

Business Item

Community Development Committee



Committee Meeting Date: December 4, 2023

Business Item: 2023-289

Public Hearing for Livable Communities Act Affordable and Life-Cycle Housing Goals for 2021-2030

District(s), Member(s): All
Policy/Legal Reference: Minn. Stat. § 473.254, Livable Communities Act
Staff Prepared/Presented: Sarah Berke, Senior Manager, Livable Communities, 651-602-1198
Division/Department: Community Development/Regional Planning

Proposed Action

No action. The public hearing to begin at 4:00 p.m.

Background

The Livable Communities Act (LCA) (Minn. Stat. § 473.254) requires communities to adopt affordable and life-cycle housing goals to participate in the LCA programs. 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 Metropolitan 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 conducted on a decennial basis for alignment with other decennial measures such as forecasted household growth and share of future affordable housing need.

In 2020 and 2021, a total of 76 cities adopted their affordable and life-cycle housing goals which were then adopted by the Council to complete the LCA enrollment process for 2021-2030 participation. This year, one additional city adopted its affordable and life-cycle housing goals for the 2021-2030 decade (see attachment 2). The Council is using the same goals methodology (Attachment 3) for the additional community enrollment for 2024-2030, with adopted 2021-2030 goals for newly participating communities.

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 will be opened on December 4, 2023, and will close at 5:00 p.m. on December 14, 2023. After the public comment period is closed, the Community Development Committee will vote to adopt 2021-2030 Affordable and Life-cycle Housing Goals for the purposes of Livable Communities Housing Incentives Account participation for the 2021-2030 decade, at its next meeting on December 18, 2023. Per statute, the Council must then adopt the goals no later than January 15, 2024.

Rationale

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. The negotiated affordable and lifecycle housing goals for the newly participating city are consistent with how the goals were negotiated with the other participating communities.

Funding

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

Attachments

Attachment 1: 2021-2030 LCA 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

Attachment 2: 2021-2030 LCA Affordable and Life-cycle Housing Goals Methodology





FOR PUBLIC HEARING

December 4, 2023

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

Municipality	Affordable Housing Goal Range	Life-cycle Goal
Mayer	26-48	230

Attachment: 2021-2030 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.**

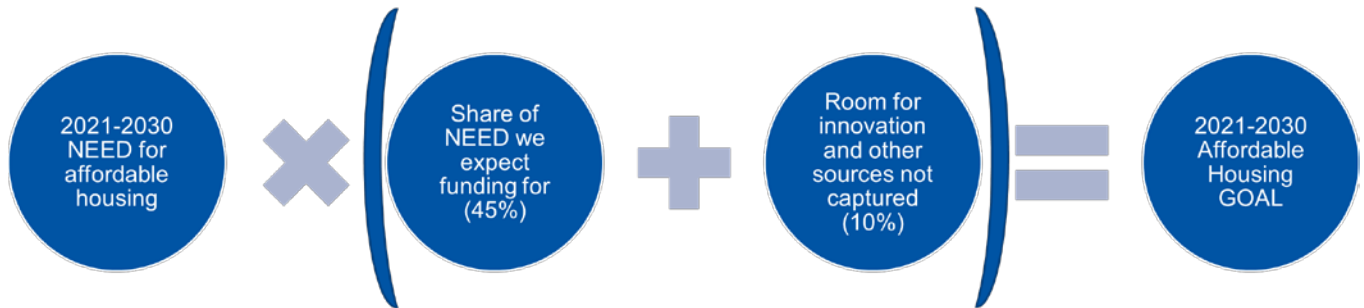
How are 2021-2030 affordable housing goals being calculated?

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.

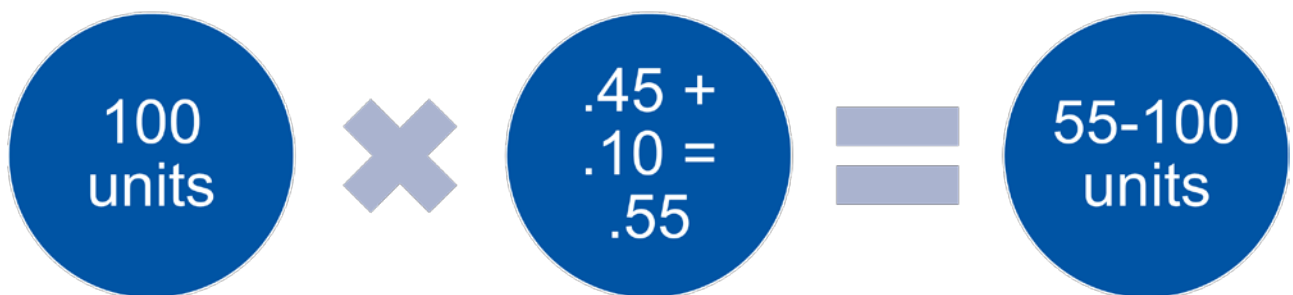
For this reason, the amount of funding anticipated for affordable housing development in the coming decade is the primary consideration in determining affordable housing goals. Working closely with Minnesota Housing, we have estimated that funding in 2021-2030 could support the construction of about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

