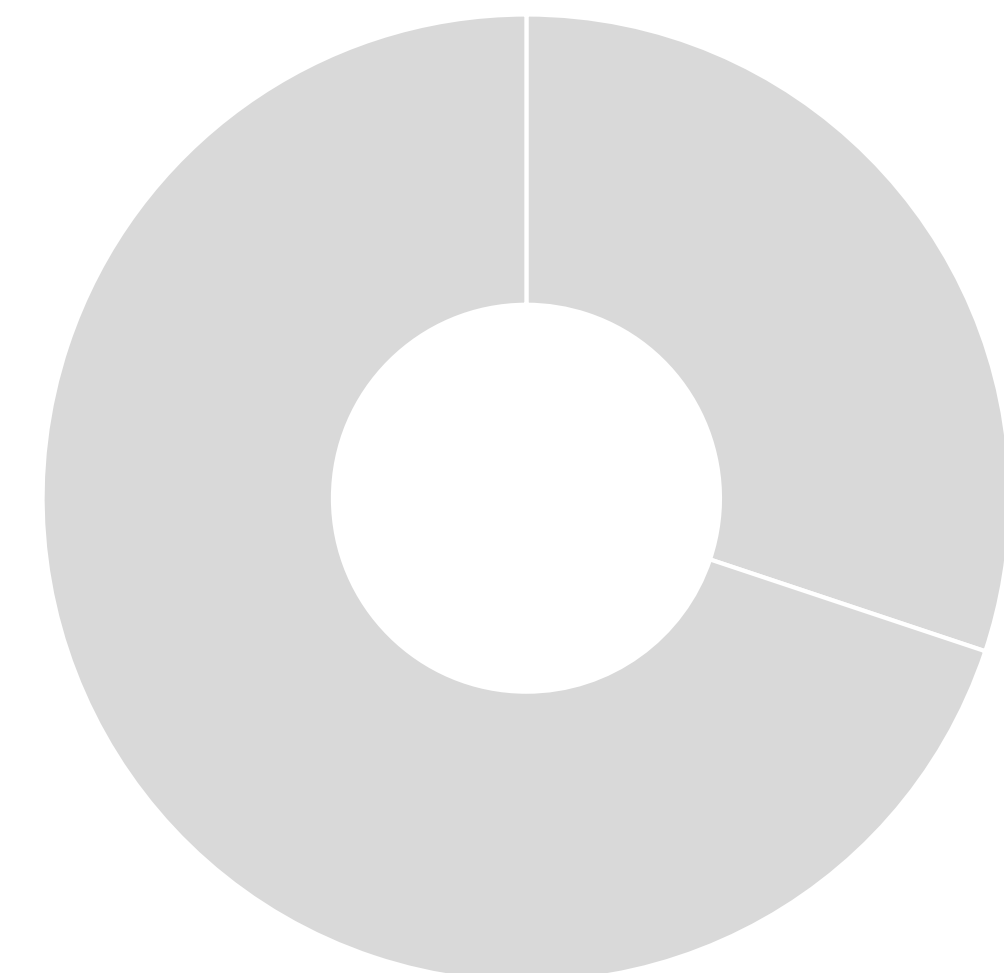
Most affordable units are priced at **51-60% AMI.**



Multifamily remains the predominant housing type.

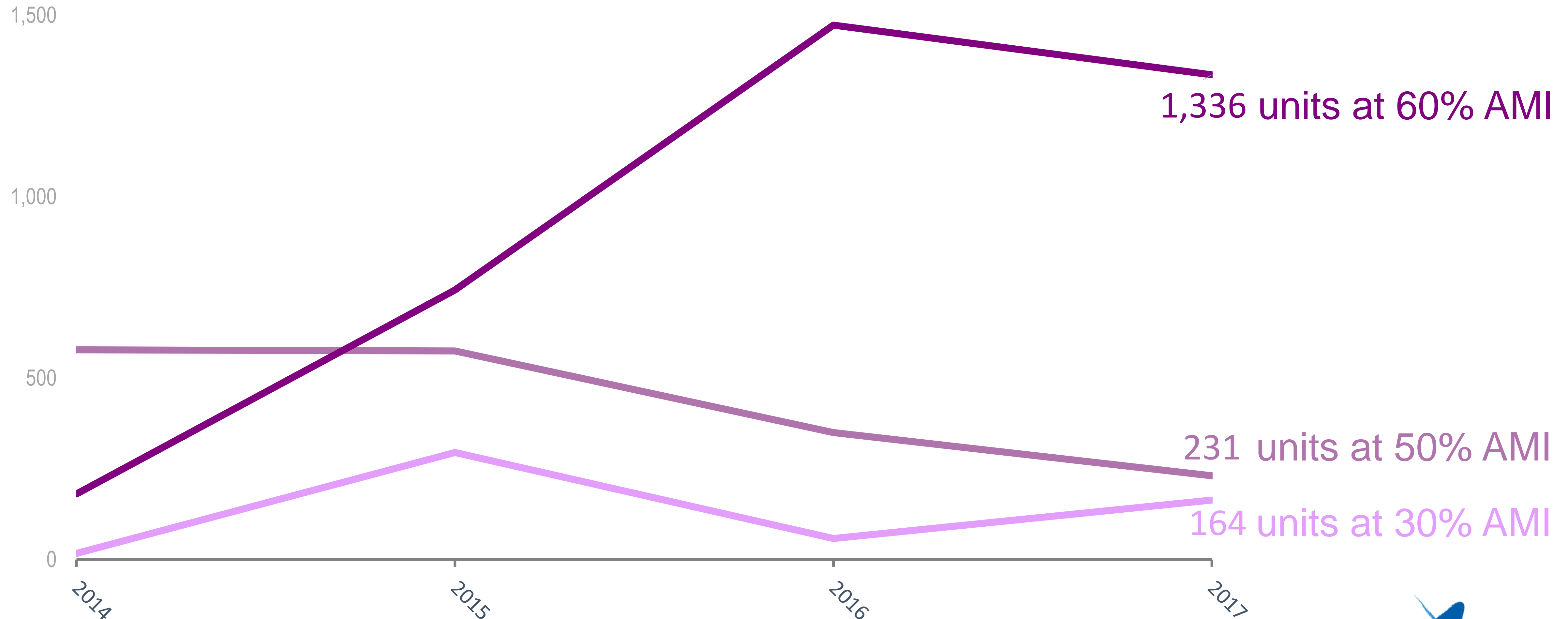


A third of affordable units are **age-restricted** (age 55+)..



Source: Metropolitan Council's Affordable Housing Production Survey.

Affordable housing production since 2014

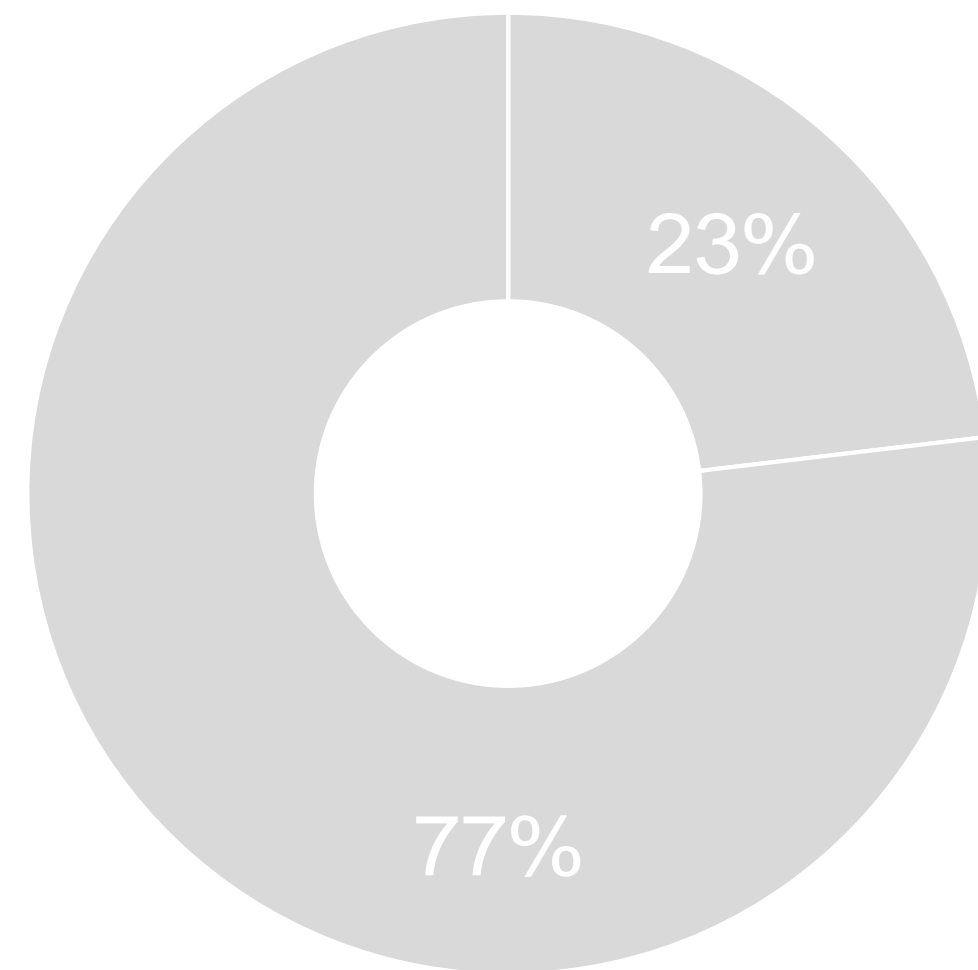


Source: Metropolitan Council's Affordable Housing Production Survey.

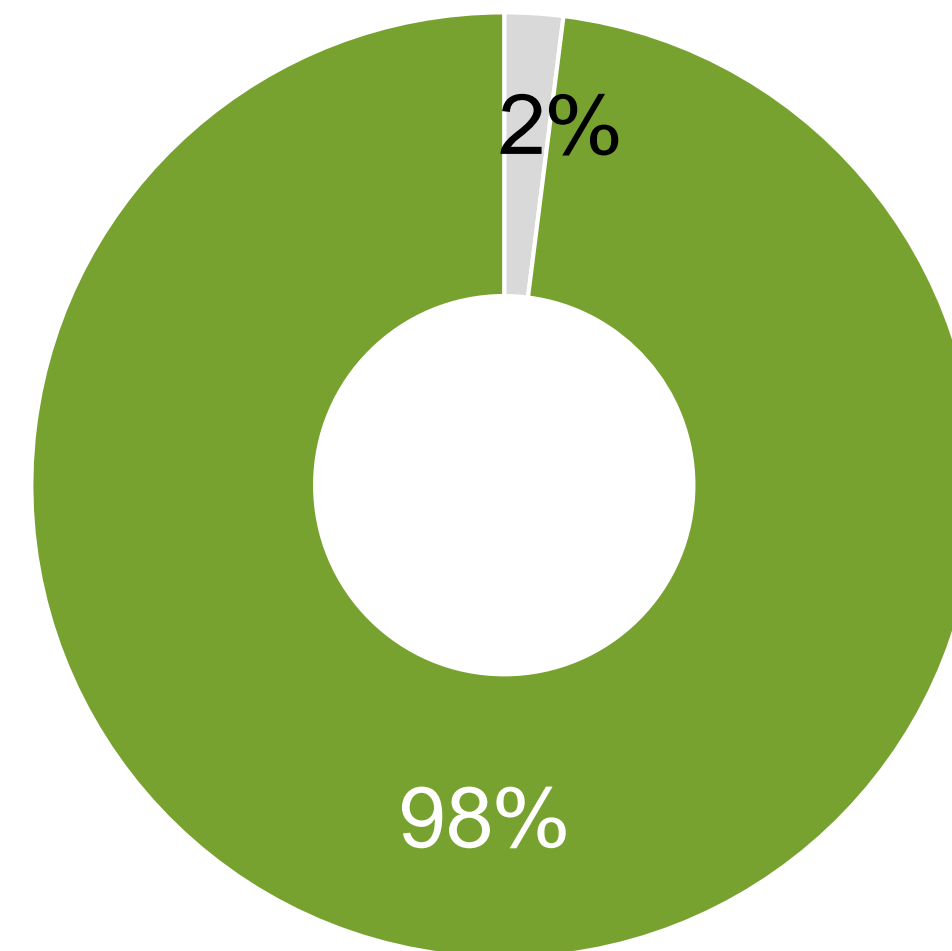


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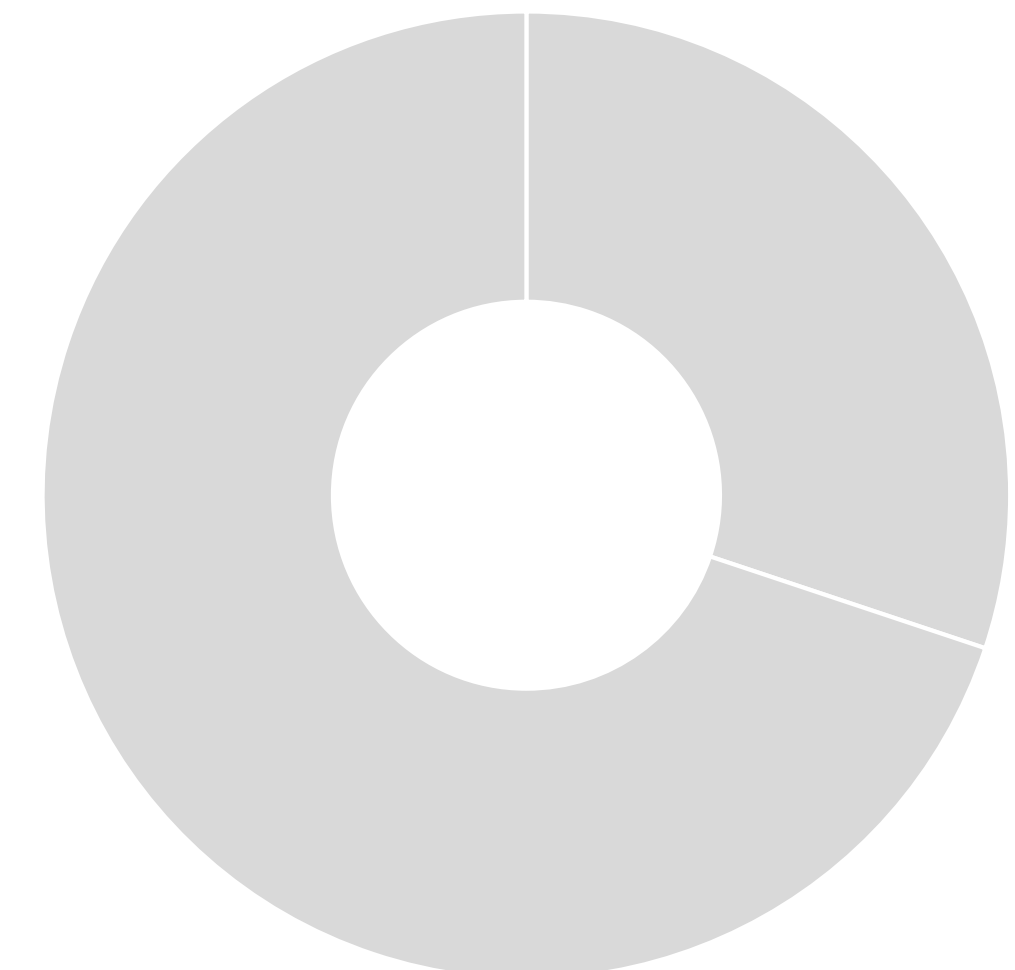
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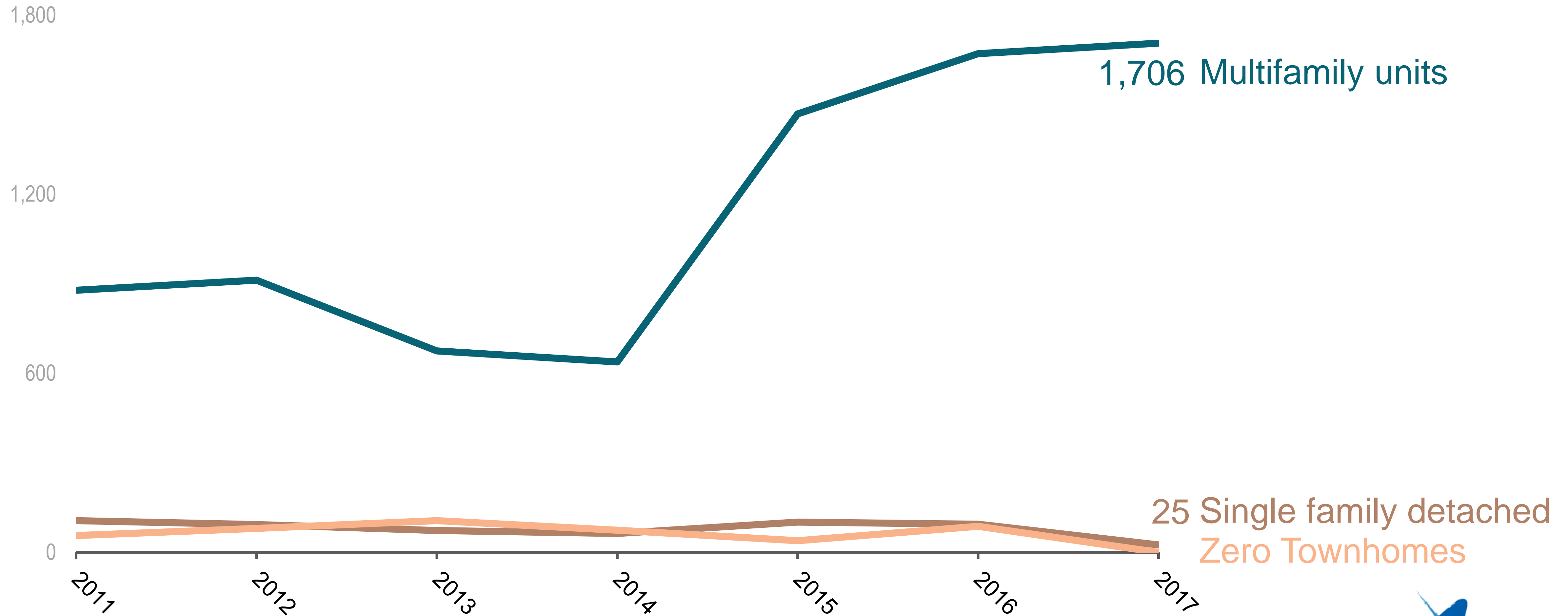


A third of affordable units are **age-restricted** (age 55+).



Source: Metropolitan Council's Affordable Housing Production Survey.

Affordable housing production by unit type



Source: Metropolitan Council's Affordable Housing Production Survey.



Strategy: Affordable homeownership

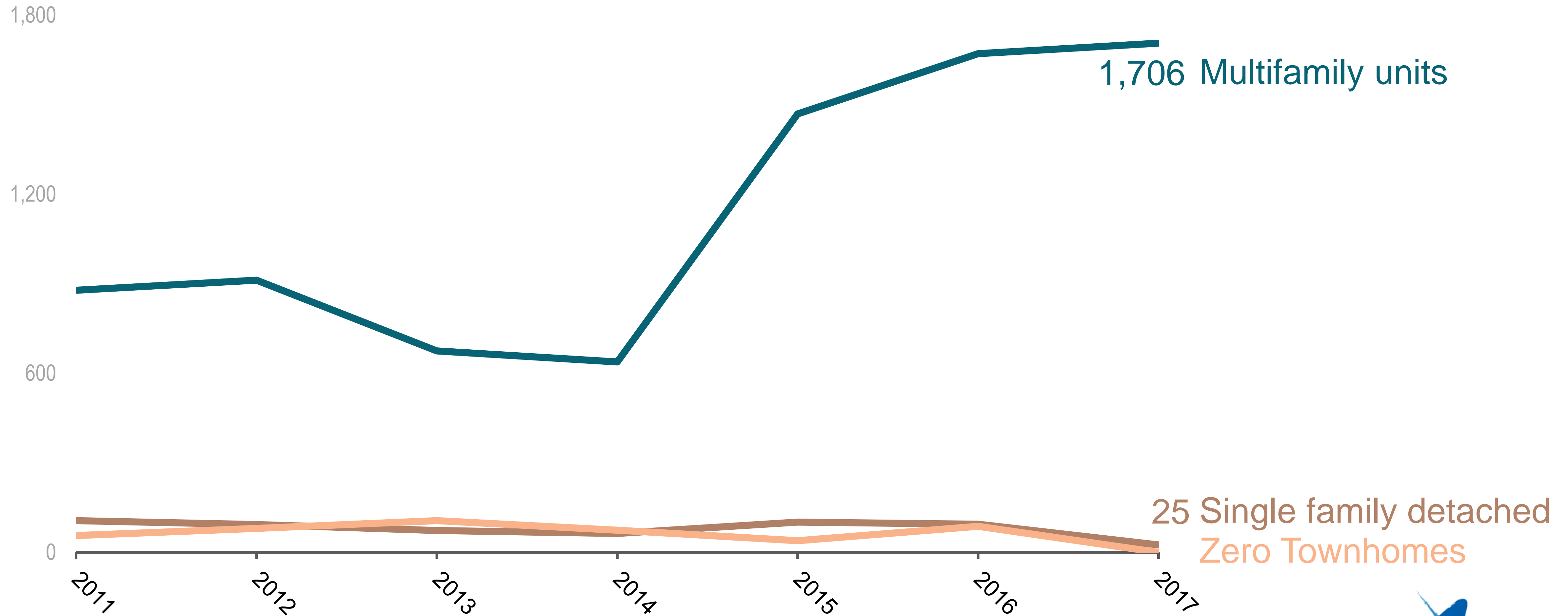
Housing Policy Plan

- “Participate in regional efforts...to promote sustainable homeownership.” (p.47)
- “Provide technical assistance to communities desiring support identifying and understanding available tools to meet...affordable housing needs.” (p. 114)

What we're doing

- Upcoming Council-hosted workshop (Feb. 28) that will highlight underutilized affordable homeownership models in the region

Affordable housing production by unit type

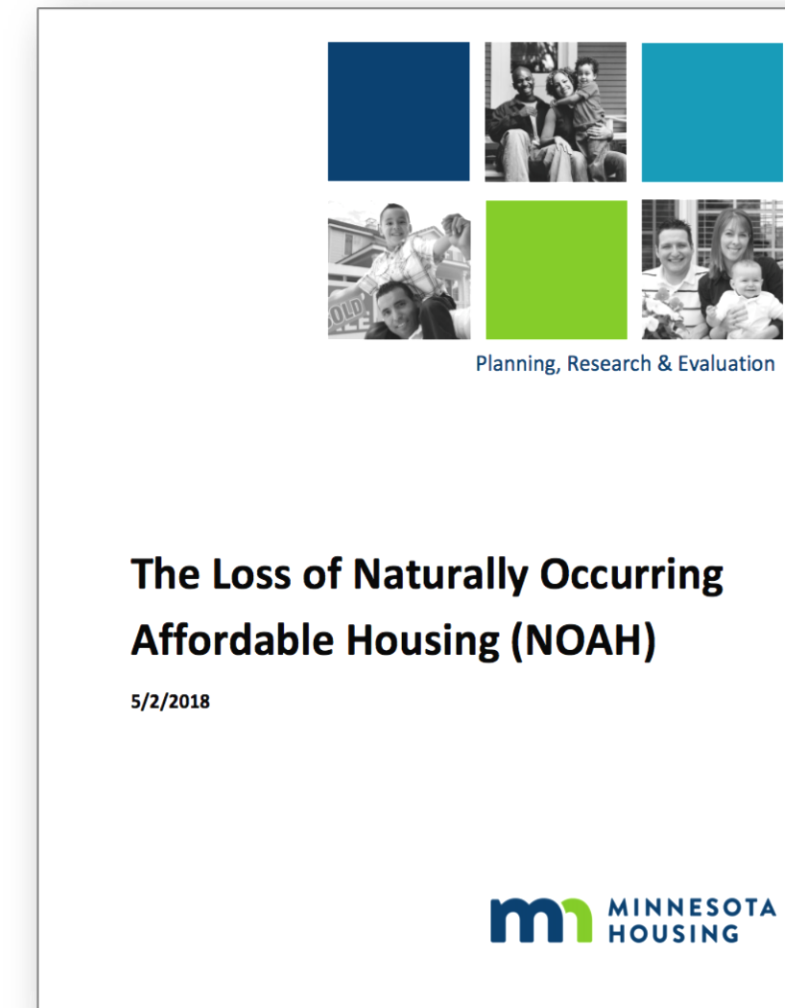
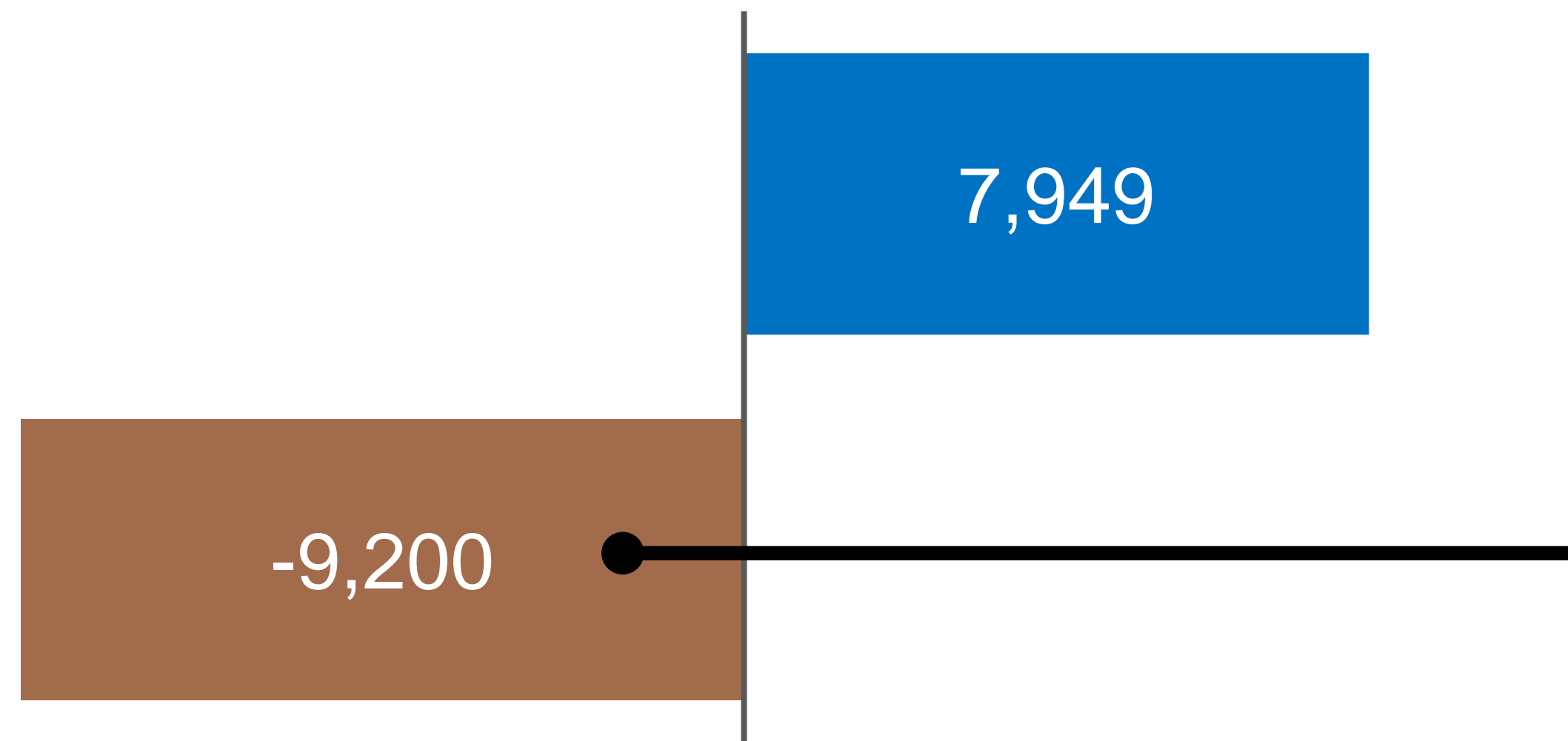


Source: Metropolitan Council's Affordable Housing Production Survey.



Does new production offset estimated loss?

Affordable rental units, 2011-2017



Minnesota Housing analysis of rental units estimated a loss of 10,500 NOAH units since 2010.

- Limited to rent changes in NOAH properties after a sale

= Net loss of 1,251 affordable units

Source: Metropolitan Council's Affordable Housing Production Survey.

Strategy: Preserve Naturally Occurring Affordable Housing (NOAH)

Housing Policy Plan

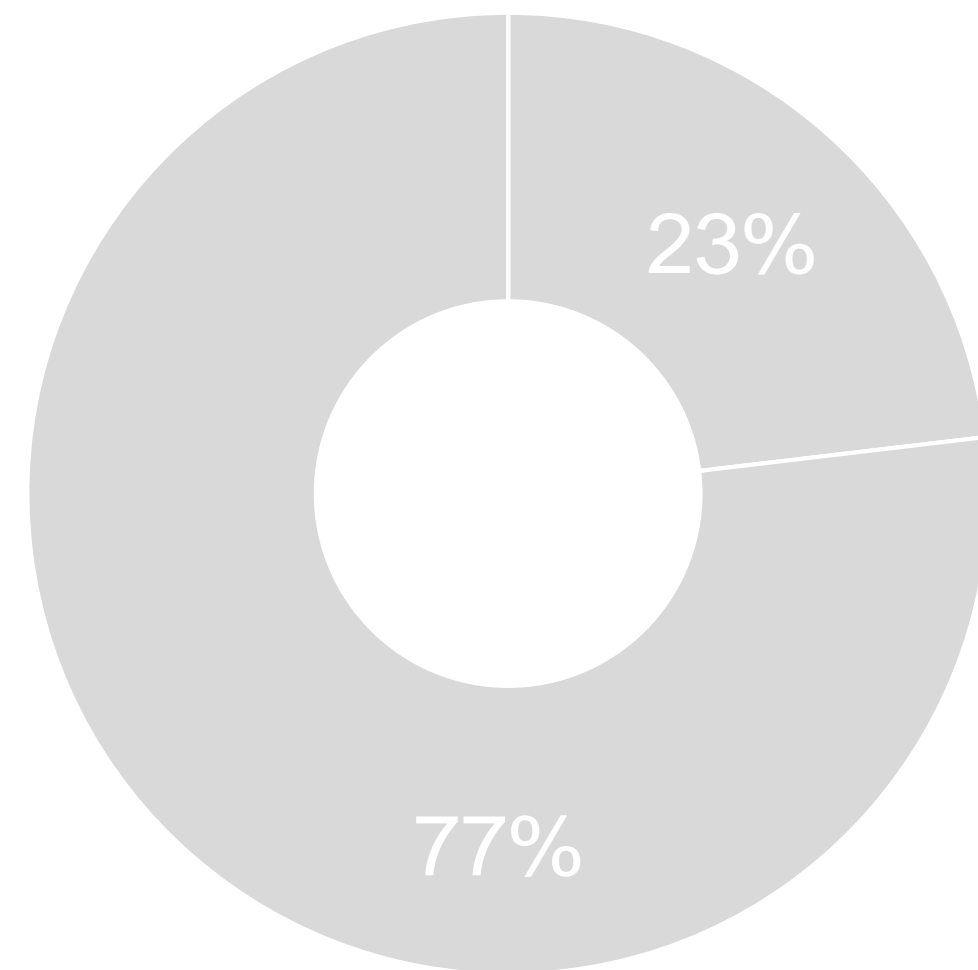
- “Collaborate with regional housing partners and funders to identify priorities for preserving affordable housing and available resources.” (p.37)
- “Provide technical assistance and tools to local governments for preserving unsubsidized affordable rental housing.” (p.39)

What we're doing

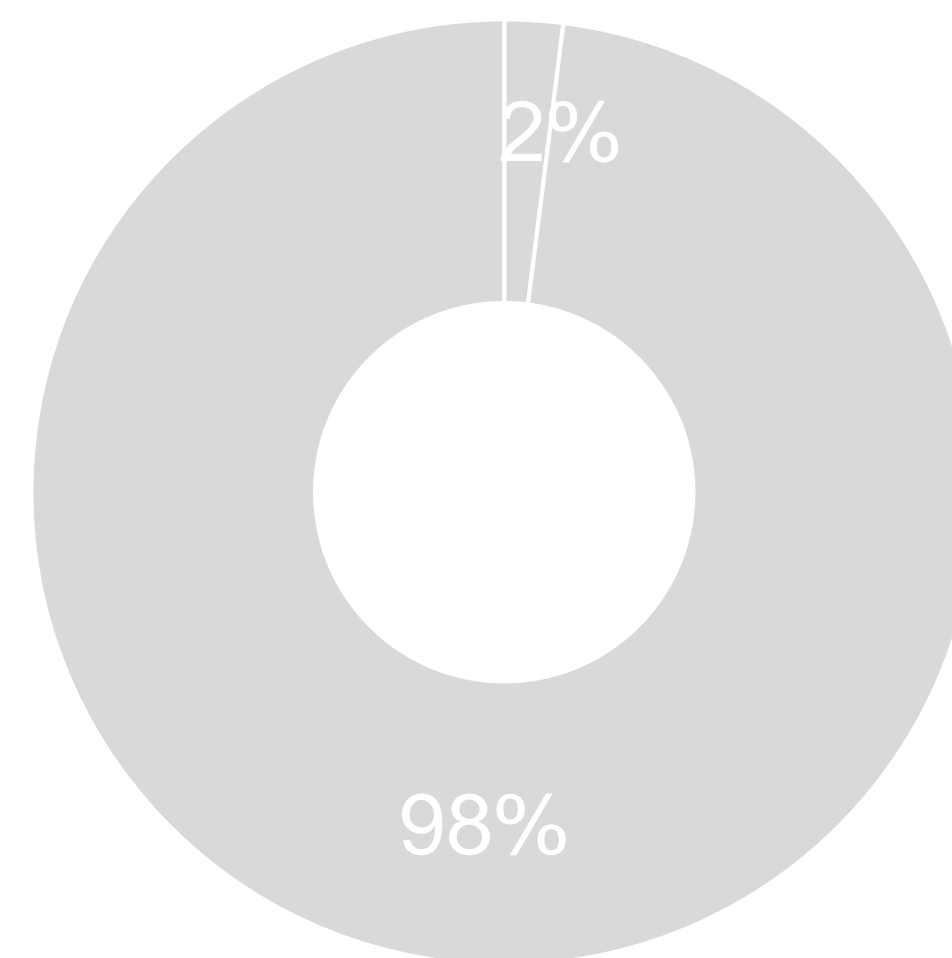
- Encouraged and now finding naturally occurring affordable housing preservation content in Comprehensive Plan updates
- Council-approved allocation of \$1 Million to Greater Minnesota Housing Fund's NOAH Impact Fund.

1,731 affordable units added in 2017

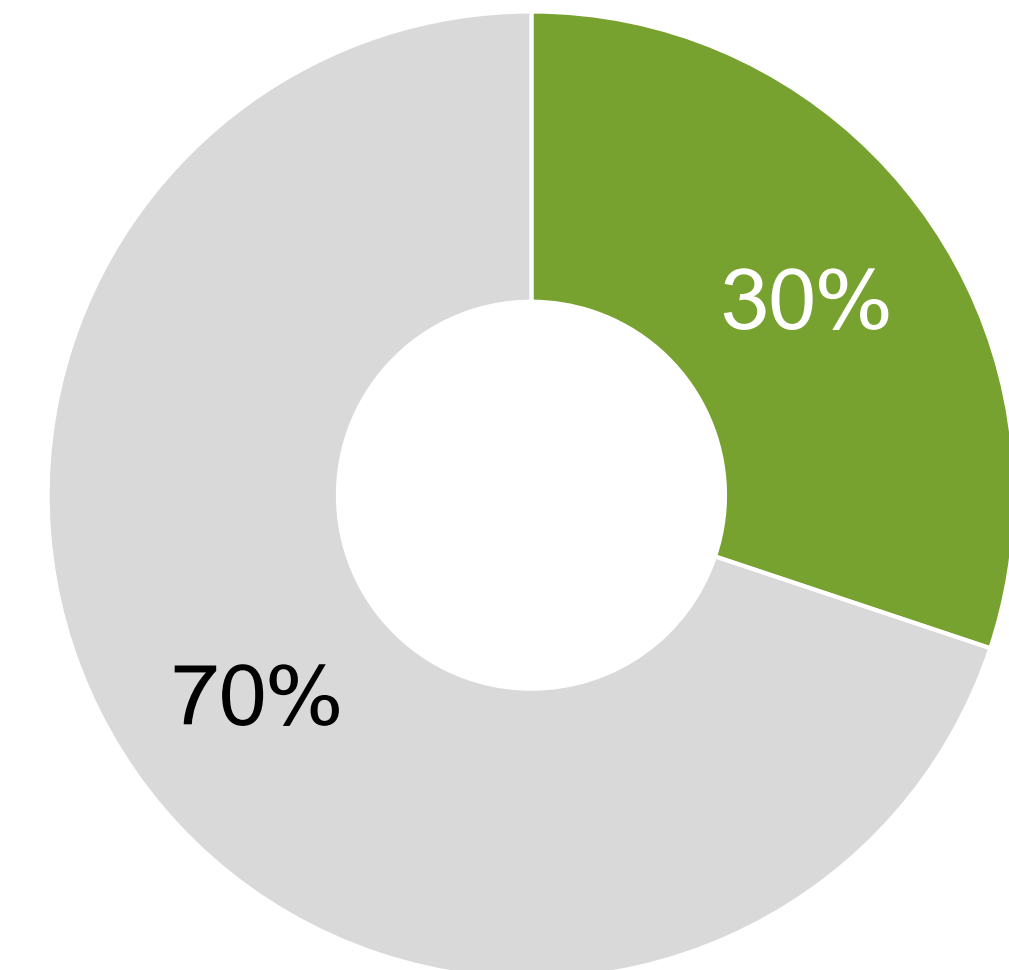
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Multifamily remains the predominant housing type.



A third of affordable units are **age-restricted** (age 55+).



Source: Metropolitan Council's Affordable Housing Production Survey.

Alignment with statewide priorities

“Build 300,000 new homes by 2030, across all types, prices, and locations to stabilize prices and meet demand.”

More Places to Call Home: Investing in Minnesota's Future Goals and Recommendations



Source: State of Minnesota Governor's Task Force on Housing (2018).

For more information

Data & report

Krysten Ryba-Tures

Senior Researcher

krysten.ryba-tures@metc.state.mn.us

Housing Policy

Tara Beard

Planning Analyst

tara.beard@metc.state.mn.us

<http://metro council.org/metrostats>



METROSTATS
Exploring regional issues that matter
February 2019

At a Loss: Affordable Housing Production in 2017

Each year the research team at Metropolitan Council asks cities and townships across the Twin Cities region about their residential construction projects and whether these new housing units are affordable to low-income households. We use the term 'affordable' to describe housing units that low-income households can pay for with up to (but not more than) 30% of their monthly income. Metropolitan Council considers low-income households to be those with incomes at or below 60% Area Median Income (AMI), relative to household size. (Area Median Income is a measure calculated annually by the U.S. Department of Housing and Urban Development.) For example, a family of four with an income of \$51,480 (60% AMI) would be considered a low-income household. A unit affordable to that household would include a three-bedroom apartment with a monthly rent of \$1,410 or less.

By tracking the price point of residential housing production we can better understand the landscape of housing options for the region's current and future households and assess strategies against stated policy goals.

Key Findings

- Region-wide housing cost burden fell for the sixth consecutive year in 2017. However, the region's low-income households, who currently reside in every city and township across the region, remained disproportionately cost-burdened in 2017.
- One in every eight new units added to the region's housing stock was affordable in 2017, a total of 1,760 units. Nearly 9,000 new affordable units have been added to the region's housing stock since 2011, far below the forecasted need of 51,000 new affordable units between 2011 and 2020 to keep pace with demand.
- The predominant housing type of new affordable housing continues to be multifamily rental units at 95% in 2017. Affordable single family homes and affordable townhome production hit a new low in 2017.
- Losses of affordable units are more difficult to track and measure than production. However, known or estimated losses in even narrow segments of the affordable housing market show that the region has most certainly lost more affordable units than it has produced since 2011.

Pike Lake Marsh, Prior Lake
A 68-unit workforce housing development with one-, two-, and three-bedroom units affordable to households with incomes at 30% AMI and 60% AMI. The project was funded by the Scott County Community Development Agency and received a million dollar tax credit from Minnesota Housing Finance Agency.

Downtown View, Minneapolis
In partnership with Project for Pride in Living (PPL), YouthLink has created a 46-unit development for young adults (ages 18-24) who are experiencing homelessness and have incomes below 30% AMI. Federal tax credits, Minneapolis' Affordable Housing Trust Fund, Metropolitan Council, Hennepin County, were among the funders.

Greenway Terrace, Ramsey
Aeon's 54-unit project in the city's 300-acre mixed-use downtown development (The COE). Two blocks from the Northstar commuter rail, this project has units affordable to households with incomes at 30% AMI and 50% AMI. Funders included the city, Metropolitan Council, Anoka County, and Minnesota Housing Finance Agency.

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