



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 that is affordable and available for people at all stages of life is a key issue for cities in the metropolitan region. City officials facilitate the production and preservation of affordable housing through the use of various local tools and resources as cities respond to local housing needs. These include applying for state program funding, using local funds, adjusting local requirements and processes, supporting accessible design, and employing innovative strategies such as public-private partnerships, or incentives and regulatory relief.

State funding is a critical and significant component in meeting housing needs.

Metro Cities supports the ability of cities to use local tools, resources and policies to advance housing that is adequate to the needs of the community and opposes statewide mandates that interfere with the ability of cities to manage local housing and 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 sector roles in housing and support sufficient resources and the preservation of local decision-making that allows cities to address a range of local housing needs to serve the local community.

GOVERNMENT ROLES IN HOUSING

Housing is predominantly built by the private and nonprofit sectors. Almost all housing in Minnesota is privately owned. Cities and other levels of government support housing needs via specific and limited, but important tools and roles.

CITIES: Cities ensure the structural integrity of housing through land use planning, zoning, inspections, code enforcement, and rental licensing. Cities consider aging populations, workforce housing needs, affordability, racial disparities, and preservation of existing housing. Cities provide public infrastructure to serve new developments. Many cities offer financial incentives and apply for state funds.

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



STATE: The state finances and administers programs to support affordable, lifecycle, supportive, senior, workforce, and family housing.



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. Density requirements vary based on local characteristics and regional infrastructure needs. The regional Livable Communities Program funds local housing as well as redevelopment and contamination clean up needs.



CITIES EMPLOY VARIOUS TOOLS TO SUPPORT LOCAL HOUSING NEEDS:

- Density bonuses or density transfers for affordable housing.
- Creating an affordable housing trust fund.
- Streamlining the development approval process.
- Allowing reduced lot sizes.
- Planning for uses of new Local Affordable Housing Aid.
- Reducing local fees.
- Adopting an inclusionary housing policy to encourage affordable housing developments.
- Reducing or eliminating parking minimums.
- Allowing Accessory Dwelling Units.
- Amending local zoning policy to allow more duplexes and triplexes.
- Creating programs for down payment assistance.
- Supporting rehabilitation of existing housing stock.
- Allowing senior housing in some areas zoned for commercial property.

METROPOLITAN CITIES GUIDE LAND FOR AFFORDABLE HOUSING

The statutory Metropolitan Land Planning Act requires cities in the metropolitan region to guide sufficient land for their share of the region's affordable housing need. A city's share of need is calculated through a process between the Metropolitan Council and city officials in the region.

A city's allocation of the affordable housing need aims to be proportional to a city's overall forecasted population growth, its existing affordable housing stock, and the ratio of low-wage jobs to low-wage earning residents. To address the local allocation, cities must guide sufficient land at higher residential densities in their comprehensive plans.

LAND USE, DENSITY, AND GROWTH

To ensure the adequate and efficient provision of regional sewer, roads, water, and other infrastructure, communities in the seven county metropolitan area are required by the statutory Metropolitan Land Use Planning Act to meet density expectations and plan for existing and future land uses.

| 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 Service Area: Maximum Allowed Density, except Rural Centers | |
| Rural Center | 3-5 units/acre minimum |
| Rural Residential | 1-2.5 acre lots existing, 1 unit/10 acres where possible |
| Diversified Rural | 4 units/40 acres |
| Agricultural | 1 unit/40 acres |

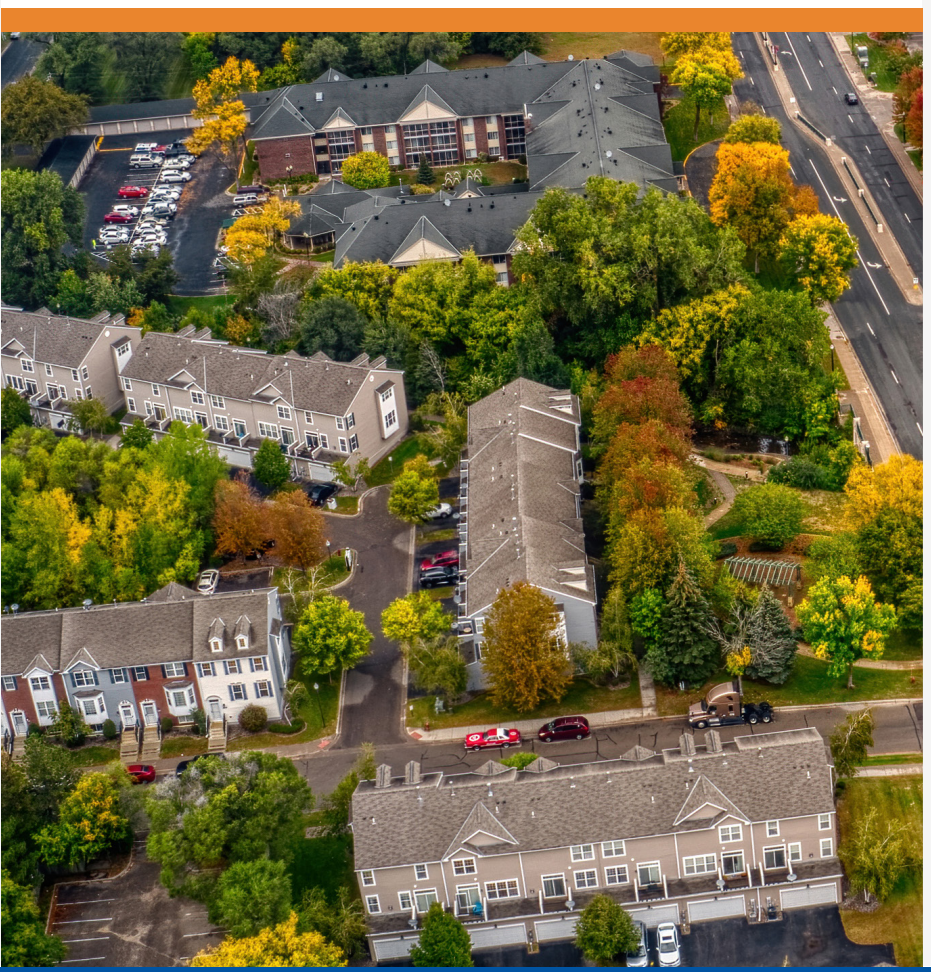
LIVABLE COMMUNITIES PROGRAM ASSISTS CITIES WITH HOUSING/DEVELOPMENT GOALS

The Livable Communities Act (LCA) is an incentive-based program to help eligible metropolitan area communities achieve local affordable and lifecycle housing as well as development goals. To be eligible, cities set affordable and lifecycle housing goals with the Metropolitan Council, adopt a Housing Action Plan, and make a minimum annual contribution to affordable housing activities. The LCA includes three programs that award grants for projects that connect development to housing, jobs, and services, preserve and expand lifecycle and affordable rental and ownership housing, and help cities clean up contaminated land and buildings for redevelopment.

LOCAL LAND USE AND ZONING

Zoning and land use planning are used to manage and regulate local property uses. Local zoning policy balances current and future residential, commercial, industrial, and agricultural uses of property. Zoning is a key component in addressing local land uses, such as housing, mixed used spaces, parks and trails, and shorelands and wetlands.

Zoning also ensures that transportation and other infrastructure is adequate to deliver necessary public services to serve a property (sewer, water, stormwater).



TO ADVANCE AFFORDABLE HOUSING, CITIES NEED:

- Sustainable and adequate state funding for new and existing programs.
- Ongoing state match for local and regional housing trust funds.
- Gap funding for mixed income housing projects.
- Funding and tools to support the conversion of vacant commercial space to residential or new types of uses that support housing and economic growth.
- Housing programs and funding to develop market rate housing in census blocks with emerging or high concentrations of poverty, where the private market might not otherwise invest.
- Exemptions from, or reductions to sales, use and transaction taxes applied to the development and production of affordable housing.
- Consideration of the use of state bond proceeds and other appropriations for land banking, land trusts, and rehabilitation and construction of affordable housing.
- Adjustments to tax increment financing (TIF) laws to transfer unobligated pooled increment to support a local housing trust fund and affordable and mixed income housing projects.
- State funded housing assistance programs.
- Low Income Housing Tax Credit (LIHTC) accessibility.
- Removal of Section 8 source of income discrimination.

METRO CITIES' POLICY POSITIONS ON HOUSING

Metro Cities Policies Support:

- State programs to support a range of housing needs.
- Funding to preserve naturally occurring affordable housing.
- Local zoning authority.
- Programs to help alleviate foreclosures, increase homeownership, and increase homeownership for BIPOC populations.
- Preserving tools that enhance local innovation.
- Affordable housing tax credit.
- Strategic partnerships and financial assistance from the state and federal governments.
- Clarification of state laws on impact fees.
- Increasing Section 8 funding and federal funding to assist HRAs in facilitating tax exempt bonds for housing.

Key State Programs Supported by Metro Cities:

- Housing Infrastructure and GO Bonds.
- Challenge Program.
- State Match for Local Housing Trust Funds.
- NOAH preservation grants.
- 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.
- Policies that shift costs for infrastructure for new housing to existing taxpayers.
- Prohibitions and restrictions on planned unit development (PUD) agreements.
- Restrictions on local housing development and financing tools.
- Preempting local voter-approved rent control authority.