Affordable Housing Production in 2018 and Housing Policy Plan Implementation Update

February 4, 2019

Community Development Committee

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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."

Thrive MSP 2040,
Housing Policy Plan

Goals,
Funding,
Program &
Admin,
Support

"Create housing options that give people in all life stages and of all economic means viable choices for safe, stable and affordable homes."

Tracking the region's affordable housing production

Building Permit Survey
- Technical Assistance
- Integrated data source
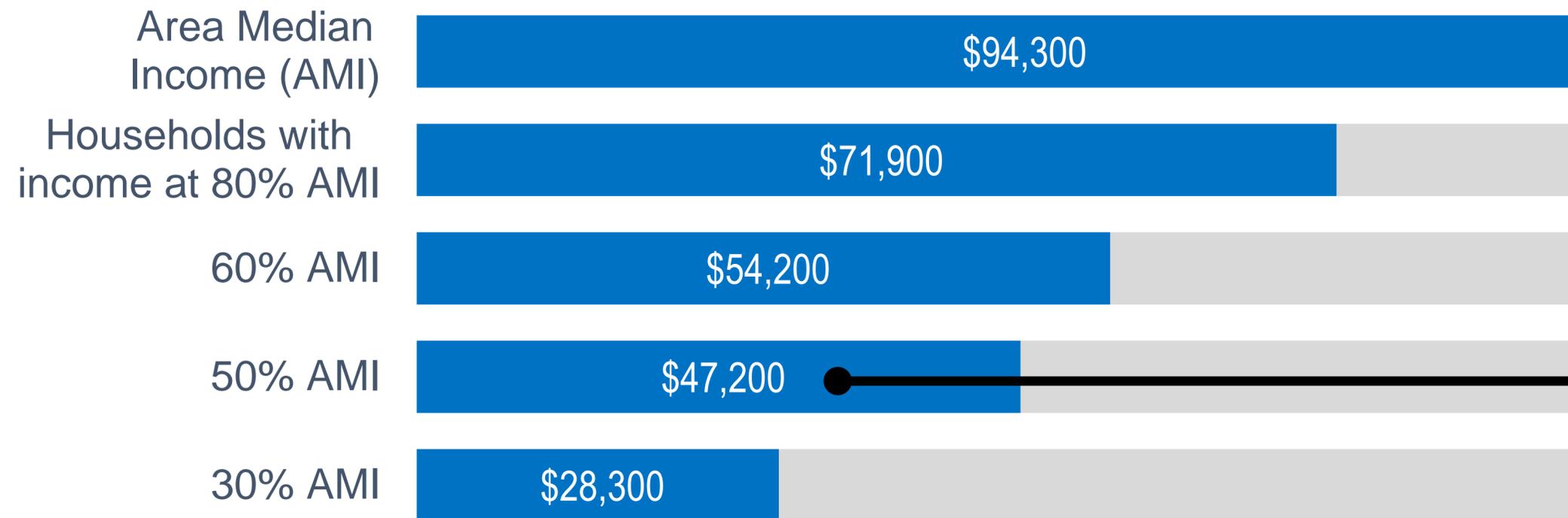
Housing Performance Score Survey
- Unit details
- Tools, incentives, policies

Validation
- Jurisdiction staff
- Commercial data
- Parcel data
- Service Availability Charge (SAC) reports

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Measuring affordability: household incomes

Based on family of four in 2018

Area Median Income (AMI)	$94,300
Households with income at 80% AMI	$71,900
60% AMI	$54,200
50% AMI	$47,200
30% AMI	$28,300

Comparable to 185% of the federal poverty threshold ($46,435 in 2018)

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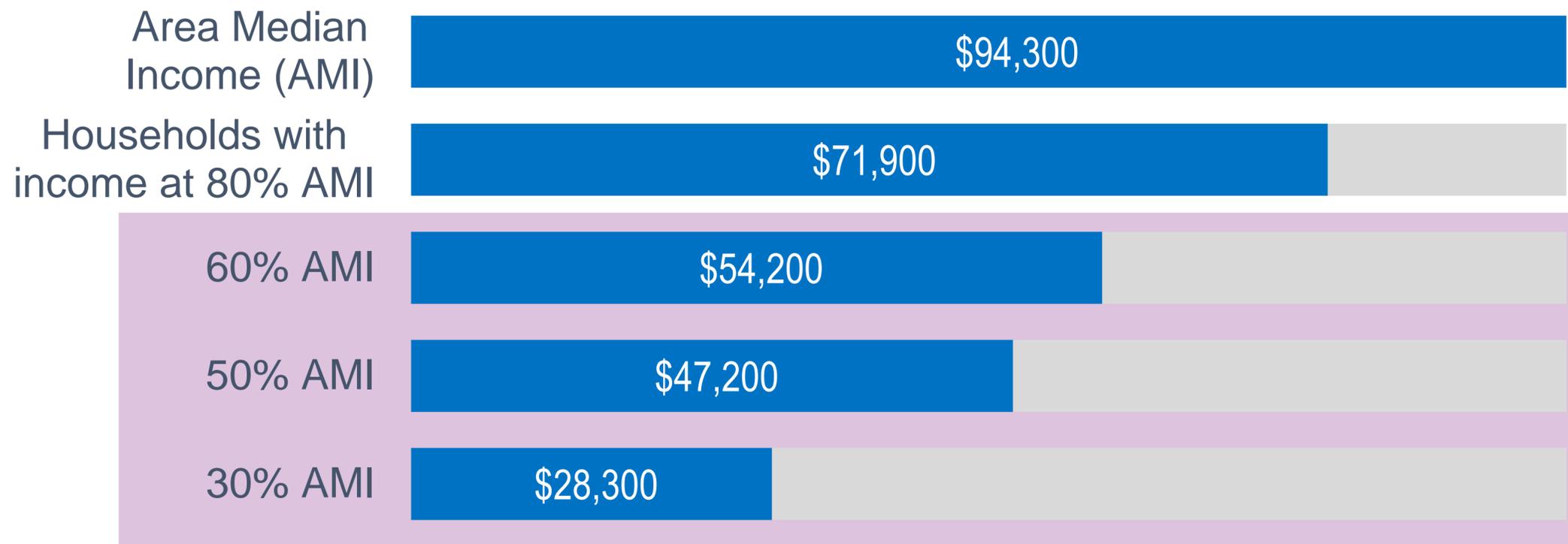
Since 2011, the Council defines "affordable" as housing units that low-income households could pay for with up to 30% of their monthly income.

We define low-income households as those with income up to 60% AMI.

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

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Measuring affordability: housing costs

What can households with incomes at 60% AMI afford?

Rental units

Efficiency	$991
One-bedroom	$1,062
Two-bedroom	$1,273
Three-bedroom	$1,471
Four-bedroom	$1,640

Owner-occupied units

Priced at or below $181,500

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

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New affordable units: highest level since 2006
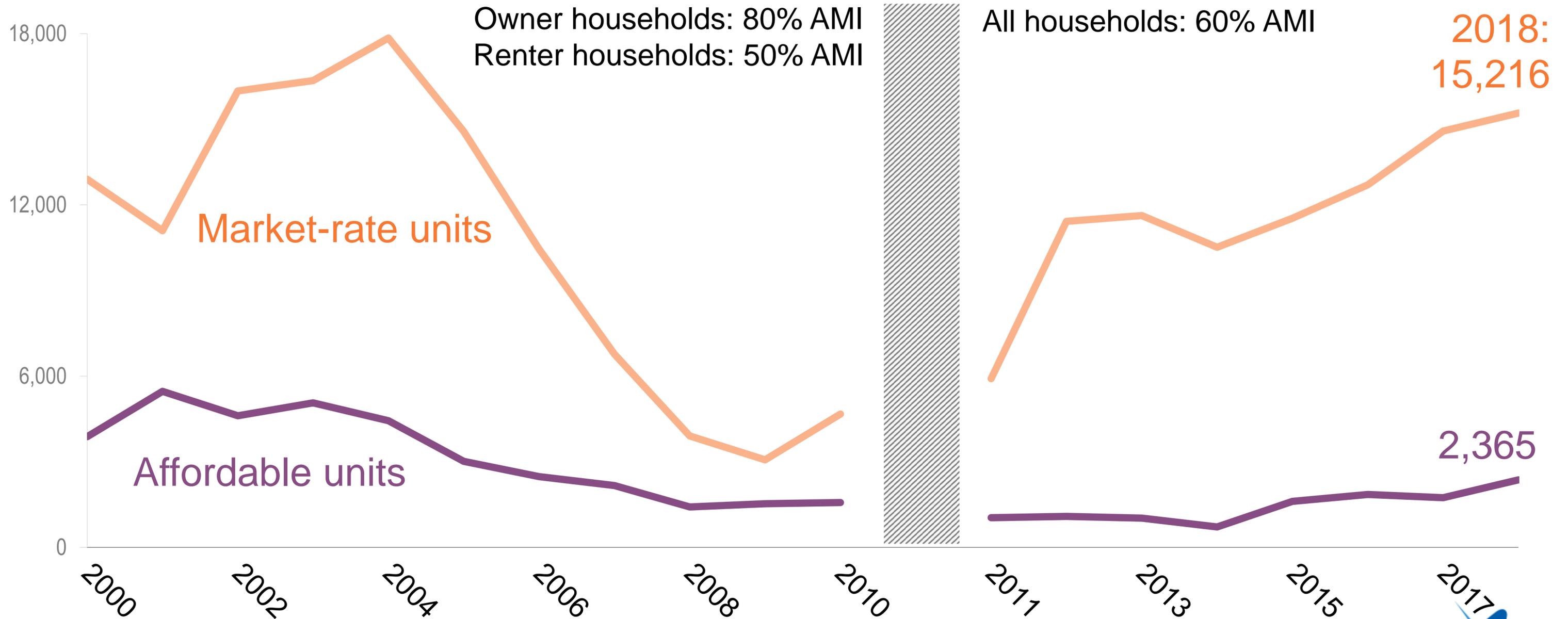
Owner households: 80% AMI
Renter households: 50% AMI

All households: 60% AMI

2018: 15,216

Market-rate units

Affordable units

2,365

Source: Metropolitan Council's Housing Performance Score Survey.

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Affordable housing production in 2018

Affordable units added in 2018

Zero
1-10
11-50
51 - 100
Over 100 units added
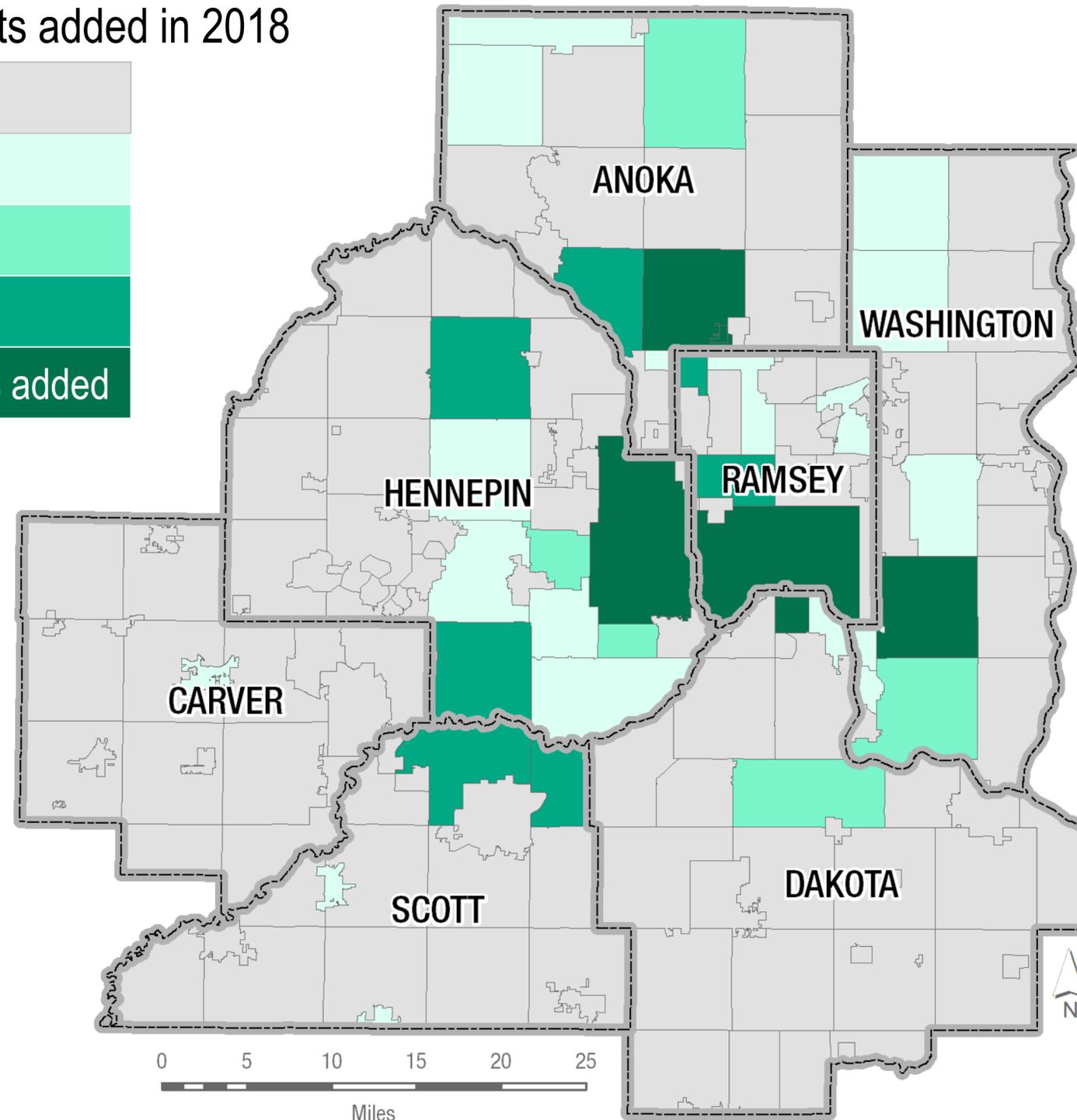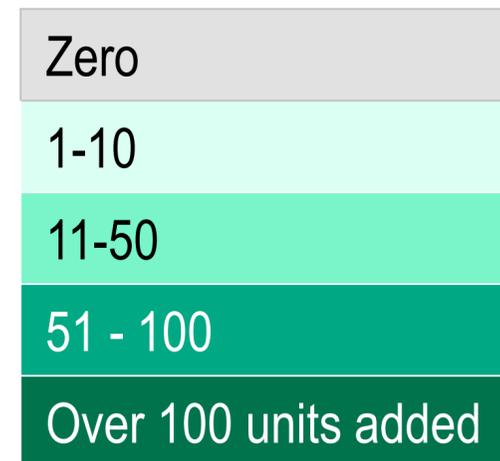
Top producers of affordable units in 2018

Minneapolis (522 units)
Saint Paul (497)
Woodbury (258)
Blaine (192)
Lexington (180)
West Saint Paul (172)

Source: Metropolitan Council's Housing Performance Score Survey.

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Affordable housing production since 2011

Affordable units added since 2011

Zero	
1-10	
11-50	
51 - 300	
Over 300 units added	

ANOKA

WASHINGTON

HENNEPIN

RAMSEY

CARVER

SCOTT

DAKOTA

0 5 10 15 20 25
Miles

N
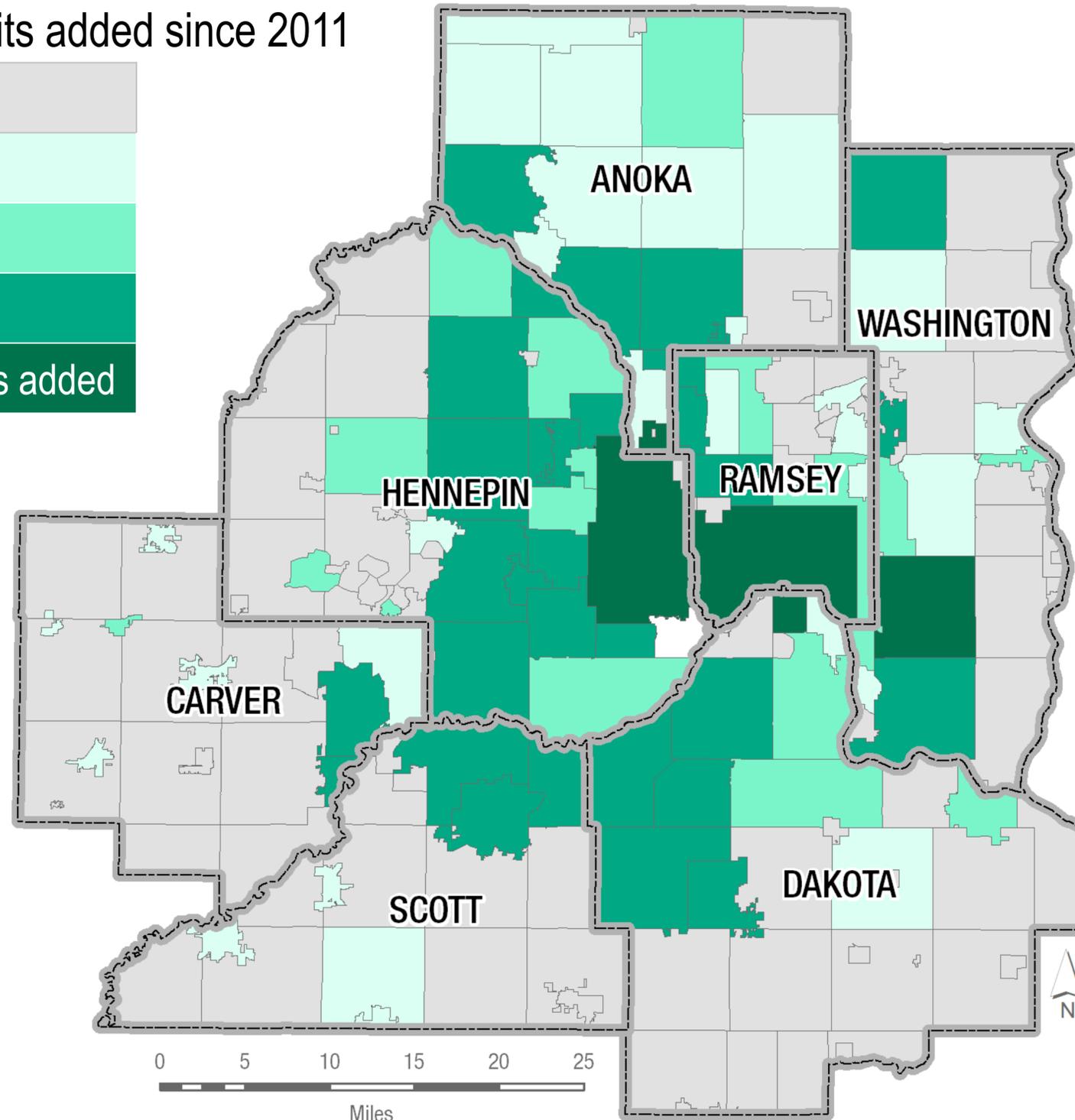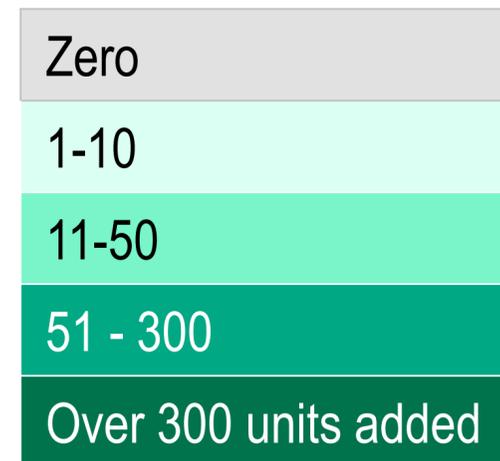
Top producers of affordable units since 2011

Minneapolis (3,202 units)
Saint Paul (2,251)
Columbia Heights (349)
West Saint Paul (343)
Woodbury (329)

Source: Metropolitan Council's Housing Performance Score Survey.

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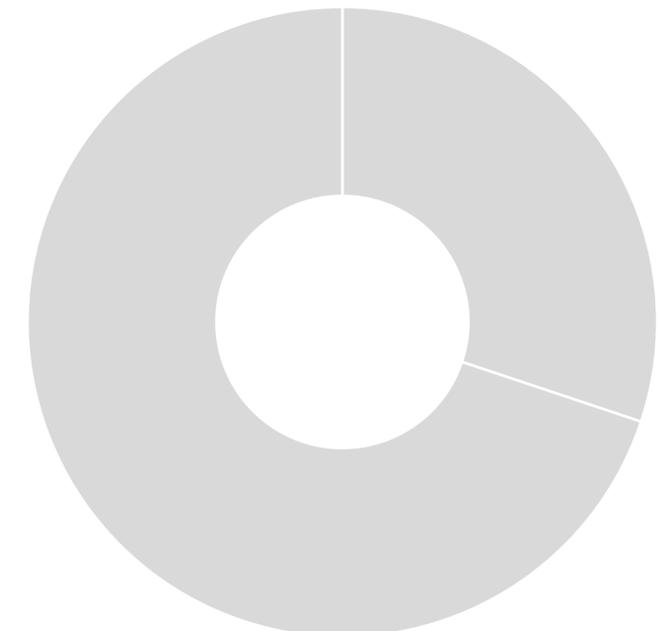
2,365 affordable units added in 2018

Most affordable units are priced at **51-60% AMI**.
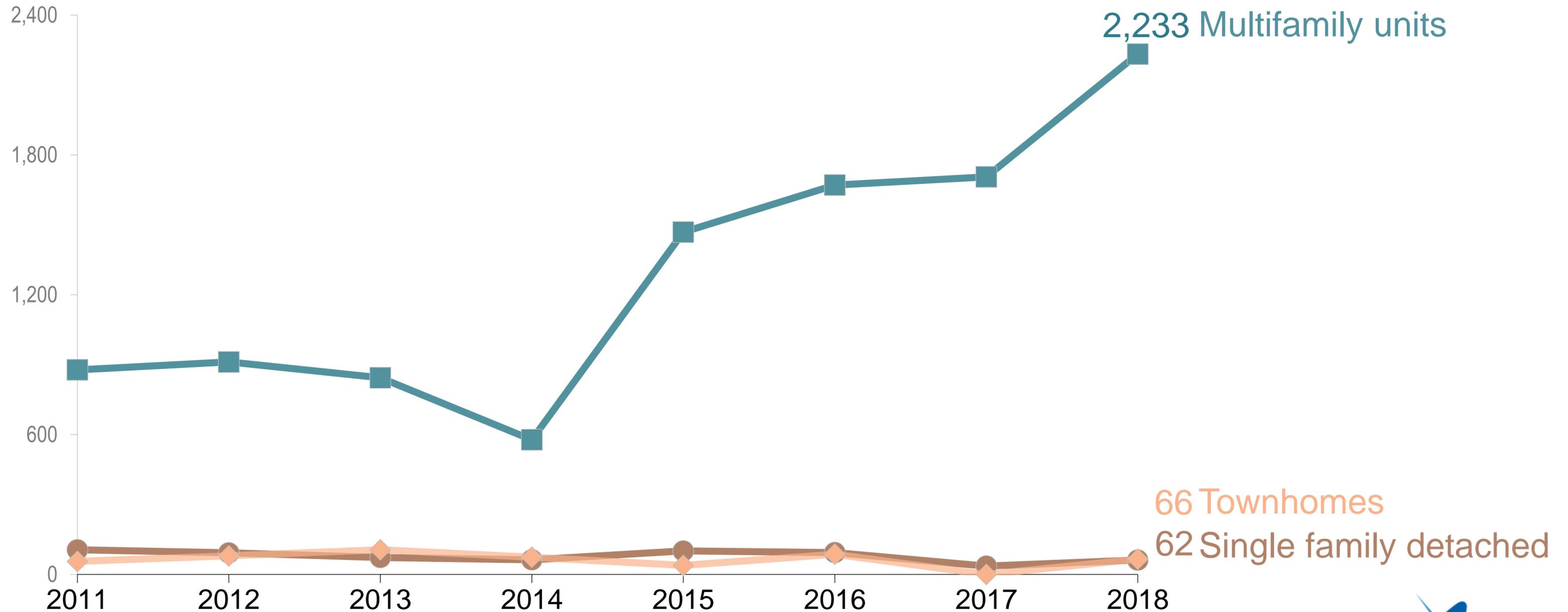
Multifamily remains the predominant housing type.

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

23%

77%

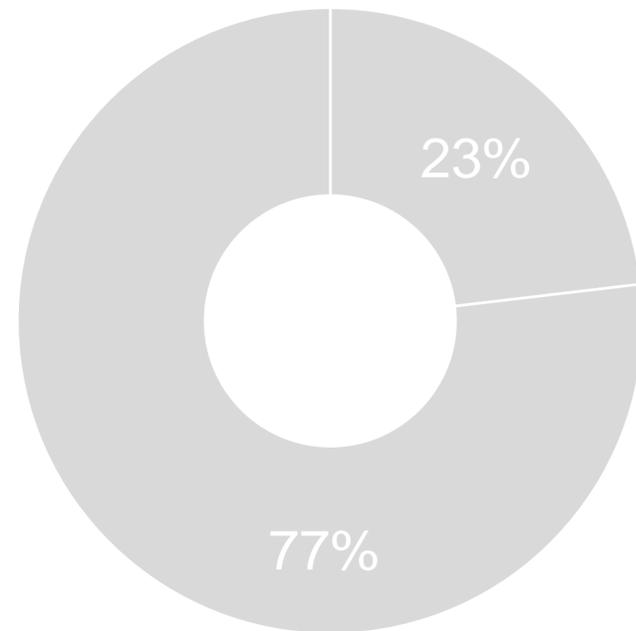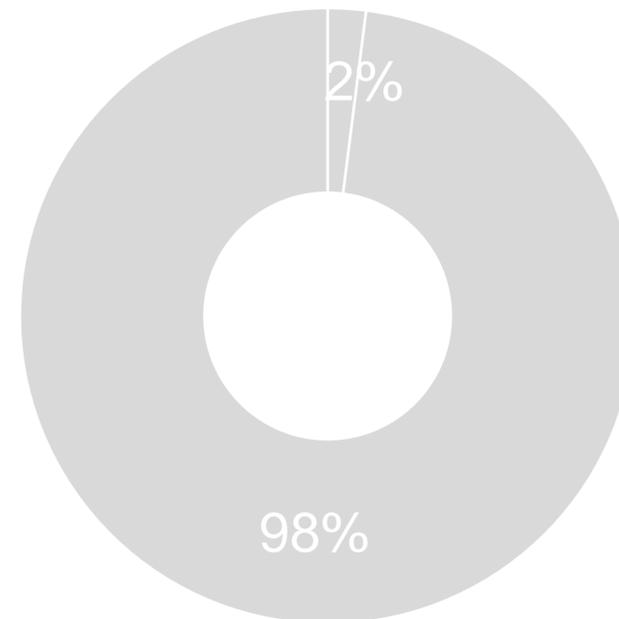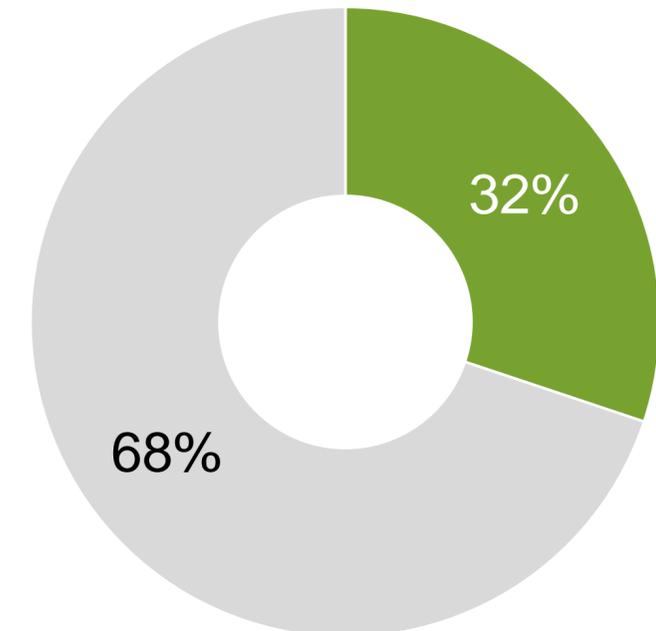*Source: Metropolitan Council's Housing Performance Score Survey.*

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Affordable housing production since 2014

1,680 units at 60% AMI

585 units at 50% AMI

100 units at 30% AMI

Source: Metropolitan Council's Housing Performance Score Survey.

2,365 affordable units added in 2018
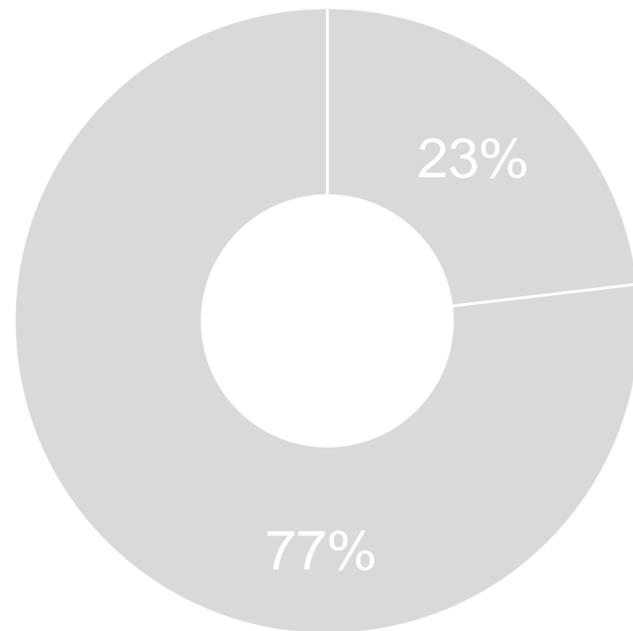
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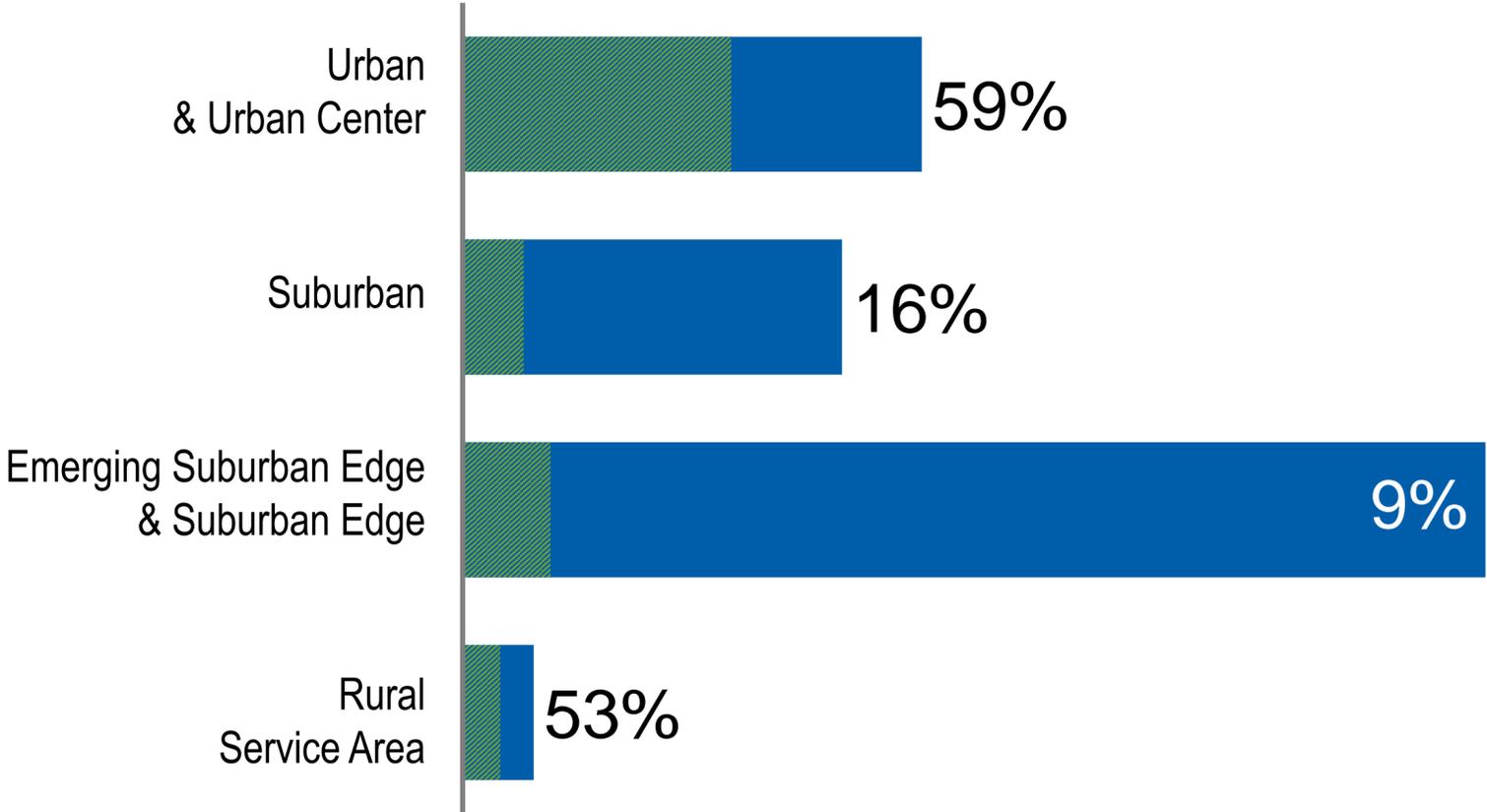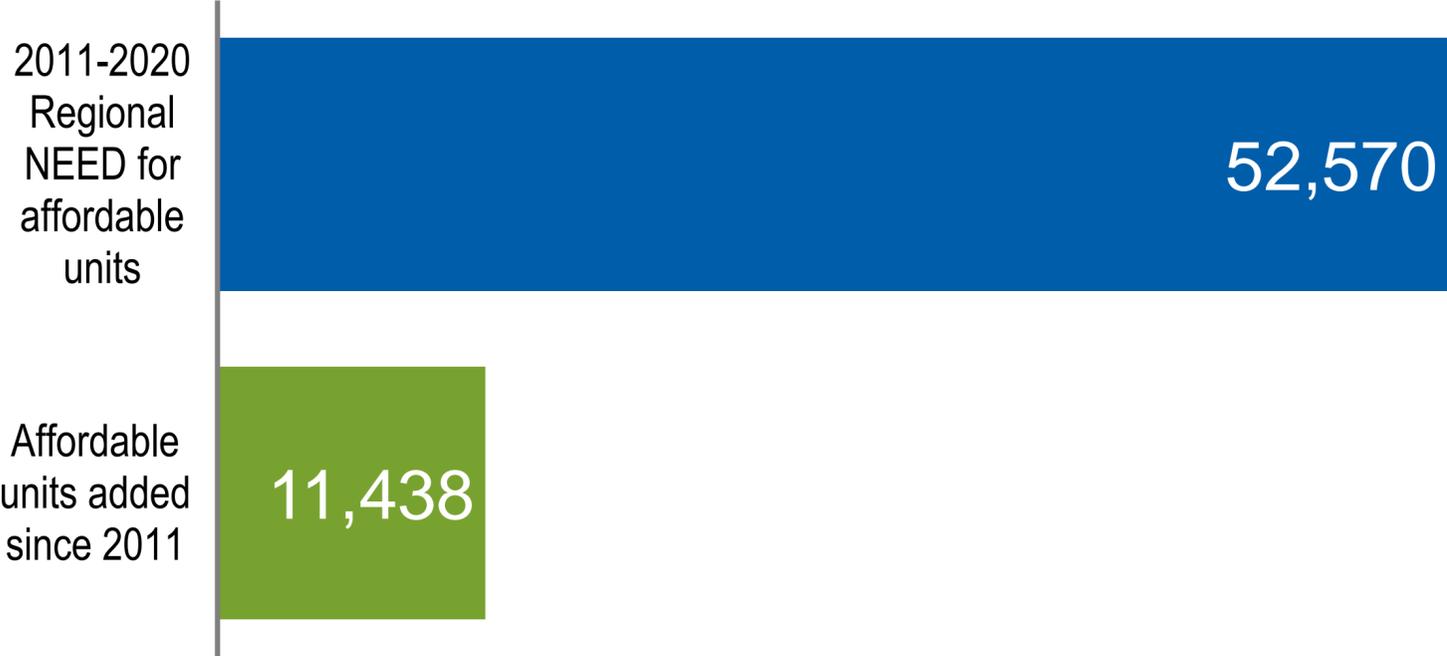A third of affordable units are **age-restricted** (age 55+).

23%

77%

2%

98%
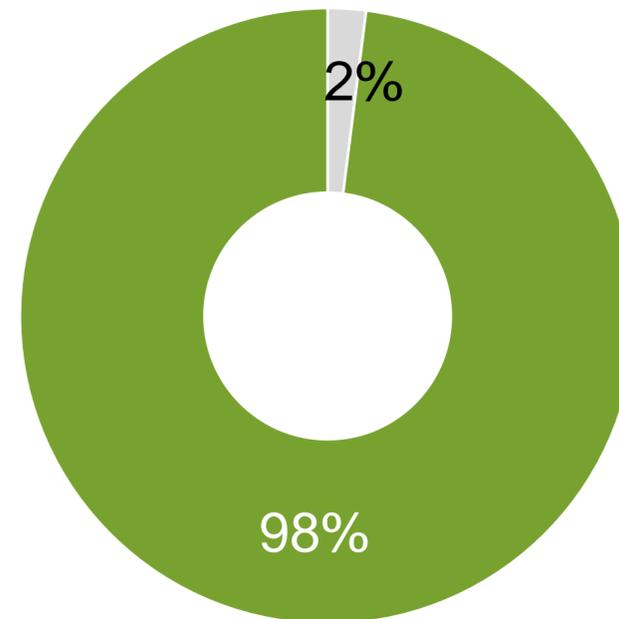
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Affordable housing production by unit type

Source: Metropolitan Council's Housing Performance Score Survey.

13

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Multifamily remains the predominant housing type.

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

23%

77%

2%

98%

32%

68%

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Production falls far short of meeting needs

Affordable units needed to meet NEED, based on projected household growth

2011-2020 *NEED versus production* by Thrive Community Designation

2011-2020 Regional NEED for affordable units: **52,570**

Affordable units added since 2011: **11,438**

Urban & Urban Center: **59%**

Suburban: **16%**

Emerging Suburban Edge & Suburban Edge: **9%**

Rural Service Area: **53%**

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

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Does production offset loss? Unlikely.
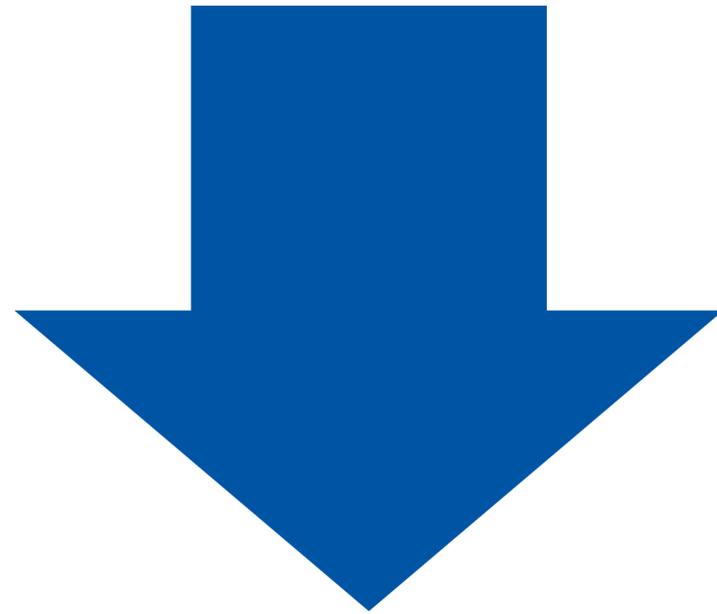
Loss of naturally occurring affordable housing (NOAH)

Demand for rental assistance remains high

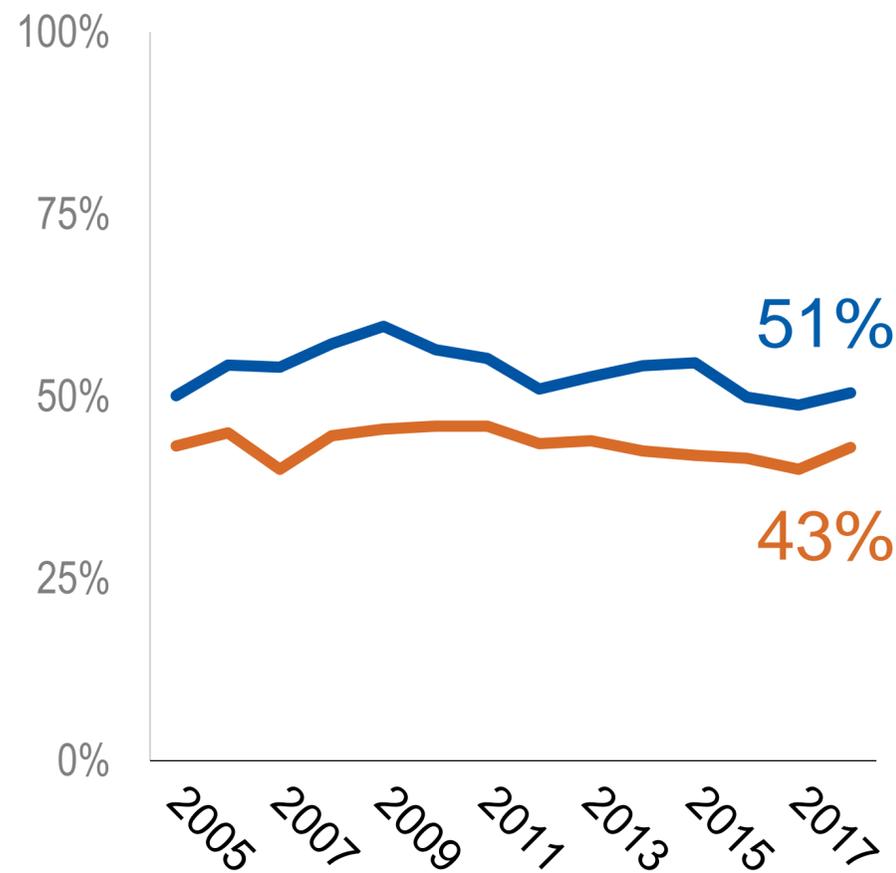Continued low vacancy rates, rising housing costs
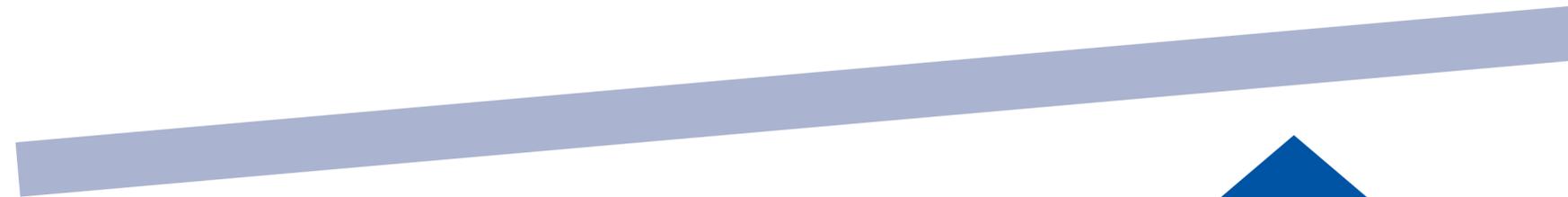
New affordable housing production
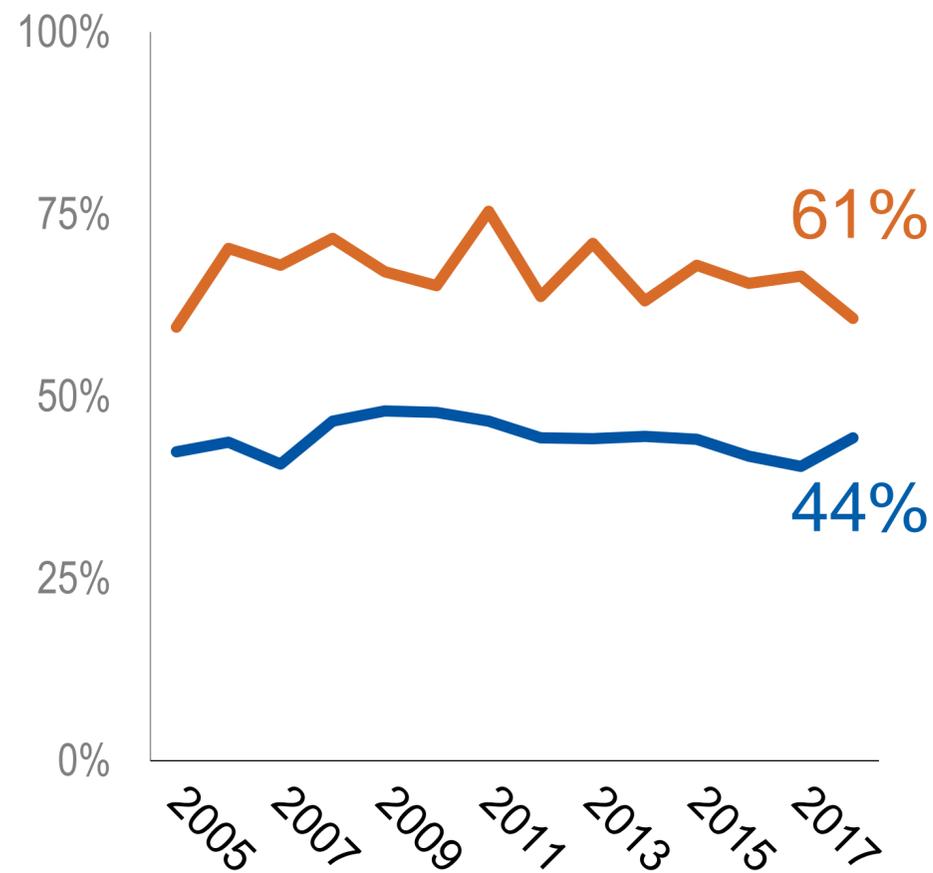
Rental assistance programs

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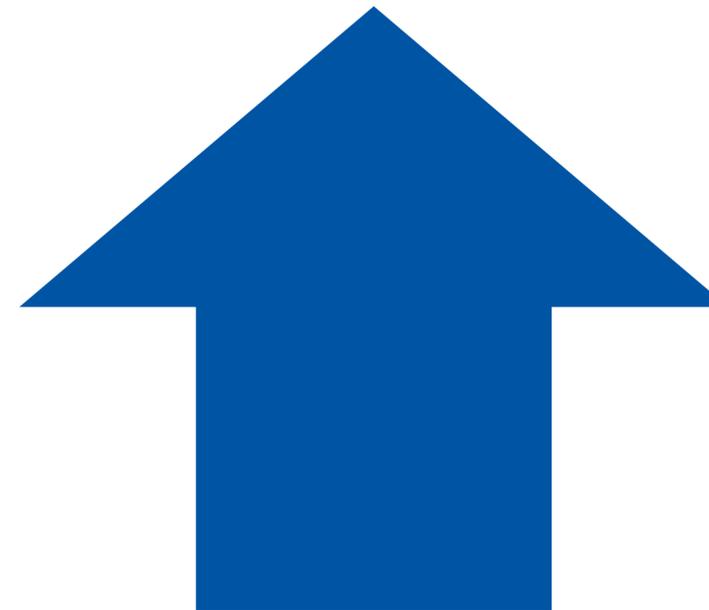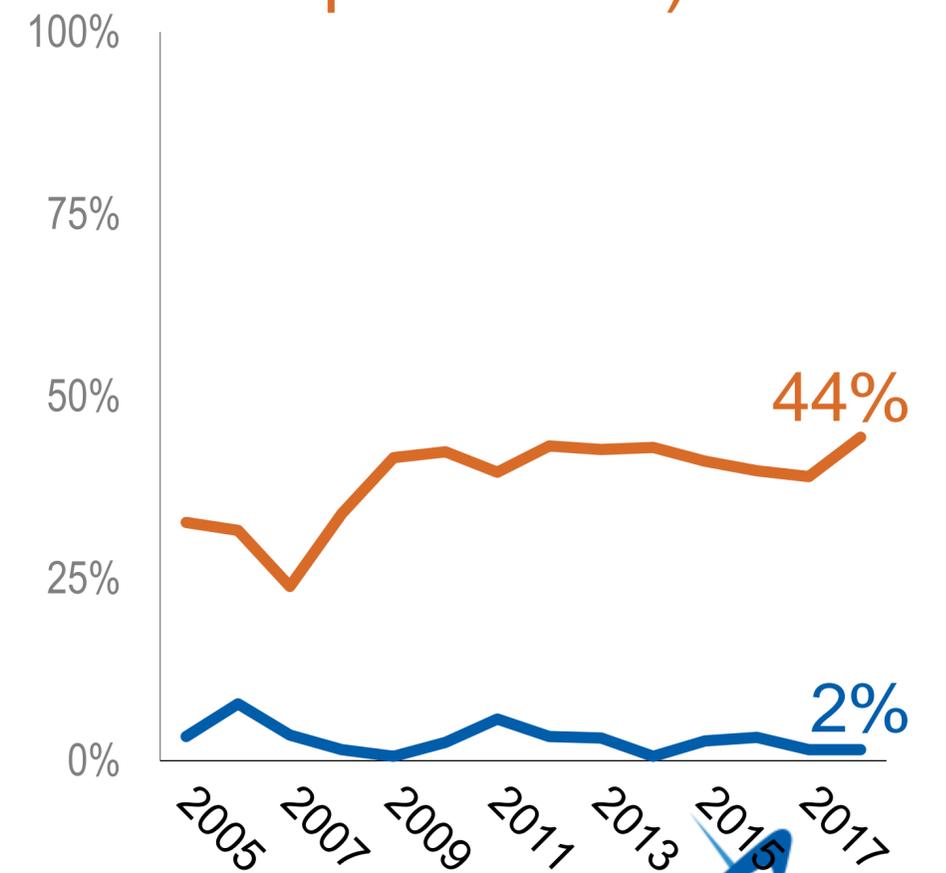
Cost burden rates by <u>renter</u> characteristics

Indigenous & people of color versus white

With one or more disabilities versus no reported disabilities

Higher-income (4th percentile) versus lower-income (2nd percentile)

51%

43%

61%

44%

44%

2%

Source: Metropolitan Council analysis of U.S. Census Bureau's American Community Survey and Public Use Microdata Sample for the 16-county Minneapolis-Saint-Paul-Bloomington, MN-WI Metro Area. 2018 data are labeled.

Additional regional context found in indicators

Data for the seven-county region:

- Housing cost burden
- Affordable production in high-income areas
- Affordable units as share of all new units
- Affordability near transit station areas
- Affordable units produced with Livable Communities Grant funds

UPDATE IN FEBRUARY 2020

2040 Housing Policy Plan implementation

- 2018 & 2019 focus: Comprehensive Plan requirements adopted in the *2040 Housing Policy Plan*
  - Standard data requirements to assess existing housing needs
  - Increased land use density to address allocation of affordable housing need
  - Implementation plans that acknowledge future affordable housing needs at three levels of affordability
  - Consideration of ALL widely recognized available city tools to address existing and future affordable housing needs

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Challenges implementing more robust housing element requirements

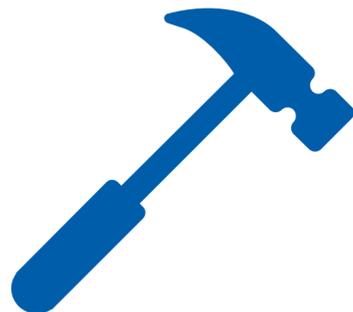- Despite outreach efforts, many communities and consultants were surprised to find more robust requirements for housing elements
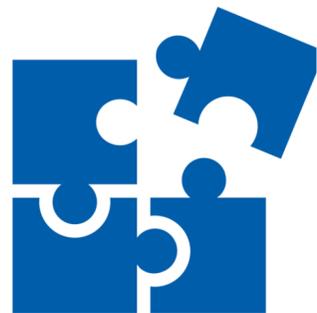
- Differentiating between housing *goals* and housing *needs*

- Defining and considering widely used housing implementation tools

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Outcomes of more robust housing element requirements

✓ Better understanding of existing housing needs

✓ Broader understanding and awareness of all available tools to address housing needs

✓ More transparent policy direction toward more specific housing needs

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Additional questions and next steps

- Council's housing goal
  - Livable Communities Act funding alignment
  - Continued efforts to address unsheltered homelessness
- Review housing elements of comprehensive plans – what did we learn?
- Bi-annual review of Housing Performance Scores
- Data tools
  - Visualizing Regional Inequities   - Rent trends dashboard
  - Housing Policy Plan Indicators   - 2019 affordable housing production

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For more information

Data

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