

Cost Containment Report

October 30, 2020



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OVERVIEW AND CONTEXT

Containing the cost of housing development is a critical issue in Minnesota. In 2019, about 536,000 Minnesota households were cost burdened by spending more than 30 percent of their income on housing.¹ If we are to address the need for housing that is affordable, we must build and preserve as many affordable units as possible with the limited resources available, which requires us to be cost conscious. However, cost containment requires tradeoffs and a balanced approach.

- Using lower quality materials and less efficient systems will reduce upfront costs, but they can also increase ongoing maintenance, repair, and utility costs, which may not be cost-effective in the long run.
- Using lower quality materials and more basic designs for a building's exterior will also reduce costs, but they will also make it more challenging to fit affordable housing in the surrounding neighborhood, particularly higher-income communities, which can lead to community opposition and increase costs related to delays, re-design, and projects not moving forward.
- Siting developments in less expensive locations can save money, but it can also reduce the tenants' access to jobs, services, amenities, safe neighborhoods, public transportation, good schools, and other benefits.

We based our 2020-23 Strategic Plan on the principle that housing is the foundation for success, providing individuals, families and communities the opportunity to thrive. To achieve this outcome for as many lower-income households as possible, our goal is to finance high-quality, durable, location-efficient housing that provides access to jobs, transit, and other amenities and is built at reasonable costs. We are balancing the goal of cost containment with other policy objectives.

Overall, as the following assessment shows, we have been effective at containing costs over the last decade and a half – maintaining relatively consistent total development costs (TDC) while pursuing other policy objectives that can increase costs, including supportive housing for people experiencing homelessness and people with disabilities, energy-efficient and healthy homes, and locations that provide access to jobs, transit, and other amenities. We continue to identify and pursue additional strategies to contain and reduce costs, including encouraging different types of construction methods.

This report is broken into two sections – the first addresses multifamily costs, and the second addresses single family costs.

¹ Minnesota Housing analysis of data from the U.S. Census Bureau's American Community Survey (2019, 1-year sample).

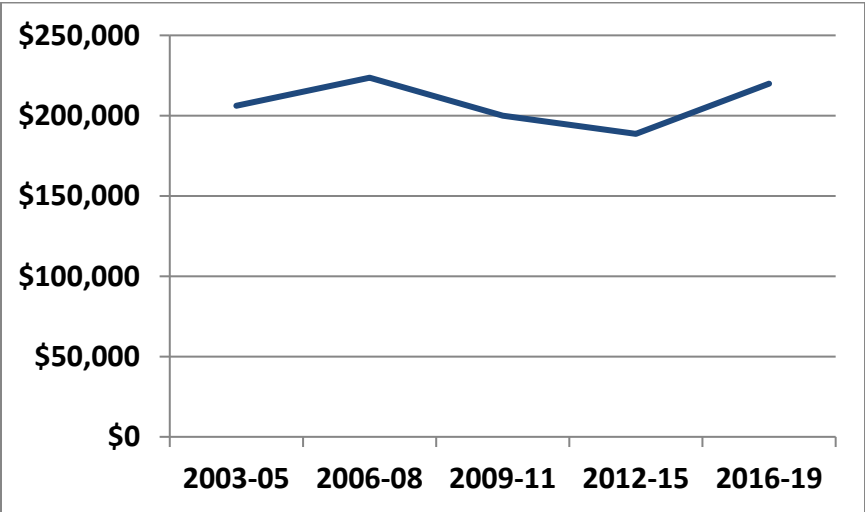
MULTIFAMILY COSTS

In a typical year, we distribute over \$150 million for multifamily development.² We work to allocate these funds efficiently and effectively to address the significant shortage of affordable housing and the need for housing that is affordable to those with the lowest incomes. The first part of this section provides an overview of our results, and the second part outlines our strategies for achieving those results and improving performance.

Overview of Multifamily Costs

Overall, the average TDC per unit has been around \$200,000 for the last decade, after controlling for inflation in residential construction costs (which accounts for changes in material and wage costs over time). The data in Figure 1 applies to all types of developments, including new construction, rehabilitation, metro area, Greater Minnesota, tax credit, and non-tax credit. The trend line is influenced not only by the underlying cost trends but also by the mix of projects in a given year.³ For example, a larger share of resources going to new construction developments with tax credits in the metro area will increase average costs, while a larger share going to rehabilitation developments without tax credits in Greater Minnesota will decrease average costs.

Figure 1: Average TDC per Unit 2003 to 2019 – All Types of Developments (Adjusted for Construction Inflation, 2020 Dollars)



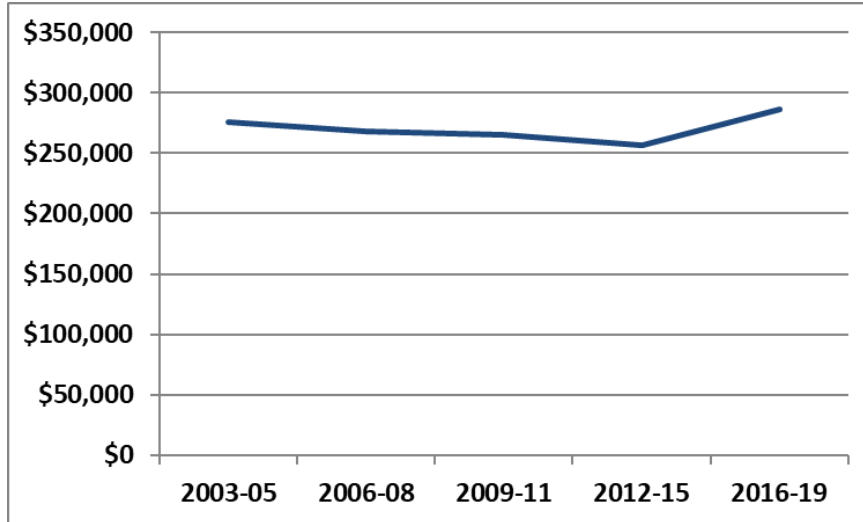
To control for the mix of projects in the trend line, Figure 2 shows average TDC per unit just for new construction projects with tax credits in the metro area. Again, average costs are relatively constant, but

² This includes syndication proceeds from 9% housing tax credits.

³ To increase the comparability of the data, we excluded developments with a TDC per unit that were less than \$40,000, which took out rehabilitation projects with a more limited scope of work and added consistency to the level of rehabilitation being assessed. We also excluded developments with an overall acquisition cost of less than \$10,000, which excludes projects with no acquisition or heavily subsidized acquisition.

at a slightly higher level, just above \$250,000. The relatively consistent or contained cost is the key finding.

Figure 2: TDC per Unit 2003 to 2019 – New Construction with Tax Credits in the Metro Area (Adjusted for Construction Inflation, 2020 Dollars)



Most importantly, costs have remained relatively consistent while we have taken on policy initiatives that can increase costs.

- In 2003, we added a selection and funding priority for supportive housing for people experiencing homelessness, which is generally a more costly type of development.
- In 2007, we added our Green Communities Overlay, which requires our developments to have energy-efficient and healthy-home features.
- In the last several of years, we strengthened our location efficiency priority by making it more geographically precise and increasing the points it receives in the selection process. Housing that is in a walkable neighborhood and near transit, jobs, and other amenities can be more expensive.

While we added or enhanced these policy objectives, we also added cost containment provisions.

- Starting in 2006, we developed and used our predictive cost model, which compares a development’s proposed costs with the costs that we would expect for that development based on the Agency’s experience with similar projects and industry-wide standards. This process flags high cost developments and helps maintain costs at a reasonable level.
- With the Qualified Allocation Plan (QAP) for the 2014 Low-Income Housing Tax Credits (LIHTC), we added a selection criterion that gives preference to the 50 percent of tax credit applications with the lowest TDC per unit, which provides an incentive to minimize costs.

- In 2014, we also launched the Minnesota Challenge to Lower the Cost of Affordable Housing, which was initiated as an idea competition to identify and address system-level factors (such as land use policies or design standards) that increase costs for all developments. Since this initial competition, we have carried out several activities to address these systemic-cost drivers. We try to carry out at least one initiative each year.

More information on these initiatives is provided in the report’s next section.

To contain costs, it is important to understand the factors that drive costs. Table 1 provides a break out of costs by project type, location and cost component.

- New construction with tax credits in the Twin Cities metro area is the most expensive type of project, while rehabilitation without tax credits in Greater Minnesota is the least expensive.
- Not surprisingly, construction accounts for the clear majority of costs in new construction projects, while construction and acquisition costs are both key cost drivers of rehabilitation projects. Addressing these costs will have the largest impact in reducing or containing TDCs.
- While soft costs (non-construction costs) account for a smaller share of TDC (15 percent to 24 percent), they should be a key focus of cost containment strategies. Reducing construction costs can affect the quality, durability, and energy efficiency of the housing; and reducing acquisition costs can affect location efficiency. While soft costs are a necessary component of a housing development, eliminating inefficiencies in these costs will not affect the quality of the housing.
- Low-Income Housing Tax Credits (LIHTC) appear to add five to eight percentage points to the share of TDC attributable to soft costs, likely due to the added complexity and cost of putting together and financing a tax credit deal. For developments without tax credits, soft costs account for 15 to 17 percent of TDC. That percentage jumps to 21 to 24 percent for developments with tax credits.

**Table 1: Share of TDC by Project Type, Location and Cost Component
Developments Completed between 2003 and 2019 (Adjusted for Construction Inflation, 2020 Dollars)**

			Avg. TDC per Unit	Share of TDC			N
				Construc- tion	Acquisi- tion	Soft	
New Const.	LIHTC	Metro	\$270,693	69%	7%	24%	88
New Const.	No-LIHTC	Metro	\$213,583	73%	10%	17%	20
New Const.	LITHC	Greater MN	\$220,924	73%	5%	22%	64
New Const.	No-LIHTC	Greater MN	\$196,696	78%	7%	15%	17
Rehab	LIHTC	Metro	\$213,172	35%	42%	23%	43
Rehab	No-LIHTC	Metro	\$142,658	44%	41%	15%	28
Rehab	LITHC	Greater MN	\$133,600	42%	36%	21%	47
Rehab	No-LIHTC	Greater MN	\$95,041	42%	42%	16%	21

Strategies for Containing and Reducing Multifamily Costs

As mentioned earlier, we have taken a three-pronged approach to containing costs.

1. Assess Cost Reasonableness
2. Incent Cost Containment and Reductions in the Selection of Projects for Housing Tax Credits
3. Address Systemic Cost Drivers

Strategy 1: Assess Cost Reasonableness

Minnesota Housing assesses each development for cost reasonableness. An important tool for identifying high cost developments is our predictive cost model. The model predicts a development's TDC per unit based on its characteristics. To develop the parameters for the model, we run a multivariate regression analysis on the inflation-adjusted costs and characteristics of the developments that the Agency financed between 2003 and 2019. The analysis uses the historical data to assess the effect that each of the following factors simultaneously has on TDC per unit:

- Activity Type:
 - New Construction
 - Extensive Rehabilitation⁴
 - More Limited Rehabilitation
 - Combination of New Construction and Rehabilitation
 - Conversion/Adaptive-Reuse
- Building Type:
 - Walkup
 - Elevator
 - Townhome
 - Single Family Home/Duplex
- Number of Stories
- Unit Size – based on average number of bedrooms per unit in the development
- Gross Square Footage
- Location:
 - Minneapolis or Saint Paul
 - Suburbs in Twin Cities Seven-County Metro Area
 - Greater Minnesota – Large City⁵

⁴ This involves more extensive work on the interior, exterior, electrical, and mechanical systems of a property. "Extensive" versus "more limited" is determined by staff using internal definitions.

⁵ The large cities are Duluth, Rochester, St. Cloud, Moorhead, and Mankato; and include a five-mile commute shed around the cities.

- Greater Minnesota – Regional Job Center⁶
- Greater Minnesota – Rural
- Year Built
- Underground Garage
- Acquisition:
 - Land
 - Structure
 - None
- Financing:
 - Tax Credits
 - Number of Funding Sources
- Special Costs:
 - Historic Preservation
 - Environmental Abatement
 - Supportive Housing

We apply the model’s cost parameters for these factors to a proposed development to predict its costs. The model is also benchmarked against industry-wide cost data to ensure that our costs are in line with the industry.

Overall, the model explains a sizable portion (55 percent to 76 percent) of the variation in the costs for developments that we financed between 2003 and 2019, which is a robust result.⁷ For comparison, Abt Associates (a national consulting firm) released in August 2018 a cost analysis of housing tax credit developments from across the county, and their regression models explained 52 to 54 percent of the variation in the national data.⁸ Similarly, the U.S. Government Accountability Office (GAO) released in September 2018 another cost analysis of tax credit developments, and their regression models explained 63 to 65 percent of the variation in their national data.⁹ Besides the statistical rigor, the model has proven very effective over the last 14 years in objectively and systematically flagging developments

⁶ There are 51 regional job centers, which are the top 15 percent of cities and townships in number of jobs. They include: Albert Lea, Albertville, Alexandria, Austin, Baxter, Bemidji, Brainerd, Buffalo, Cambridge, Cloquet, Cold Spring, Crookston, Detroit Lakes, Elk River, Fairmont, Faribault, Fergus Falls, Goodview, Grand Rapids, Hibbing, Hutchinson, International Falls, La Prairie, Little Falls, Marshall, Montevideo, Monticello, Morris, North Mankato, Northfield, Onamia, Owatonna, Park Rapids, Perham, Pipestone, Red Wing, Roseau, Saint Michael, Saint Peter, Sartell, Sauk Rapids, Thief Rivers Falls, Virginia, Waite Park, Waseca, Willmar, Windom, Worthington, and Wyoming. These areas also include a five-mile commute shed around the cities.

⁷ The model explains about 76% of the variation in construction costs and about 55% of the variation in acquisition and soft costs.

⁸ Abt Associates, *Variation in Development Costs for LIHTC Projects* (prepared for the National Council of State Housing Agencies, August 30, 2018). The adjusted R-Squared values shown in the appendix varied from 0.5222 to 0.5433.

⁹ U.S. Government Accountability Office (GAO), *Low-Income Housing Tax Credit: Improved Data and Oversight Would Strengthen Cost Assessments and Fraud Risk*, (September 2018, GAO-18-637). The adjusted R-Squared values shown in Appendix II varied from 0.626 to 0.648.

with high costs. Each year, we revise and enhance the model based on the previous year's results and staff feedback.

Over time, we have tested models that predict costs on a per-unit and a per-square-foot basis. Based on our testing, the per-unit models have explained a larger share of the variation. We believe that this has occurred for two reasons. First, some costs are clearly tied to the unit and do not increase with the size of the units. For example, apartments regardless of unit size have one kitchen (unless single-room-occupancy). Second, and most importantly, the per-unit model that we use includes a cost factor that accounts for unit size. Developments with larger units and more bedrooms have higher predicted costs.

Under current practice, when staff recommend to the Board developments for funding, they identify the developments with a proposed cost that is more than 25 percent higher than the model's predicted cost, and the Board can decide to grant a waiver allowing the higher cost. For these projects, staff explains why the proposed costs are reasonable even though they are above the 25 percent threshold. There are a wide range of reasons why the costs could be reasonable. For example, a housing development and site may be critical to meet a local housing need, but the site requires an unusually large amount of environmental remediation.

While the predictive cost model is a useful tool to identify high-cost developments, it is not the only way that Agency staff review cost reasonableness. The professional judgment and expertise of our underwriting and architectural staff also play a critical role in the assessment of cost reasonableness. Even if a project has costs that are within the 25 percent predictive cost model threshold, staff will still question costs if they seem high given the context of the development. Our staff has extensive experience reviewing funding applications and development costs. Each year, they typically evaluate 75 or more applications.

Strategy 2: Incent Cost Containment and Reductions in the Selection of Projects for Low-Income Housing Tax Credits

Starting with our Qualified Allocation Plan (QAP) for the 2014 Low-Income Housing Tax Credits, we added a cost criterion for selecting developments to receive the credits. The 50 percent of tax credit applications with the lowest TDC per unit are eligible to receive six points in the selection process. We control for activity-type and location cost differences by dividing the applications into four groups.

1. New Construction in the Twin Cities metro area
2. New Construction in Greater Minnesota
3. Rehabilitation in the Twin Cities metro area
4. Rehabilitation in Greater Minnesota

Within each of the four groups, the applications with the lowest costs are eligible for the points. As a result, projects are only competing with similar projects for the points. When comparing costs and awarding points, we also adjust the costs to account for unit size differences. Projects with predominantly smaller units (efficiencies and one bedroom) have their costs adjusted upward when

making comparisons; and projects with predominantly large units (three or more bedrooms) have their costs adjusted downward.¹⁰ This levels the playing field when comparing costs.

With the 2022-2023 QAP, we are proposing to eliminate the cost containment points. We are concerned that the points are a disincentive to innovative energy efficiency/conservation efforts with upfront costs and longer-term benefits and are complicated by the fact that some state requirements, such as prevailing wage, can increase costs and apply to some tax credit developments but not all .

Strategy 3: Address Systemic Cost Drivers

The first two tactics address costs that are specific to individual developments. Systemic cost drivers outside the control of developers are critical issues that also need to be addressed. These cost drivers ranged from local policies and regulations that increase the cost of housing (such as maximum densities), to the large cash reserves that funders and investors may require for affordable housing developments, to the complexity of assembling the multiple sources of funding that make an affordable housing deal work.

In January 2014, Enterprise Community Partners and the Urban Land Institute's (ULI's) Terwilliger Center for Housing released a report on best practices from across the country to address these systemic cost drivers.¹¹ Overall, the report finds that containing and reducing costs in a prudent and effective way does not involve a single magic bullet. Rather, affordable housing costs are driven by dozens of small inefficiencies. As one of the lead authors described it, "death by a thousand cuts."¹²

To take on these cost drivers, we partnered with the McKnight Foundation, Enterprise, and ULI/Regional Conference of Mayors to create an initiative for Minnesota to implement these types of practices, which became the MN Challenge to Lower the Cost of Affordable Housing. It began in the winter of 2014 as an idea competition. We asked the development community to create cross-discipline teams (developers, funders, attorneys, local officials, housing advocates, etc.) and develop and submit ideas to address these systemic cost drivers. From the 12 submissions, we selected one to receive \$70,000 for implementation.¹³

The winning idea was submitted by the Center for Urban and Region Affairs at the University of Minnesota, the Housing Justice Center, and Becker Consulting. Their proposal addresses the issue of local practices and policies that add to the cost of affordable housing, including fees, land-use and zoning policies, approval processes, and others. These cost drivers have been identified and known for years. The value of this idea was identifying and implementing best practices to address them, which

¹⁰ To be classified as a development with small units, 75 percent or more of the units have to be efficiencies or have one bedroom. To be classified as a development with large units, 50 percent or more of the units have to have three or more bedrooms.

¹¹ Enterprise Community Partners and Urban Land Institute's Terwilliger Center for Housing, *Bending the Cost Curve on Affordable Rental Development: Understanding the Drivers of Costs* (January 2014).

¹² Michael Spotts, Enterprise Community Partner, presentation to the Affordable Housing Investors Council (AHIC), Portland Oregon, October 9, 2014.

¹³ The initiative was jointly funded by the McKnight Foundation and Minnesota Housing.

included providing technical assistance to communities to pursue the practices and encouraging regional organizations to incorporate the implementation strategies into their policies and guidelines, including the Metropolitan Council's Planning Handbook and Housing Performance Scores and ULI's Tool Box for local communities.

As part of our overall cost containment strategy, we have initiated several initiatives that address systemic cost drivers.

- **2014 – Minnesota Housing's Multifamily Remodel Project.** We carried out a project for our Multifamily Division to redesign and streamline its application and funding processes - everything from proposal inception through application, selection, underwriting, closing, construction management, and lease up. The purpose of the remodel is to reduce the time it takes a development to move from concept to occupancy. A key finding from the Enterprise/ULI report identified complexity, uncertainty, and delays in the funding process as cost drivers. The project has achieved positive outcomes. For example, we created a customized online portal to receive funding applications for the multifamily consolidated RFP, eliminating paper applications.
- **2015 – MinnDocs – Consolidated Legal Documents.** Most affordable housing projects have multiple deferred loan funding sources, each with their own set of legal documents and attorneys, which add unnecessary costs. The Enterprise/ULI report highlighted Massachusetts' practice that consolidates legal documents for all subordinate debt into a single set. The development community in Minnesota was intrigued, and we took initial steps to pursue the concept. The complexity of making this work turned out not to be worth the limited cost savings that would result.
- **2016 - Minnesota Housing's Design and Construction Standards.** As part of our annual preparation for the consolidated RFP, we review these standards. During 2016, we specifically reviewed the standards with an emphasis on cost containment. We focused on reducing life-cycle costs (which includes ongoing maintenance, repair, and utility costs), not just upfront development costs. Specifically, we surveyed architects, general contractors, and developers who work on the developments that we finance about the standards and costs. We received 66 responses. Based on the feedback, we made several design changes that should reduce costs. For example, we clarified that a separate dining room is not required in units with two or more bedrooms but that a dining area (or eat in kitchen) is sufficient. Each of the changes to the standards will unlikely result in significant savings, but they are more examples of small savings that can lead to larger savings when combined with each other over time.
- **2017 – Developer Fees.** These fees compensate developers for the time, compliance requirements, and risks associated with developing affordable housing and can account for a substantial portion of a development's softs costs. The maximum developer fee that Minnesota Housing allows is 15 percent of TDC for the first 50 units and 8 percent for additional units. In 2017, we assessed our fees and found that they are consistent with other states and that the

average fee taken by our developers is 7 percent of TDC, well below our maximum. Given our cost containment incentives, it appears that developers are typically taking the minimum fee that still allows the deal to work for them. If developers applying for tax credits take a higher fee, their applications will be less competitive in a highly competitive process, particularly for 9% tax credits. Based on this analysis, we decided not to adjust our developer fee structure at this time, but it is an area that we will continue to assess given the size of these costs.

- **2018 – Housing Task Force.** Minnesota Housing was a lead sponsor of the Task Force, providing much of the staff support. The cost of developing housing was a primary issue addressed by the Task Force, which made several cost-related recommendations, including:
 - Position Minnesota as a national leader in the advancement of housing innovation and technology, which should increase the efficiency and productivity of developing housing and reduce the costs.
 - Grow the pool of talent in Minnesota’s building trades to enable the sector to meet current and future demand, which should address the current shortage of skilled labor.
 - Create a statewide review panel to evaluate regulations related to building standards, land use, and environmental stewardship for their impact on housing affordability.

While these actions are largely outside the scope of our work, they would directly impact the cost of the housing that we finance.

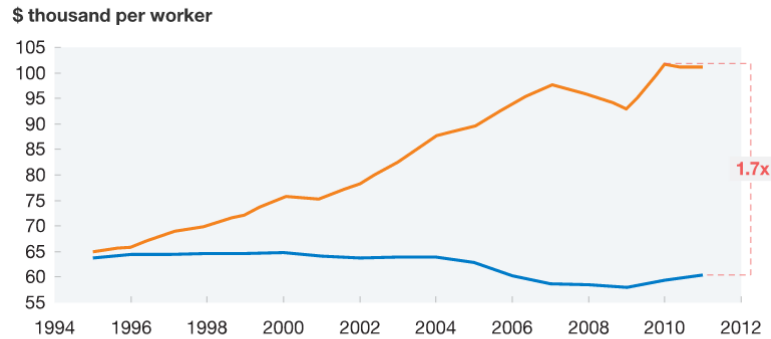
- **2019 and 2020 – Offsite Construction and Other Innovative Techniques.** In 2019, we helped organize and co-sponsored the Construction Revolution Summit, which pursued the innovation and technology recommendation from the Housing Task Force. The summit brought together construction industry leaders to discuss barriers and opportunities to advancing offsite construction (including modular and panelized). Offsite construction has struggled to take hold in the United State but has the potential to significantly reduce construction costs.

Housing construction is ripe for a major systemic change. Unlike other industries, it has not experienced meaningful productivity increases over the last few decades. We are building homes the same way we did 50 years ago.

Productivity in manufacturing has nearly doubled, whereas in construction it has remained flat.

Overview of productivity improvement over time

Productivity (value added per worker), real, \$ 2005



Source: Expert interviews; IHS Global Insight (Belgium, France, Germany, Italy, Spain, United Kingdom, United States); World Input-Output Database

McKinsey&Company

Without productivity gains, reducing the cost of housing construction will remain elusive. Some estimates suggest that offsite construction could reduce costs by as much as 20%.

The action plan that came out of the summit called for public funders to finance some developments using offsite construction as a pilot. Minnesota Housing's proposed 2022-2023 QAP for Low-Income Housing Tax Credits includes a selection preference for developments that use innovative construction techniques (including offsite construction) that have the potential to reduce construction costs by at least 10% and construction time by at least 20%.

SINGLE FAMILY COSTS

We typically distribute around \$10 million for single family development through our Community Homeownership Impact Fund. The level of cost data that we collect is currently less than what we collect and analyze for multifamily developments, but evaluating costs and cost containment are a key part of our selections process.

Overview of Single-Family Costs

The total development costs for the single-family projects that we have financed are reasonable and consistent with industry benchmarks. Table 5 shows the median cost per home by location and activity for developments that we have financed over the last seven and one-half years.

**Table 5: Impact Fund – Median TDC by Location and Project Type
Loans Closed October 1, 2012 through March 17, 2020**

Location	New Construction	Acquisition/Rehab/Resale
Greater Minnesota	\$212,607	\$204,105
Metro	\$351,308	\$274,233
Total	\$340,809	\$271,102

Excludes projects by Habitat for Humanity and Community Land Trusts

The costs in Table 5 are generally consistent with industry standards. Table 6 shows the RSMMeans industry-wide costs for new construction (excluding acquisition and some soft costs) in Minneapolis/Saint Paul for different sized homes. Our costs are in line with these benchmarks.

- The RSMMeans construction costs for a 1,600 square-foot 2-story home with an unfinished basement and average class design is \$233,565, which is in the middle of the cost range shown in the Table 6 (\$171,156 to \$294,011).
- Assuming that construction costs account for 75 percent of the TDC and that acquisition and additional soft costs account for the remaining 25 percent, the TDC would be \$311,420.
- The \$351,308 median TDC for new construction financed by Minnesota Housing in the metro area (see Table 5) is relatively consistent with the RSMMeans costs, but it is 13% higher.

**Table 6: RSMMeans Estimated Construction Costs, 2020 (Excluding Acquisition and Some Soft Costs)
In Minneapolis/Saint Paul, Average Class, Wood Siding, Attached One-Car Garage, One Full Bath**

	1,000 Sqft	1,400 Sqft	1,600 Sqft	2,000 Sqft
Two Story				
No basement	\$171,156	\$202,152	\$220,714	\$251,076
With unfinished basement	\$180,625	\$213,813	\$233,565	\$265,949
With finished basement	\$195,201	\$234,289	\$256,649	\$294,011

Source: RSMMeans, *Residential Cost Data, 2020*

Strategies for Containing and Reducing Single-Family Costs

Since 2015, we have focused on becoming more systematic and objective in our assessment of costs. Table 7 shows the range of costs per home that we have financed for new construction over the last seven and one-half years. The benchmark for the 80th percentile is our threshold for flagging developments with a high cost per home. For example, if a new construction project in Minneapolis/Saint Paul proposes a TDC per home that exceeds \$376,580, it will be flagged for additional

scrutiny by staff. This is similar to using the threshold of 25 percent above the predictive model for multifamily projects.

As we collect better single-family cost data over a longer period of time, we will start reporting trend data and potentially develop a predictive cost model. This will allow us to create an accurate and formal process for reporting cost outliers to the Board when making selection and funding recommendations. While the current threshold of the 80th percentile has proven valuable for an initial discussion, it has deficiencies. It does not account for cost difference resulting from home sizes, garages, number of bathrooms, and other factors.

Costs are largely driven by land costs and the costs of construction (materials and labor), but other factors such as state-imposed requirements (such as prevailing wage) and unique factors (such as historic rehabilitation) can increase costs. Those factors are reviewed and considered during the selections process.

Table 7: Impact Fund – TDC Benchmarks for New Construction, by Location

TDC	
Greater Minnesota	
Median	\$212,607
20 th percentile	\$168,241
80 th percentile	\$240,871
Twin Cities Metro	
Median	\$351,308
20 th percentile	\$330,921
80 th percentile	\$376,580
Total	
Median	\$340,809
20 th percentile	\$237,696
80 th percentile	\$373,768

Excludes projects by Habitat for Humanity and Community Land Trusts

CONCLUSION

Over the last decade and a half, we have worked to contain upfront development costs while adding new policy initiatives that can increase costs. Given the shortage of affordable housing, limited resources, and the need to do more, cost containment will remain a critical issue. Since many of the cost drivers are outside the direct control of the agency and driven by other stakeholders, we will continue to pursue multiple strategies in the affordable housing development process.



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