

HOUSING POLICY PLAN

Executive Summary



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The Council's mission is to foster efficient and economic growth for a prosperous metropolitan region

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The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

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Executive Summary

This *Housing Policy Plan* describes multiple strategies that advance the Metropolitan Council's overall housing policy priority:

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

A range of housing options across the region benefits individuals, families, and local governments. Viable housing choices allow households to find housing affordable to them in the communities where they want to live. Like a diversified stock portfolio, a diversity of housing types can increase local government resiliency through changing economic climates.

Why a Housing Policy Plan?

The Council has developed this *Housing Policy Plan* to provide leadership and guidance on regional housing needs and challenges, and to support *Thrive MSP 2040*, the regional development guide the Council adopted in May 2014. It is the first freestanding housing policy plan adopted by the Council since 1985.

This *Housing Policy Plan* provides an integrated policy framework that unifies the Council's existing roles in housing and identifies opportunities for the Council to play an expanded role to support housing in the region. These roles include:

- Reviewing local comprehensive plans for the housing element, the housing implementation program, and minimum or maximum residential densities.
- Funding housing development through the Metropolitan Livable Communities Act (LCA) grant programs. Since the Act's enactment in 1995, the Council's LCA grants have helped create 18,660 units of affordable housing in communities across the region.
- Working with local governments to define their share of the metropolitan area need for low- and moderate-income housing.
- Administering the state's largest Section 8 Housing Choice Voucher program and providing rental assistance to 6,200 low-income households throughout Anoka, Carver, and most of suburban Hennepin and Ramsey Counties.
- Providing technical assistance to local governments to support orderly and economical development.
- Collaborating with and convening partners and stakeholders to elevate and expand the regional housing dialogue.

This plan addresses housing challenges greater than any one city, or county can tackle alone. It recognizes that the future's increasingly complex housing issues demand more innovative strategies and greater collaboration. With both statutory responsibilities and local opportunities, local governments play a key role in translating regional policy and priorities into effective implementation within local housing markets; one size does not fit all.

Does the metropolitan region need more affordable housing?

- **Needs are growing:** Between now and 2040, the region will add 391,000 households; roughly 40% will earn less than 80% of area median income (\$63,900 for a family of four).
- **People are paying too much for housing:** At present, one-third of the region’s households pay more than 30% of their income on rent— they are “housing cost burdened”. Even with the existing supply of affordable housing, more than 265,000 low- and moderate-income households in the region are paying more than 30% of their household income on housing costs, and nearly 140,000 of those are paying more than half their income on housing.
- **More people will need affordable housing options:** The Council forecasts that between 2020 and 2030, our region will add 49,500 low- and moderate-income households who will need affordable housing. For comparison, in the first three years of this decade, the region added just under 3,000 new affordable units, far under the need.

What are the priorities of this Housing Policy Plan?

Housing plays a key role in advancing all five of the outcomes the Council identified with the adoption of *Thrive MSP 2040*:

Stewardship ∞ Prosperity ∞ Equity ∞ Livability ∞ Sustainability

The *Housing Policy Plan* outlines housing strategies that advance the *Thrive* outcomes and identifies Council roles, local responsibilities, and local opportunities to implement these strategies. Many of our region’s local governments—including counties, cities, and townships—are already putting many of these opportunities into practice. By identifying these strategies, the Council’s goal is to catalyze the conversations and regional partnerships needed to advance housing policy in the Twin Cities region. Key priorities include:

- Managing, maintaining, and preserving the existing housing stock.
- Creating or preserving a mix of housing affordability around emerging transit investments, helping low-income households benefit from transit investments and expanding opportunities to reduce the combined costs of housing and transportation.
- Expanding housing options for people in all life stages and of all economic means through a balanced approach of expanding housing choices for low- and moderate-income households in higher-income areas and enhancing the livability of low-income neighborhoods.
- Providing housing choices for the region’s changing demographics.
- Promoting environmentally sustainable and healthy buildings, construction techniques, and development patterns.
- Reducing barriers to the development of mixed-income housing to create vibrant, diverse communities that offer choices to a range of households.
- Using housing investments to build a more equitable region so that every Twin Cities resident can live in a community rich with opportunity.

How does the Metropolitan Council support the policies of this Housing Policy Plan?

The Metropolitan Land Planning Act and the Council's review authority give the Council a unique role with local governments. Dimensions of this role include:

- Developing the Allocation of Affordable Housing Need to inform local governments of their share of the region's need for low- and moderate-income housing to assist them in addressing the Need in their local comprehensive plans.
- Expanding technical assistance to local governments to improve the consistency and quality of the housing elements and implementation programs of local comprehensive plans.
- Providing technical support to cities with little experience in working with affordable housing developers.
- Sharing best practices developed by others.

The Council also supports affordable housing development through its funding. The Council uses its resources—including Livable Communities Act grants, investments in infrastructure, and other funding streams—to expand housing choices across the region and create and preserve mixed-income neighborhoods and communities. To advance housing choice, the Council uses Housing Performance Scores to give priority for funding to communities that are maintaining or expanding their supply of affordable housing and using fiscal, planning, and regulatory tools to promote affordable housing.

What are the next steps in implementing this Housing Policy Plan?

The process of developing this *Housing Policy Plan* has produced rich conversation and discussion over the last year. However, it has become clear that the region needs to have dialogues beyond what the Council was able to achieve in developing this plan. The Council will convene regional discussions to address housing issues that are broader and more complex than any single agency or organization can advance alone. These include:

- Reducing barriers to development of mixed-income housing and neighborhoods.
- Improving the alignment of housing policies and decisions made by school districts.
- Expanding the supply of housing options accessible to seniors and people with disabilities.
- Developing strategies to affirmatively further fair housing and address housing discrimination.
- Building wealth and expanding investment in Areas of Concentrated Poverty.

To fully implement this plan, the Council has more work to do to finalize the changes to the Allocation of Affordable Housing Need, the Housing Performance Scores, and the Council's strategy for reviewing the housing element of local comprehensive plan updates. In 2015, the Council will formally amend this plan, including a formal public comment process, to incorporate the final updated methodologies for the Allocation of Affordable Housing Need and the Housing Performance Scores and reflect any other updates.

Nearly 30 years have passed since the Council last adopted a housing-focused policy document, 1985's *Housing Development Guide*. With the Council's various roles that affect housing, this plan furthers the alignment, consistency, and integration of the Council's own housing policy. But we cannot do this work alone. We look forward to present and future opportunities for collaboration to improve how the region collectively addresses housing challenges both today and tomorrow. We hope that this plan will advance the region's conversation about how to create housing options that give people in all life stages and of all economic means viable choices for safe, stable, and affordable homes.



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