

Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: August 24, 2010

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Metropolitan Council Livable Communities Act Housing Goals

Recommendation: Adoption of the goal range of 4,200 affordable housing units to 9,300 lifecycle housing units for the period of 2011 to 2020 and approval of attached resolution establishing these goals and confirming the continuation of the City of Minneapolis's participation in the Livable Communities Act.

Previous Directives: In 1996, the City Council stated the goal would be 5,255 units of affordable ownership units to be produced between 1996 and 2010. This goal was achieved.

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673-5194

Approved by: Charles T. Lutz, Deputy Director, CPED

Presenters in Committee: Wesley J. Butler

No Financial Impact

City Goals

A Safe Place to Call Home; Livable Communities Healthy Lives; Many People, One Minneapolis; and Eco-Focused

Comprehensive Plan: Policy 1.13. Support high density development near transit stations in ways that encourage transit use and contribute to interesting and vibrant places; Policy 3.2. Support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities; Policy 3.3: Increase housing that is affordable to low and moderate income households. 3.3.9 Partner with other municipalities, along with county, metropolitan, state and federal agencies and policymakers, to develop a regional strategy for increasing the supply of affordable housing, supported by a more predictable, long-term revenue stream. Policy 3.6: Foster complete communities by preserving and increasing high-quality housing opportunities suitable for all ages and household types.

Zoning Code: Will comply

Supporting Information

The Metropolitan Livable Communities Act (LCA) established the Metropolitan Livable Communities Fund, which is administered by the Metropolitan Council in order to address housing and other development needs throughout the metropolitan area. Examples of Livable Communities funds received by the City of Minneapolis include Livable Communities Demonstration Account (LCDA), Tax Base Revitalization Account (TBRA), and Local Housing Incentives Account (LHIA) funds. Cities must soon take action to continue their participation in the LCA program. Cities must take two formal actions to remain eligible for LCA awards.

First, eligibility for LCA is dependent upon the participating city adopting a set of goals for affordable and lifecycle housing in the city. These goals were last negotiated in 1995 for the 15 year period 1996 - 2010. Cities electing to continue their participation in the LCA must establish new goals for affordable and lifecycle housing and adopt a City Council resolution containing the new goals. A copy of the resolution must be submitted to the Metropolitan Council by September 1, 2010.

The goals negotiation process began during the 2030 comprehensive plan update, with each city acknowledging its fair share of the region's affordable housing need. The process continued last month, when Metropolitan Council staff sent letters to most city managers, administrators or clerks detailing the Council's proposed affordable and lifecycle housing goals for each City.

To acknowledge limited levels of available funding, the affordable housing goals were presented as a range where the low end of the range represents the number of housing units that can be accomplished at currently available funding levels region-wide and the high end of the range is the city's share of the regional affordable housing need. For lifecycle housing, the low end of the range represents the community's total share of the region's affordable housing need. The high end of the lifecycle housing range is the potential number of units permitted by the land use guidelines in the city's 2030 Comp Plan for medium, high, mixed-use, redevelopment, TOD or similarly named residential development, or the total forecasted household growth for the community to 2020, whichever number is lower.

Second, by December 1, 2010, the City must develop and submit to the Council a Housing Action Plan (HAP) outlining the steps the city will take to help meet its LCA goals. The Metropolitan Council expects that most, if not all, of the HAP steps have been identified in the city's recent comprehensive plan update.

Establishment of goals

The city previously established the goal of 5,255 units of affordable ownership housing to be produced during the 1996-2010 period. According to the Metropolitan Council, the City of Minneapolis produced 4,782 units, or 91% of the goal. Of these units, 2,125 were owner occupied.

In the recently approved City of Minneapolis Comprehensive Plan Update, the city acknowledged that the city's portion of metro wide affordable housing need is 4,224 over the next ten years. This goal assumes many of the units required to meet this goal will utilize to varied degrees programs and funding sources that the City of Minneapolis has identified for the purpose of producing affordable housing. These programs include, but are not limited to: the Affordable Housing Trust Fund, Low Income Housing Tax Credits, Housing Revenue Bonds, Tax Increment Financing, and the Higher Density Corridor Housing program. It is also realized that in order to meet this goal, some of the units will be produced without assistance from the City of Minneapolis, but with the assistance with our other funding partners, and may even occur without any public assistance at all.

Given these various funding sources and the history of units that have been created through the city's financial assistance, staff is recommending that the City Council establish the goal of 4,200 units of affordable housing to be produced in the period of 2011 to 2020 and that at least 9,300 units of lifecycle housing be produced over the same period.

Impact of the housing goals

The establishment of these goals and the resolution of participation are required for qualifying for participation in the Metropolitan Council's funding assistance programs. Over the last period, 1996-2010, the City of Minneapolis received over \$53,000,000 from these grant programs. These funds have been critical to many of the successful projects the City of Minneapolis has completed. Continued involvement in the Livable Communities program is critical to city plans for development. If the city does not participate in the Livable Communities program, our funding requests will not be accepted.

There are no penalties if the city fails to achieve the goal that it has established.

Attachments:

Letter from the Metropolitan Council

Resolution establishing the goal range of 4,200 affordable units to 9,300 life-cycle housing units for calendar year 2011 through 2020, and electing the City of Minneapolis' continued participation in the Livable Communities program.

List of funded and un-funded Livable Communities grants from 1996 - 2009