

Affordable Housing Production

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Affordable Housing Production

From M.S. 473.254:

“... a comprehensive report card on affordable and life-cycle housing in each municipality in the metropolitan area. The report card must include information on government, nonprofit, and marketplace efforts.”

This annual report summarizes new affordable housing added each year by Twin Cities area cities and townships.

Through 2010, the Metropolitan Council determined a price-point for new owner-occupied housing that is affordable to households at 80 percent of area median family income, as calculated by the U.S. Department of Housing and Urban Development, at the prevailing home mortgage interest rates (estimated to be 4.75 percent for a 30-year fixed-rate home loan in 2010). This definition assumes that households earning 80 percent of the region's median income can afford mortgage costs (mortgage payments, taxes, insurance and related housing costs) without spending more than 30 percent of their income. The area median income (AMI) for 2010 was \$84,000; 80 percent of AMI was \$64,400. The Council considered owner-occupied units affordable if the price was less than \$233,100 in 2010.

For affordable rental price-points, the Metropolitan Council used the maximum monthly rents allowed by HUD in the Minneapolis-St. Paul metropolitan statistical area to households at 50 percent of AMI (\$735/month for an efficiency or SRO unit, \$787/month for a one-bedroom unit, \$945/month for a two-bedroom unit, \$1,092/month for a three-bedroom unit, and \$1,218 for a four-bedroom or larger unit).

For more information on the methodology, see Appendix A on p. 9.

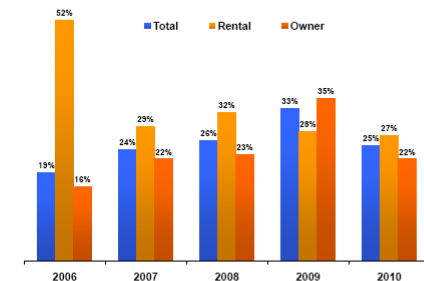
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Highlights

- In 2010, there were 1,541 new affordable units (owner-occupied and rental units combined) added in the Twin Cities region, which was an increase from the 1,527 calculated in 2009. Twenty-five percent of all housing added in 2010 was affordable. This was a decrease from the 33 percent calculated in 2009.
- 758 new affordable owner units were added. This was the lowest amount on record (since 1996). Twenty-two percent of all new owner-occupied housing units added were affordable. This was a decrease from the 35 percent calculated in 2009.
- 783 new affordable rental units were added. More than half were in St. Paul and Minneapolis. Twenty-seven percent of all rental units added were affordable. This was a decrease from the 28 percent calculated in 2009.
- From 1996 through 2010, there were 52,041 new affordable units (owner-occupied and rental units combined) added in the Twin Cities region; 26 percent of all new housing added was affordable.
- From 1996-2010, 40,168 new affordable owner-occupied housing units were added, or 24 percent of all new owner-occupied housing units added.
- From 1996-2010, 11,873 affordable rental units were added, or 31 percent of all rental units added.



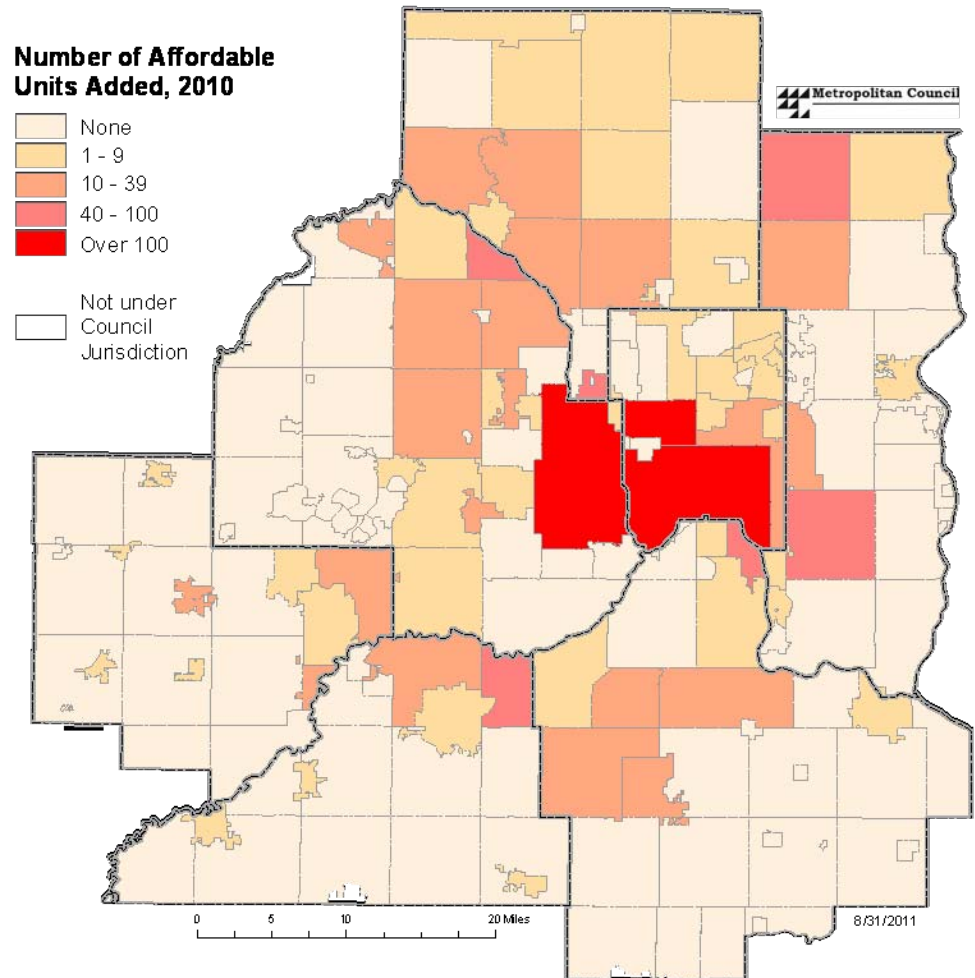
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Annual Affordability Limits

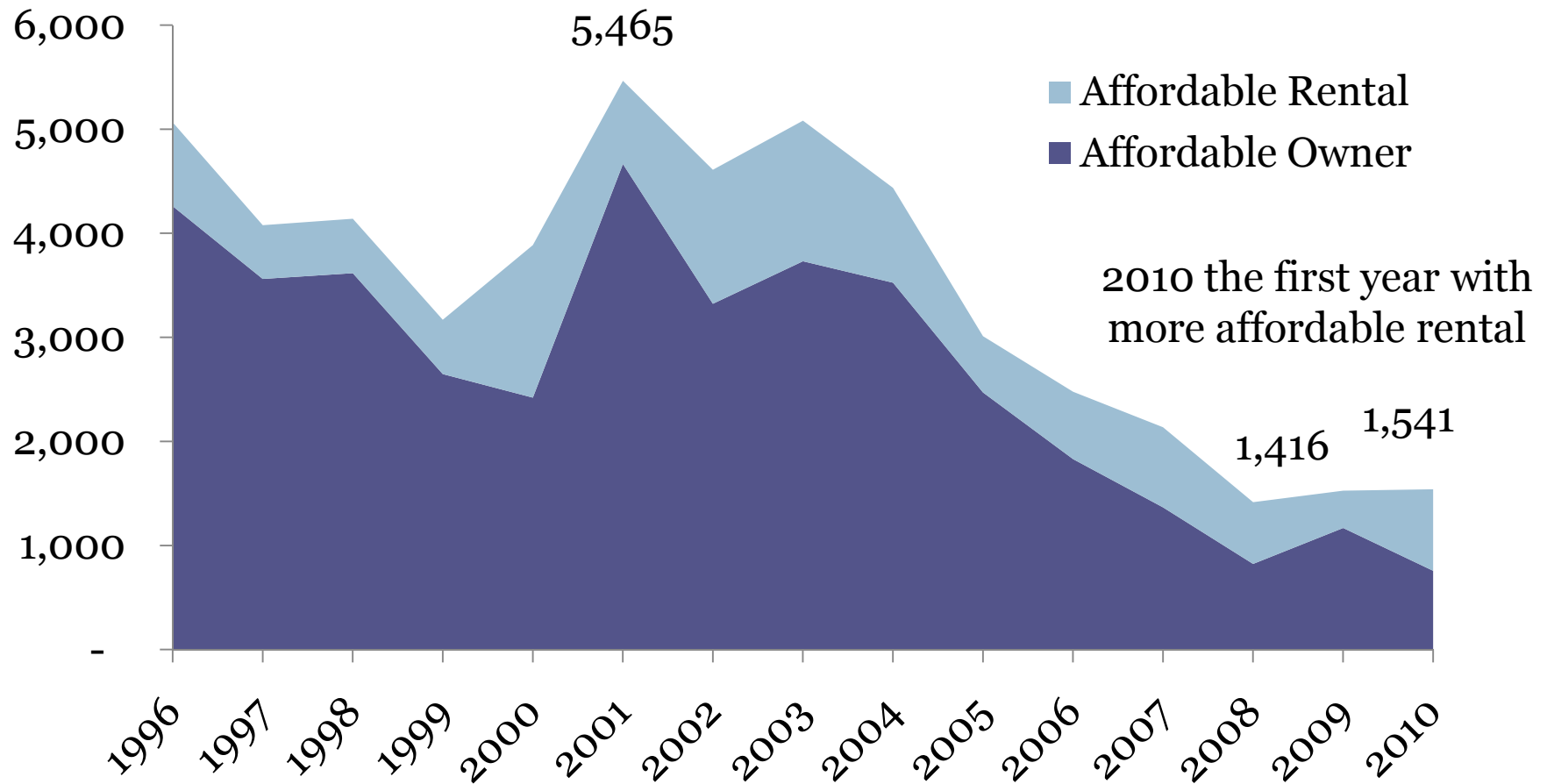
- Owner-occupied housing that is affordable to households at 80 percent of area median family income (\$64,400 in 2010):
 - Sales price less than \$233,100
- Rental housing affordable to households at 50 percent of AMI:
 - \$735/month for an efficiency or SRO unit
 - \$787/month for a one-bedroom unit
 - \$945/month for a two-bedroom unit
 - \$1,092/month for a three-bedroom unit
 - \$1,218/month for a four-bedroom or larger unit

Affordable Homes Added, 2010

- 1,541 new affordable homes added, up from 1,527 in 2009
- 25 percent housing built was affordable, down from 33 percent in 2009
- Three cities added more than 100 homes
- 27 added 10 to 99 homes
- 40 added 1 to 9 homes

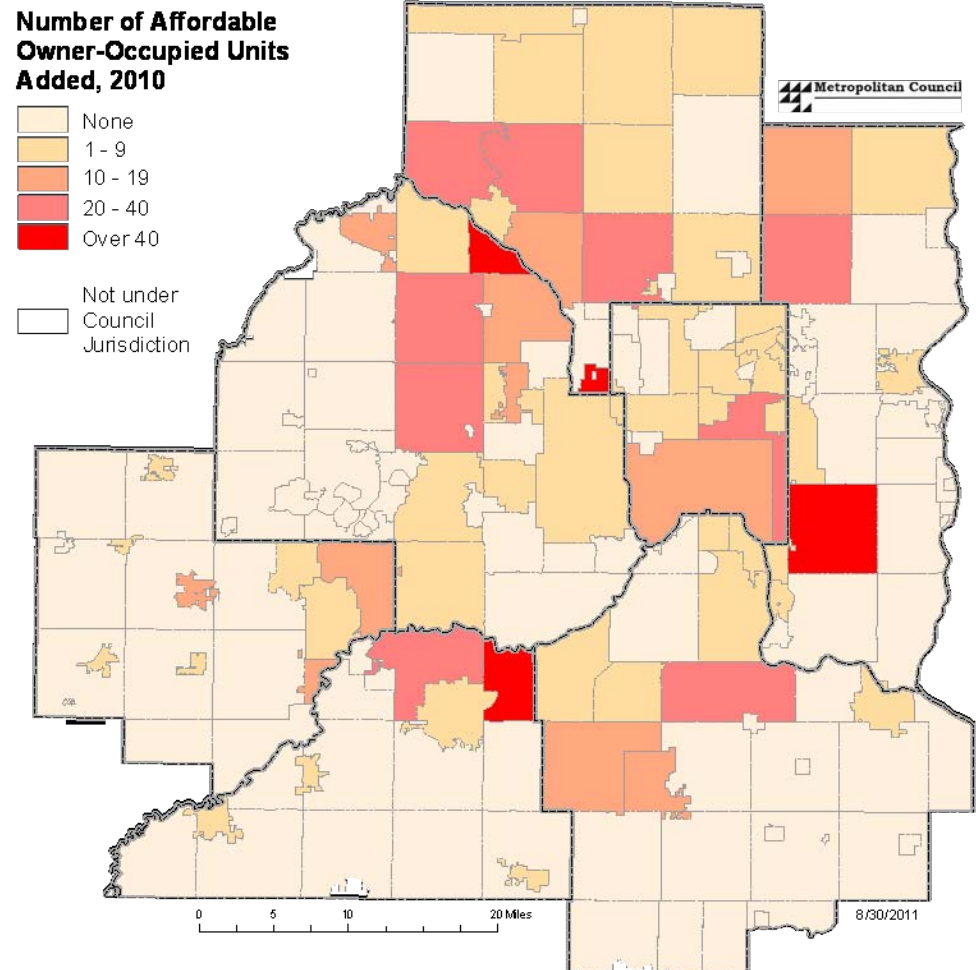


Affordable Housing Production



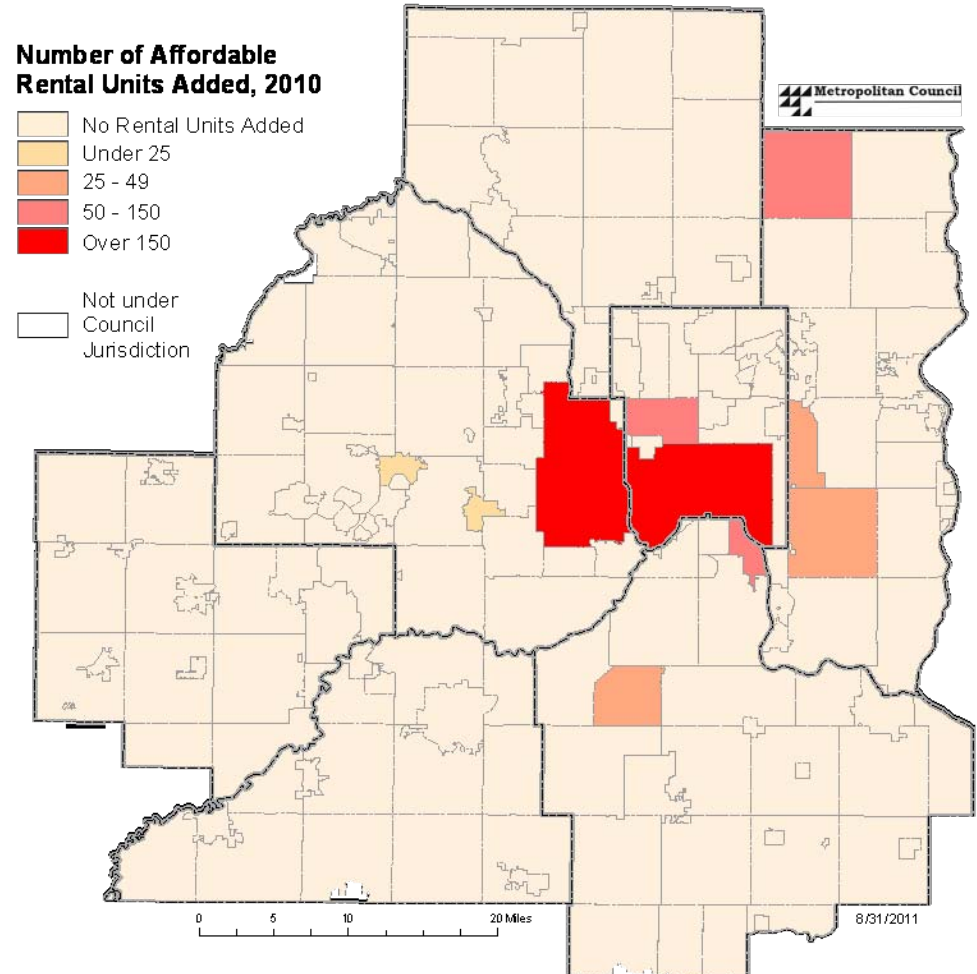
Affordable Owner-Occupied Homes Added, 2010

- 758 affordable owner-occupied units added:
 - the lowest in the time-series
 - 16 percent of peak year (2001)
- 22 percent housing built was affordable, down from 25 percent in 2009
- 68 cities added affordable units
- 10 cities added more than 25 units

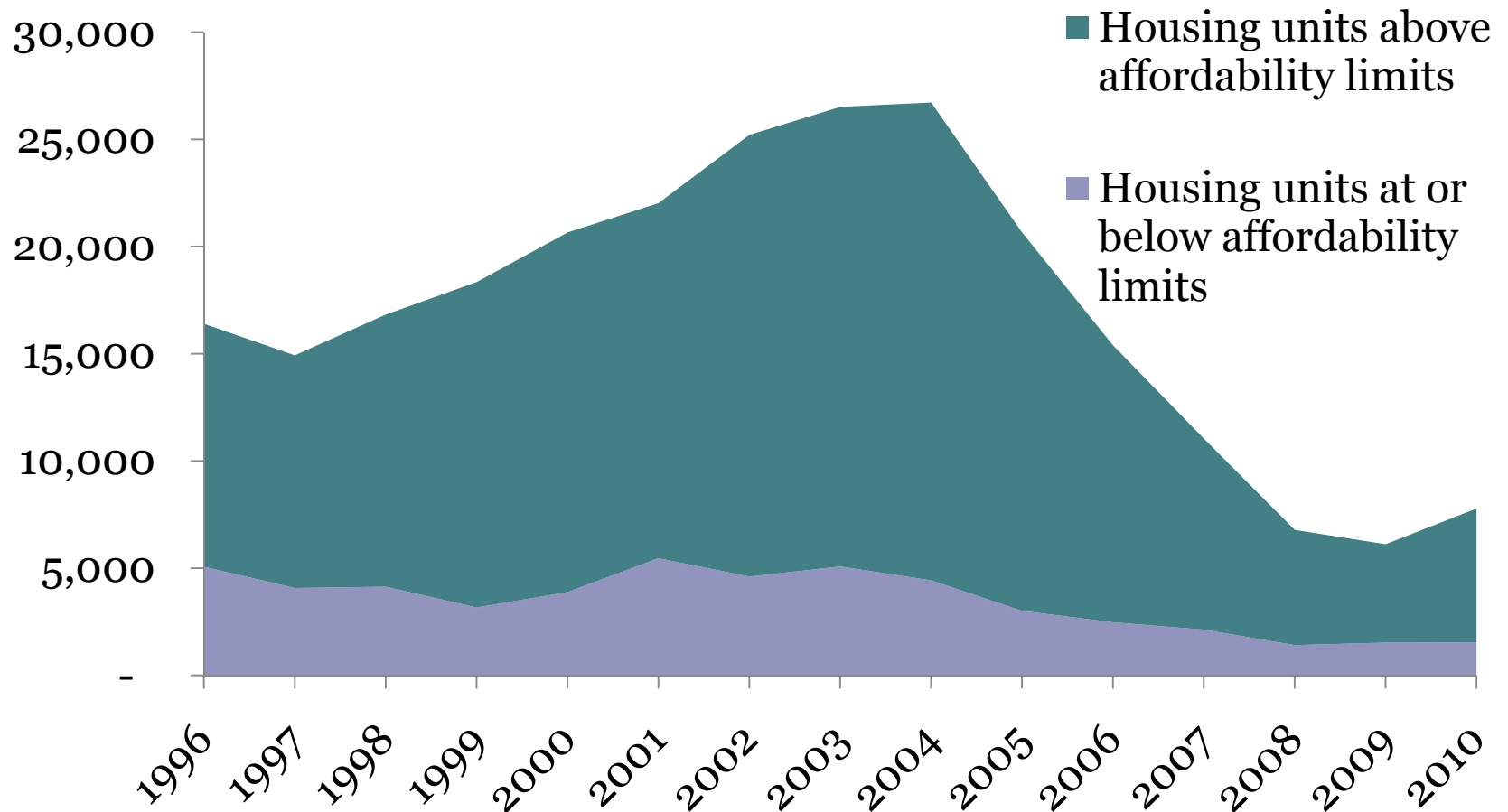


Affordable Rental Homes Added, 2010

- 783 affordable rental homes added:
 - Highest since 2004
 - Up from 358 units in 2009
- 27 percent housing built was affordable, down from 28 percent in 2009
- 10 cities added affordable rental (20 added any rental)
- Over half in Minneapolis and Saint Paul

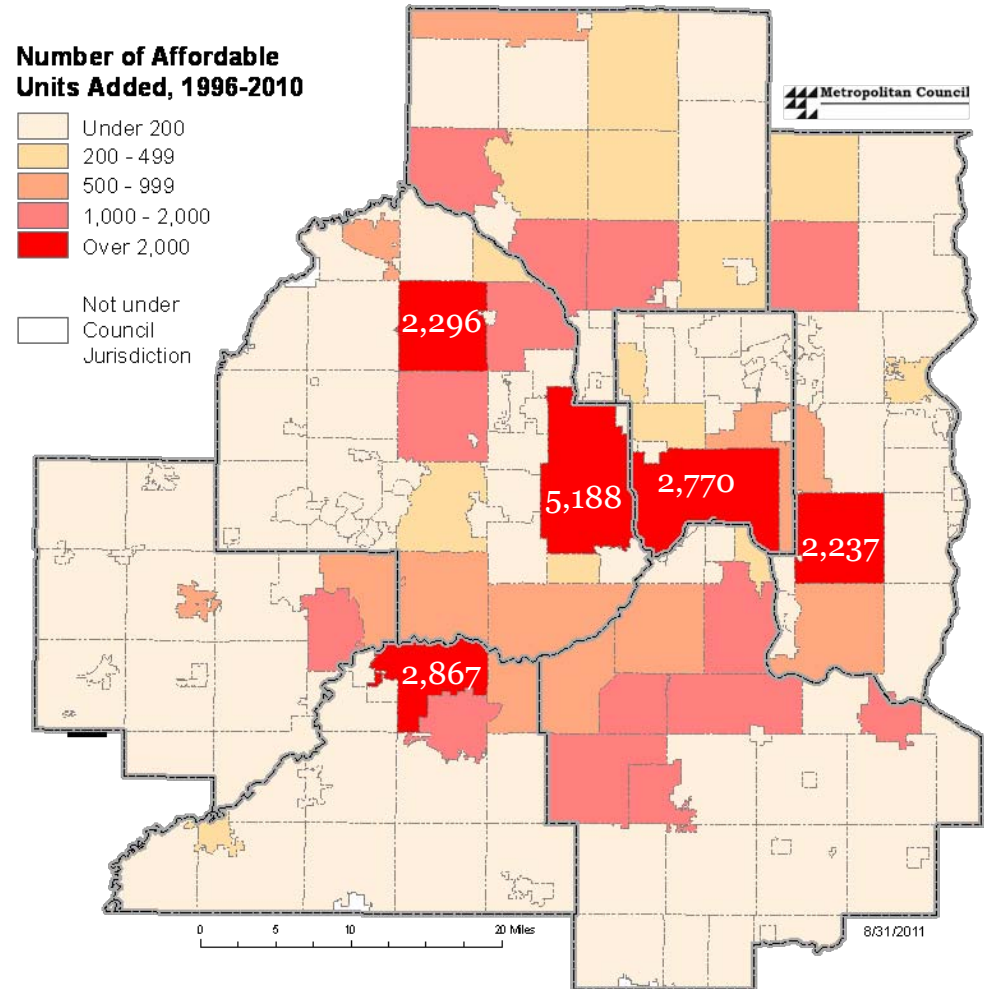


Trends in housing production



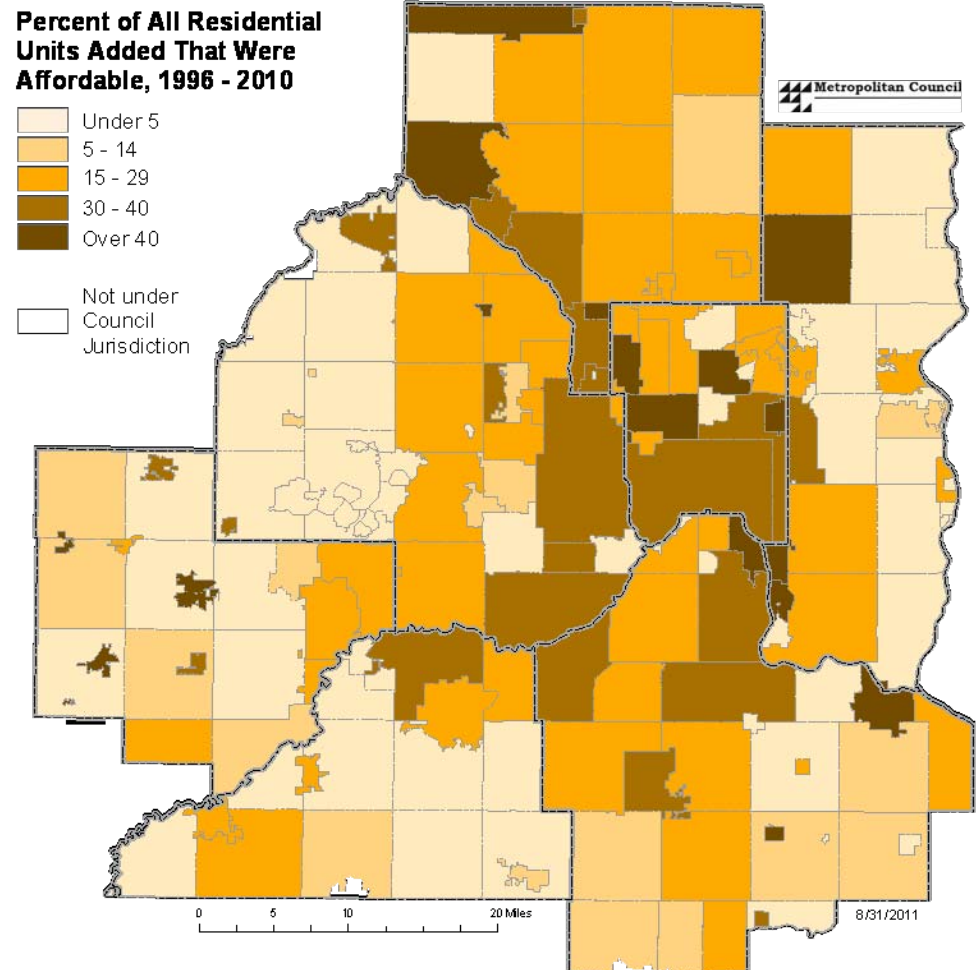
Affordable Homes Added, 1996-2010

- 52,041 affordable homes added:
 - 11,873 new affordable rental units
 - 40,168 new affordable owner-occupied units
- 55 percent in the developing suburbs
- 25 percent in the developed suburbs
- 15 percent in the central cities



Affordable Units Added, 1996-2010

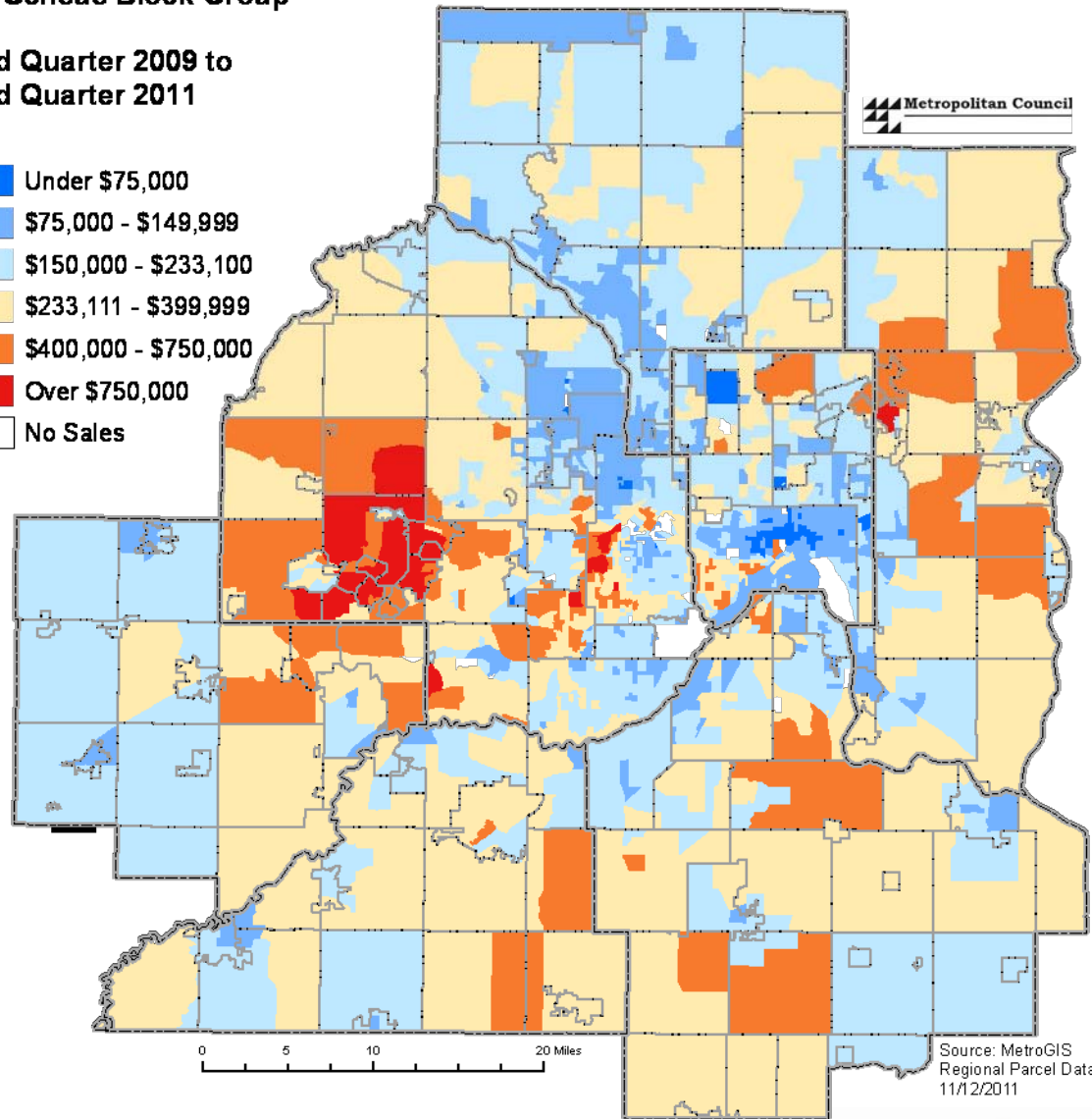
- 26 percent of the new housing units affordable:
 - 24 percent of owner-occupied housing
 - 31 percent of rental housing



Home sales prices

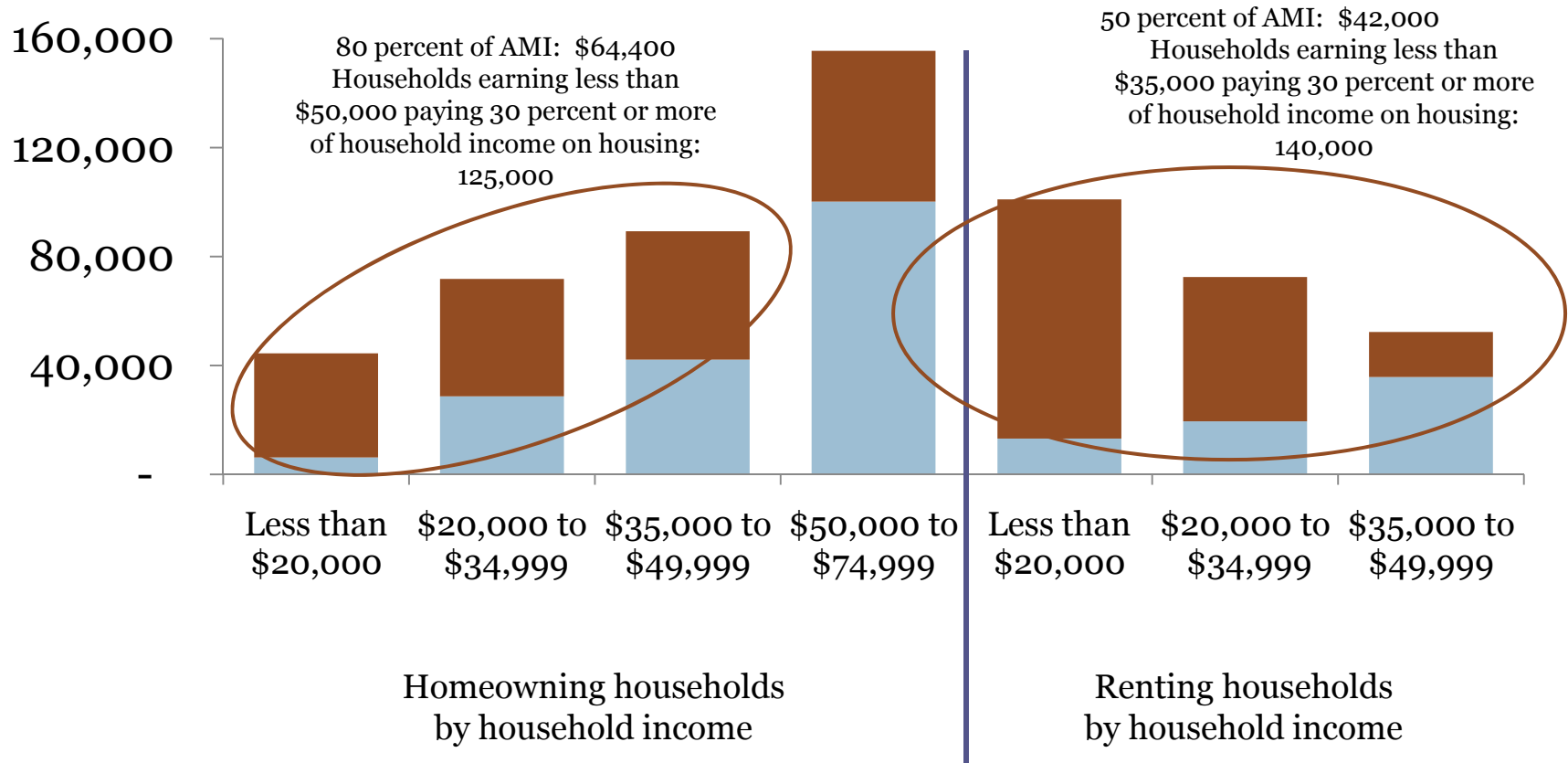
Average Home Sales Price by Census Block Group

2nd Quarter 2009 to
2nd Quarter 2011



Source: MetroGIS
Regional Parcel Dataset
11/12/2011

Housing cost burden



- Paying less than 30 percent of household income on housing
- Paying 30 percent or more of household income on housing

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