

HOUSING ISSUE PAPER

INTRODUCTION

Metro Cities represents the shared interests of cities in the metropolitan region at the executive, legislative and metropolitan branches of government.

Housing proposals have and continue to receive significant legislative debate, some of which impose considerable restrictions on local zoning, regulations, and development/infrastructure fees.

Legislation that would set a one-size state zoning policy and restrict cities' ability to set and manage local infrastructure fees for new housing is under consideration. Such proposals are chiefly supported by the building industry that would presumably stand to gain in terms of savings and profits.


Metro Cities supports local zoning authority and opposes legislation that would impede cities in this function as well as in cities' ability to manage public infrastructure needs and costs.


City officials must guide local land uses in a manner that balances existing and future uses and compatibility as well as physical and fiscal constraints and local input by residents. Local officials are in the best position to make these decisions.


Metro Cities' policies recognize private and public roles in housing, the need for sufficient resources, and the preservation of local decision-making that allows cities to address a range of local housing needs.

GOVERNMENT ROLES IN HOUSING

Housing is predominantly built by the private and nonprofit sectors. 95 percent of the housing in the state is privately owned. Cities and other levels of government support housing needs via specific and limited but important roles and responsibilities.

 **CITIES:** Cities ensure the structural integrity of housing through land use planning, zoning, subdivision regulations, building inspections, code enforcement, and rental licensing. Cities consider aging populations, workforce housing, affordability, racial disparities, and the preservation of existing housing. Cities provide long-term public infrastructure to serve new developments. Many cities offer financial incentives to advance housing and apply for resources through state programs.

 **STATE:** The state finances and administers programs to support affordable, lifecycle, supportive, senior, workforce, and family housing. State funding is a critical component in meeting housing needs and current funding is insufficient.

 **State funding is a critical and significant component in meeting housing needs. Current funding is insufficient, with many programs chronically oversubscribed.**



FEDERAL: Federal investments maintain and increase affordable and life cycle housing as well as help first time homebuyers, and aid affordability through rental assistance programs.

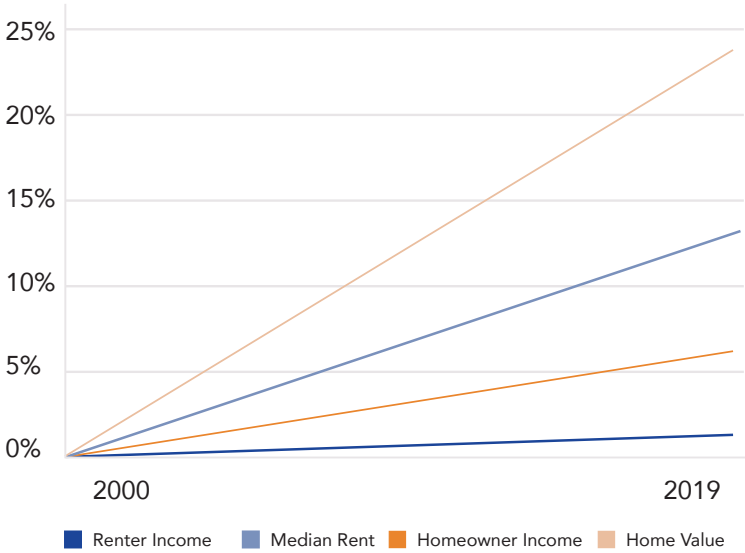


METROPOLITAN COUNCIL: The Metropolitan Council determines regional needs for new affordable housing production and in collaboration with local governments sets requirements to ensure land is guided to meet this need and to meet overall forecasted growth. Density requirements vary based on local characteristics and regional infrastructure needs.

HOUSING CHALLENGES: CONTRIBUTING FACTORS

Incomes are Not Keeping Pace with Housing Costs

Between 2000 and 2019, the median renter income in Minnesota increased by just 1 percent, while median gross rent for the state increased by 14 percent. Homeowner income went up six percent, while home values increased 24 percent.



Renter Households			Homeowner Households		
Year	Income	Rent	Year	Income	Value
2000	\$39,295	\$838	2000	\$81,900	\$181,152
2019	\$39,637	\$977	2019	\$86,805	\$223,900

[Source: Minnesota Housing Partnership]

Affordable Homes for Sale

Affordable homeownership opportunities are available for first-time and lower-income Minnesotans. Over 50 percent of existing homes sold since 2008 have sold for less than \$300,000. For new construction, builders are often choosing to build larger, more expensive houses.

Year	\$0 - \$199,999	% Total Home Sales	\$200,000 - \$299,999	% Total Home Sales	\$300,000 - \$499,999	% Total Home Sales	\$500,000+	% Total Home Sales
2008	7149	35%	7289	36%	4083	20%	1630	8%
2009	9209	47%	6209	32%	3169	16%	1071	5%
2010	7944	45%	5215	30%	3121	18%	1262	7%
2011	7708	48%	4448	28%	2811	17%	1097	7%
2012	10493	46%	6348	28%	4201	19%	1601	7%
2013	13183	43%	9170	30%	6093	20%	2123	7%
2014	13893	43%	9827	30%	6391	20%	2146	7%
2015	13372	39%	11436	33%	7301	21%	2219	6%
2016	16942	34%	16359	33%	11818	24%	4209	9%
2017	14577	29%	16865	34%	13278	27%	5061	10%
2018	10670	24%	15695	35%	13925	31%	4974	11%
2019	8777	19%	15971	34%	16112	34%	6242	13%
2020	2748	15%	5309	30%	7111	40%	2636	15%

[Source: Metropolitan Council]

State Funds are Oversubscribed 3:1

Projects from across the metropolitan region submit requests for affordable housing projects to Minnesota Housing’s Consolidated RFP every year. In the last five years, the following cities did not receive funding awards from MN Housing due to limited state resources: Anoka, Bloomington, Brooklyn Center, Brooklyn Park, Burnsville, Carver, Chaska, Columbia Heights, Coon Rapids, Cottage Grove, Crystal, Eden Prairie, Edina, Elko New Market, Forest Lake, Fridley, Hopkins, Jordan, Long Lake, Maple Grove, Maplewood, Minneapolis, Minnetonka, Mounds View, Plymouth, Ramsey, Richfield, Robbinsdale, Rogers, Rosemount, Roseville, Saint Anthony Village, Saint Louis Park, Saint Paul, Savage, Shakopee, Shoreview, Vadnais Heights, Waconia, and Woodbury.

Year	Apps Received	Apps Selected	# of Non-selects	% of Apps that were Selected	% of Apps that were Non-select
2015	78	23	55	29%	71%
2016	71	25	46	35%	65%
2017	55	25	30	45%	55%
2018	63	25	38	40%	60%
2019	77	38	39	49%	51%
2020	81	33	48	41%	59%
2021	64	22	42	34%	66%
Averages	70	27	43	39%	61%

[Source: Minnesota Housing Finance Agency, 2022]

ADDRESSING HOUSING NEEDS: LOCAL TOOLS, REGIONAL POLICY, HOUSING PRODUCTION

Regional Density Requirements

Regional minimum densities are intended to guide orderly growth while maintaining local land use flexibility. All metropolitan cities guided land at or above minimum required densities in 2018 comprehensive plan updates.

OVERALL DENSITY EXPECTATIONS FOR NEW GROWTH, DEVELOPMENT, AND REDEVELOPMENT	
Metropolitan Urban Service Area: Minimum Average Net Density	
Urban Center	20 units/acre
Urban	10 units/acre
Suburban	5 units/acre
Suburban Edge	3-5 units/acre
Emerging Suburban Edge	3-5 units/acre
Rural Center	3-5 units/acre minimum

[Source: Metropolitan Council]

Single Family and Multifamily Housing

Since 2008, production of single-family housing has doubled, and higher density multifamily construction outpaces single family construction almost two-to-one.

Year	Single Family - attached, detached, ADU	% Total Homes	MultiFamily 2+ units	% Total Homes
2008	3251	63%	1880	37%
2009	3219	72%	1227	28%
2010	3475	59%	2409	41%
2011	3410	53%	2972	47%
2012	4925	45%	6018	55%
2013	5911	48%	6505	52%
2014	5262	49%	5461	51%
2015	5289	44%	6864	56%
2016	6238	45%	7508	55%
2017	6793	43%	8988	57%
2018	6808	39%	10535	61%
2019	7353	35%	13363	65%
2020	7251	36%	12796	64%

[Source: Metropolitan Council]

Tools and Resources Cities Use to Advance Housing Include:

- Reduce Lot Size Requirements
- Allow planned unit developments to add density or to lower development costs
- Down Payment Assistance
- HRA, CDA, EDA contributions
- Local Fee Waivers
- Land Subsidies, Assembly and Donations
- Property Tax Reductions, including Abatement and Low-Income Rental Classification
- Local Housing Trust Funds
- Tax Increment Financing (TIF)
- Reduced Parking Minimums
- Density Bonuses and Higher Density Zoning
- Adjusted Setbacks
- Expedited Plan Reviews
- Elimination of Minimum Building Size Requirements
- Mixed Income Housing Policies
- Rental Licensing and Inspections
- Tenant Protection Ordinances



METRO CITIES' POLICY POSITIONS ON HOUSING

Metro Cities Policies Support:

- Local zoning authority.
- Increased funding for state housing programs.
- Affordable housing tax credit.
- Programs that help alleviate foreclosures, increase homeownership, and increase homeownership for BIPOC populations.
- Preserving tools that enhance local innovation.
- Clarification of state laws on infrastructure fees.
- Strategic partnerships and financial assistance from the state and federal governments to help address housing needs.
- Increased Section 8 funding and federal funding to assist HRAs in facilitating tax exempt bonds for housing.

Key State Programs Supported by Metro Cities:

- State Housing Infrastructure and GO Bonds
- State Challenge Program
- State Match for Local Housing Trust Funds
- Pre- and post-purchase education, counseling, and training; mortgages and downpayment/closing-cost assistance loans; home improvement loans
- Rental assistance, supportive housing, homelessness prevention resources
- Fix up Funds for Rental Homes



Metro Cities Opposes:

- Preempting local zoning decision-making authority on zoning, planning and land use.
- Prohibitions and restrictions on planned unit development (PUD) agreements.
- Restrictions on local housing development and financing tools.
- Policies that shift costs for infrastructure for new housing to existing taxpayers.
- Preempting local voter-approved rent control authority.