

C Community Development Committee

Meeting date: June 3, 2013

ADVISORY INFORMATION

Date:	May 29, 2013
Subject:	Development Patterns
District(s), Member(s):	All
Policy/Legal Reference:	Minnesota Statute 473.24
Staff Prepared/Presented:	Libby Starling, 651-602-1135
Division/Department:	Community Development / Regional Policy and Research

Proposed Action

None. Information only.

Overview

Under [Minnesota Statute 473.24](#), the Metropolitan Council is responsible for preparing local population and household estimates for the cities and townships in the Twin Cities seven-county area. These estimates are the official population and household estimates for State government purposes and are used to determine local government aid (LGA) and local street aid allocations. As an input into the population estimates, the Council annually collects data from local governments on residential building permits as well as non-residential building permits.

In 2012, local jurisdictions across the region issued 10,893 residential building permits, up 80 percent from 2011's 6,029 and up 150 percent from 2009's nadir of 4,328 permits. Despite these rapid increases from the low years of the Great Recession, 2012's permits remain below the historical averages.

39 percent of 2012 permits were for single-family detached housing, and 55 percent were for multifamily units in structures of 5 units or more (the remainder were primarily townhomes). Thirty percent of the region's total residential permits were for multifamily developments in the city of Minneapolis alone.

Developing suburbs were 38 percent of all permits, their lowest share since 1987 when many of today's developing suburbs had not yet entered their boom years. Residential permitting in the two central cities was 36 percent of all permits, the highest share for the central cities in the four-plus decades of the Council's Residential Building Permits Survey. The 3,898 permits issued by Minneapolis and Saint Paul in 2012 were the highest number for the central cities since 1972.

The Council also collects data on commercial, industrial and public / institutional permits. In 2012, local jurisdictions issued building permits for \$792 million for commercial, industrial or public / institutional construction, up 12 percent from 2011 and up 25 percent from 2010's low of \$631 million but just 34 percent of 2006's high of \$2.3 billion (in 2012 dollars). (Note that these 2012 non-residential permit totals do not contain information from the cities of Brooklyn Park and Maple Grove, which have not yet responded to the Council's survey.)

The 2012 building permits data suggest the following questions about Council policy:

- The 2030 Regional Development Framework set goals that half of new housing units would be attached, including townhomes and multifamily buildings. Among the permits issued in 2012, 61 percent were for attached housing. Since adoption of the Framework in 2004, 58 percent of permitted housing units have been for attached housing – though with a changing share of townhomes, 39 percent of attached development in 2004 and 10 percent in 2012. Housing preference surveys do show greater interest in rental housing at this point, but it is too soon to know if this is the result of changing preferences or reduced financial means.
 - Given changing household demographics balanced by future job growth, what distribution of new housing stock between attached and detached might be appropriate for the *Thrive MSP 2040* plan? What level would represent market demand? What level would represent a policy objective?
- The 2030 Regional Development Framework set goals that at least 27 percent of new housing would be in the developed area (including the center cities), 59 percent would be in the developing suburbs, 6 percent in rural centers, and not more than 8 percent in other rural areas. Among the permits issued in 2012, 58 percent were in the developed area (36 percent in the central cities, 22 percent in the developed suburbs), and only 38 percent were in developing suburbs. The share of permits in the developing suburbs has been declining since 2008 when 62 percent of permits were in the developing suburbs. Since adoption of the Framework in 2004, 51 percent of permitted housing units have been for in the developing suburbs.
 - Given changing household demographics balanced by future job growth, what geographic distribution of new housing stock might be appropriate for the *Thrive MSP 2040* plan? What level would represent market demand? What level would represent a policy objective?
- Over half of the building permits in the developed suburbs are in multifamily developments in 10 suburbs.
 - Given that many of the developed suburbs are aging and are in need of redevelopment, do local governments have the redevelopment tools they need?