

## ZONING AND SUBDIVISION ORDINANCES

Zoning ordinances are one of the most powerful ways local governments regulate development, and they should work to implement the policies in your Comprehensive Plan Update. [Minnesota Statutes § 473.858, subd. 1](#) directs communities to remove conflicts between their comprehensive plans and their zoning ordinances. When creating the Housing Element of your 2040 Comprehensive Plan Update, we recommend that you review your zoning code to ensure your community's policies and ordinances are working together to address housing needs; especially the housing needs of households earning 80% of the Area Median Income or less. Some of the common content within zoning ordinances that can inhibit housing affordability includes:

### Minimum lot sizes

Minimum lot sizes, or similar ordinances requiring minimum lot widths, lengths, or even minimum dwelling unit sizes for (usually single-family) residential land, can significantly limit your ability to provide a full range of housing choices. If your community is home to many low- and moderate-wage jobs, it may be important to create opportunity for affordable homeownership options. If your zoning code contains minimum residential lot or unit sizes, consider whether this requirement is necessary to achieve community goals. Often design standards, form-based zoning ordinances, and other tools can equally well address issues of neighborhood character. You should also consider whether your zoning's existing minimum lot sizes allows for the allowable density range for the corresponding land use guidance in your comprehensive plan.



### Density

Local governments can reduce the cost of building affordable housing through their density policies. While increasing allowable densities does not guarantee the development of affordable housing, particularly in markets with strong demand for multifamily housing, higher densities do allow for the possibility of significant cost savings per unit and provide room for conversations about mixed-income development.

The Land Use Policies in *Thrive MSP 2040* contain minimum density requirements related to your community's [Community Designation](#) and consistency with the [2040 Housing Policy Plan](#). However, we strongly encourage you to consider planning for greater densities, and a range of densities, wherever appropriate. Density increases not only the possibility of addressing affordable housing needs, but also your potential for tax base, commercial development, and amenities such as transit service.

Density bonuses, or allowing increased density for certain types of proposals such as affordable or mixed-income housing, also provide a way to encourage a full range of housing options.

Many resources are available to address concerns about property values, crime, traffic and an increased need for local resources. Properly applied, increased residential densities can have a positive impact on your community's goals.

### Missing Middle

"Missing middle" housing types – more dense than a single family home but less dense than a 4 to 5 story mid-rise building - are well represented in the urban core, where four-plexes and small buildings with 6-10 units were built frequently in the early 20th century and again in the 1960s. These types of buildings are rarely built today, with the exception of unique infill development in urban areas.

One of the reasons these housing types are rarely built today is because zoning often limits large areas with only one kind of density, low or medium-high. It can be tempting in suburban contexts to concentrate medium-high density residential

in certain areas, and keep single-family neighborhoods isolated from other housing types. The logic is reasonable: multifamily housing should be concentrated around amenities, jobs, and transportation options. And single family homeowners often want to live next to other single family homes.

But there are many ways to subtly increase density that can have a real impact without altering the character of the neighborhood.



This suburban subdivision is full of large lot single family homes. But look closely at the property in the upper left corner – the two driveways reveal a two-unit zero lot line structure, also known as a side-by-side duplex. Corner lots such as this provide a unique opportunity to build higher density housing that blends in seamlessly with the character of the neighborhood.

As you plan residential densities for your 2040 Comprehensive Plan Update, consider flexible guidance that allows some subtle mixing of densities and housing types that have similar form. Strong single family neighborhoods will maintain their desirability even if some slightly higher density developments are allowed within them. Where in your community might 4-6 units per acre help create more housing options and more inclusive communities?

### Parking minimums

The cost of providing parking, especially structured or underground parking, for a residential development can be significant. Developers pass these costs to future residents, inhibiting affordability. Many communities across the nation, including [Minneapolis](#), have reviewed their parking requirements and made adjustments that reduce or even eliminate parking minimums or introduce parking maximums.

Planning parking is tricky. Changing demographics, new transit opportunities, and funding requirements can all influence parking needs. The Housing Element of your 2040 Comprehensive Plan Update is an important opportunity to [explore ways to tie parking requirements to actual need](#) and increase your community's ability to provide a full range of housing options.

### Mixed-income housing policies

Mixed-income housing policies, also known as inclusionary housing policies, have recently gained traction in our region to address the desire for healthy, economically competitive communities. Mixed-income housing policies, whether voluntary or mandatory, address market-rate and publicly subsidized housing proposals, and relate to both rental and ownership opportunities.

The Metropolitan Council has partnered with [Urban Land Institute Minnesota \(ULI MN\)](#) and [Family Housing Fund](#) to support the growing interest in mixed-income housing opportunities. You can find the Mixed Income Feasibility Calculator on the Housing Element of the Local Planning Handbook.

### Distance minimums for certain types of housing

Some communities adopt zoning ordinances that limit how close certain types of housing can be to one another. For example, some cities restrict housing for individuals recently released from prison, transitional housing for households experiencing homelessness, or other types of supportive housing to locations that are at least 350 feet from similar housing.

Communities may wish to consider the impacts of concentrating high-need residents in one neighborhood. Important questions to consider include:

- What support services are located nearby and may benefit more residents if additional supportive housing is created?
- What are the impacts of existing supportive housing and what is the evidence that additional supportive housing would increase real or perceived negative impacts?
- What is the current health and resiliency of the neighborhood in question? Is it relatively stable with a mix of uses and incomes? Is there strong community capital? Research shows that strong, balanced communities are less likely to experience negative impact from affordable or supportive housing nearby.



### Accessory dwelling units

Accessory dwelling units, also referred to as “granny flats” or “mother-in-law apartments,” can add modest density and housing choices in a community without having a noticeable impact on the visual character of the community. Accessory dwelling units are contained within single-family home properties, and can be within the existing dwelling unit, connected to the existing dwelling unit or a detached garage, or detached entirely.

In 2014, the city of [Minneapolis](#) adopted a [zoning ordinance permitting accessory dwelling units](#) in some circumstances. As you update your Comprehensive Plan, consider whether accessory dwelling units are a reasonable strategy for your community to expand housing choices.

Want to learn more? Contact your [sector representative](#) for additional technical assistance.

# 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-serviced 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-serviced households. We initially allocated housing units proportionate to each community's forecasted growth in sewer-serviced 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
- Ration 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 →

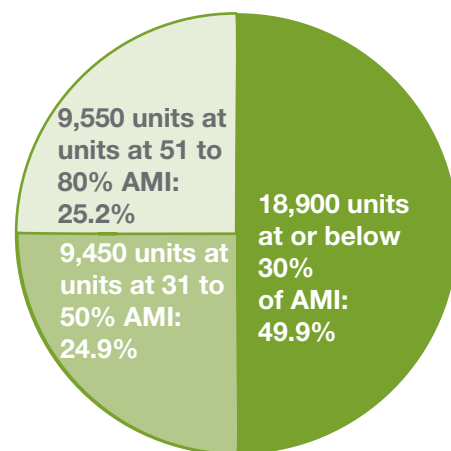
Adjustment factors	Allocation is increased for communities that have:	Allocation is reduced for communities that have:
<b>Existing affordable housing</b>	Lesser share of existing affordable housing than the average sewered community	Greater share of existing affordable housing than the average sewered 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).

### LINKING YOUR IMPLEMENTATION PLAN TO YOUR COMMUNITY'S HOUSING NEEDS

In your housing element, you will identify your community's existing and projected housing needs. In your implementation plan you will describe the tools you will use to address those needs. The clearer the tools are linked to your needs, the more effective and transparent your comprehensive plan will be.

To support the outcome of a clear and transparent housing element, we recommend that you conclude your existing and projected housing need sections with a summary of your community's housing needs. The summary should provide the foundation upon which to develop your housing implementation program. Consider this example of the final paragraph of an existing housing needs section:

#### *Summary of Existing Housing Needs*

*Based on the data and analysis above, we have identified the following housing needs as priorities for our community through 2040. In the implementation section of this plan, you will find a discussion of the tools and strategies we will employ to address those needs.*

1. *Maintenance assistance for low-income homeowners at or below 60% AMI;*
2. *Rental units for large families at all affordability levels;*
3. *Senior housing affordable at 30–50% AMI;*
4. *Preservation of naturally-occurring affordable housing within all bands of affordability, especially near future transit station(s).*

All communities must address their forecasted growth and discuss how future residential land use guidance will accommodate that growth in their local comprehensive plans. For communities with an allocation of affordable housing need, we recommend you summarize your projected affordable housing needs by describing how you are guiding minimum densities that will support affordable housing development. This is also a good opportunity to connect to the map showing your future land uses within your plan. For example:

#### *Summary of Projected Housing Needs*

*To simplify our land use guidance and acknowledge the strong, diverse homeownership options that already exist in our community, we are focusing on guiding land that would support multi-family affordable housing. Therefore our future land use map (see page 38) reflects minimum densities of 8 units per acre sufficient to address our total allocation of affordable housing need of 1,020 units. Some parts of the city, specifically near downtown, are guided at higher density residential uses of 20 units an acre or above, with density bonuses available for the inclusion of affordable housing units.*

Now you are able to clearly link your stated needs to the [widely accepted tools](#) used to meet housing needs. An implementation program for the hypothetical community of Lake Valley Heights addressing the examples above might include a table such as the one below.

A few notes about this sample table:

1. You do not have to replicate this table's format, though you certainly may! There are many ways to clearly link stated needs and strategic use of tools.
2. If a particular tool is not applicable or appropriate for a particular need, it is not necessary to identify it in the table only to say it will not be used. However, if a tool could be used for a particular need, but likely would not be, the tool should be included in the table and identified as an unlikely source of meeting that particular need.
3. Some tools—such as adopting a Fair Housing Policy or participating in Housing organizations—can support your community's housing needs more broadly by expanding your community's overall housing strategy. Furthermore, the adoption of a Fair Housing Policy will ensure that your community will continue to be eligible to participate in the Livable Communities Act funding programs.
4. Please remember, the list of widely used tools is NOT exhaustive. We strongly encourage you to add any and every tool at your disposal to address your community's housing needs.

## EXISTING HOUSING NEEDS

Identified Need	Available Tools	Circumstances and Sequence of Use
Maintenance assistance for low-income homeowners at or below 60% AMI (identified on p. 25)	CDBG	Following HUD's schedule of annual CDBG allocations, we will reserve a portion (up to 50%) of our CDBG allocation each year to continue our home rehab program for low- and moderate-income homeowners.
	Referrals	We will review and update our reference procedures and training for applicable staff by 2021, including a plan to maintain our ability to refer our residents to any applicable housing programs outside the scope of our local services.
Rental units for large families at all affordability levels	Tax-Increment Financing	It is unlikely we would support the use of TIF for this use.
	Tax Abatement	We would consider tax abatement for large rental project proposals that are inside the Lake Valley Heights School District and supported by the Lake Valley Heights School Board.
	Community development Agency (CDA)	We will coordinate with the Valley Heights Community Development Agency that serves our city to best align their resources with this stated need. We will review our implementation plan on an annual basis, beginning in 2020, with the Valley Heights CDA to ensure we are utilizing their resources most effectively.
	Local Funding Resources: LCDA	We would strongly consider supporting/sponsoring an application to Livable Communities Account programs for multi-family rental proposals with units suitable for large families, and in areas guided for high density residential.
	Local Funding Resources: CDBG	We will explore the use of a portion (no more than 15% of our total allocation in any given year) of our CDBG funds to create a low-interest revolving loan fund for the rehabilitation of existing large-unit rental properties in exchange for a minimum period of income restricted affordability. This study will be documented and completed by 2026.
Rental units for large families at all affordability levels, continued.	Local Funding Resources: HOME	We will explore with Valley Heights County the application for HOME funds to provide rental assistance to low and moderate income households that are in existing rental units suitable for large families. We will document this exploration and its results by 2023.
	Super RFP	We would strongly consider supporting/sponsoring an application to Super RFP programs for large unit rental project proposals in areas guided for high density residential uses.
	Housing Bonds	We would consider issuing Housing Bonds to support a rental project with units suitable for large families in the Lake Valley Heights School District. However, there are competing priorities and limitations to city bonding authority.
	Preservation strategies: 4d	We will approach identified owners of existing large-unit rental properties to discuss the possibility of 4d program tax breaks by 2025.
	Preservation Strategies	We will explore the use of a portion (no more than 15% of our total allocation in any given year) of our CDBG funds to create a low-interest revolving loan fund for the rehabilitation of existing large-unit rental properties in exchange for a minimum period of income restricted affordability. This study will be documented and completed by 2026.
	Site Assembly	We would strongly consider supporting/sponsoring an environmental clean-up grant application for an affordable large-unit rental project within the Lake Valley Heights School District.

Identified Need	Available Tools	Circumstances and Sequence of Use
Rental units for large families at all affordability levels, continued	Referrals	We will review and update our reference procedures and training for applicable staff by 2021, including a plan to maintain our ability to refer our residents to any applicable housing programs outside the scope of our local services.
Senior housing affordable at 30-51% AMI	TIF	It is unlikely we would support the use of TIF for this use.
	Tax Abatement	We would consider tax abatement for a senior housing project affordable at 30-50% AMI.
	CDA	We will coordinate with the Valley Heights Community Development Agency to best align their resources with this stated need. We will review our implementation plan on an annual basis, beginning in 2020, with the Valley Heights CDA to ensure we are utilizing their resources most effectively.
	Local Funding Resources: LCDA	We would strongly consider supporting/sponsoring an application to Livable Communities Account programs for senior housing proposals affordable at 30-50% AMI.
	Local Funding Resources: CDBG	We do not plan on using any allocated CDBG funds for senior housing.
	Super RFP	We would strongly consider supporting/sponsoring an application to Super RFP programs for senior housing affordable at 30-50% AMI.
	Housing Bonds	We do not plan on issuing Housing Bonds to support senior housing development.
	Preservation Strategies: 4d	We would consider implementing the 4d tax program for senior housing developments affordable at 31-50% AMI.
	Site Assembly	We would strongly consider supporting/sponsoring an environmental clean-up grant application for senior housing affordable at 30-50% AMI.
	Expedited Pre-application Process	We will create a pre-application process to identify ways to minimize unnecessary delay for projects prior to formal application process. We will document and initiate this new process by 2020.
Referrals	We will review and update our reference procedures and training for applicable staff by 2021, including a plan to maintain our ability to refer our residents to any applicable housing programs outside the scope of our local services.	
Preservation of naturally-occurring affordable housing within all levels of affordability, especially near future transit station(s)	Local Funding Resources: CDBG	We will explore the use of a portion (no more than 15% of our total allocation in any given year) of our CDBG funds to create a low-interest revolving loan fund for the rehabilitation of existing residential properties near future transit stations in exchange for a minimum period of income restricted affordability. This study will be documented and completed by 2026.
	Preservation Strategies: 4d	We will approach identified owners of existing naturally occurring affordable residential properties near the planned Lake Valley Transit Station to discuss the possibility of 4d program tax breaks by 2025.
	Referrals	We will review and update our reference procedures and training for applicable staff by 2021, including a plan to maintain our ability to refer our residents to any applicable housing programs outside the scope of our local services.



## PROJECTED HOUSING NEEDS

Identified Need	Available Tools	Circumstances and Sequence of Use
Allocation of Affordable Housing Need below 30% AMI: 239 units	Guiding land at densities that support affordable housing	See our future land use plan and projected housing needs section of the housing chapter of this comprehensive plan.
	TIF	We would consider TIF for proposals of this housing type in the locations guided at the appropriate densities and land use categories as shown on our future land use map.
	Tax Abatement	We would consider tax abatement for proposals of this housing type in the locations guided at the appropriate densities and land use categories as shown on our future land use map.
	CDA	We will coordinate with the Valley Heights Community Development Agency to best align their resources with this stated need. We will review our implementation plan on an annual basis, beginning in 2020, with the Valley Heights CDA to ensure we are utilizing their resources most effectively.
	Local Funding Resources: LCDA	We would strongly consider supporting/sponsoring an application to Livable Communities Account programs for new housing affordable at less than 30% AMI in the highest density locations of our future land use map.
	Local Funding Resources: CDBG	We do not plan on using any allocated CDBG funds for this housing type specifically, but competing projects seeking CDBG funding would be prioritized if they also met this need and are in the highest density locations of our future land use map.
	Local Funding Resources: HOME	We will explore with Valley Heights County the application for HOME funds to address this housing type. We will document this exploration and its results by 2023.
	Super RFP	We would strongly consider supporting/sponsoring an application to Super RFP programs for housing affordable at less than 30% AMI in the highest density locations of our future land use map.
	Housing Bonds	We would consider issuing Housing Bonds to support this housing type in our highest density locations of our future land use map.
	Site Assembly	We would strongly consider supporting/sponsoring an environmental clean-up grant application for housing affordable below 30% AMI.
	Site Assembly	We would strongly consider using any awarded funds, including but not limited to the programs described above, to assemble a site in the locations identified in our future land use map for this housing type. This could include acquiring and holding land, as well as sub-allocating such monies to a qualified developer approved by our City Council.
Site Assembly	We will continue to actively participate in the Twin Cities Land Bank's 'First Look' program and attempt to strategically acquire any foreclosed properties that are guided for high densities and represent a reasonable location to expect housing of this type to be developed by 2030.	

Identified Need	Available Tools	Circumstances and Sequence of Use
Allocation of Affordable Housing Need between 31% and 50% AMI: 467 units	Guiding land at densities that support affordable housing	See our future land use plan and projected housing needs section of the housing chapter of this comprehensive plan.
	TIF	We would consider TIF for proposals of this housing type in locations guided at the appropriate densities and land use categories as shown on our future land use map.
	Tax Abatement	We would consider tax abatement for proposals of this housing type in locations guided at the appropriate densities and land use categories as shown on our future land use map.
	CDA	We will coordinate with the Valley Heights Community Development Agency to best align their resources with this stated need. We will review our implementation plan on an annual basis, beginning in 2020, with the Valley Heights CDA to ensure we are utilizing their resources most effectively.
	Local Funding Resources: LCDA	We would strongly consider supporting/sponsoring an application to Livable Communities Account programs for new housing affordable between 31 and 50% AMI in locations guided at the appropriate densities and land use categories as shown on our future land use map.
	Local Funding Resources: CDBG	We do not plan on using any allocated CDBG funds for this housing type specifically.
	Local Funding Resources: HOME	We will explore with Valley Heights County the application for HOME funds to address this housing type. We will document this exploration and its results by 2023.
	Super RFP	We would strongly consider supporting/sponsoring an application to Super RFP programs for housing affordable at 31-50% AMI in the locations guided at the appropriate densities and land use categories as shown on our future land use map.
	Housing Bonds	We would consider issuing Housing Bonds to support this housing type in locations guided at the appropriate densities and land use categories as shown on our future land use map.
	Site Assembly	We would strongly consider supporting/sponsoring an environmental clean-up grant application for housing affordable at 31-50% AMI.
Site Assembly	We would strongly consider using any awarded funds, including but not limited to the programs described above, to assemble a site in the locations guided at the appropriate densities and land uses as shown in our future land use map, for this housing type. This could include acquiring and holding land, as well as sub-allocating such monies to a qualified developer approved by our City Council.	
Site Assembly	We will actively participate in the Twin Cities Land Bank 'First Look' program and attempt to strategically acquire any foreclosed properties that are guided at the two highest density land uses and represent a reasonable location to expect housing of this type to be developed by 2030.	

Identified Need	Available Tools	Circumstances and Sequence of Use
Allocation of Affordable Housing Need between 51% and 80% AMI: 314 units	Guiding land at densities that support affordable housing	See our future land use plan and projected housing needs section of the housing element.
	TIF	We will consider TIF for housing proposals of this type if they are part of a mixed income development with at least 20% of new units being affordable at 60% AMI.
	Tax Abatement	We will consider Tax Abatement for housing proposals of this type if part of a mixed income development with at least 20% of new units being affordable at 60% AMI.
	CDA	We will coordinate with the Valley Heights Community Development Agency to best align their resources with this stated need. We will review our implementation plan on an annual basis, beginning in 2020, with the Valley Heights CDA to ensure we are utilizing their resources most effectively.
	Local Funding Resources: LCDA	We would strongly consider supporting/sponsoring an application to Livable Communities Account programs for new housing affordable between 51 and 80% AMI in any residential locations of our future land use map.
	Local Funding Resources: CDBG	We do not plan on using any allocated CDBG funds for this housing type specifically.
	Super RFP	We would strongly consider supporting/sponsoring an application to Super RFP programs for housing affordable at 51-80% AMI in any residential locations of our future land use map in a mixed-income proposal with at least 20% affordable at 60% AMI.
	Housing Bonds	We do not plan on issuing Housing Bonds to support this type of housing development.
	Site Assembly	We would strongly consider supporting/sponsoring an environmental clean-up grant application for housing affordable at 51-80% AMI.
	Site Assembly	We would strongly consider using any awarded funds, including but not limited to the programs described above, to assemble a site in any residential locations of our future land use map for a mixed-income proposal with at least 20% affordable at 60% AMI. This could include acquiring and holding land, as well as sub-allocating such monies to a qualified developer approved by our City Council.
Site Assembly	We will actively participate in the Twin Cities Land Bank's 'First Look' program and attempt to strategically acquire any foreclosed properties that are guided at the two highest density land uses and represent a reasonable location to expect housing of this type to be developed by 2030.	

## GENERAL HOUSING NEEDS

Identified Need	Available Tools	Circumstances and Sequence of Use
Tools to address multiple housing needs and improve our housing strategy capacity in general	Participation in Housing Related Organizations: Regional Council of Mayors	The Honorable Mayor of Lake Valley Heights will participate or designate an appropriate representative to actively engage in the Urban Land Institute Minnesota’s Regional Council of Mayors group.
	Participation in Housing Related Organizations: Housing Collaborative Institute	Staff from Lake Valley Heights City will continue to be an active member of the Housing Collaborative Institute.
	Fair Housing Policy	
	Zoning and Subdivision ordinances	We will be reviewing our zoning and subdivision ordinances to identify any regulations that inhibit the housing priorities in this document. This effort is slated for completion by 2020.
	Expedited Pre-application Process	We will create a pre-application process to identify ways to minimize unnecessary delay for projects that address our stated housing needs, prior to a formal application submittal. We will document and roll out this new process by 2020.
	Inclusionary Housing Policy	

This type of table provides a clear indication of what tools your community is willing to employ to address particular housing needs. In this example, only a brief description of whether or not a tool would be used is provided – the reason for that decision is not clear. To meet the minimum requirements of the housing implementation program a deeper discussion of why tools are allocated differently among the stated needs is also necessary. This can occur in a similar table with more detailed information in a column titled “Circumstances and sequence of use”, or with a separate narrative that addresses overarching policies in the use of specific tools such as TIF or CDBG.

Again, there are many ways to accomplish this outcome – the table above is only one example to illustrate a potential way to meet the minimum requirements of the housing implementation program of your comprehensive plan.

# Working Doesn't Always Pay for a Home

The economy and housing market in the Minneapolis-Saint Paul region are recovering from the Great Recession, yet even a full-time job does not guarantee access to a home that is affordable for many families.

Today, rental vacancy rates are about two and a half percent, well below a healthy five percent, keeping rents high and out of reach for many working families. Additionally, while home prices are lower than peak years, the average single-family home remains too costly for many individuals and families.

A typical two-bedroom apartment in the metro area rents for \$1,103 per month, and the median for-sale home price is \$218,000. A home is considered to be affordable if a family pays no more than 30 percent of its income on housing costs, or 45 percent on combined housing and transportation costs. Any more than this, and families often must cut back on other necessities such as food, clothing, and medical care.

After housing, transportation is usually a household's second largest expense. When you factor in the average transportation costs for the Minneapolis-Saint Paul region, the cost burden on a household increases by 15 to 20 percent, depending upon a household's living and working locations.<sup>1</sup>




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Households with only one full-time wage earner, such as single parent families or families in which one parent does not work outside the home, face particular difficulty finding an affordable home. Even households with two family members working full-time in jobs that pay up to \$10.25 an hour (\$21,320 per year) cannot afford the typical two-bedroom apartment or single-family house.

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By the 30 percent measure, a family would have to earn \$44,100 per year (\$21.20 per hour) to afford to rent a two-bedroom apartment or \$60,000 per year (\$28.85 per hour) to afford to buy a modest single-family house. However, half of the jobs in the Twin Cities metro area pay less than \$41,930.

The need for housing that is affordable for working families is especially acute in communities with many low-to-moderate wage jobs, but few lower-priced apartments and houses. While many workers earning low and moderate wages are providing essential services for residents of local communities—child care, food service, health care, school bus driver, or bank teller, for example—they often are priced out of housing in the communities in which they work.

Ensuring that there is a full range of housing choices with access to transit in our cities builds economic prosperity and competitiveness by attracting and retaining residents to support key employers.

The table on the back shows what individuals in different professions can afford to pay for housing and what homes for families actually cost as a percentage of their income.

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<sup>1</sup> The Location Affordability Transportation Cost Calculator, available at [www.locationaffordability.info/tcc.aspx](http://www.locationaffordability.info/tcc.aspx), estimates a household's transportation costs based on user-entered information, enabling households, real estate professionals, and housing counselors to compare costs in different communities. The Location Affordability Index, available at [www.locationaffordability.info/lai.aspx](http://www.locationaffordability.info/lai.aspx), is a tool for developers, planners, and policy-makers to prioritize and make planning and investment decisions.

The walkability of neighborhoods also affects a household's transportation costs. Walk Score measures the walkability, transit friendliness, and bike friendliness of neighborhoods and cities. Users can use this tool, available at [www.walkscore.com](http://www.walkscore.com), to compare the walkability of different communities.

**Percentage of Income Needed for Housing  
in the Twin Cities Metropolitan Area**

<b>Workplace Position</b>	Median Yearly Salary for Full-Time Worker <sup>2</sup>	Monthly Amount Can Afford for Housing <sup>3</sup>	Percentage of Income Required to Rent 2-Bedroom Apt. <sup>4</sup>	Percentage of Income Required to Own a House <sup>5</sup>
<b>Minumum Wage (\$8/Hour)</b>	<b>\$16,640</b>	<b>\$416</b>	<b>80%</b>	<b>108%</b>
Assembly Worker	\$34,195	\$855	39%	53%
Cashier	\$20,717	\$518	64%	87%
Child Care Worker	\$23,587	\$590	56%	76%
Dry Cleaner	\$27,186	\$680	49%	66%
File Clerk	\$30,389	\$760	44%	59%
Home Health Aide	\$25,376	\$634	52%	71%
Host/Hostess	\$18,595	\$465	71%	97%
Janitor, Cleaner	\$25,251	\$631	52%	71%
Landscaper/Groundskeeper	\$27,602	\$690	48%	65%
Maid/Housekeeping Cleaner	\$21,778	\$544	61%	83%
Nursing Assistant	\$29,931	\$748	44%	60%
Parking Lot Attendant	\$21,736	\$543	61%	83%
Receptionist	\$29,910	\$748	44%	60%
Restaurant Cook	\$24,690	\$617	54%	73%
Salesperson, Retail	\$21,424	\$536	62%	84%
School Bus Driver	\$33,987	\$850	39%	53%
Security Guard	\$28,350	\$709	47%	63%
Taxi Driver	\$24,586	\$615	54%	73%
Teacher Assistant	\$32,964	\$824	40%	55%
Telemarketer	\$30,035	\$751	44%	60%
Teller	\$25,293	\$632	52%	71%

<sup>2</sup> Source: Minnesota Department of Employment and Economic Development, Occupational Employment Statistics with 1st Quarter 2015 wage estimates, Twin Cities MSA.

<sup>3</sup> Based on 30% of income.

<sup>4</sup> Based on 1st Quarter 2015 GVA Marquette Advisors average rent of \$1,103 for a two-bedroom apartment in the Twin Cities metropolitan area.

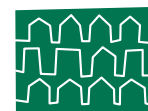
<sup>5</sup> Based on Minneapolis Area Association of Realtors Median Sales Price of \$218,000 for a single family home sold in the Twin Cities metropolitan area for the year-to-date 2015 (as of June).



*The statistics on housing costs and wages in this publication have been updated using the most current data available as of July 2015.*

*This publication is part of a Public Education Initiative on affordable housing sponsored by the Family Housing Fund. The Family Housing Fund is a private, nonprofit organization created in 1980 to help bridge the gap between the housing that people need and the housing they can afford. Its mission is to provide safe, affordable, sustainable homes to all families in the Twin Cities metropolitan area through ongoing partnerships with the public and private sector.*

*For more information about the Family Housing Fund and/or to view other publications available in this series, please visit [www.fhfund.org](http://www.fhfund.org).*



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