

Community Development Committee

Meeting date: January 13, 2021

For the Metropolitan Council meeting of January 13, 2021

Subject: Adoption of Livable Communities Act Affordable and Life-Cycle Housing Goals for 2021-2030, Resolution 2021-1

District(s), Member(s): All

Policy/Legal Reference: Minnesota Statutes § 473.254

Staff Prepared/Presented: Tara Beard, Manager, Livable Communities 651-602-1051

Division/Department: Community Development/ Regional Planning

Proposed Action

That the Metropolitan Council approve attached amended resolution 2021-1 adopting Livable Communities Act Affordable and Life-Cycle Housing Goals for 2021-2030 that have been locally adopted by communities participating in the Livable Communities Act Program for 2021-2030.

Background

The Livable Communities Act (LCA), Minnesota Statutes § 473.254, requires communities to adopt affordable and life-cycle housing goals to participate in the LCA. Communities electing to participate in the LCA Local Housing Incentives Account must establish their goals, by City Council resolution, and communicate their desire to participate to the Council by November 15 of any year. While communities can choose to participate – or opt out of participation – in any calendar year, the calculation of goals is done on a decennial basis for alignment with other decennial measures such as forecasted household growth and share of future affordable housing need. Affordable and life-cycle housing goals were previously negotiated with communities electing to participate and were adopted by the Council for the 2011–2020 decade. These goals will expire at the end of this year.

In November of 2019 Council staff began discussions with communities and other stakeholders to determine a consistent, transparent way to calculate affordable and life-cycle housing goals for communities wishing to participate in LCA for the 2021-2030 decade. Council staff communicated with participating communities multiple times throughout 2020, including webinars, surveys, and emails, informing them that if they elect to continue their participation in the LCA they must adopt updated affordable and lifecycle housing goals, by City Council resolution, and communicate their desire to participate to the Council by November 15, 2020. A summary of the goal methodology is attached following a list of reenrolling communities and their adopted 2021-2030 goals at the end of this report.

After the public comment period closed for 2021-2030 LCA housing goals and the Community Development Committee took action to recommend adoption of those goals to, staff became aware that the City of Edina had erroneously been left off the list of cities that had adopted housing goals. This amended report supports a public hearing to be held at a special meeting of the Community Development Committee on January 13 in order to meet the statutory requirements to include Edina in the recommendation to adopt enrolling communities' 2021-2030 housing goals and participation in the Livable Communities Act – Local Housing Incentives Account program.

The Metropolitan Council will consider the adoption of the attached resolution to officially enroll all communities with adopted 2021-2030 affordable and life-cycle

housing goals as Livable Communities Act participants at its regularly scheduled meeting on January 13, 2021.

Rationale

The Livable Communities Act requires the Council to negotiate affordable and life-cycle housing goals with each municipality that elects to participate in the LCA Local Housing Incentives Account and that the Council must adopt by resolution, after a public hearing, the negotiated goals. ~~A public hearing for 2021-2030 goals was opened on December 21, 2020, and was be closed at 5 p.m. on January 4, 2021.~~ Public hearings were held on December 21, 2020, and January 13, 2021, on the locally adopted 2021 - 2030 affordable and life-cycle housing goals.

Thrive Lens Analysis

The Livable Communities Act programs represent one of the Council's primary financial tools to promote and encourage development and redevelopment that advance the outcomes of Livability, Equity, Sustainability, Stewardship and Prosperity.

Funding

Participation in the Livable Communities Act will allow communities that have adopted affordable and life-cycle housing goals to apply for LCA grants.

Known Support / Opposition

Staff is not aware of any opposition to the proposed goals adopted by local units of governments.

2021-2030 LCA Affordable and Life-cycle Housing Goals

<i>Municipality</i>	<i>Affordable Housing Goal Range</i>	<i>Life-cycle Goal</i>
Apple Valley	258 - 468	981
Arden Hills	205 - 373	860
Belle Plaine	134 - 244	960
Blaine	626 – 1,139	1,518
Bloomington	463 - 842	2,300
Brooklyn Center	131 - 238	1,000
Brooklyn Park	391 - 710	2,680
Burnsville	146 - 266	900
Centerville	8 - 14	41
Chanhausen	443 - 806	1,224
Chaska	314 - 571	1043
Columbia Heights	73 - 133	154
Coon Rapids	251 - 457	2,000
Cottage Grove	313 - 568	1,380
Crystal	14 - 25	100
Eagan	290 - 527	1,323
Eden Prairie	774 – 1,408	3,000
<u>Edina</u>	<u>992 – 1,840</u>	<u>3,700</u>
Farmington	243 - 441	731
Fridley	147-268	711
Hastings	198 - 360	1,400
Hopkins	109 - 197	500
Hugo	459 - 834	2,500
Inver Grove Heights	325 - 591	1,713
Jordan	162 - 294	660
Lauderdale	35 - 64	143
Little Canada	40 – 72	250
Long Lake	15 - 28	55
Mahtomedi	12 - 22	50
Maple Grove	653 – 1,188	2,276

<i>Municipality</i>	<i>Affordable Housing Goal Range</i>	<i>Life-cycle Goal</i>
Maplewood	281 - 510	1,900
Minneapolis	1924 – 3,499	10,200
Minnetonka	585 – 1,064	2,400
Mounds View	32 - 59	220
New Brighton	90 - 164	500
New Hope	46 - 84	300
North St. Paul	14 - 25	100
Oakdale	435 - 791	1,987
Osseo	14 - 26	100
Plymouth	373 - 679	926
Prior Lake	415 - 754	1,190
Ramsey	274 - 499	963
Richfield	67 - 121	400
Rogers	347-630	1,700
Rosemount	431 - 783	1,302
Roseville	78 - 142	400
Shakopee	536 - 975	2,105
South St. Paul	31 - 57	250
St. Louis Park	326 - 593	120
St. Paul	1,085-1,973	6,700
St. Paul Park	65-119	439
Vadnais Heights	74 - 134	245
Victoria	239 - 434	731
Waconia	475 - 863	1,909
Watertown	74 - 134	493
Wayzata	23 - 42	210
West St. Paul	66 - 120	400
White Bear Lake	110 -200	525
Woodbury	574 – 1,043	1,555

2021-2030 LCA Affordable and Life-cycle Housing Goals Methodology

Months of cumulative outreach and discussion about how 2021-2030 affordable and life-cycle housing goals should be calculated (summarized at a [May 4 Communities Development Committee](#) meeting), has led to a methodology that is consistent and easy to understand. The selected methodology attempts to strike a reasonable, balanced approach that considers the variety of differing circumstances across communities. The 2021-2030 affordable housing goals will be a range to reflect the uncertainty and variety of local affordable housing development and use a similar approach that 2011-2020 goals used.

How were 2011-2030 affordable housing goals calculated?

In 2009 and 2010 broad discussions were had about how to determine 2011-2020 affordable housing goals, including some of the same stakeholders - and even some of the same people! - that provided input for the coming decade's goals. In summary, an estimate of available funding for affordable housing was determined for the 2011-2020 decade and used to calculate what percent of the decade's *need* for affordable housing could possibly be developed. This percentage was calculated at 65%, which was then applied to each community's share of affordable housing need for 2011-2020 to create a low end of an affordable housing goal range. The high end of a community's goal range was the need number itself. Some communities had access to additional funding sources and therefore the low end of their range was increased, but **most communities' 2011-2020 affordable housing goal was a range between 65% and 100% of their 2011-2020 share of affordable housing need.**

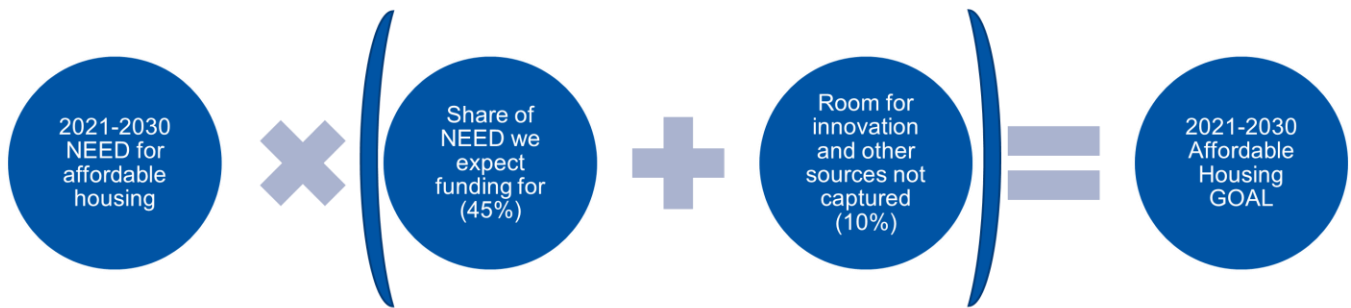
How are 2021-2030 affordable housing goals being calculated?

Affordable and life-cycle housing goals are calculated based on each community's share of the region's need for affordable housing in the coming decade. Each community has, or is in the process of, updating their comprehensive plans to acknowledge this "need" number, which is based on their forecasted sewer-serviced growth, their existing affordable housing choices relative to the regional average, and whether or not they import or export low-wage workers. Forecasted growth considers a community's transit capacity, land use guidance, employment growth, and other economic and demographic trends. "Need" numbers are further adjusted as described above to encourage affordable housing development that will provide reasonable housing options at all incomes throughout the region.

Determining affordable housing "goals" (which are required for LCA participation) based on affordable housing "needs" (which are required to be addressed per the Metropolitan Land Planning Act) ensures that those goals factor in all the unique characteristics of a community. However, it is widely acknowledged that there is not sufficient funding available to meet the forecasted affordable housing "need," and affordable housing goals are an opportunity for cities to consider a more realistic, if still ambitious, number of affordable housing units that could be built in the coming decade.

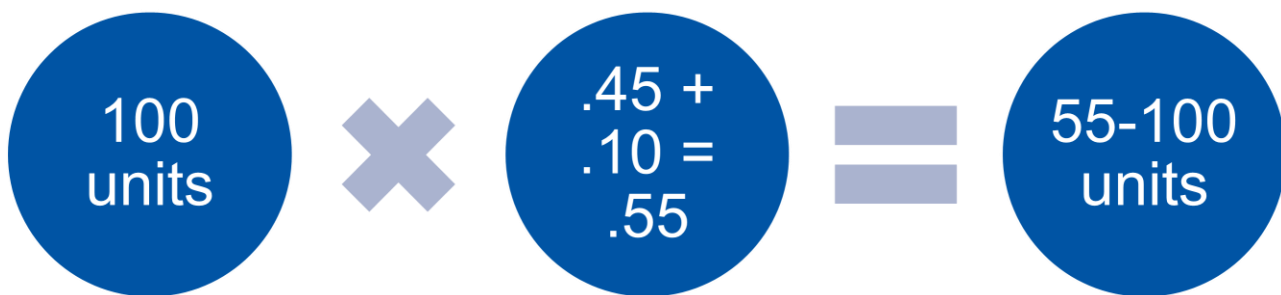
For this reason, the amount of funding anticipated for affordable housing development in the coming decade is the primary consideration in determining affordable housing goals. Working closely with Minnesota Housing, we have estimated that funding in 2021-2030 could support the construction of about 45% of the forecasted need for affordable housing.

We must acknowledge that not every source of affordable housing funding is captured in this calculation. We also acknowledge that there are many things individual local governments can do to incentivize and partner with affordable housing developers to increase their chances of accessing available funding. Finally, many focus group participants and survey respondents indicated a desire to set goals above minimum funding limitations as an incentive to do more. For this reason, we have set the low end of your community's 2021-2030 affordable housing goals at 55% of your share of the region's need for affordable housing (also known as the "need" number in your comprehensive plan). That percentage reflects the funding availability estimate (45%), plus an additional 10% to account for local policies and less common funding sources. Shown another way:



We heard from survey respondents and stakeholder conversations that funding has historically limited our ability to meet all affordable housing needs, but many partners – both cities and other stakeholders – felt that affordable housing goals should also reflect the future need. There is no penalty for not meeting affordable housing goals, and equating “goals” with “needs” may incentivize us to work harder to address affordable housing needs and bring attention to the need for more funding to create resilient communities where housing choices are robust.

For that reason, the high end of your community’s 2021 -2030 affordable housing goal is equal to your 2021-2030 affordable housing need number from your comprehensive plan. For example, if your share of the region’s need for affordable housing in the coming decade is 100 units, your goal range would look like this:

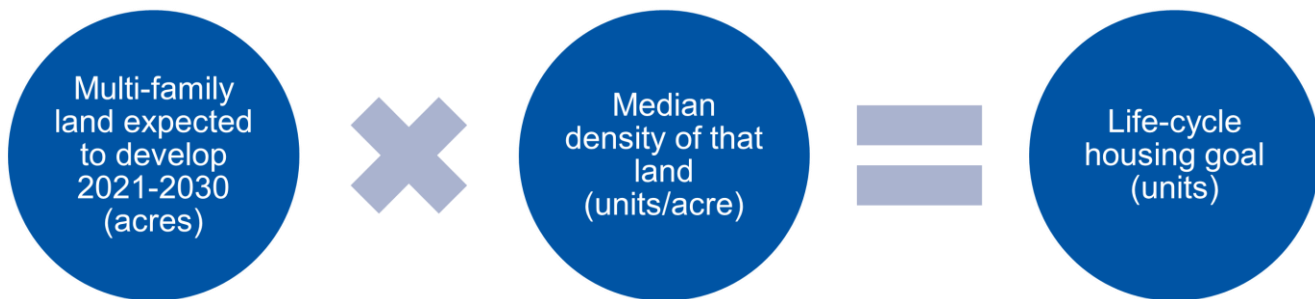


How were 2011-2020 life-cycle housing goals being calculated?

Life-cycle housing goals were also considered in partnership with communities and stakeholders in 2009-2010. In summary, life-cycle housing goals were also determined as a range. The low end of the range was the 2011-2020 share of affordable housing need. The high end of the range was calculated by multiplying all land guided multi-family residential AND expected to develop in the 2011 decade by the maximum densities of those land uses. This resulted in some very high life-cycle housing goals!

How are 2021-2030 life-cycle housing goals being calculated?

Life-cycle goals are intended to ensure communities are allowing for a variety of housing types; specifically a mix of densities within their residential land. Although all communities must allow minimum average residential densities for sewer serviced growth, and additional average density minimums near certain transit investments, this measure is more about knowing how many multi-family units are possible. Therefore, life-cycle goals are being measured by looking at all multi-family land uses (defined as land uses with a minimum of 8 units per acre or more), and multiplying the acres of land expected to develop in the coming decade by the median density of those multi-family land use designations. Shown another way:



METROPOLITAN COUNCIL RESOLUTION NO. 2021-1

RESOLUTION ADOPTING AFFORDABLE AND LIFE-CYCLE HOUSING GOALS FOR EACH COMMUNITY ELECTING TO PARTICIPATE IN

**THE LOCAL HOUSING INCENTIVES ACCOUNT PROGRAM
UNDER THE METROPOLITAN LIVABLE COMMUNITIES ACT
CALENDAR YEARS 2021-2030**

WHEREAS, the Metropolitan Livable Communities Act (Minnesota Statutes sections 473.25 to 473.254) establishes a Metropolitan Livable Communities Fund which is intended to address housing and other development issues facing the metropolitan area defined by Minnesota Statutes section 473.121; and

WHEREAS, the Metropolitan Livable Communities Fund, comprising the Tax Base Revitalization Account, the Livable Communities Demonstration Account, the Local Housing Incentive Account and the Inclusionary Housing account, is intended to provide certain funding and other assistance to metropolitan area municipalities; and

WHEREAS, a metropolitan area municipality is not eligible to receive grants or loans under the Metropolitan Livable Communities Fund or eligible to receive certain polluted sites cleanup funding from the Minnesota Department of Employment and Economic Development unless the municipality is participating in the Local Housing Incentives Account Program under Minnesota Statutes section 473.254; and

WHEREAS, the Metropolitan Livable Communities Act requires the Metropolitan Council to negotiate with each municipality to establish affordable and life-cycle housing goals for that municipality that are consistent with and promote the policies of the Metropolitan Council as provided in the adopted Metropolitan Development Guide; and

WHEREAS, previously negotiated affordable and life-cycle housing goals for municipalities participating in the Local Housing Incentives Account Program expire in 2020; and

WHEREAS, the Metropolitan Council must adopt, by resolution after a public hearing, the negotiated affordable and life-cycle housing goals for each municipality; and

WHEREAS, a metropolitan area municipality which elects to participate in the Local Housing Incentives Account Program must do so by November 15 of each year; and

WHEREAS, the Metropolitan Council has negotiated affordable and life-cycle housing goals that are consistent with and promote the policies of the Metropolitan Council as provided in the adopted Metropolitan Development Guide, with each community electing to participate in the Local Housing Incentive Account Program for calendar years 2021 through 2030; and

WHEREAS, on December 21, 2020, and January 13, 2021, the Metropolitan Council held ~~a~~ public hearings on the negotiated affordable and life-cycle housing goals for all municipalities electing to participate in the Local Housing Incentives Account.

NOW, THEREFORE, BE IT RESOLVED THAT the Metropolitan Council adopt the attached affordable and life-cycle housing goals adopted by communities that have elected to participate in the Local Housing Incentives Program under the Metropolitan Livable Communities Act.

Adopted this 13th day of January, 2021.

Charlie Zelle, Chair

Liz Sund, Recording Secretary
