

Housing Policy Plan: Detailed Comments from the City of Minneapolis

- Page 3: Top 3 lines: “Only one in five net new households will be households with children, while nearly two in 10 households will be individuals living alone.” $1/5$ equals $2/10$ - Can this be stated differently; it is confusing.
- Page 3-11: The Housing Policy Plan lays out a dire situation regarding affordable housing:
 - The region will add 110,000 households with incomes less than 60% of AMI by 2040
 - Households in poverty in 2040 will be even more amplified if current racial disparities continue. These disparities are primarily concentrated in Central Core cities.
 - Affordable housing funding has been waning
 - Between 2010-2012, the region only added 2,272 new affordable units- only 5 percent of goal for 2020 goal. To meet the 2020 target needed to average 10,000 units during that time period.
 - The Plan encourages affordable housing in higher income areas. This strategy will have a larger demand on funds as land and development costs may be higher in these areas.

The City of Minneapolis is supportive of the Metropolitan Council’s effort to better leverage existing programs to increase affordable housing, it is also supportive of efforts to reinstate the Inclusionary Housing Fund. However, given the outlook 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.

The City of Minneapolis believes that there is also a need to increase funding support Transit Oriented Development. With a growing number of transit lines and transit stations the demand for TOD related funds will only increase.

- Page 18: The “Manage, maintain, and preserve the region’s existing housing stock and choices” does not adequately reference or address the chart on page 5 “Units with serious maintenance problems” or its corresponding text in the “Growing need to preserve our existing housing stock.” The Plan identifies that over 260,000 single-family units and nearly 48,000 multifamily units have serious maintenance problems. However, multifamily units are the focus of the Plan’s discussion on page 18. The City of Minneapolis believes that single-family housing should be further addressed in this section and that additional discussion and collaboration is needed a regional or sub-regional level on this topic to discuss programmatic and funding strategies for repair and renovation of these homes.
- Page 19: “Address how ‘naturally occurring’ or unsubsidized affordable housing meets the region’s housing needs.” As noted, the City of Minneapolis is supportive of this goal, but has concerns about its implementation when it intersects with policy on Areas of Concentrated Poverty and Transit Oriented Development. Additionally we are concerned that the Plan does not address why a property is naturally occurring affordable housing or the quality and condition of the housing. We feel the Plan needs revision regarding these elements prior to the Plan’s adoption.

Only looking at the affordability of housing in creating policy around naturally occurring affordable housing does not adequately factor in the reasons why a property is considered naturally affordable. Is it because the housing is functionally obsolete, is it because the property is not well maintained, is it because it is in areas of concentrated poverty, where the market is depressed and rents and prices are inherently lower? We feel the reason why a property fits this classification is important and illustrates how a more nuanced understanding of the conditions is needed before adopting policy or including criteria in the weighting of scores for projects seeking assistance.

The City of Minneapolis is concerned that the Plan does not adequately address the intersections of preserving naturally occurring affordable housing and areas of concentrated property. The Plan could be interpreted as encouraging the preservation of large swaths of affordable housing in areas that are seeking more market rate housing. It is important to address this geographic and policy intersection in the Plan to provide better guidance.

Additional clarity is needed on how naturally occurring affordable housing coincides with policies to encourage and maximize housing densities along transit lines and at transit stations. On page 57, the Plan states that the Metropolitan Council will “Track and protect naturally occurring affordable housing near transit investments.” We are concerned about conflicts that will occur in implementation of this Plan without more explicit guidance regarding the intersection of policies to retain all naturally occurring affordable housing and encouraging housing needed to support and maximize transit investments through additional housing and job densities. Lower density naturally occurring affordable housing near transit stations might likely be strong redevelopment candidates for higher intensity uses. Higher intensity uses, that both Thrive MSP 2040 and the Housing Policy Plan call for as ways to accommodate future growth and maximizing public investments in transit infrastructure. The current language in the Plan is at odds with this.

- Page 20: Under the first two bullets of Local Role, the word “maintain” is used in two different ways, which is a bit confusing.
- Page 20: Under third bullet of Local Role. This is an odd element to implement from a local jurisdictional perspective. It requires knowledge of the rent structures of each property or rather large assumptions. While this may be collected at some level for larger properties in does not capture the smaller units very well (The City of Minneapolis has many). We suggest addressing this intent of this statement differently.
- Page 23: Focus Housing around emerging transit investments. The City is supportive of this effort and additional efforts that better leverage regional investments.
- Page 26: The City of Minneapolis supports “expanding viable housing options by investing in and encouraging new affordable housing in higher-income areas of the region, particularly areas that are well-connected to jobs, opportunity, and transit.”
- Page 27: Encourage redevelopment and infill development to meet region’s housing needs. The City is encouraged by the first bullet “Work with Cities and other regional partners to explore

the need for new and additional tools to support and finance redevelopment.” We look forward to future collaborations on this effort.

- Page 28: The City supports the inclusion of the concept of ‘stable’ housing in the Plan. The need for affordable housing is well known. Stability in housing contributes to health by providing a reliable base from which to be physically active, to prepare meals, to attend to children’s developmental needs and attend to health care needs.
- Page 30/31: The City is supportive of “Using housing investments to build a more equitable region.” We feel the Plan provides good direction in aligning resources and programs to address equity concerns. We support the stated efforts to utilize infrastructure investments to increase the amenity level of areas and catalyze private investment. We encourage revision to the Plan to add investments to regional parks in the document on the second bullet on page 31 where the Plan states “Encourage private market interest in these targeted areas through transit investments, education and marketing support to local communities.” We feel using investments in infrastructure such transit, and parks and other place-making initiatives could have wide and long lasting benefits. In addition to catalyzing private investment, parks are also associated with better physical and mental health for residents living in close proximity to them, which provides an additional benefit to people living in Areas of Concentrated Poverty – people who are more likely to experience poor health.
- Page 34/35: Under “Provide housing choices for a range of demographic characteristics” the Plan outlines a series of questions about gaps in the local housing stock and then discusses demographic trends and potential changes in preference. These same questions were posed in Thrive MSP 2040. In both Thrive MSP 2040 and the Housing Policy Plan the questions are posed with no direction provided to help frame the question. Likewise, no real answers are put forth or hypothesized. Under the Council role the Plan states “Provide data and analysis to support local housing analysis”, which is consistent with the Plan’s data driven approach.

The City of Minneapolis recommends that more intentional guidance is offered in the Plan about helping the region understand its existing housing stock and what is currently being developed, so that informed conversations about housing choices at the local and regional level can occur.. The Metropolitan Council has a role to play in helping the region understand the variety of housing types that currently exist and where and what kind of housing units are currently being developed. One potential example would be to publish regular interactive or static report that maps locations of development projects and aggregates attributes such as unit type, number of bedrooms, and affordability. This could be one of many effective tools. At a minimum, just publishing the data in a spatial file format would be very helpful.

- Page 36: The Council role under housing for seniors is lacking. The City of Minneapolis supports the inclusion of flexible design in projects funded through the Livable Communities Act. However, we believe there are additional roles for collaboration and discussion around prioritizing funding for senior housing and the barriers to developing senior housing in Central Core cities, such as Minneapolis. Aside from funding availability. There are barriers to developing some types of housing targeted for seniors in Central Core cities due to existing operational models that require larger complexes and tracts of land. In the role of a convener,

the Metropolitan Council could lead conversations about the barriers and opportunities to providing housing types for this segment of the population in a medium scale urban setting.

- Page 36: Under Local role: “Locate new senior housing in places with access to services and amenities that seniors want and need.” This assumes that a local government has control of location decisions of private development or that we have specific influence over what this population considers its most immediate needs to be. It is suggested that this be changed to “encourage” instead of “locate”.
- Page 36/37: The City of Minneapolis is supportive of the Metropolitan Councils goal to align its investments around TOD and walkable places and look forward to future collaborations.
- Page 40: The City of Minneapolis is supportive of the of sustainability goals identified in the Plan, but feels that not enough attention has been provided to energy efficiency in existing buildings and the impact on areas of concentrated poverty and affordable housing in general. Energy efficient buildings can reduce operational costs which impact the overall and long term affordability of the housing.
- Page 42: The City is supportive of the integration goals identified in the Plan in this section. Aligning tools, programs, and measures is welcomed. We are encouraged by and support the goal to “Improve alignment between housing policy and education decision-makers.”
- Page 47-51: The City supports the data-driven approach identified in the Plan. The City supports the concept of three adjustment factors for the allocation of affordable housing (need), but has not had the opportunity to evaluate how they may impact the allocation for central cities. The City would like to participate in a dialogue with the Metropolitan Council on refinements to these adjustments before they are finalized for the 2015 system statements.
- Page 53: The City supports the broad categories for the revised Housing Performance Scores and their broader application to other programs such as the Regional Solicitation of for Transportation Funding administered by the Metropolitan Council. The formula for the Score is not included in the Plan and we request to be provided opportunity to work with the Metropolitan Council on the refinement and trial of the formula prior to its adoption and implementation.
- Page 56: Sewer Availability Charges: 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.

- Page 62-64: The City is supportive of the Metropolitan Council's interest in reducing barriers to development of mixed-income housing. The City feels the barriers and strategies outlined on pages 63 and 64 are insufficient. We recognize that different communities have different barriers and various strategies are needed, but three of the four strategies are directed toward building and site design that follows a "separate but equal philosophy" of identifying building typologies of dividing mixed-income projects into separate buildings. We feel these strategies lead to more stigmatization of affordable housing and only reinforce the institutional questions raised in this section. We encourage the removal of the strategies that physically divide mixed-income projects so that affordable and market rate units are separated. We don't feel these three strategies adequately further the conversation about reducing affordable housing barriers. The HPP does not adequately discuss an important additional barrier - the process, timeliness, institutional and structural barriers of affordable housing finance. Streamlining these funding processes and schedules so that they can be more compatible with timelines of privately financed projects will help reduce barriers and increase confidence for developers to deliver mixed income projects. Minneapolis looks forward to participating in conversations about reducing the financial and institutional barriers to mixed-income housing.
- Page 65/66: The City of Minneapolis supports inclusionary housing strategies to produce affordable housing. As a community that provides regulatory incentives for affordable housing projects, we understand the usefulness of these tools. As such, we think it is incredibly important to not only look at regulatory strategies as outlined in the Plan, but also to look at the structural and procedural challenges to financing mixed income projects. The Plan does not address either of these in this section nor does it adequately address these topics anywhere throughout the document.
- Page 67: Reduce or Eliminate impediments to fair housing: The City of Minneapolis 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. The City looks forward to actively participating in these conversations and we thank the 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.