

# ALLOCATION OF AFFORDABLE HOUSING

## LOCAL PLANNING HANDBOOK

To fulfill the requirements of the Metropolitan Land Planning Act, the Metropolitan Council allocates the number of affordable housing units each community needs to plan for in order to address their share of the regional need for affordable housing units.

We did this in three steps:

- In Part I, we forecasted the amount of net household growth in the region between 2021-2030 that will need additional affordable housing -- or 37,900 new affordable housing units.<sup>1</sup>
- In Part II, we allocated a portion of that regional Need to each community expecting growth in their sewer-served households, making adjustments that allocate relatively more additional affordable housing where it would expand housing choices the most.
- In Part III, we distributed each community's adjusted allocation into three "bands of affordability."

The full methodology—developed with the input of local government staff, housing advocates, and other stakeholders— is available in Appendix B of the [2040 Housing Policy Plan](#) (as amended by the Council on July 22, 2015).



### Part I: How many new affordable units will the region need?

First, we determined the regional need for affordable housing units. We did this by forecasting the net growth in households between 2020 and 2030. (This reflects people moving to the region as well as natural household growth, such as young adults moving out of the family home and divorcing couples.) We then used historical income distribution patterns to estimate the proportion of these households that will be low-income (at or below 80% of AMI). Finally, we subtracted out low-income seniors who will already own their homes and therefore will not need additional housing. This resulted in a regional need of 37,900 additional affordable housing units.

### Part II: How many new affordable units will each community need?

Next, we distributed that need across communities with growth in sewer-served households. We initially allocated housing units proportionate to each community's forecasted growth in sewer-served households: communities with more forecasted growth received higher initial allocations. To expand housing choice for low-income households and align low-income housing more closely with low-wage jobs, we then adjusted that initial allocation for two characteristics of communities:

- Existing affordable housing
- Ratio of low-wage job to low-wage workers

The table on the next page explains how these adjustments were factored in to the calculation.



Continue to next page →

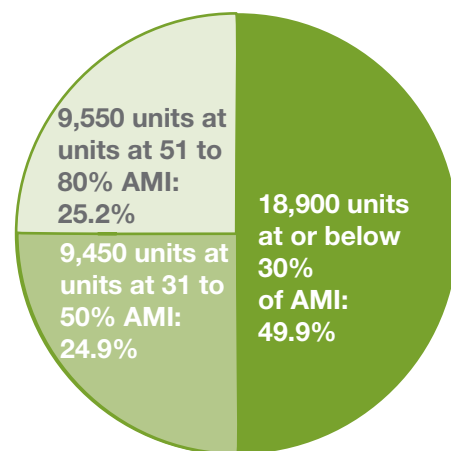
Adjustment factors	Allocation is increased for communities that have:	Allocation is reduced for communities that have:
<b>Existing affordable housing</b>	Lesser share of existing affordable housing than the average sewered community	Greater share of existing affordable housing than the average sewered community
<b>Ratio of low-wage jobs to low-wage workers</b>	Relatively more low-wage jobs than low-wage workers living in the community	Relatively more low-wage workers living in the community than low-wage jobs

In this process, the existing affordable housing factor had twice as much influence on the allocation as the ratio of low-wage jobs to low-wage workers.

**Part III: How many new affordable units will each community need in each band of affordability?**

Finally, we distributed the resulting overall allocations for each community into three “bands of affordability.” We started by making the initial allocation in each band a certain percentage of the community’s overall allocation, according to each band’s share of the regional need as shown in the chart.

We then adjusted each community’s allocations based on the community’s existing amount of affordable housing in each band. For example, if a community had a lower-than-average share of its affordable housing in the 31-50% band, its allocation in that band was increased. Conversely, if a community had a higher-than-average share of its affordable housing in the 31-50% band, its allocation in that band was lowered. This further expands choice for low-income households in each band.



**Total Regional Need= 37,900 units**

To see how this process worked for your community, see Appendix B of the [2040 Housing Policy Plan](#). Please note, forecast changes in your community can result in an updated allocation of need. Your [Community Page](#) will have the most up to date numbers.

1. The regional need attempts to provide the most objective, accurate prediction possible of the number of additional low- and moderate-income households that will need affordable housing without considering the cost of, resources available for, or barriers to building that housing. The need measures future affordability demand and does not incorporate existing unmet demand for affordable housing (i.e., low- and moderate-income households who experience housing cost burden today).