

2020 TWIN CITIES METROPOLITAN REGION HOUSING REPORT CARD

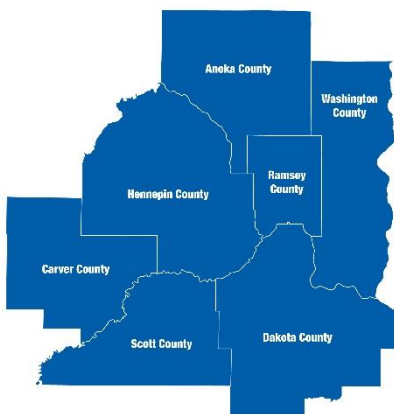


December 15, 2021

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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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 producing the Affordable Housing Production dataset.

This report card contains 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 2020

The Metropolitan Council annually produces the Affordable Housing Production dataset.² 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 2020 are shown in Figure 1 below.

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

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

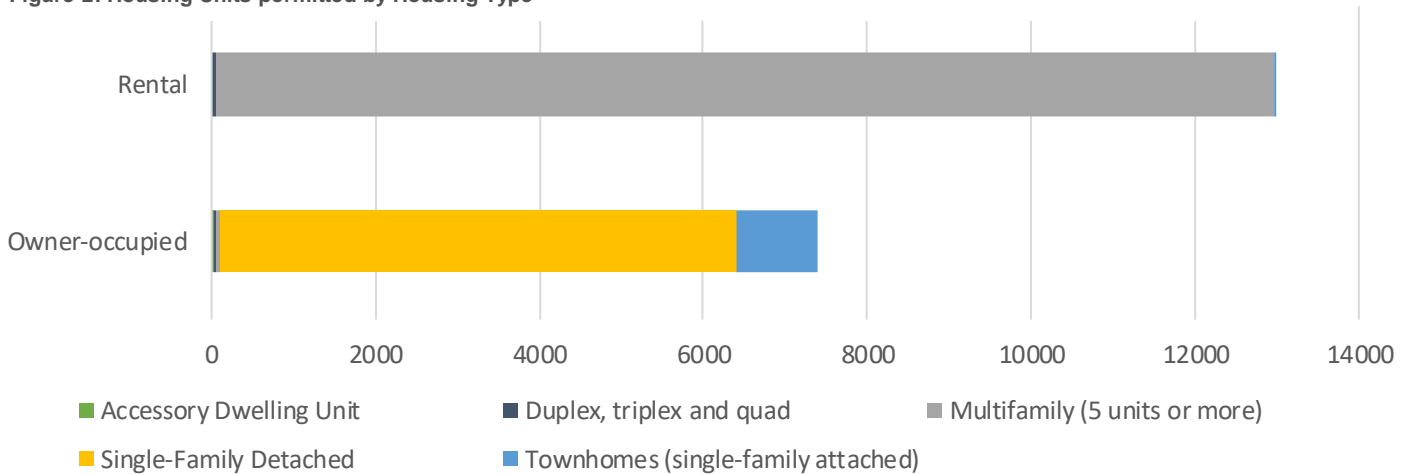


¹ Levels of area median income (AMI) are defined annually and change from year to year as calculated by the U.S. Department of Housing and Urban Development (HUD). Find more information on AMI in the metro area here: [2021 Ownership and Rent Affordability Limits - Metropolitan Council \(metrocouncil.org\)](https://www.metrocouncil.org/2021-Ownership-and-Rent-Aff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

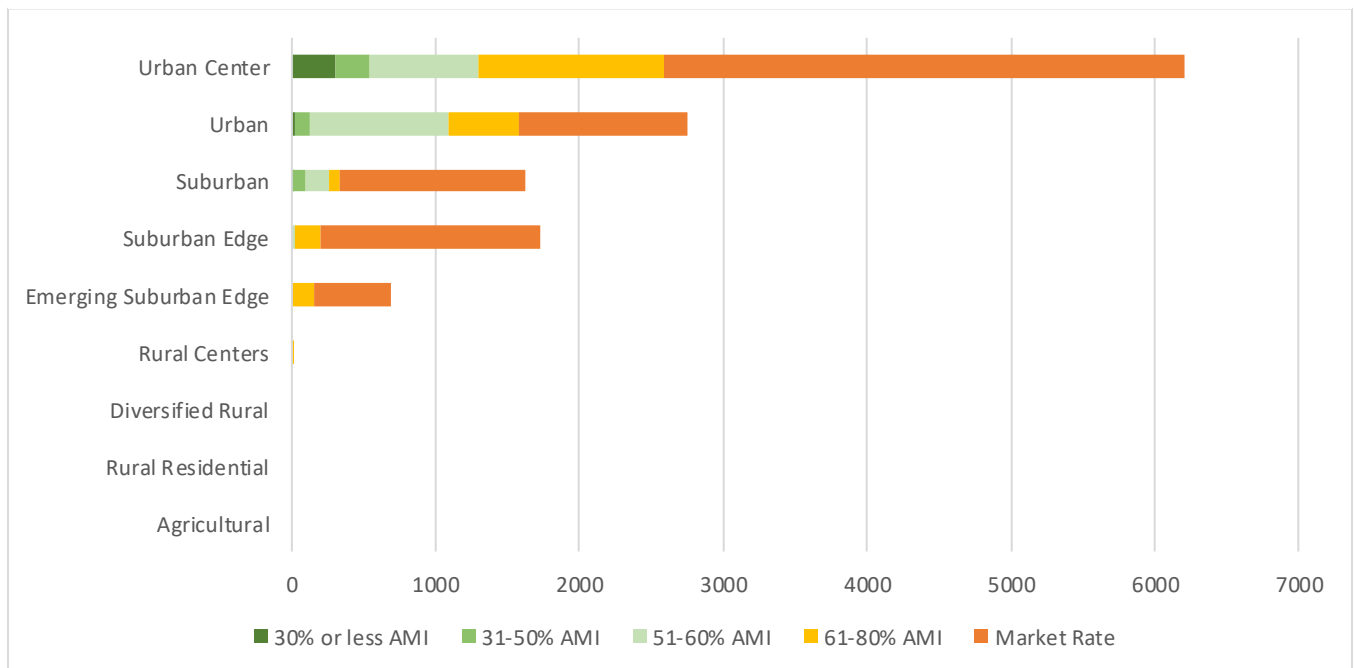
Figure 1 above breaks down housing units produced in 2020 by tenure (rental, owner, and co-op) and by AMI bands. For rental and co-op units, units over 80% AMI are considered market rate, which is why those fields are marked as N/A, as they are not collected in the Affordable Housing Production dataset. As shown in the dataset, the market rate housing price point was the most permitted type of housing in 2020. The Council defines affordable housing as rental housing at 60% AMI or less and owner-occupied housing at 80% AMI or less. With those numbers in mind, only 14% of the units produced in 2020 were affordable, with a little over 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 2020 were either multifamily 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. Figures 3 and 4 illustrate the general locations of these permitted units by *Thrive MSP 2040* Community Designation³.

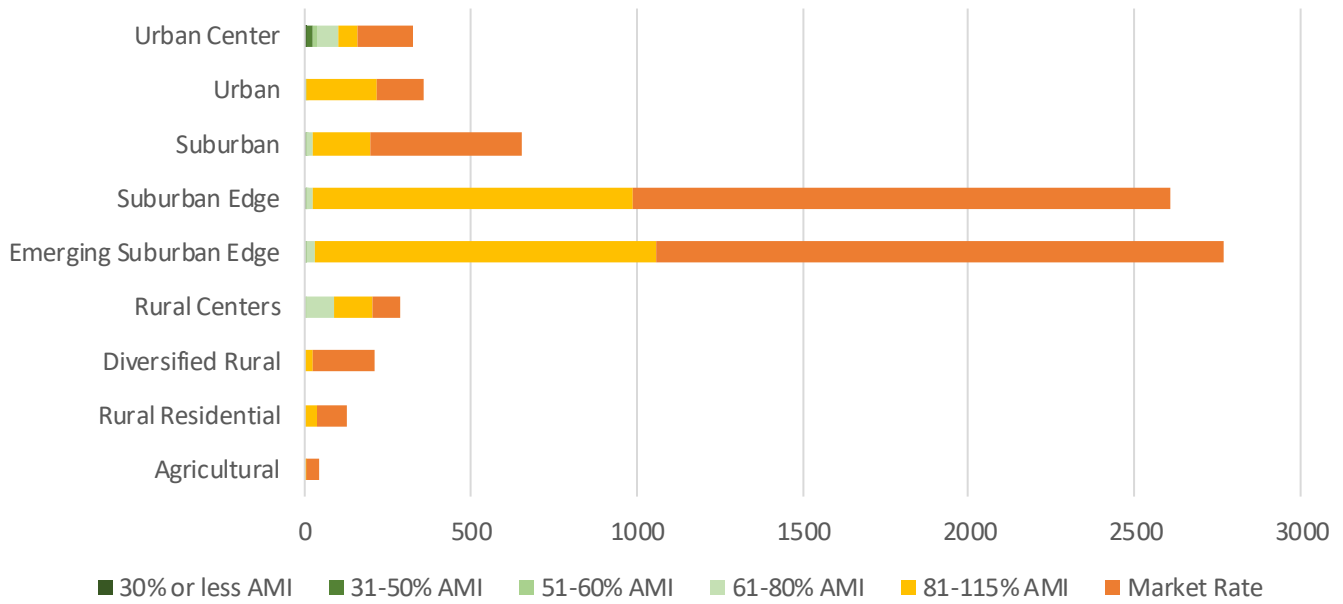
Figure 3: Rental and Co-op Units Permitted in 2020 by Community Designation



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 Designations](#)

As shown in Figure 3, the majority of the rental units permitted in 2020 are located in Urban Center communities, with almost 70% of all rental units permitted in the Twin Cities region were either in 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, over 70% of permitted units in 2020 were in the Suburban Edge and Emerging Suburban Edge community designations.

Figure 4: Owner-occupied Units Permitted in 2020 by Community Designation



About the Housing Policy and Production Survey

The Housing Policy and Production Survey is an annual survey that is sent 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 2021 survey collected information from 2020.

For the 2021 survey, 100 communities were sent the survey, and 62 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, 2020

Agricultural	Dahlgren Township		
Diversified Rural	Credit River Laketown Township		
Rural Centers	Belle Plaine Cologne Elko New Market Mayer St. Francis		
Emerging Suburban Edge	Chanhassen Forest Lake Hastings Hugo Lino Lakes Prior Lake	Ramsey Rogers Rosemount St. Paul Park Victoria Waconia	
Suburban Edge	Blaine Chaska Lakeville Maple Grove Plymouth Woodbury		
Suburban	Apple Valley Brooklyn Park Burnsville Champlin Coon Rapids Eagan	Eden Prairie Loretto Mahtomedi Mendota Heights Minnetonka Oakdale	Savage Shoreview Stillwater Wayzata White Bear Lake
Urban	Bloomington Brooklyn Center Crystal Edina Fridley Golden Valley	Lauderdale Maplewood New Brighton New Hope North St. Paul Roseville	
Urban Center	Hopkins		West St. Paul
	Minneapolis		
	Richfield		
	South St. Paul		
	St. Louis Park		
	St. Paul		

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 62 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	57	2011
Strong Partnership with County HRA/CDA/EDA	39	2011
Rental licensing program	44	2012
Accessory Dwelling Unit (ADU) policy	26	2013
Equity in Development and Hiring Policy	3	2016
Housing Improvement Area Policy	2	2016
Mixed-income (inclusionary) housing policy	11	2017
Tenants' Rights policies	11	2018
Displacement Prevention Policy	12	2019
COVID Emergency Rental Assistance support	3	2020
Other	3	2020

As shown in Figure 5 below, the use of the variety of tools is more prevalent in more urbanized areas, with some tools have much broader application across the geography of the region than others. Partnerships with counties were prevalent across almost all community designations, indicating that county programs were useful and used by the cities which completed the survey.

Figure 5: Adoption of Housing Policies by Community Designation

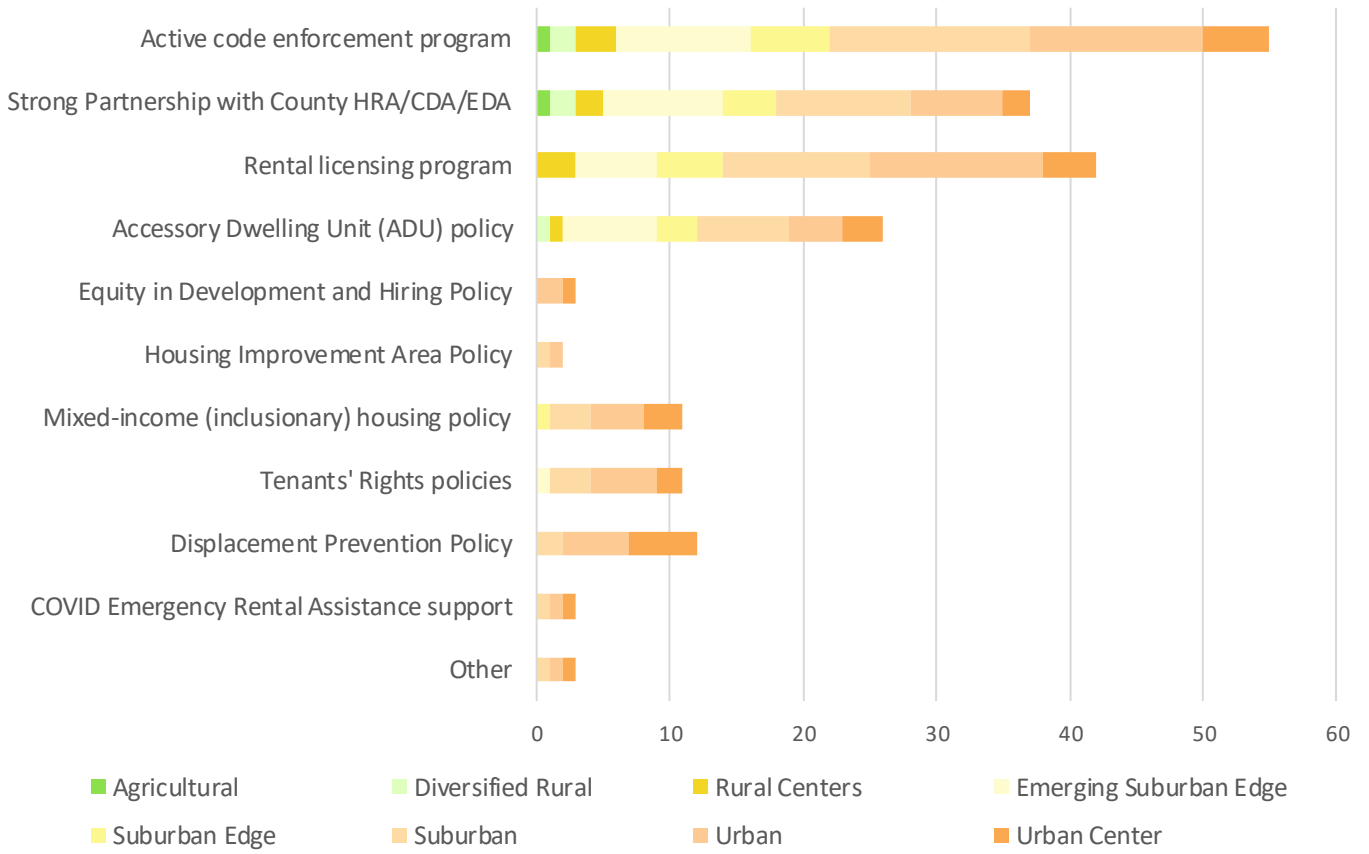


Table 3. Cities that Reported a Locally Funded Housing Program or Service

Community Designation	City
Emerging Suburban Edge	Hastings
Rural Centers	Belle Plaine
Suburban Edge	Blaine Maple Grove Plymouth Woodbury
Suburban	Apple Valley Brooklyn Park Burnsville Champlin Coon Rapids Eden Prairie Minnetonka Oakdale Shoreview White Bear Lake
Urban	Bloomington Brooklyn Center Crystal Edina Fridley Golden Valley New Brighton New Hope Roseville
Urban Center	Hopkins Minneapolis Richfield South St. Paul St. Louis Park St. Paul

Table 3 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. Table 4 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. Households served by City Housing Programs or Services

Community Designation	City	Number of Households
Suburban Edge	Blaine	8
	Maple Grove	1
	Plymouth	3
	Woodbury	6
Suburban	Apple Valley	5
	Brooklyn Park	200
	Champlin	25
	Coon Rapids	127
	Eden Prairie	22
	Minnetonka	123
	Oakdale	4
Urban	Bloomington	72
	Brooklyn Center	2
	Crystal	92
	Edina	12
	Fridley	14
	New Brighton	24
	New Hope	5
	Roseville	1
Urban Center	Minneapolis	1975
	Richfield	19
	South St. Paul	12
	St. Louis Park	11
	St. Paul	52

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 62 cities who completed the Housing Performance Survey, 28 cities reporting completing a new housing project, and 18 cities reported using at least one housing tool to support an affordable housing project. As shown in Table 5, cities reported using 17 different tools in all to support new construction 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.

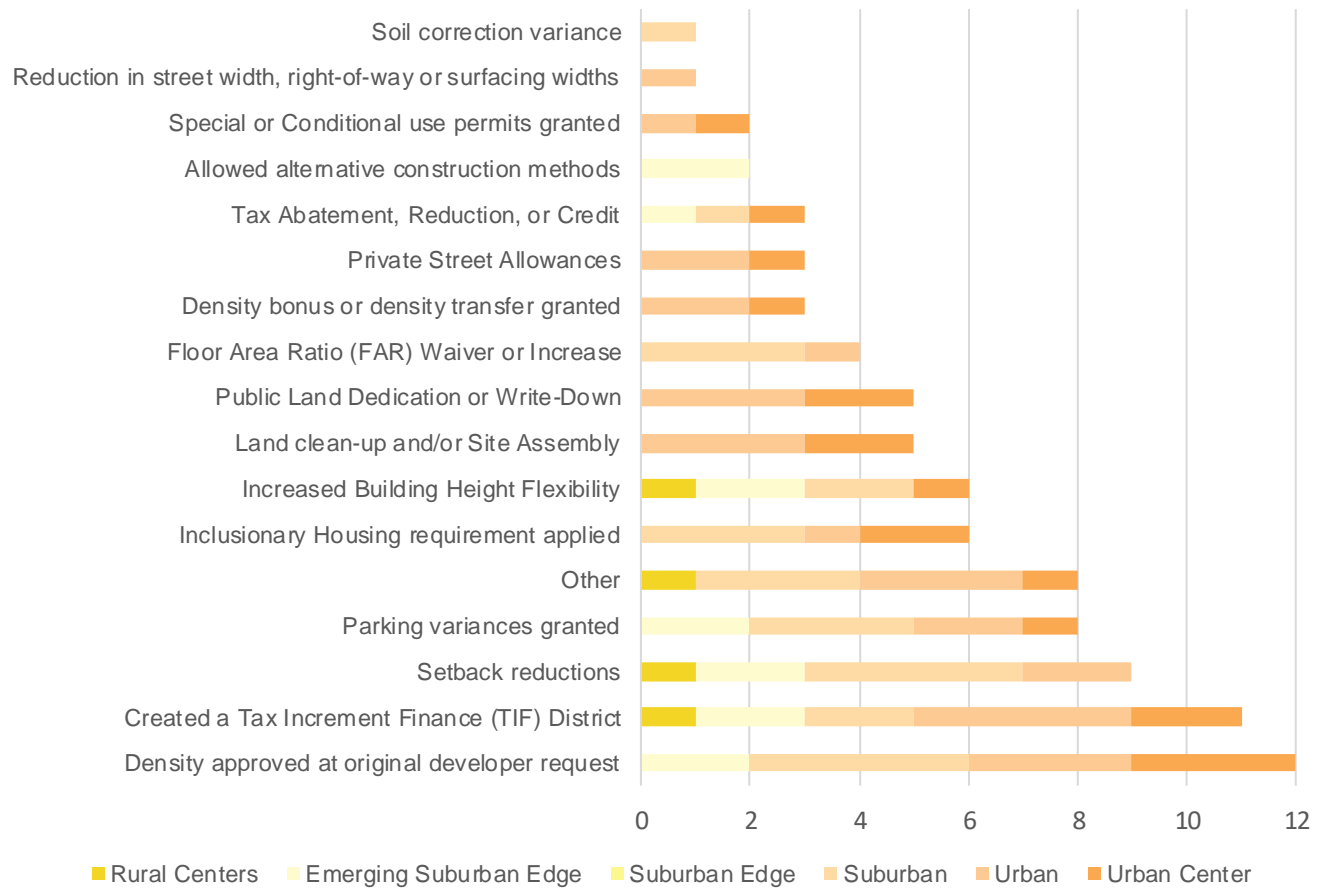
Table 5: Housing tools used in new construction projects built in 2020

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

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: Upzoning, Mixed-use zoning, Tax Forfeited property redevelopment grant, reduced square footage required per unit, solar panels, land dedication for a park, developer financing for 3 affordable units*

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. Tax Increment Finance (TIF) Districts being used as a tool were only reported by suburban and urban community designations for 2019 data, in 2020 data every community designation has a city or township reporting an instance of using TIF as a tool

Figure 6: Instances of housing tools used in the construction of affordable housing permitted in 2020 by Community Designation





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