

2019 TWIN CITIES METROPOLITAN REGION HOUSING REPORT CARD

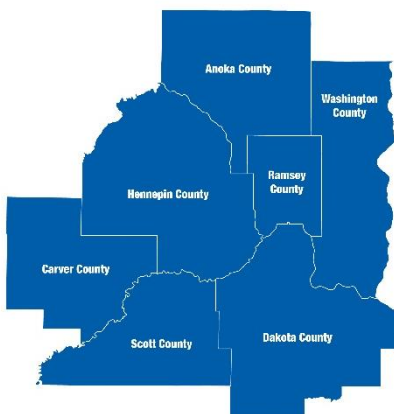


January, 2022

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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Contents

About This Report Card 3
Affordable Housing Production in 2019..... 3
About the Housing Policy and Production Survey..... 6
 Housing Policies Adopted 7
 Housing Tools Used..... 10

About This Report Card

Under Minn. Stat. § 473.254, the Metropolitan Council (Council) is responsible for preparing a “comprehensive report card on affordable and life-cycle housing in each municipality in the metropolitan area.” The Council fulfills this responsibility by conducting an annual survey of local governments regarding new affordable housing, as well as compiling the Affordable Housing Production dataset.

This report card will contain information on:

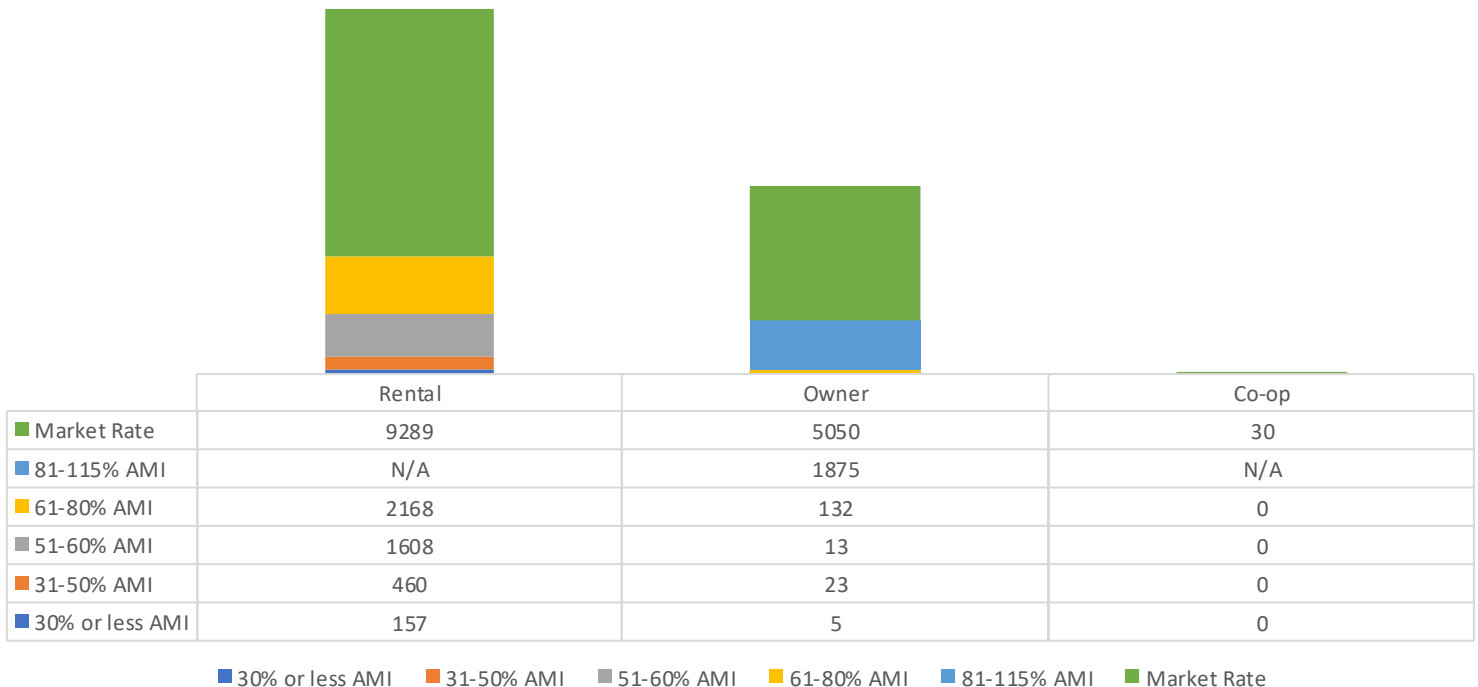
- Affordable housing production, including tenure, affordability by Area Median Income (AMI)¹, building type, and any restrictions
- How the region’s cities and townships are responding to affordable housing need with adoption and use of local policies and programs

Affordable Housing Production in 2019

The Metropolitan Council annually produces the Affordable Housing Production dataset². This dataset consists of summary data for owner-occupied and rental housing production, for all cities in the region, based on building permits issued during each calendar year by cities and townships within the seven-county Twin Cities region. Data is collected via an annual survey of community officials, in conjunction with collection of data on residential building permits. Total housing production numbers by income level for both market rate and affordable housing production for 2019 are shown in Figure 1 below.

Figure 1: Housing units permitted in 2020 separated by tenure and AMI band

Rental and Co-op units above 80% are considered market rate which is why the 81-115% AMI cells are marked N/A.

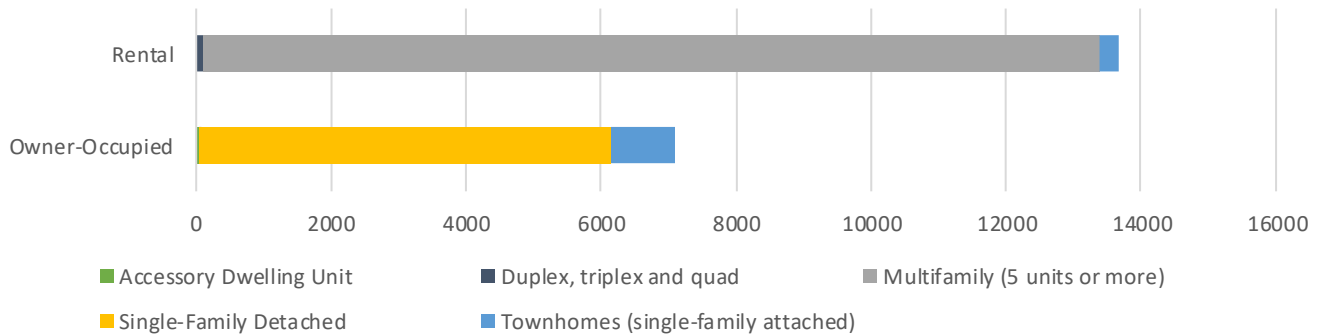


¹ Levels of area median income (AMI) are defined annually and change from year to year as calculated by the U.S. Department of Housing and Urban Development (HUD). Find more information on AMI in the metro area here: [2021 Ownership and Rent Affordability Limits - Metropolitan Council \(metrocouncil.org\)](https://www.metrocouncil.org/2021-Ownership-and-Rent-Affordability-Limits)

² Affordable Housing Production dataset: [Metadata: Affordable Housing Production, Twin Cities Metropolitan Area \(metrocouncil.org\)](https://www.metrocouncil.org/Metadata-Affordable-Housing-Production-Twin-Cities-Metropolitan-Area)

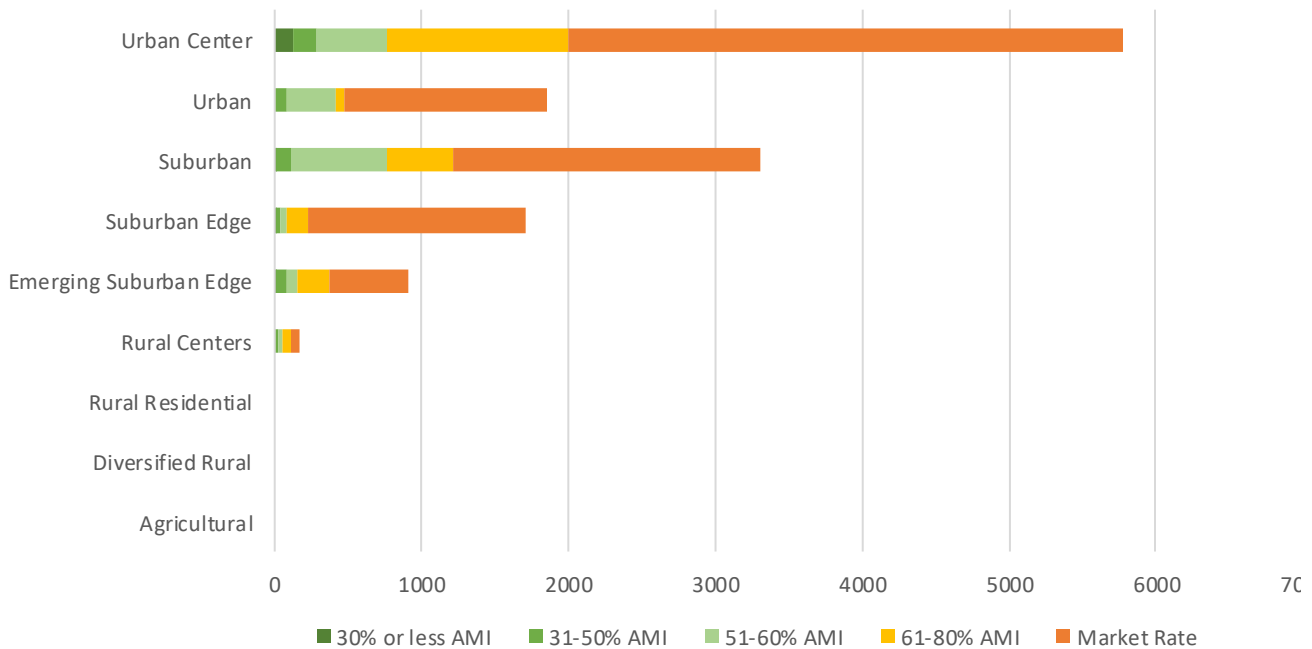
Figure 1 breaks down housing units produced in 2019 by tenure (rental, owner, and co-op), and how many units in each tenure were in each of the AMI bands. For rental and co-op units, units over 80% AMI are considered market rate, which is why those fields are left blank, as they are not collected in the Affordable Housing Production dataset. As shown in the dataset, the market rate housing price point was most permitted type of housing in 2019. The Council defined rental housing at 60% AMI or less “affordable” and owner-occupied housing at 80% AMI or less. With those numbers in mind, only 11% of the units permitted in 2019 were affordable, with less than 1% of those units being at 30% AMI or less.

Figure 2: Housing Units permitted by Housing Type



As shown in Figure 2, most housing units permitted in 2019 were either multifamily (5 units or more) or single family homes. The majority of rental homes were multi-family units, and the majority of owner-occupied units permitted are single-family detached. Townhomes were the next most popular housing type permitted in both rental and owner-occupied housing units, though they represent a small share of new housing overall. Figures 3 and 4 illustrate the general locations of these permitted units by *Thrive MSP 2040* Community Designation³.

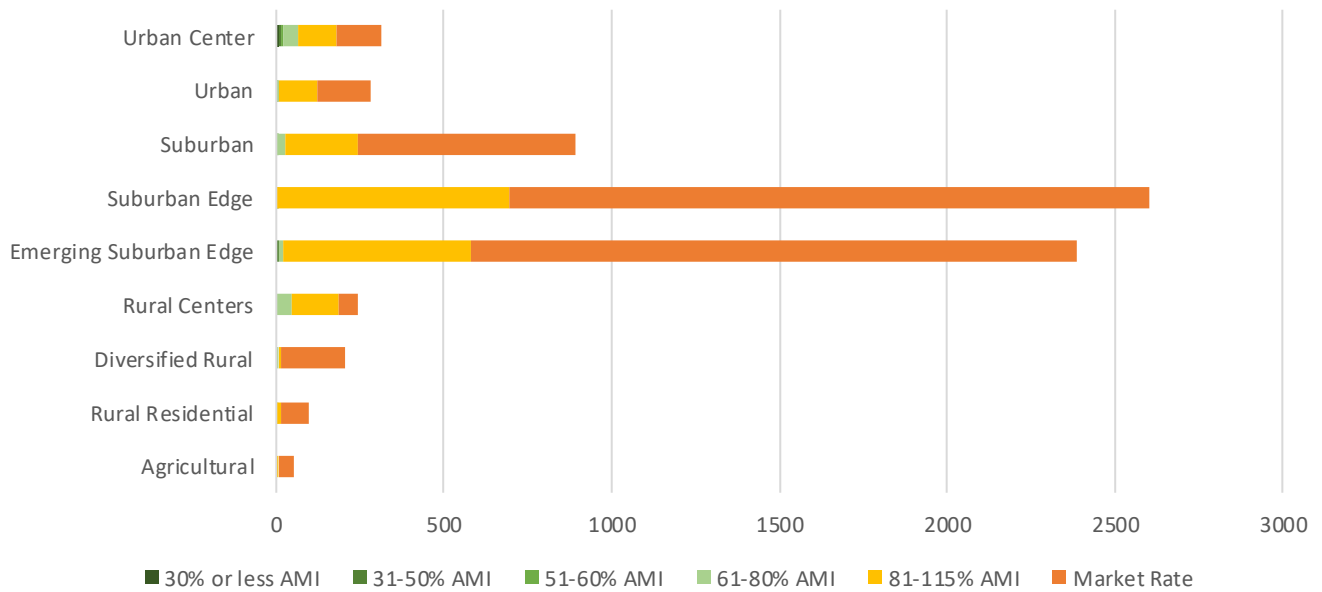
Figure 3: Rental and Co-op units, permitted in 2019 by Community Designation



³ Thrive MSP 2040 defines and classifies all cities and townships in the Twin Cities region by community designation. Map of all cities in the region and their community designation: [Map of Community Designation](#)

As shown in Figure 3, the majority of the rental units that were permitted in 2019 are located in the Urban Center, and over 55% of all rental units permitted in the Twin Cities region were either in the Urban Center or Urban communities. For owner-occupied units (Figure 4), the distribution of units is more suburban, with over 90% of units being built outside of the Urban and Urban Center designations. Of the owner-occupied units, almost 50% of permitted units in 2019 were in the Suburban and Suburban Edge community designations.

Figure 4: Owner-occupied units permitted in 2019 by Community Designation



About the Housing Policy and Production Survey

The Housing Policy and Production Survey is an annual survey that is sent out to all possible Livable Communities Act (LCA) participants in the Twin Cities region requesting information on annual efforts in affordable housing, housing policies, and local and county programs in which the community participates. The annual survey requests information from the most recently completed calendar year; for example the 2020 survey collected information from 2019.

For the 2020 survey, 100 communities were sent the survey, and 51 communities completed and submitted their survey. These communities will be reported on in the following sections, and are shown in Table 1 below:

Table 1: Housing policy Survey Respondents by Community Designation, 2019

Rural Centers	Emerging Suburban Edge	Suburban Edge	Suburban	Urban	Urban Center
Elko New Market	Chanhausen	Blaine	Apple Valley	Bloomington	Hilltop
Mayer	Forest Lake	Chaska	Brooklyn Park	Brooklyn Center	Hopkins
New Germany	Hastings	Lakeville	Burnsville	Edina	Richfield
St. Francis	Hugo	Maple Grove	Champlin	Fridley	South St. Paul
	Lino Lakes	Plymouth	Coon Rapids	Lauderdale	St. Louis Park
	Medina	Shakopee	Eden Prairie	New Brighton	St. Paul
	Prior Lake		Little Canada	Newport	West St. Paul
	Ramsey		Mahtomedi	North St. Paul	
	Rosemount		Minnetonka	Roseville	
	St. Paul Park		Mound		
	Victoria		Oakdale		
			Savage		
			Shoreview		
			Wayzata		

The 2020 Housing Policy and Production Survey was delayed due to COVID-19 and was sent to communities in 2021. Communities were asked to complete either the 2020 or the 2021 survey. Livable Communities Act participating cities that did not complete either the 2020 survey or the 2021 survey include Arden Hills, Centerville, Columbia Heights, Cottage Grove, Farmington, Inver Grove Heights, Jordan, Long Lake, Mounds View, Osseo, Vadnais Heights, and Watertown

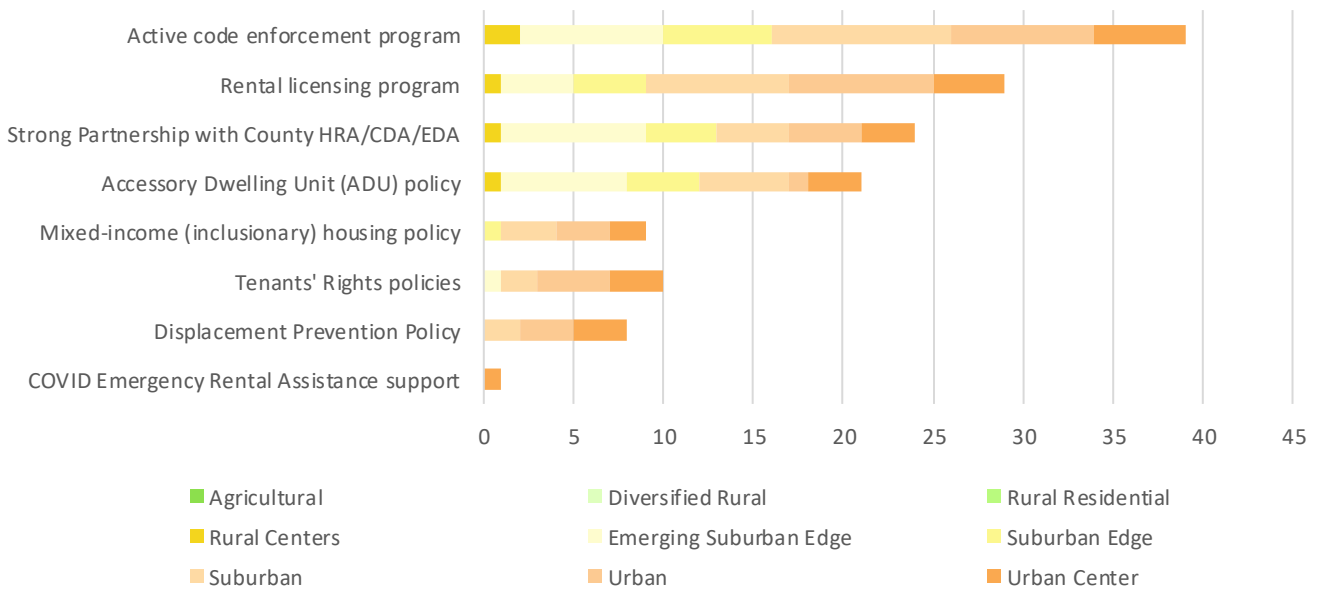
Housing Policies Adopted

The annual Housing Policy and Production Survey asks about policies that cities have adopted that relate to affordable and fair housing opportunities. From the 51 cities who completed the Housing Performance Survey, we have compiled the following information on policies and programs conducted by the cities. As these are voluntarily reported, it is likely that there are more communities with adopted policies than shown below.

Table 2: Types of Housing Policies Adopted, Frequency of Use, and Year of Adoption

Policy Type	Number of Communities that used the policy in 2020	Average Year Adopted
Active code enforcement program	39	2011
Rental licensing program	29	2011
Strong Partnership with County HRA/CDA/EDA	24	2011
Accessory Dwelling Unit (ADU) policy	21	2014
Mixed-income (inclusionary) housing policy	9	2017
Tenants' Rights policies	10	2018
Displacement Prevention Policy	8	2019
COVID Emergency Rental Assistance support	1	2020

Figure 5: Adoption of Housing Policies by Community Designation



As shown in Figure 5 above, the use of the variety of tools is more prevalent in the more urbanized areas, with some tools having a much broader application across the geography of the region than others. Active code enforcement and Rental licensing are policies that have been used for longer in the region as seen in Table 2 above, and so have a larger reach throughout the region as we see them being used in more cities, and more community designations, as seen in Figure 5. Mixed-income housing and Tenant's Rights policies are newer policies in the region but are active in suburban edge cities as well as more urban cities. Displacement Prevention policies do not make sense in all community designations, so we see these implemented in more urbanized areas.

Table 3: Cities that Reported a Locally Funded Housing Program or Service

Community Designation	City
Emerging Suburban Edge	Hastings Hugo
Suburban Edge	Blaine Chaska Maple Grove Plymouth Shakopee
Suburban	Apple Valley Brooklyn Park Champlin Coon Rapids Eden Prairie Minnetonka Oakdale Shoreview
Urban	Bloomington Brooklyn Center Edina Fridley New Brighton
Urban Center	Richfield South St. Paul St. Louis Park West St. Paul

The table above shows cities who funded a local housing program or service , this means the community itself generated funding for a program or received funding from a higher level of government and had control over its use, an example of this would be home improvement loans administered by the city. The table below shows the reported number of households served for each city for only homeownership programs, not just housing services, administered from either the city, county or state.

Table 4: Owner-occupied Households Served by a City, County or State Homeownership Program

Community Designation	City	Number of Households
Suburban Edge	Blaine	17
	Chaska	8
	Plymouth	1
Suburban	Apple Valley	5
	Brooklyn Park	106
	Champlin	25
	Coon Rapids	149
	Eden Prairie	36
	Minnetonka	11
	Oakdale	6
Urban	Brooklyn Center	2
	Edina	7
	Fridley	18
	New Brighton	24
Urban Center	Richfield	5
	South St. Paul	12
	St. Louis Park	37
	St. Paul	81

Housing Tools Used

The annual Housing Policy and Production Survey asks about strategies, monetary funds and housing tools that cities have used to support the creation of affordable and fair housing opportunities. From the 51 cities who completed the Housing Performance Survey, 21 cities reporting completing, defined as being fully built and occupiable, a new affordable housing project, for a total of 41 projects. Of those 21 cities, 15 cities reported 27 completed affordable housing projects that used at least one housing tool. As shown in Table 5 below, there were 17 different categories of tools used to support new construction in both non-mixed and mixed income projects, with more tools used for mixed income projects. We separated instances by mixed income or non-mixed income projects to compare the methods cities were using to construct different new construction projects. More tools are being reported being used on mixed income projects versus non-mixed income projects. It should be noted that some projects may have used more than one tool to support their mix of incomes or to further affordability.

Table 5: Housing tools used in new construction projects built in 2019

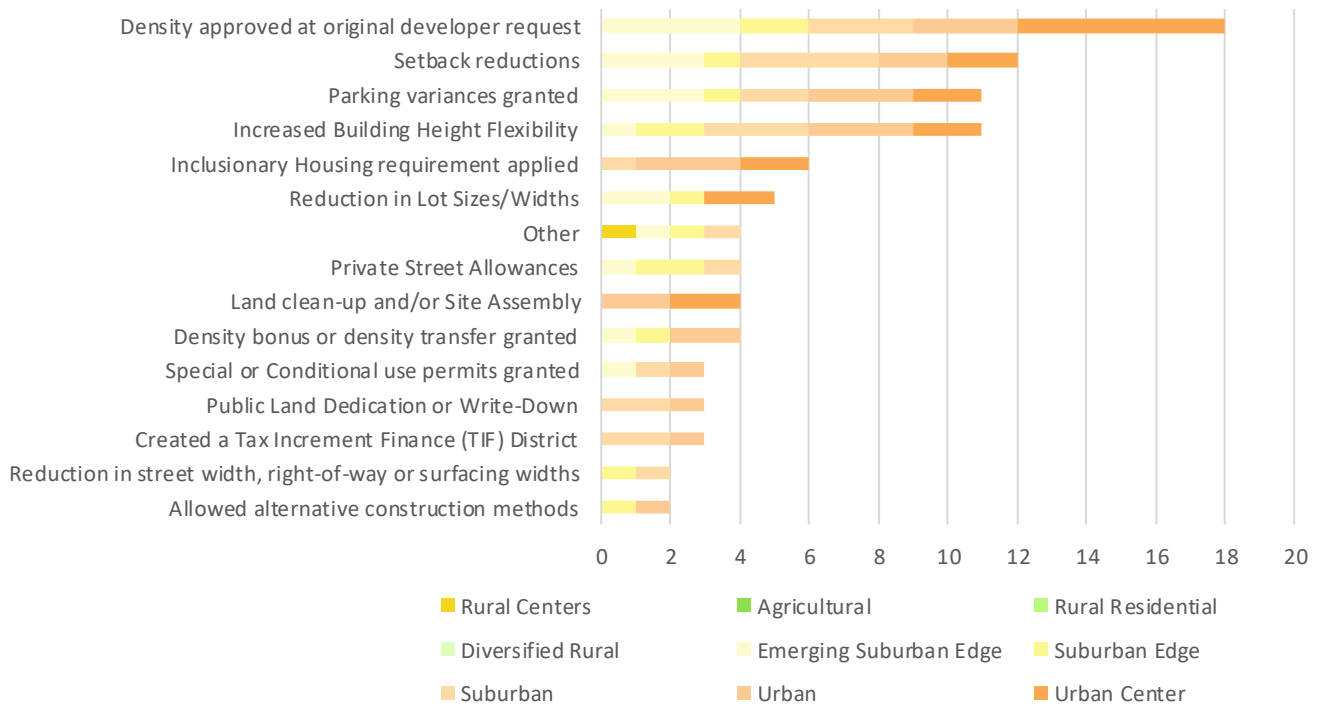
Housing Tool Description	All-Affordable Project	Mixed Income Project
Density approved at original developer request	13	8
Setback reductions	11	6
Parking variances granted	10	6
Increased Building Height Flexibility	4	7
Land clean-up and/or Site Assembly	8	1
Public Land Dedication or Write-Down	5	3
Created a Tax Increment Finance (TIF) District	4	3
Inclusionary Housing requirement applied	1	5
Reduction in Lot Sizes/Widths	5	1
Density bonus or density transfer granted	3	2
Private Street Allowances	2	3
Other	5	0
Special or Conditional use permits granted	1	3
Allowed alternative construction methods	0	2
Reduction in street width, right-of-way or surfacing widths	0	2
Floor Area Ratio (FAR) Waiver or Increase	1	0

All projects referenced in this table contain affordable housing units

**Other was a city described field in this case the following descriptions were entered as well as one left blank: Conservation easement, wastewater capacity expansion, unit maximum increase, city property sale.*

As shown in Figure 6 the most commonly used tool, density approvals at original developers' request, was reported to be used in every community designation that reported building an affordable housing project, with the exception of Rural Centers. Inclusionary Housing requirements were only reported being used in urban and suburban cities, as well as land clean up.

Figure 6: Instances of housing tools used in the construction of affordable housing built in 2019 by Community Designation





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