



Request for City Council Committee Action from the Department of Community Planning & Economic Development

Date: August 28, 2014

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory Services and Members of the Committee

Subject: The Metropolitan Council's Housing Policy Plan is one of four policy plans that are developed by the Metropolitan Council to implement Thrive MSP 2040, the region's shared vision for growth, and guide its actions within the region for the next 30 years.

Recommendation: CPED staff recommends that the City Council direct staff to submit the attached comments on the Housing Policy Plan to the Metropolitan Council by the end of the 45-day comment period (September 26, 2014).

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Background/Supporting Information

Thrive MSP 2040 and Policy Plans

Thrive MSP 2040, the region's vision for the next 30 years, was adopted by the Metropolitan Council on May 28, 2014. After the review of the document with the various departments within the City enterprise and review and discussion at the Intergovernmental Relations Committee of the City Council, the City of Minneapolis submitted comments on Thrive on April 28, 2014.

The April 28, 2014 City comments are enclosed as attachment 4.

The adopted Thrive MSP 2040 is linked [here](#).

Every ten years the Metropolitan Council is required by state law to prepare a comprehensive development guide for the seven-county metropolitan area. Local municipalities within the 7-County Metropolitan Area must consequently develop comprehensive plans that are consistent with this regional development guide. *Thrive MSP 2040* provides a shared vision for the future of our region over the next 30 years, setting directions and guidelines for the region's growth and development. Local communities such as Minneapolis are served by regional systems planned by the Council, including housing, transportation, wastewater collection and treatment, and recreational opportunities offered by regional parks.

Thrive MSP 2040 sets a vision that is applied by four policy plans: the Transportation Policy Plan, Water Resources Policy Plan, Regional Parks Policy Plan, and Housing Policy Plan. Each policy plan provides a greater level of detail than is present in the overall *Thrive MSP 2040* document. Each of these plans are currently being developed and will come forward for public review and subsequent Metropolitan Council adoption throughout 2014 and early 2015. A tentative schedule of the review timeline for the other three plans is outlined below.

Housing Policy Plan

45- Day Public review and Comment period on the draft Housing Policy Plan document: August 11, 2014 – September 26, 2014
Expected Adoption by the Met Council: November 12, 2014

Transportation Policy Plan

45- Day Public review and Comment period on the draft Housing Policy Plan document: August 14, 2014 – October 1, 2014
Expected Adoption by the Met Council: December 2014

Regional Parks Policy Plan

Public review and comment on the draft Regional Parks Policy Plan document scheduled for August-September 2014
Expected Adoption by the Met Council: January 2015

Water Resources Management Policy Plan

Public review and comment on the draft Water Resources Management Policy Plan document scheduled for October-November 2014
Expected Adoption by the Met Council: Early 2015

The adoption of *Thrive MSP 2040* and the four policy plans listed above set the stage for local municipalities to begin their comprehensive planning process. Minneapolis' comprehensive plan will need to operate within the framework created by these plans. While CPED is already preparing for this pending update, the local comprehensive planning process begins in earnest in the fall of 2015 when the Metropolitan Council provides communities with system statements – specific benchmarks for planning that are based on the above referenced policy plans.

Overview of the Housing Policy Plan

The Metropolitan Council has prepared its first Housing Policy Plan in 30 years. Housing has always been a component of the Metropolitan Council's work through its various roles including preparing system statements, defining the share of the region's need for low and moderate income housing, guiding programs under the Livable Communities Act, and administration of the Section 8 Housing Choice Voucher program.

The draft Housing Policy Plan is linked [here](#)

The Housing Policy Plan (HPP) outlines one overall policy priority and then introduces goals and roles to implement this policy. The overall policy identified in the Housing Policy Plan is "Create Housing Options that give people in all life stages and of all economic means viable choice for safe, stable, and affordable homes."

The document follows a similar structure to the *Thrive MSP 2040* document. It includes an introduction that summarizes demographic trends and discusses housing challenges facing the region today and as well as those that are anticipated in the future.

Part II of the Housing Policy Plan provides policy guidance needed to meet the Plan's overall goal by analyzing elements through five outcomes that frame the policy needs:

- Stewardship (page 17)

- Prosperity (page 25)
- Equity (page 28)
- Livability (page 34)
- Sustainability (page 38)

The Housing Policy Plan then develops three principles to guide how the Metropolitan Council will advance the outcomes. These principles are:

- Integration (page 42)
- Collaboration (page 45)
- Accountability (page 47)

Part III of the Housing Policy Plan discusses policies and roles to expand viable housing options through three measures:

- Need- Allocation of Affordable Housing Need (page 50)
- Goals- Goals for Affordable and Lifecycle Housing (page 52)
- Scores- Housing Performance Scores (page 53)

The Housing Policy Plan then discusses the role of the Metropolitan Council as funder of housing, first through the Livable Communities Act and then by leveraging other funding streams (page 55).

Following this the Plan discusses the other roles related to housing which include:

- Review of Local Comprehensive Plans (page 58)
- Expanded Technical Assistance to Local Governments around Housing (page 59)
- Convening and partnering to elevate regional housing dialogue (page 60)

Part IV of the Housing Policy Plan identifies Opportunities for Impact. These are elements that require richer dialogues than what the Metropolitan Council could provide in the Housing Policy Plan. They are identified as "Items on the [Metropolitan] Council's future housing policy work plan." The section describes areas where the Metropolitan Council intends to conduct more analysis, convene and participate in regional discussions in the coming years. These items include:

- Reduction of barriers to development of mixed-income housing (page 62)
- Exploration of inclusionary housing strategies (page 65)
- Assessments of feasibility for strategies to share risk (page 67)
- Reduce or eliminate impediments to fair housing (page 67)
- Building wealth and expanding investments in Areas of Concentrated Poverty (page 70)

The Plan ends with Part V which outlines the concept of resiliency (page 73), discusses what happens if federal funding and other programs change and less funding is available; and measures success (page 74), though a set of indicators used to evaluate impacts of the Metropolitan Council and its partners.

Major comments on the Housing Policy Plan

The following statements are the key elements that CPED has identified in the Metropolitan Council's draft Housing Policy Plan. (Further details on each of these elements can be found in the draft cover letter and draft staff comments that CPED is proposing to submit to the Metropolitan Council as official comments on the Housing Policy Plan.)

- Overall, CPED is supportive of the Housing Policy Plan and the roles outlines for the Metropolitan Council and local partners to "Create Housing Options that give people in all life stages and of all economic means viable choice for safe, stable and affordable homes."

- CPED is supportive of the Metropolitan Council leveraging its existing resources, tools, programs and funds to help meet the overall housing goals of the plan. We believe this is critically important to the future health and development of the region. CPED is also supportive of finding additional funding tools, such as the Inclusionary Housing Fund. However, given the outlook for the supply and demand for affordable housing provided in the Plan, the City of Minneapolis feels that the Housing Policy Plan should be more emphatic in laying out the current and future housing needs and the lack of resources to preserve and develop housing; as well as identify more active collaboration for all partners in retaining and growing programs and funding sources for affordable housing.
- CPED supports the Metropolitan Council's data driven approach outlined in the plan and we endorse the approach to the refinements to, and broader application of, the Housing Performance Score and refinements to the methodology used for the Allocation of Affordable Housing. We note that the final formulas and methods are not included in the draft plan and we request that the Metropolitan Council involve the City of Minneapolis in the refinement of these methods and measures prior to their completion and implementation.
- CPED is supportive of the Metropolitan Council's commitment to use its resources, in particular transit investments, to increase equity and amenities in areas of concentrated poverty resulting in more income-diverse neighborhoods. However, we are concerned that Plan does not identify the Metropolitan Council's role in regional parks as an additional way to address equity and further increase amenity in areas of concentrated poverty to further catalyze more income-diverse neighborhoods. CPED feels this should be added to the Housing Policy Plan as well as the upcoming Regional Parks Policy Plan.
- The Housing Policy Plan contemplates additional funding streams for affordable housing, and mentions exploring a scenario with SAC credits. The Metropolitan Council is correct to note that SAC can be a highly sensitive topic. The City of Minneapolis has consistently advocated for improvement to SAC including less complexity and lower rates. We have also advocated for a fee structure where there is a more direct correlation between the charge and a service or benefit rendered. Currently, all SAC rate-payers pay the same amount even though some sewer access projects require tremendous investment or new infrastructure, while others may not require any change whatsoever. Any increase in the volume of wastewater is already accounted for through the Metropolitan Wastewater Charge (MWC).

We support the goal of finding additional funding sources for affordable housing development and preservation. However, it is currently unclear if an Affordable Housing SAC Credit is the most effective tool to achieve the desired outcomes. The current proposal lacks detail, but we would be open to discussing the issue further, particularly in the broader context of the SAC fee structure. As a cost-for-service program, we believe SAC rates should be determined based on the costs of providing wastewater services. A credit program with a neutral impact on rates may be distinguishable. We would be sensitive to proposals which could lead to an increased burden for SAC rate-payers, or that could affect the MWC rates as the result of MWC transfers to SAC to cover deficient balances.

- CPED is supportive of the concept to preserve and retain naturally occurring affordable housing that is discussed in the Housing Policy Plan. However, we have concerns about its implementation when it intersects with policy regarding Areas of Concentrated Poverty and Transit Oriented Development. Additionally, we are concerned that the Plan does not adequately address the reason a property is considered naturally occurring affordable housing including the quality and condition of the property. We feel a more nuanced understanding of why a property is considered naturally occurring affordable housing will help in crafting strategies to retain and preserve these units as well as

provide more provide inform interpretation of potentially conflicting policies. We revision to the Plan regarding these elements prior to its adoption.

- CPED is supportive of the Metropolitan Council moving forward with working on the five items outlined in Part IV Opportunities for Impact of the Housing Policy Plan. The City recognizes these areas need some additional direction that will be developed as these items mature on the Metropolitan Council's work plan, but we have concerns about how some of the issues are framed and approached. In the detailed comments, we offer specific comments and revisions for the following:
 - Reduction of barriers to development of mixed-income housing
 - Exploration of inclusionary housing strategies
 - Building wealth and expanding investments in Areas of Concentrated Poverty.
- CPED commends the Metropolitan Council for elevating the issue of Fair Housing, and exploring the role that it can play to end discrimination in housing. The structural disparity and equity issues that the Fair Housing Act strives to address have significantly impacted Minneapolis and its residents. We support the Metropolitan Council in developing its own Fair Housing policy and facilitating a dialogue about this important issue. CPED looks forward to actively participating in these conversations and we thank the Metropolitan Council for its leadership. We support the need for determining effective strategies, roles and responsibilities as well as the identification and allocation of resources needed to support monitoring and enforcement of the Fair Housing Act. We would like further discussion with the Metropolitan Council about the role that Fair Housing efforts play in future project funding determinations.

Recommendation

CPED staff recommends that the City Council **direct** staff to submit the attached comments on the Housing Policy Plan to the Metropolitan Council by the end of the 45-day Review and Comment Period, September 26, 2014.

Attachments

1. [Housing Policy Plan](#) (linked only, no hard copy)
2. Draft cover letter to Metropolitan Council
3. Draft detailed comments to the Metropolitan Council
4. City of Minneapolis Comments on *Thrive MSP 2040*- dated April 28, 2014