



# HOUSING POLICY PLAN

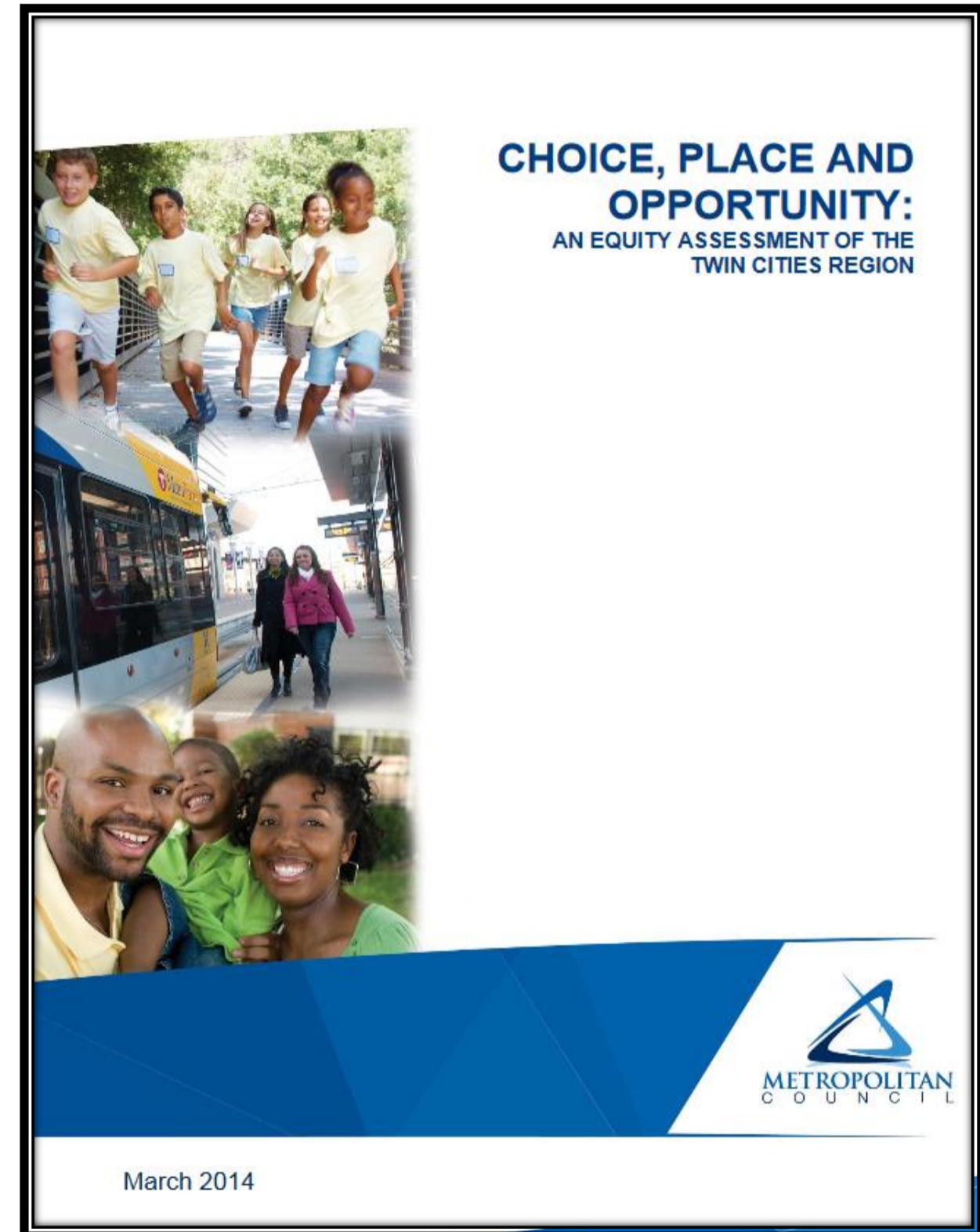
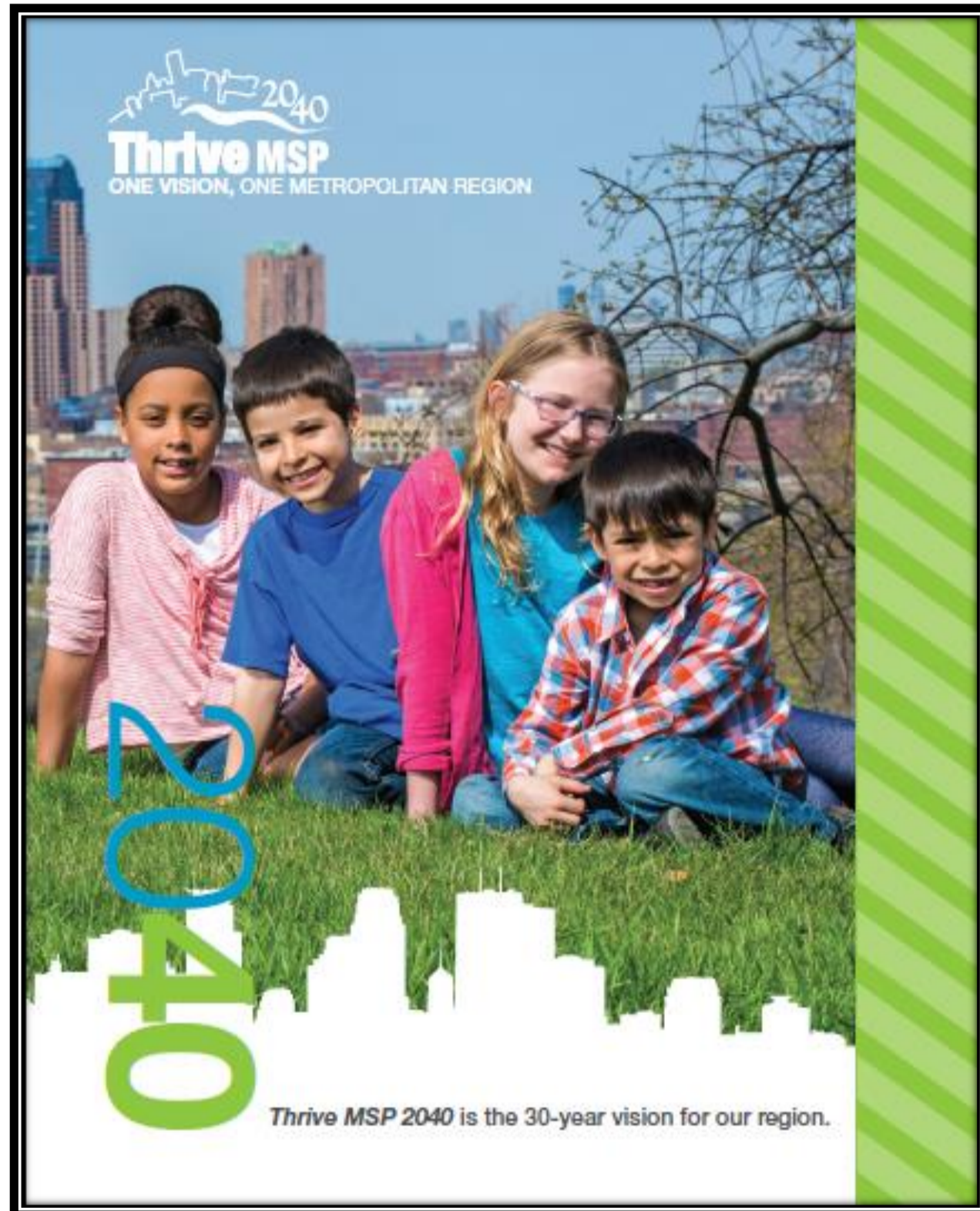
# Overview of today's two-part presentation

- Overview of the 2040 Housing Policy Plan and Council authorities in housing
- *Questions about the Housing Policy Plan*
- Overview of the fair housing complaint filed against the Council and the Council's responses
- *Additional questions and discussion*

# Part One: 2040 Housing Policy Plan

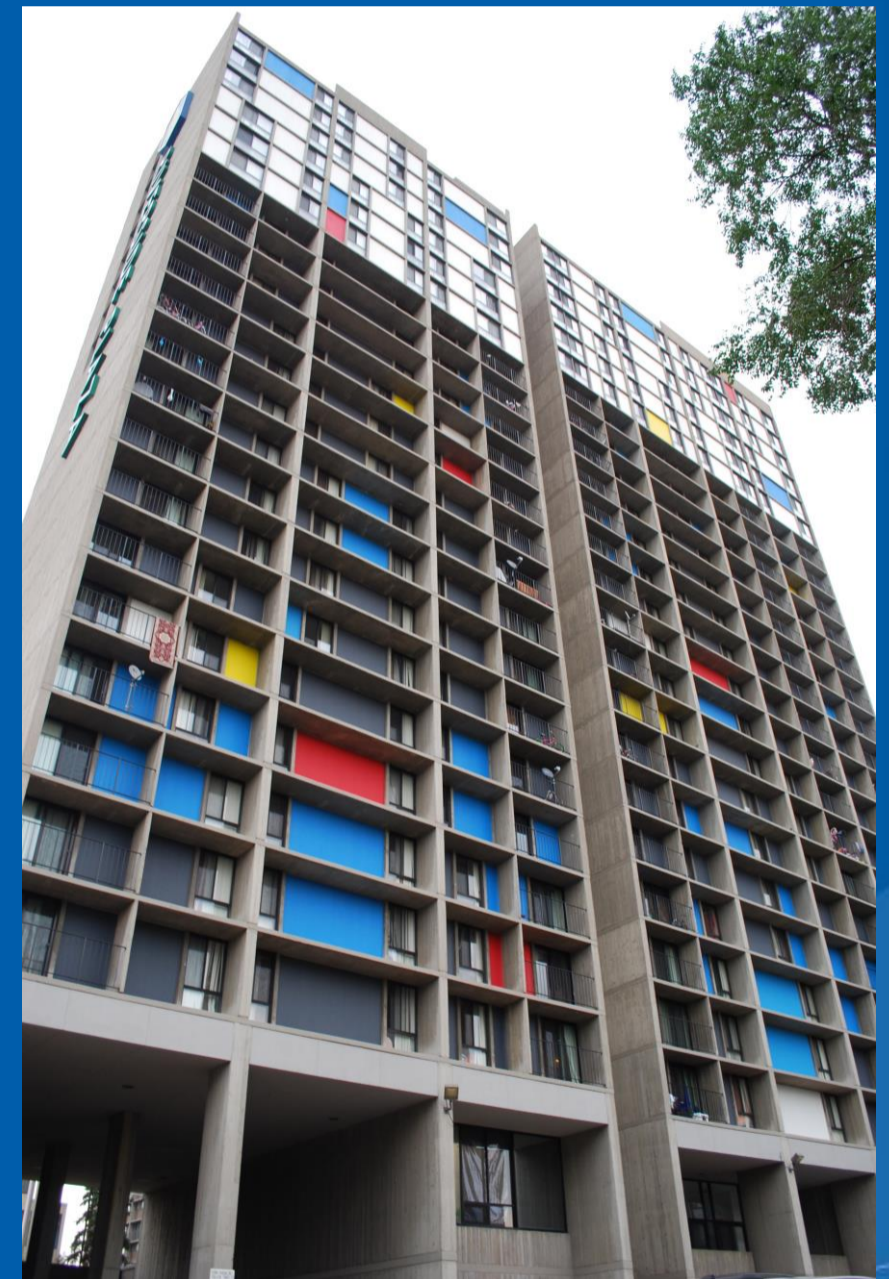


# Foundational documents





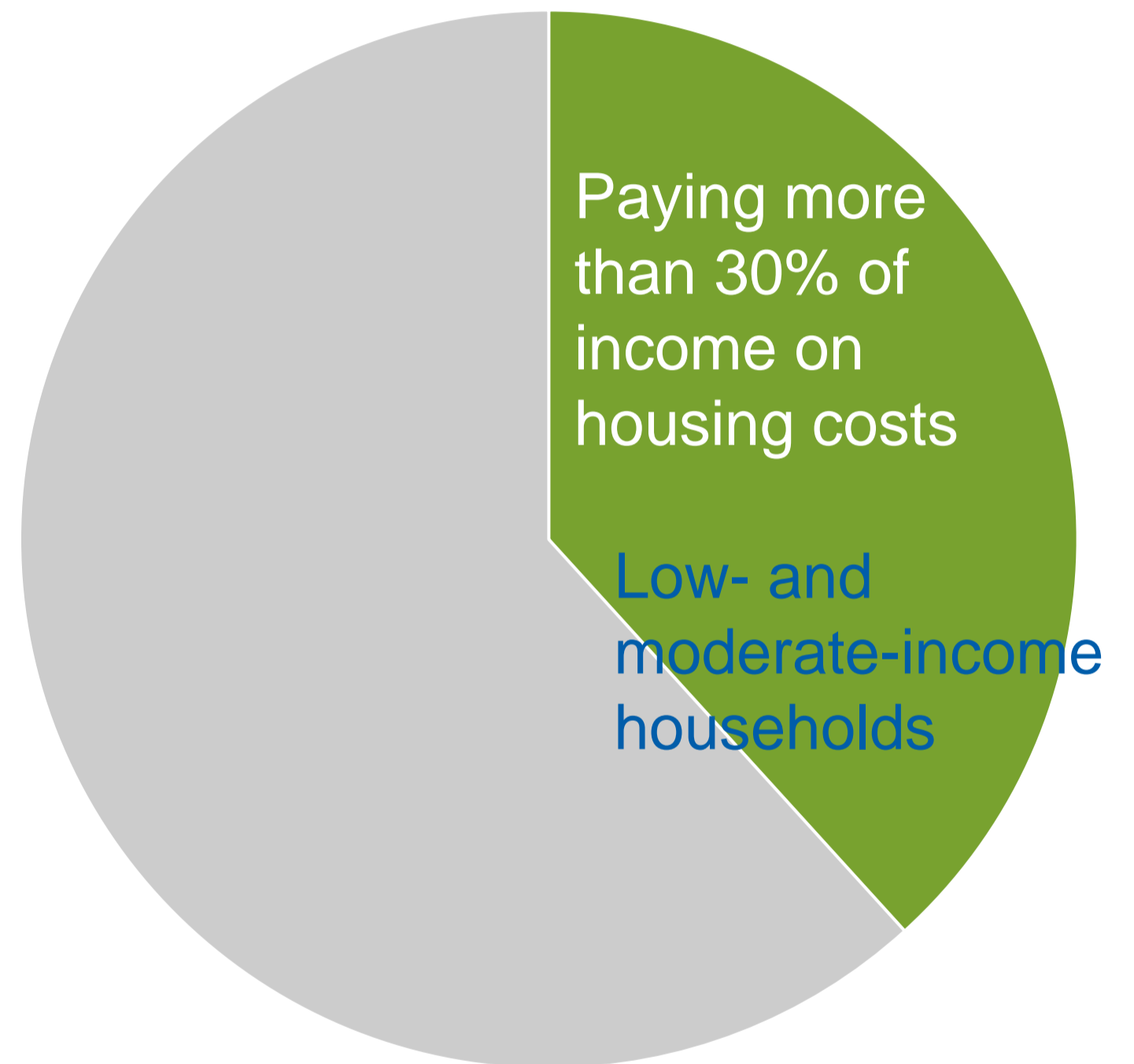
# Affordable housing needs in the Twin Cities Metropolitan Region (HPP, Part I, p. 7)



# Affordable Housing Needs in the Twin Cities

## Current conditions (2014):

- 1,165,657 households
- Over one-third of these are low- and moderate-income (earning 80% or less of area median income)
- Nearly two in three low and moderate income households pay more than 30% of their income on housing
- This is more than 280,000 households



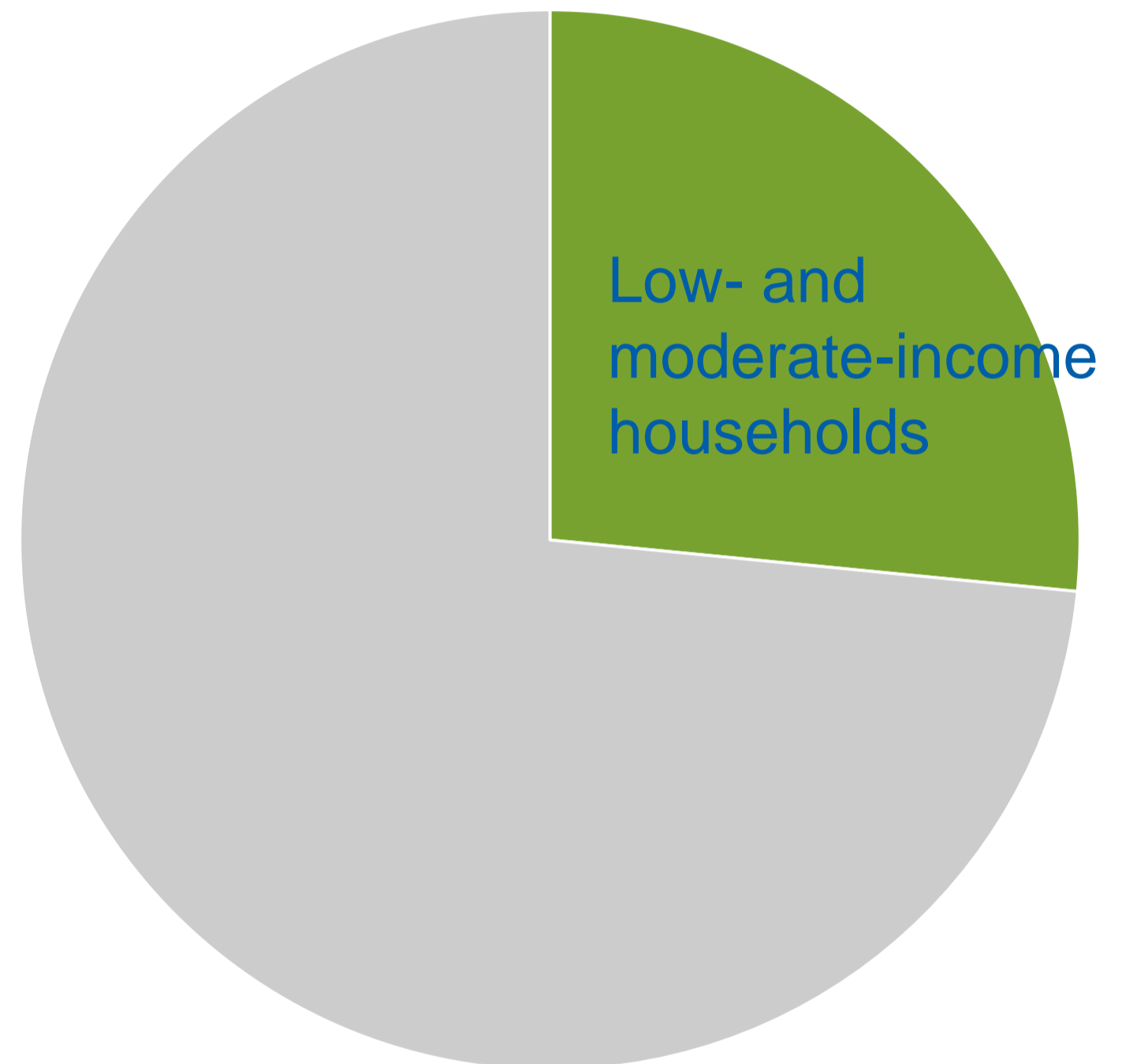


# Affordable Housing Needs in the Twin Cities

## Forecasted conditions (2030):

- 212,813 additional households
- One-quarter of net household growth will be low- and moderate-income (earning 80% or less of area median income)
- This is more than 56,000 households

How many will pay more than 30% of their income for housing?





# HOUSING POLICY PLAN

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



# How the Council and local governments can jointly advance housing policy (HPP, Part II, p. 33)



# The opportunity of a regional approach

- Promoting resilient communities for a competitive region
- Guiding “orderly and economical” growth and development
- Utilizing resources more effectively to address housing challenges greater than any individual community can address alone



# Housing Policy Plan follows the Thrive outcomes

- **Stewardship:** Maximizing the use of the region's existing housing stock and leveraging infrastructure and investments provide the most cost-effective approach to meeting housing needs
- Prosperity
- Equity
- Livability
- Sustainability

# Housing Policy Plan follows the Thrive outcomes

- Stewardship
- **Prosperity:** Housing options situated close to transportation choices can advance economic prosperity and competitiveness
- Equity
- Livability
- Sustainability



# Housing Policy Plan follows the Thrive outcomes

- Stewardship
- Prosperity
- **Equity:** People of all races, ethnicities, incomes and abilities need viable housing options for safe, stable and quality affordable homes and neighborhoods
- Livability
- Sustainability

# The balanced approach

HUD's release of the rule noted: "By encouraging a balanced approach that includes targeted investments in revitalizing areas, as well as increased housing choice in areas of opportunity, the rule will enable program participants to promote access to community assets such as quality education, employment, and transportation."

This Plan advocates for both increasing opportunities for low-income households to find housing in higher-income and opportunity-rich neighborhoods AND improving outcomes and opportunities for households living in all areas of concentrated poverty. (from the HPP, p. 59)



# Housing Policy Plan follows the Thrive outcomes

- Stewardship
- Prosperity
- Equity
- **Livability:** Provide housing choices for a range of demographic characteristics
- Sustainability

# Housing Policy Plan follows the Thrive outcomes

- Stewardship
- Prosperity
- Equity
- Livability
- **Sustainability:** Compact residential patterns and environmentally sustainable housing can help reduce our contributions to climate change

# The Council's unique roles in regional housing policy (HPP, Part III, p. 95)





# Council's roles in housing

- Reviewing local comprehensive plans, including helping local governments define their share of the regional need for low- and moderate-income housing
- Funding housing development through the Metropolitan Livable Communities Act grant programs
- Providing rental assistance to low-income households
- Providing technical assistance to local governments
- Collaborating with and convening partners and stakeholders to expand the regional housing dialogue

# Minnesota Statute 473.859

“...a housing element containing standards, plans and programs for providing adequate housing opportunities to meet existing and projected local and regional housing needs, including but not limited to the use of official controls and land use planning to promote the availability of land for the development of low and moderate income housing.”

“An implementation program shall describe public programs, fiscal devices and other specific actions to be undertaken in stated sequence to implement the comprehensive plan and ensure conformity with metropolitan systems plans.”

# Planning for an adequate supply of land through comp plans:

- How much land will cities guide at densities that support affordable housing?
- Does not control affordability of housing that is actually built
- Higher density signals to developers where communities are more likely to support affordable housing proposals



# Need, Goals and Scores

Council Role	Allocation of Affordable Housing Need	Livable Communities Act Affordable and Life-cycle Housing Goals	Housing Performance Scores
Why	Metropolitan Land Planning Act	Livable Communities Act	Council Policy
Function	Informs the development of local comprehensive plans	Required under the Livable Communities Act for participating communities	Used to incent communities to create / maintain affordable housing

# Funding housing through Livable Communities Act

- Participation is voluntary:
  - Communities must negotiate Affordable and Life-cycle Housing Goals
  - Comprehensive plans that are consistent with Council policies
- Various grant programs that support affordable housing
  - Livable Communities Demonstration Account
  - Transit Oriented Development
  - Tax Base Revitalization Account
  - Local Housing Incentives Account

# Housing Performance Scores:

- Used in scoring in the Livable Communities Act programs and the Regional Solicitation for transportation funding
- Provide incentives for housing performance
- Substantial update to the Guidelines for Housing Performance, first introduced in 2002 (minor changes in 2012)



# Providing technical assistance to local governments

- Best practices and technical resources to support housing elements and housing implementation plans
- Assistance on when and how to apply for funding to support affordable housing development
- Connections to housing developers
- Presentations to City Councils, planning commissions and residents
- Moral support for affordable housing development

# Expanding the regional housing dialogue, including...

- Reducing barriers to development of mixed-income housing and neighborhoods
- Improving alignment between housing policy and school district decisions
- Developing shared regional strategies to affirmatively further fair housing and address housing discrimination in the region
- Building wealth and expanding investment in Areas of Concentrated Poverty



# Questions?





**Part Two: Overview of the  
Council's response to the fair  
housing complaint filed with  
HUD:  
Allegations and responses**

# About the complaint

- Complainants: MICAH and the Cities of Brooklyn Center, Brooklyn Park, and Richfield
- Represented by Michael Allen of Relman, Dane and Colfax in Washington, DC
- Filed with HUD on December 17, 2014
- Council notified January 9, 2015
- HUD is reviewing the complaint under Title VI of the Civil Rights Act and Section 109 of the Housing and Community Development Act of 1974

# Allegation: Fair Share Housing Goals

*“Under the Metropolitan Land Use Planning Act, the Met Council has the obligation and authority to set fair share housing goals and require communities to eliminate exclusionary zoning. Minn. Stat. 473.859 (2) (4).”*



# Response: Fair Share Housing Goals

- Council may only “require” a city to modify its plan if the local comprehensive plan is “more likely than not to have a substantial impact on or contain a substantial departure from metropolitan system plans.” (*City of Lake Elmo v. Metropolitan Council*)
- Council reviews and comments on the consistency of the comprehensive plans with Council policy
- Allocation of Affordable Housing Need
  - Cities guide adequate land at densities to support Need
  - Cities that do not guide enough land are inconsistent with Council policy and are not eligible to participate in the Livable Communities Act programs

# Allegation: Withholding funds

*“It [the Council] also has the authority to **withhold state and federal funds to local governments in the Twin Cities region that fail to meet such goals or that maintain exclusionary zoning communities.** Minn. Stat. 473.172 Minn. Stat. 473.173 Met Council Housing Development Guide Chapter Policy 39 (1985).”*

*“Despite its clear authority to withhold such funding pursuant to Policy 39, the Met Council is refusing to use its authority over the comprehensive plans of local governmental units to advance the provision of affordable housing in high opportunity communities.”*

*“It [the Council] also has the authority to withhold state and federal funds to local governments in the Twin Cities region that fail to meet such goals or that maintain exclusionary zoning communities.”*

# Response: Withholding state and federal funds

- Per Minn. Stat. 473.171, the Council reviews and comments on other governments' applications for federal grants, loans, loan guarantees, or state aid but only when review by a regional agency is required
- Minn. Stat. 473.173 addresses the procedure for reviewing matters of metropolitan significance
- *Housing Development Guide* (1985): “In reviewing applications for funds, the Metropolitan Council will recommend priority in funding based on the local government’s provision of housing opportunities...”



# Allegation: Requiring affordable housing

*“Despite these [the Fair Housing and Equity Assessment’s] findings, the Met Council continues to fail to use its authority to overcome these impediments to fair housing choice, by requiring local governmental units to provide their fair share of affordable housing...”*

# Response : Requiring affordable housing

- “...as the MLUPA reads currently, the Council does not have the power to compel or guarantee that cities will adopt official controls to implement housing plans that satisfy the MLUPA.”
- “...it is the cities responsibility to address the “need” for low- and moderate-income housing.”
- From *Alliance for Metropolitan Stability v. Metropolitan Council*

# Allegation: Housing Policy Plan

*“...the Met Council released for public comment a new Housing Policy Plan that has the purpose and effect of increasing segregation by, inter alia, repealing the existing strong fair share policy, eliminating the Council’s use of transportation and park funds to encourage compliance with communities’ statutory fair share obligations, and incentivizing affordable housing development along transit lines in areas of minority concentration and of racial transition.”*



# Response: Housing Policy Plan

- Housing Performance Score is a scoring criterion in the 2014 and 2016 Regional Solicitations for federal transportation funding
- Regional parks implementing agencies:
  - Housing never a criteria for regional parks funding
  - By definition, regional parks serve more than one community
- “Create or preserve a mix of housing affordability around emerging transit investments”

# Allegation: Livable Communities Act Goals

*“...under the auspices of the Livable Communities Act (“LCA”), the Met Council sets specific affordable housing goals for individual metropolitan communities. Over time, it has dramatically reduced the goals of predominately white outer-ring suburbs, while increasing the relative share borne by the heavily nonwhite and Hispanic central cities as well as by Complainant Brooklyn Park.”*

# Response: Livable Communities Act Goals

- In 1995, LCA goals were negotiated for 1996-2010:
  - Originally defined as percentages of growth, subsequently converted to production goals
- In 2010, LCA goals were renegotiated for 2011-2020 to align with the Allocation of Affordable Housing Need
  - Growth forecasts increased in the central cities



# Allegation: Livable Communities Act Funding

*“In assigning LCA funding, the Met Council also employs a ranking system that provides additional affordable housing funds to communities that already rank highly in terms of affordable housing efforts, and holds back such funding for municipalities that rank poorly on such efforts.”*

# Response: Livable Communities Act Funding

- Competitive grant program based on applications
- Council can only award funds to cities and projects that apply for Livable Communities funding
- Local Housing Incentives Account: Preference to cities having *lower* Housing Performance Scores
- Livable Communities Demonstration Account: Held harmless for projects that help meet their affordable and life-cycle housing goals

# Allegation: Land reverting to lower-density zoning

*“As part of a continuing pattern and practice, the Met Council has also permitted the conversion of suburban land once zoned for high-density, affordable multifamily development to revert back to low-density zoning classifications, thereby destroying the opportunity to provide for integrative, affordable housing.”*



# Response: Land reverting to lower-density zoning

- The Council maintains a running inventory of the land guided to meet each community's Allocation of Affordable Housing Need
- The Council monitors comprehensive plan amendments to assure that, even when amendments reguide land to lower densities, there continues to be more than sufficient land to meet their need.

# Allegation: Low-Income Housing Tax Credits

*“...pursuant to authority from the State, the Met Council also exercises substantial discretion over the regional distribution of federal Low Income Housing Tax Credits, and has exercised that discretion with the purpose and predictable effect of locating a disproportionate number of LIHTC units in racially-segregated, low-income, low-opportunity communities.”*

# Response: Low-Income Housing Tax Credits

- In 1991, per 1990 legislation, the Council convened a ten-member task force to develop a plan for allocating tax credits between Minnesota Housing and the tax credit sub-allocators – that is, the Cities of Minneapolis and Saint Paul, and Dakota and Washington Counties
- The allocation plan neither identified specific projects nor specified areas where projects should be located.
- Minnesota Housing is responsible for the distribution plan; the Council does not have the authority to allocate tax credits.



# Allegation: Concentration of affordable housing

*“...pursuant to authority from the State, the Met Council also exercises substantial discretion over the regional distribution of federal Low Income Housing Tax Credits, and has exercised that discretion with the purpose and predictable effect of locating a disproportionate number of LIHTC units in racially-segregated, low-income, low-opportunity communities.”*

# Response: Concentration of subsidized affordable housing

City	Publicly-subsidized affordable units	Share of region's publicly-subsidized affordable units	Share of region's housing units
Minneapolis	21,695	36.6%	15.3%
Saint Paul	12,913	21.8%	10.0%
Brooklyn Center	602	1.0%	0.9%
Brooklyn Park	604	1.0%	2.3%
Richfield	428	0.7%	1.3%

# Response: Concentration of new affordable housing

City	New affordable units, 1996-2014	Share of new affordable units, 1996-2014	Share of region's housing units	Share of new units, 1996-2014
Minneapolis	7,172	12.2%	15.3%	9.0%
Saint Paul	3,330	5.7%	10.0%	3.6%
Brooklyn Center	35	0.1%	1.0%	0.0%
Brooklyn Park	1,046	1.8%	2.3%	2.4%
Richfield	327	0.6%	1.3%	0.4%



# Council activities to promote affordable housing in high-opportunity communities

- Funding for affordable housing development
- Planning an adequate supply of land
- Incentives for housing performance
- Housing Choice Vouchers
- Technical assistance to local governments
- Moral support to local governments

# Questions?