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# SECTION EIGHT: METROPOLITAN COUNCIL'S POLICY RESPONSES

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Sections One through Six of this report described the history, current situation and implications of the Twin Cities region's place-based disparities by race and income. Section Seven outlined an array of the policy approaches that influence the distribution of access to opportunity. Section Eight will discuss how the Metropolitan Council will respond to these issues, while Section Nine will outline how other organizations and partnerships within the region are taking action.

## **Thrive MSP 2040: A regional vision for the next thirty years**

Through the development of *Thrive MSP 2040*, the Metropolitan Council's regional plan for the next 30 years, the Council extensively discussed equity in the Twin Cities. The Council has identified equity as one of five key regional outcomes from *Thrive MSP 2040*, alongside stewardship, prosperity, livability and sustainability. In *Thrive*, the Council defines equity as:

*“Equity connects all residents to opportunity and creates viable housing and transportation options for people of all races, ethnicities, incomes, and abilities so that all communities share the opportunities and challenges of growth and change. For our region to reach its full economic potential, all of our residents must be able to access opportunity. Our region is stronger when all people live in communities that provide them access to opportunities for success, prosperity and quality of life.”<sup>1</sup>*

The policy direction from *Thrive MSP 2040* will cascade through the Council's systems and policy plans: the Housing Policy Plan, the Regional Parks Policy Plan, the Transportation Policy Plan and the Water Resources Policy Plan. The Council will finalize and formally adopt these systems and policy plans in 2014 and early 2015.

In *Thrive MSP 2040*, the Metropolitan Council commits to using equity as a lens to evaluate its operations, planning, and investments. It also commits to exploring its authority to use Council resources and roles to mitigate the place-based dimension of racial, ethnic and income-based disparities. The Council intends to pursue the following broad strategies to advance equity across the region:

- investing to build a more equitable region;
- expanding choices in where people live and how the region's residents travel for all residents, across age, race and ethnicity, economic means, and ability;
- investing in a mix of housing affordability along the region's transitways; and
- engaging a full cross-section of the community in decision-making.

The next paragraphs outline the Council's strategies in more detail.

### ***Investing to build a more equitable region***

Because Racially Concentrated Areas of Poverty (RCAPs) can both limit the economic mobility of their residents and discourage private investment, the Twin Cities region simply cannot afford to allow RCAPs to either persist or grow. The Council will:

- work to mitigate RCAPs and areas of concentrated poverty by better connecting their residents to opportunity and catalyzing neighborhood revitalization;
- work with local governments to create more economically-balanced neighborhoods, including strategically targeted subsidies to develop market-rate housing in select areas;

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- use Livable Communities Act resources to catalyze private investment in RCAPs and areas of concentrated poverty;
- actively partner in neighborhood revitalization efforts such as Penn Avenue Community Works;
- conduct a regional inventory of industrial land that considers the location of industrial land relative to the potential workforce eager to access nearby higher-wage job opportunities; and
- ask grant applicants to explain how their projects would advance equity, including helping lower-income households and/or RCAPs and areas of concentrated poverty.

By using public resources to catalyze investment in areas—such as both RCAPs and areas of concentrated poverty—that have seen chronic private disinvestment, the Council will seek to help the region grow and prosper more equitably.

### ***Expanding choices in where we live and how we travel for all our residents, across age, race and ethnicity, economic means and ability***

To advance racial and economic equity across the metropolitan area, the Council will work to create and protect viable housing and transportation options for the region’s residents, regardless of race, ethnicity, income, immigrant status or disability. While different people will make different choices reflecting their own needs and preferences, the Council’s priority will be expanding real choices for housing and transportation.

The Council wants the region to have housing options that give people in all life stages and of all economic means viable choices for safe, stable, and affordable homes. To help more households have real housing choices, the Council will:

- use its resources, including investments in transit, infrastructure, and redevelopment, to help create and preserve racially integrated, mixed-income neighborhoods across the region;
- encourage preserving existing affordable housing across the region and encourage new additions to the affordable housing stock in areas that have an inadequate supply of existing affordable housing and are experiencing new housing construction—particularly in areas that are well-connected to jobs and transit;
- invest in affordable housing construction and preservation in higher-income areas of the region;
- provide competitive rent limits and mobility counseling materials to enable the Metro HRA’s Section 8 Housing Choice Voucher holders to choose the location that best meets their needs, including those opportunities in higher-cost communities;
- convene administrators of the Section 8 Housing Choice Voucher program in the region to continue conversations to explore developing a joint and shared waiting list;
- engage in marketing and outreach activities to increase landlord participation in the Section 8 Housing Choice Voucher program;
- encourage increased resources for preserving existing and producing more affordable housing opportunities at the federal, state, regional and local level to help close the gap between the region’s affordable housing need and the supply;
- support research and testing related to fair housing, discriminatory lending practices and real estate steering to determine if these discriminatory practices are occurring and limiting housing choices.

Transportation choices are as important to lower-income households as housing choices. The Council will continue to strengthen transit connections between lower-income residents and opportunities such as jobs and education. To expand the transportation choices that all households have, including in some neighborhoods the choice to live without a car, the Council will:

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- include a measure of households who do not own private automobiles—also known as “transit dependency”—as one of the elements driving the Transit Market Areas and defining the level of transit service neighborhoods expect to receive;
- conduct Title VI service equity analyses—a federally prescribed process—to ensure that major changes in transit service do not lead to disparate impacts on low-income residents and communities of color;
- prioritize transportation investments that connect lower-income areas to job opportunities; and
- engage neighborhood residents in transit planning to understand how to most effectively use transit service and investments to promote access to opportunity.

### ***Investing in a mix of housing affordability along the region’s transit corridors***

As the Twin Cities region makes significant investments in transit, particularly transitways, the region should also ensure that the inevitable changes in neighborhoods along transit do not displace existing low-income residents. To promote a mix of housing affordability along the region’s transit corridors, the Council will:

- align its resources and work with other partners to help preserve a mix of housing affordability along the region’s transit routes and corridors to help low-income households benefit from transit investments;
- require that local jurisdictions applying for Livable Communities Transit-Oriented Development grants adopt local policies reflecting equity (promoting a mix of housing affordability and/or addressing gentrification) in the proposed grant area; and
- promote transit-oriented development that expands affordable housing in transit station areas.

### ***Engaging a full cross-section of the community in decision-making***

To move toward equity, the Twin Cities region needs the full range of voices at the table so all affected parties understand the issues, explore alternative approaches and proceed with action. This will require new approaches for the Council. Beyond convening regional stakeholders, the Council is strengthening its approach to outreach, public participation and community engagement by developing a Council-wide Public Engagement Plan. In the development of this Public Engagement Plan, the Council will:

- define consistent expectations of how the Council will engage with a full cross-section of the community;
- evaluate what types of policy, planning, and operational decisions need what levels of engagement, recognizing that not all decisions need and merit the same intensity of engagement;
- consult with members of the community, especially historically under-represented populations;
- focus on developing lasting relationships; and
- work toward making decisions with people, not for people.

## **Developing the region’s first Housing Policy Plan since 1985**

The Metropolitan Council is currently working on its first full Housing Policy Plan since the 1985 Housing Development Guide. Although housing is not a statutory system under the Metropolitan Land Planning Act, the Council is using the development of the Housing Policy Plan as an opportunity to answer several key policy questions:

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- How should the region define each local jurisdiction’s “share of the metropolitan area need for low- and moderate- income housing”<sup>2</sup>?
- How should the Council evaluate each local jurisdiction’s performance in providing affordable housing? What funding sources should use the housing performance score in their criteria and how?
- What technical assistance could and should the Council provide to local governments to support affordable housing?

The Council has convened a 28-member Housing Policy Plan Working Group to advise its development of the Housing Policy Plan, anticipated to be completed by November 2014.

### ***Allocation of affordable housing need***

The Metropolitan Land Planning Act (MLPA) expects each local government to plan for their fair share of the region’s affordable housing need. Under the MLPA, local jurisdictions submit comprehensive plan updates to the Metropolitan Council for review once a decade and comprehensive plan amendments on an as-needed basis. Specifically, the statute requires that each local government’s comprehensive plan include:

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.<sup>3</sup>

In other words, each local jurisdiction must guide enough land for residential development at medium to high residential density (units per acre) to accommodate its share of the region’s needs for affordable housing, and the Council’s review verifies that the plan guides sufficient land.

In 2006, an Advisory Panel to the Metropolitan Council issued the report “Determining Affordable Housing Need in the Twin Cities 2011-2020” to assist communities with completing their 2030 comprehensive plan updates.<sup>4</sup> Based on anticipated growth in low- and moderate-income households, the report calculated that the region would need 51,000 new affordable units to meet new demand for affordable housing from 2011 to 2020.<sup>5</sup> Each city or township with regional sewer service (to allow it to develop at the densities that support affordable housing) was assigned an allocation of affordable housing need equivalent to 30.6% of its forecasted household growth (based on the overall share of net new households with incomes at or below 60% of the area median income). This number was then adjusted upward or downward to reflect relative low-wage job proximity, the existing affordable housing stock, and transit service.

The Housing Policy Plan will include the next generation of an allocation of affordable housing need for the 2021-2030 decade; this will inform the development of local comprehensive plans to 2040. Key questions to be resolved include:

- Is a threshold of affordability to a household earning 60% of area median income (AMI) an appropriate definition of affordable housing? (The Council had previously set thresholds of 80% AMI for owner-occupied housing and 50% of AMI for rental housing.) Should there be a single threshold of affordability or multiple thresholds?
- To what degree should the allocation of affordable housing need reflect a community’s proximity to job opportunities, low-wage job opportunities, higher-income neighborhoods, racially integrated neighborhoods, transit service, and/or high-performing schools?

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- To what degree should communities with little anticipated housing construction be expected to add to their stock of affordable housing?
- Should communities with little existing affordable housing have higher expectations of future affordable housing than communities with a lot of existing affordable housing?

A proposal for the allocation of affordable housing need for 2021-2030 is likely to be ready by summer 2014 and will be included in the draft of the Housing Policy Plan for public comment that will be available in fall 2014.

### ***Guidelines for housing performance***

The Metropolitan Council annually evaluates local government performance on affordable housing, incorporating new additions to the affordable housing stock, the existing affordable housing stock, and the usage of local policies and controls to promote affordable housing using the Guidelines for Priority Funding for Housing Performance. Each city or township is eligible to receive up to 100 points for criteria such as:

- the percent of owner-occupied housing with an assessed valuation equal to or lower than an amount affordable to households at 60% of area median income (8 points)
- the percent of units added to their housing stock since 1996 that are affordable at 60% of AMI (10 points)
- use of fiscal tools and incentives (e.g., tax-increment financing, taxable revenue bonds, or property tax levy) to promote affordable or life-cycle housing or preservation (15 points)
- density of residential development (12 points)

In 2012, the Housing Performance Scores ranged from 1 to 98 points. The Council uses higher performance on the Housing Performance Scores to give communities additional points on applications for the Livable Communities Demonstration Account grants and Tax Base Revitalization Account grants. The Council uses lower performance on the Housing Performance Scores to give communities additional points on applications for the Local Housing Incentive Account grants, which fund affordable housing.

The Housing Policy Plan will include an update to the Guidelines for Priority Funding for Housing Performance. Key questions to be resolved include:

- What is the role of the housing performance scores?
- Should the Council evaluate the housing performance of all jurisdictions or only those applying for grants?
- What mix of existing housing stock, new affordable housing, and supportive policy environments should the housing performance scores evaluate?

A proposal for revisions to the Guidelines for Priority Funding for Housing Performance is likely to be ready by summer 2014 and will be included in the draft of the Housing Policy Plan for public comment that will be available in fall 2014.

### ***Technical Assistance to support affordable housing***

The Metropolitan Land Planning Act (MLPA) requires each local comprehensive plan to include a housing implementation program. Under statute, the housing implementation program must include:

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...official controls to implement the housing element of the land use plan, which will provide sufficient existing and new housing to meet the local unit's share of the metropolitan area need for low- and moderate- income housing.<sup>6</sup>

While all local comprehensive plans must include a housing implementation plan, the scope, quality, and comprehensiveness of these plans vary significantly—in part reflecting the variations in the staff capacity of the region's local governments.<sup>1</sup> Recognizing this opportunity, the Council intends to provide expanded technical assistance to local communities to support stronger housing elements and housing implementation plans. Similarly, the Council plans to provide technical assistance to local governments to support affordable housing development, including, but not limited to, site selection, funding options or design recommendations. Over the last six months, the Council has doubled its staff capacity to support local government efforts in affordable housing, and the Housing Policy Plan will begin to lay out the details of the Council's strategy for expanded technical assistance in affordable housing.

## Convening around the challenges of racial and economic equity

Because the challenges of racial and economic equity require aligning efforts across multiple entities, the Council will convene multiple partners, including cities, counties, school districts, nonprofits and philanthropy, to develop shared plans and investment strategies to address the issues of areas of concentrated poverty, especially RCAPs. The Council will play a leadership role in this strategy by working with local governments and other local development partners to bring data to the table and assure development plans are coordinated and pointed toward consistent outcomes. In addition, the Council will work with engaged leaders from local government, nonprofit and philanthropic sectors to create a strategic framework to promote shared prosperity and equitable outcomes and to specifically address the effects and underlying causes of the region's RCAPs.

Throughout 2014, the Council will pursue these partnerships and convene communities to explore and assess proposed solutions. First steps include taking a scan of all the recent and proposed (next three to five years) investments in affordable housing, workforce development and job creation in RCAPs and then identifying potential gaps worthy of more investment. In conjunction, organizations providing support to RCAPs will discuss better aligning related efforts toward shared outcomes.

## Growing our organizational commitment to equity

Beyond the policy recommendations included in *Thrive* and other Council plans, the Council is also expanding its commitment to equity as an institution:

1. The Council is currently exploring how to become a more racially and ethnically diverse employer. Examples of steps the Council has taken include:
  - creating a new position to provide leadership to expand the Council's internship programs in ways that attract a racially and ethnically diverse pool of interns;
  - partnering with regional public sector employers in the Urban Scholars internship program for students from diverse racial, ethnic and low socioeconomic backgrounds;

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<sup>1</sup> It is important to note that comprehensive plans vary widely by community. For instance, they range in size from 15 to 2,300 pages. Similarly, communities' approach to affordable housing within the context of their comprehensive plans varies widely.

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- continuing to improve and offer leadership development programs designed to create opportunities for our first-line employees from traditionally under-represented backgrounds to qualify for supervisory positions;
  - devoting staff time to reach out to workforce centers and community groups focused on communities of color, the disabled and veterans; and
  - exploring and developing opportunities to create partnerships with local technical colleges for apprenticeship programs.
2. Additionally the Council is working to promote equity through its contracting and procurement practices by participating in two Small Business Programs: the Disadvantaged Business Enterprise Program (DBE) and the Metropolitan Council Underutilized Business Program (MCUB). These programs strive to ensure equitable participation in projects and procurements by underutilized businesses and companies owned by people of color and women. This is achieved in several ways including—but not limited to—certifying DBE firms and setting small business participation goals on projects as well as ensuring involvement by a DBE or MCUB vendor for large procurements. The Council also hosts Small and Disadvantaged Business Opportunities procurement fairs to educate DBE and MCUB vendors how to do business with the Council.
  3. In addition, Council members, the Council’s Executive Team, and other key staff have recently participated in cultural competence training. Additional experiences to build cultural competence among Council staff are also being planned periodically throughout the year.

In 2013, Chair Haigh appointed an Equity Working Group of five Council Members. The group’s charge is to:

- Assess and recommend improvements to the Council’s internal and external practices and processes for outreach to and engagement with people of color and other historically underrepresented residents of the region.
- Attract and appoint people of color and other historically underrepresented residents to the Council’s advisory committees.
- Consider whether to recommend a new body within the Council to foster equity in the Council’s work on an ongoing basis.

The Working Group will conclude its work in spring 2014.

Over the last few months, staff from the Council’s Regional Parks and Natural Resources unit conducted a series of focus groups to explore how the regional park system could better address the needs of residents of color. A total of 16 focus groups were conducted, with a total of 263 participants from diverse racial, ethnic, and cultural backgrounds. Eleven major barriers to regional park usage were identified. The top three were lack of awareness, time, and fear or safety concerns. The findings will be instrumental to inform policy responses toward strengthening equity in the Regional Parks System. Further, focus group participants expressed both gratitude and satisfaction about being engaged, affirming the role of collaboration and engagement in decision-making.

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## Continuing analysis of equity

The Council has made a significant contribution to the regional equity conversation by conducting this equity assessment. The submittal of this document to HUD represents only the beginning of the Council's commitment to deploying its regional data resources toward analysis of equity in the region. This commitment includes:

- offering to be the data partner to the Fair Housing Implementation Council for the upcoming update of the Regional Analysis of Impediments;
- identifying which census tracts meet the RCAP criteria with annual updates of data from the U.S. Census Bureau;
- researching housing preferences including the impacts of demographic change on housing demand;
- analyzing the relationship between land guided in local comprehensive plans and the subsequent development of affordable housing;
- developing and monitoring regional indicators of equity; and
- updating this analysis every five years to measure change.

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<sup>1</sup> *Thrive MSP 2040*

<sup>2</sup> Minn. Stat. § 473.859, subd. 2(c).

<sup>3</sup> Minn. Stat. § 473.859, subd. 2(c).

<sup>4</sup> See: <http://metro council.org/Housing/Publications-And-Resources/AffHousingNeedJan06-pdf.aspx>

<sup>5</sup> See: <http://metro council.org/Housing/Publications-And-Resources/AffHousingNeedJan06-pdf.aspx>

<sup>6</sup> Minn. Stat. § 473.859, subd. 4(3).