

Affordable Housing Production in 2011

Community Development Committee



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.”



Affordable Housing Production in the Twin Cities October 2012

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

Through 2011, the Metropolitan Council determined a price-point for new owner-occupied housing that is affordable to households at 60 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 4.50 percent for a 30-year fixed-rate home loan in 2011). This definition assumes that households earning 60 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 2011 was \$27,700; 60 percent of AMI was \$16,620. The Council considered owner-occupied units affordable if the price was less than \$160,250.

For affordable rental price-points, the Metropolitan Council used the maximum monthly rents allowed by HUD in the Minneapolis-St. Paul metropolitan statistical area units built to households at 60 percent of AMI (\$870/month for an efficiency or single-room occupancy unit, \$380/month for a one-bedroom unit, \$345/month for a two-bedroom unit, and \$1,116/month for a three-bedroom unit, \$1,290 for a four-bedroom or larger unit).

The data related to this report can be found at: http://stats.metro.state.mn.us/data_downloads/dIDD_start.aspx

For more information on the methodology, see Appendix A on p. 16.

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Highlights

- In 2011, the methodology for calculating affordable housing units changed. From 1996 to 2010, affordable owner-occupied units were calculated using 80 percent of area median family income. In 2011, this changed to 60 percent of area median income. For rental units, 50 percent of area median income was used from 1996 to 2010. In 2011, this changed to 60 percent of area median income.
- In 2011, there were 1,154 new affordable units (owner and rental units combined) added in the Twin Cities region. Seventeen percent of all housing added in 2011 was affordable.
- Minneapolis constituted 44 percent of all new affordable units added in 2011. St. Paul comprised 18 percent of the total.
- 278 new affordable owner-occupied units were added in 2011. Only seven percent of all owner-occupied housing added in 2011 was affordable.
- Minneapolis constituted 63 percent of all new affordable owner-occupied units added in 2011.
- 876 new affordable rental units were added in 2011. Twenty-seven percent of all rental units added were affordable.
- The central cities comprised a majority (60 percent) of new affordable rental units.
- From 1996 through 2011, there were 53,195 new affordable units (owner and renter units combined) added in the Twin Cities region; 25 percent of all new housing added was affordable.
- From 1996-2011, 40,446 new affordable owner-occupied housing units were added, or 24 percent of all new owner-occupied housing units added.
- From 1996-2011, 12,749 affordable rental units were added, or 31 percent of all rental units added.

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New affordable housing units

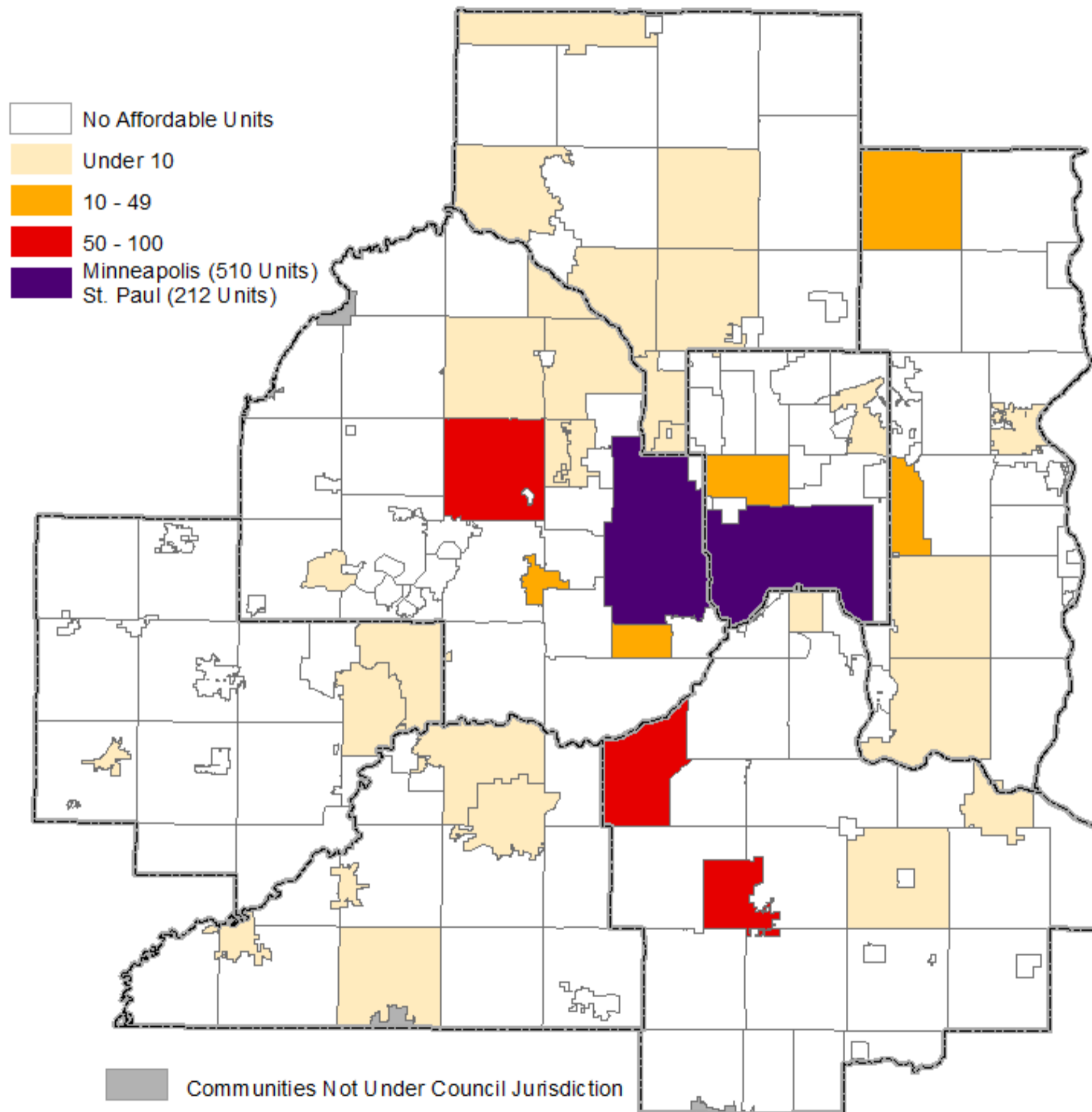
Affordable to households at 60 percent of area median income -- \$49,600 in 2011

Rental price thresholds:

- Efficiency: \$870
- One-bedroom: \$930
- Two-bedroom: \$1,116
- Three-bedroom: \$1,290
- Four-bedroom: \$1,440

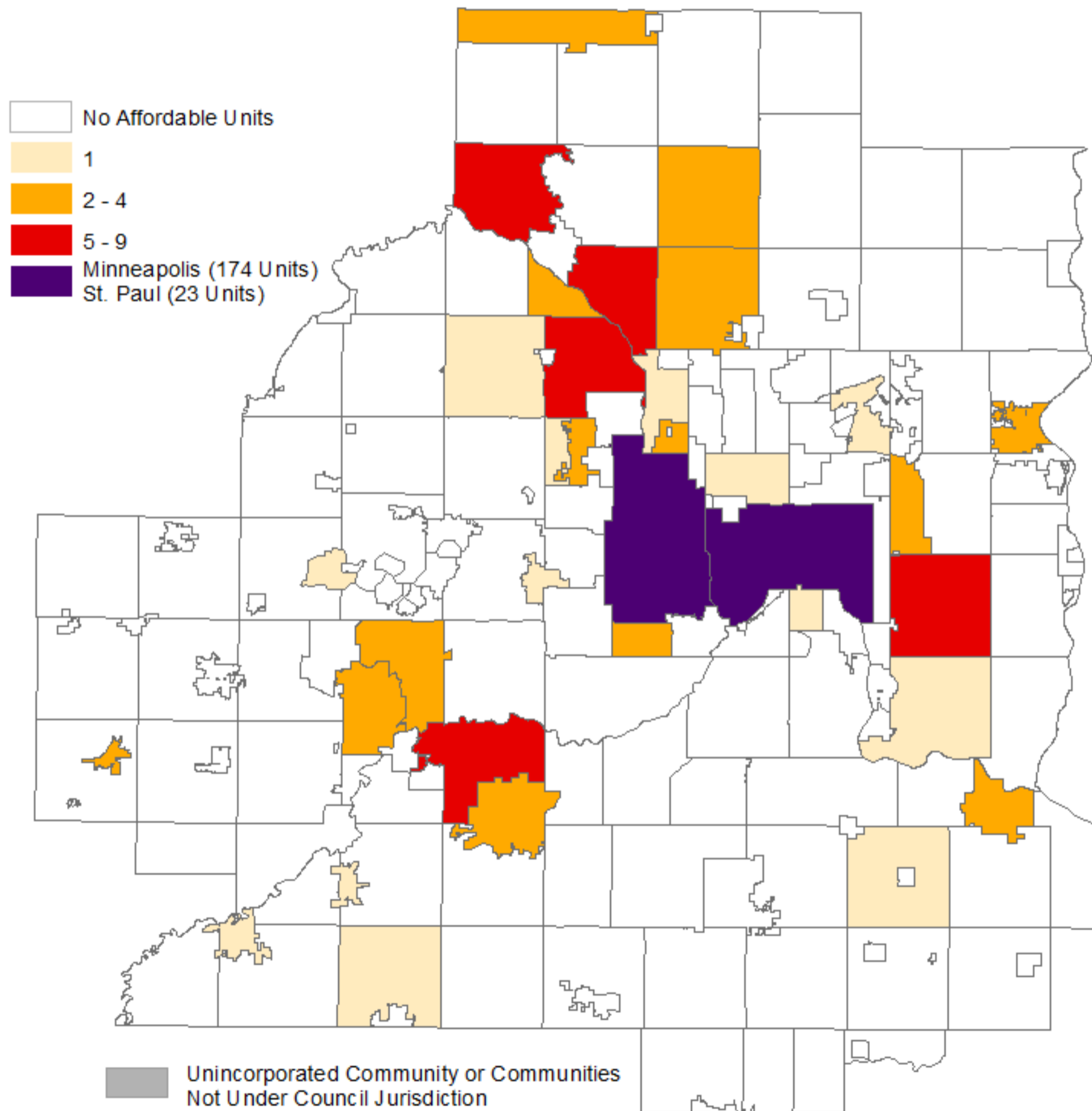
Owner-occupied units at or below \$160,250

Affordable Housing Added, 2011



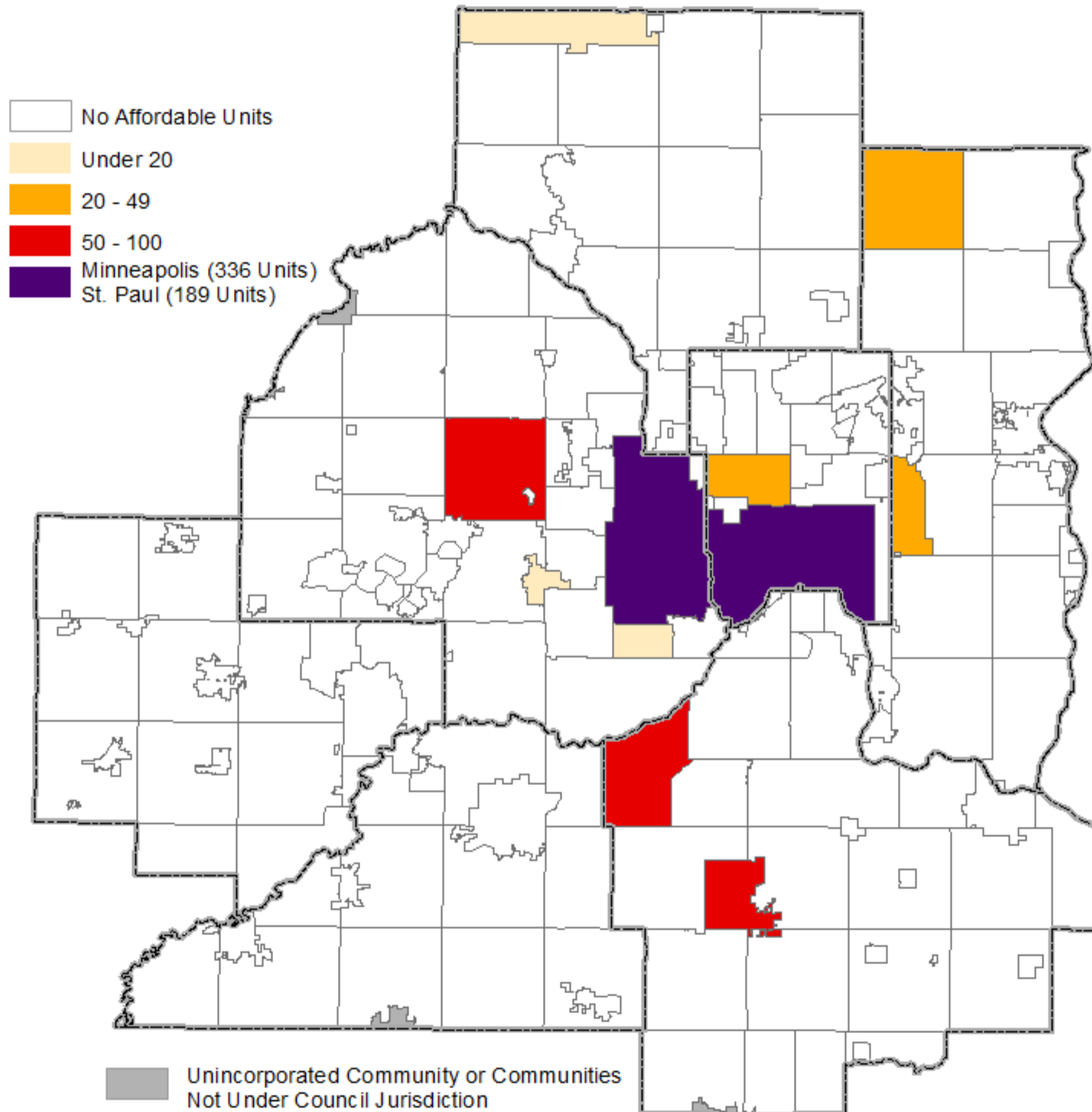
- 1,154 new affordable homes added in 38 communities
- 17 percent housing added was affordable
- Minneapolis produced 44 percent; central cities combined for 63 percent of affordable units

New Affordable Owner-Occupied Units, 2011



- Housing unit affordable at \$160,250 or less
- 278 new affordable owner-occupied units
- 7 percent of new housing affordable
- Minneapolis: 63 percent

New Affordable Rental Units, 2011



- 876 affordable rental homes added:
 - Highest since 2004
 - Up from 783 units in 2010
- 27 percent housing added was affordable
- Sixty percent of total in Minneapolis and Saint Paul

Change in Affordability Thresholds:

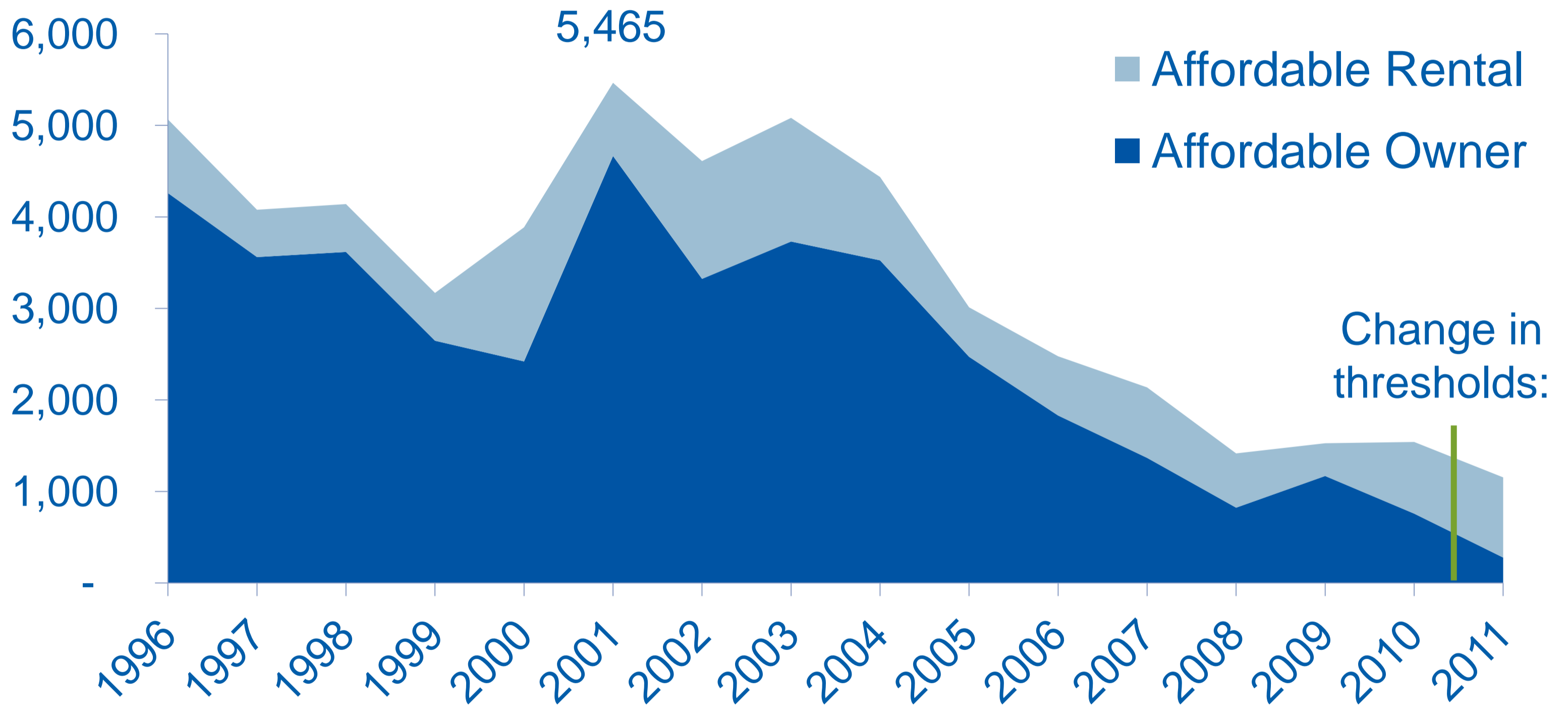
Owner-occupied:

- 1996-2010: 80 percent of area median income
- 2011: 60 percent of area median income

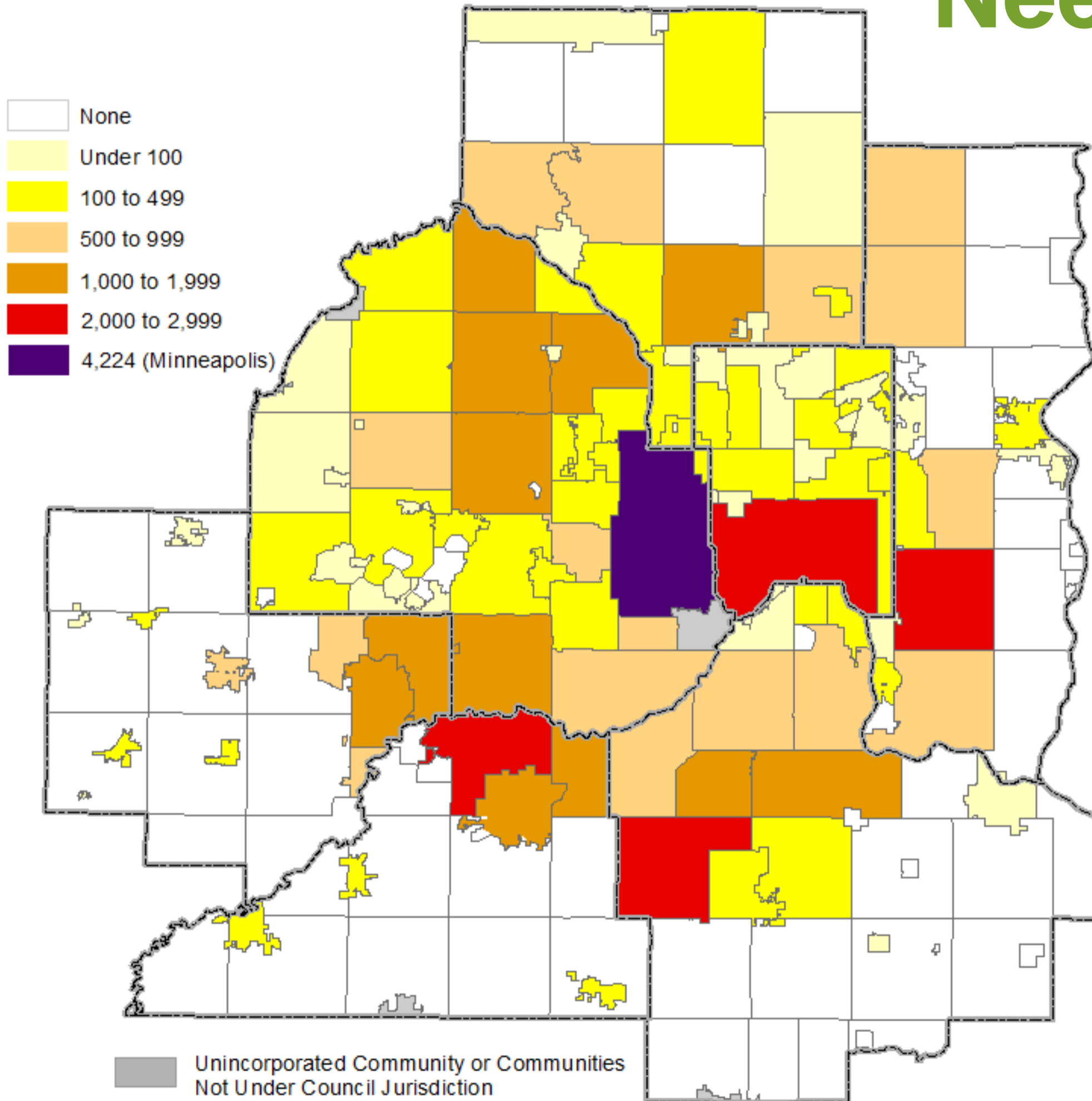
Rental housing:

- 1996-2010: 50 percent of area median income
- 2011: 60 percent of area median income

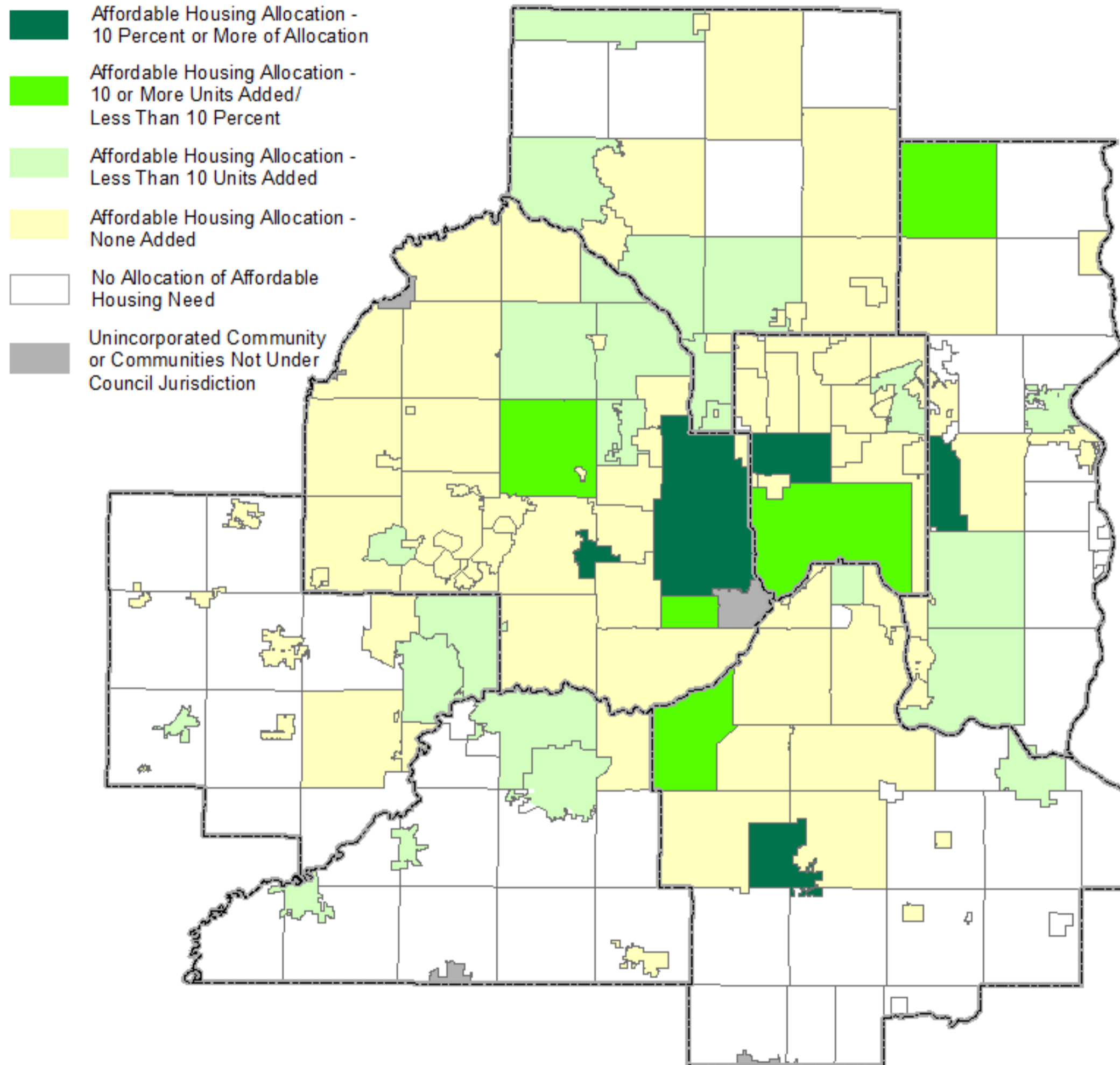
Trends in Affordable Housing Production



Allocation of Affordable Housing Need, 2011-2020



2011 Affordable Housing Production



Policy implications:

- Growing importance of transit access to affordable housing creating a mismatch between the market, available financing, and the Council's Allocation of Affordable Housing Need?
- Level of affordability for affordable homeownership?
- Appropriate mix of rental and owner-occupied units?
- Help for communities who added no affordable housing in 2011 meet their allocation of affordable housing need?

Affordable Housing Production: For more information

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