

# C Community Development Committee

For the Metropolitan Council meeting of May 26, 2010

Item: 2010-190

**Date** May 19, 2010  
**Prepared:**  
**Subject:** LCA Affordable and Life Cycle Housing Goals 2011-2020

## Proposed Action:

That the Metropolitan Council direct staff to:

1. begin the discussions with the communities on the proposed goals using the 65% low end of the affordable housing goals range for all LCA communities and continue dialogue with Minneapolis, St. Paul and Dakota County to determine if, in fact, the additional resources available to these communities are used for new affordable housing opportunities or housing preservation activities, and how much of each type of activity;
2. consider this new or revised information in the goals setting discussions with Minneapolis, St. Paul and Dakota County, and staff will report back to the Committee on its findings about the use of these additional housing resources in June, and will use a target date of September 1, 2010 to complete the goals adoption work with LCA participating communities.

## Summary of Committee Discussion / Questions:

Staff reviewed the methodology it is proposing for the LCA affordable and life-cycle housing goals for participating LCA communities for the 2011 to 2020 timeframe.

Staff indicated that an analysis of anticipated funding availability for new affordable housing opportunities found that at present funding levels, there would be only enough resources to address about 65% of the total need. Therefore, the proposed methodology reflects that each community's goal would be their full share of the regional need as the high end of a goals range, and 65% that number as the low end. Staff explained that because Minneapolis, St. Paul and Dakota County have additional resources in the form of entitlement housing revenue bonding capacity, their expected goals should reflect that resource. Dakota County cities' low end of the range would be about 85% of their total need, while Minneapolis and St. Paul would be at 100% of their need number.

The life-cycle range was explained as a proposal that the goals be a reflection of the multifamily residential land use number set forth in the cities' Comprehensive Plan Updates. The low end of the range would be the number of units necessary to accommodate the community's total affordable need number; the high end would be the maximum number of attached or multifamily units allowed by the city's land use guiding. In this fashion the numbers already adopted by a city would be recast as the life-cycle goal.

Staff provided the Committee with an overview of the discussion and reaction it had experienced in a series of meetings with Council funding partners, cities, HRAs, and housing advocates since it directed the staff in April to conduct such meetings.

The cities and HRAs were reported to have had a generally positive reaction to the proposal's recognition of anticipated funding realities and limitations, and of the staff's stated willingness to discuss and revise life-cycle goals ranges prior to local adoption if in fact the city was going to undertake a significant reduction of their multifamily land use guiding that might lower the potential high end of the goal number.

The housing advocates were much less enthusiastic expressing significant concerns about reducing a goal range to only 65% of a city's share of regional need. They said they feared cities would view the low end of the range as their "new goal" and the maximum number they need to work toward.

Chair Steffen recognized Tim Thompson of the Housing Preservation Project who had asked to address the Committee. Mr. Thompson reiterated the concerns set forth in a letter to Chair Steffen. He expressed reservations about the methodology employed to arrive at the low-end of the range, and that accepting a lesser expectation in the LCA goals was stepping backward and in contradiction to what had been said in the Plan Updates.

There were reservations expressed by Committee members about what they construe is a penalty for communities that have and use more affordable housing resources than others; Minneapolis, St. Paul and Dakota County. Other questions were asked about how the Council measures and uses information about housing goals achievement or attainment. Staff explained that while housing performance scores are developed each year for each community they are not developed around LCA goals attainment. They are, rather, developed around several measures of local actions to advance affordable housing, and the community's current housing affordability and diversification.

It was moved, and seconded and passed:

That the Metropolitan Council direct staff to:

Begin the discussions with the communities on the proposed goals using the 65% low end of the affordable housing goals range for all LCA communities.

Continue dialogue with Minneapolis, St. Paul and Dakota County to determine if, in fact, the additional resources available to these communities are used for new affordable housing opportunities or housing preservation activities, and how much of each type of activity.

This new or revised information will be considered in the goals setting discussions with Minneapolis, St. Paul and Dakota County, and staff will report back to the Committee on its findings about the use of these additional housing resources in June. Staff will use a target date of September 1, 2010 to complete the goals adoption work with LCA participating communities.

**C** Community Development Committee  
Meeting date: May 17, 2010

ADVISORY INFORMATION	
Date:	May 11, 2010
Subject:	LCA Affordable and Life Cycle Housing Goals 2011-2020
District(s), Member(s):	All
Policy/Legal Reference:	Minnesota Statutes §473.254
Staff Prepared/Presented:	Guy Peterson, Director, Community Development Beth Reetz, Director, Housing & Livable Communities Department
Division/Department:	Community Development

**Proposed Action**

That the Metropolitan Council adopt the methodology used and the attached proposed Livable Communities Act affordable and life-cycle housing goals for 2011 to 2020, and direct staff to communicate these proposed new goals to participating LCA communities for consideration and adoption before September 1, 2010.

**Background**

LCA Affordable Housing Goals - 1995

In 1995, to implement the Livable Communities Act (LCA), the Metropolitan Council negotiated affordable and life-cycle housing goals with 97 cities that voluntarily chose to participate in the Local Housing Incentives Account (LHIA) of the LCA, and therefore be eligible to compete for grants in the Act's three grant categories – Livable Communities Demonstration Account, Tax Base Revitalization Account, and the LHIA. After 1995, a dozen or so additional communities sought participation and negotiated goals with the Council. The goals for these 100+ cities were the same numbers as those subsequently identified by the communities in their Comprehensive Plan Updates, prepared to fulfill the Local Planning Act (LPA) plan update requirements for 1998.

These LCA goals were expressed as goal ranges intended to increase or maintain each participating cities' share of affordable or life-cycle housing during the 15 year timeframe of 1996 through 2010.

If all of the participating cities achieved the new unit goals they agreed to, the region would have seen the addition of 82,000 affordable owner units and 15,500 affordable rental units over this timeframe.

LCA Affordable Housing Goals - 2011

Fifteen years later we are in the last year of the timeline for the above described negotiated goals and new goals need to be established for the next decade of LCA implementation for communities that elect to continue participation.

In 2006, as part of the LPA affordable housing planning requirement, the Council provided each community with a need number representing the community's share of the estimated 51,000 new affordable housing units needed by the region between 2011

and 2020. To date, all of the Comprehensive Plan Updates for communities with an affordable housing need number have acknowledged and included this affordable housing need number.

Though communities have accepted the concept that they shoulder their fair share of the next decade's affordable housing need, they have expressed legitimate concerns that there may not be sufficient resources available to the region over the course of the next decade to support the 51,000 new affordable housing opportunities needed through 2020.

Staff have worked with MN Housing over the course of the past several months to determine a fair and realistic expectation of the funding availability for additional affordable units over the next 10 years based upon funds availability and utilization in the region over the past four years. This examination has revealed that if available resources levels remain the same through the next decade as the last four years, with the exception of Minneapolis, St. Paul and communities in Dakota County, it is likely that funding availability would support only 65 percent of the projected new affordable housing need in the region. This level of resources is proposed by staff to be used to establish the low end of an LCA goal range for community's for new affordable units. The high end of the range will be a community's share of the total regional need as set forth in their Comprehensive Plan Updates for 2008. (Attachment 1)

In this fashion, the proposed LCA affordable housing goals expectations for communities will be a numerical range of units that recognizes funding realities and limitations for providing new affordable housing opportunities as the low end of a range, yet acknowledges a community's total share of the regional need as the high end of that range should sufficient resources become available over the decade.

Because Minneapolis, St Paul and Dakota County are housing revenue bond entitlement communities and can issue their own housing revenue bonds as well as use the other state resources, the affordable goal expectation for these communities is proposed to be greater. The level of funding available only to Dakota County would increase the bottom end of the proposed ranges for the county's LCA communities to about 85% of the total need, while with the additional funding available only to them, Minneapolis and St Paul would be expected to have resources to meet all of their share of regional need through 2020.

#### LCA Life-cycle Housing Goals 2011

Regarding the life-cycle housing goals requirement in the LCA, staff is proposing that every community choosing to participate in the LCA going forward agree that their life-cycle housing goal for 2011 to 2020 be a range of numbers already set forth in their local Comprehensive Plan Updates.

The low-end of the life-cycle housing range is suggested to be the community's full affordable housing needs number as identified in their Plan Update. Since it is generally agreed that most new affordable housing development is in the form of attached housing, LCA participating communities should set as their minimum life-cycle housing goal enough attached housing for at least their adopted share of the regional affordable need. All but one of the Plan Updates reviewed to date have done so. The high end of their life-cycle goal range would be the number of attached housing units that can be developed in the community given the future land use designations in their 2008 Plan Update. (Attachment 2)

The key element of the proposed life-cycle housing goals will be the use of each communities' self-determined multifamily unit numbers as set forth in their Plan Updates. The numbers proposed as the life-cycle units goal range are already addressed in the future land use designations and allowable densities set forth in the local Plan Updates. They would be recast as a community's LCA goals to satisfy the life-cycle housing goals requirement of the law. It appears that with few exceptions, communities have provided ample opportunity for the housing market to respond to life-cycle housing demands and the provision of a diversity of housing types.

### Sharing the Proposed LCA Methodology and Goals

At the direction of the Community Development Committee, staff held a series of meetings with affordable housing stakeholders on the proposed affordable and life-cycle housing goals, the method to derive the goal ranges and the anticipated timeline for adopting the goals in 2010. In conjunction with Metro Cities, two meetings were held with city staff from 20 of the current LCA participating communities, and the staff of county HRAs, or CDAs. (Attachment 3) Prior to these meetings staff met with representatives of the Council's two principle partners in funding affordable housing, Minnesota Housing and the Family Housing Fund. The last interaction was a meeting was held with a group of affordable housing advocates from five advocacy organizations.

All of the meetings resulted in important discussions about the sources of data that provided the basis for the goals' method and numbers, concerns about possible unforeseen significant fluctuations on resource availability, possible changes in forecasted household growth for some communities, and the current market behaviors regarding the numbers and types of residential development in some communities.

From the local governments, there was positive reaction to the proposal to present the affordable housing goals as a range reflecting realistic affordable housing resources levels, with the Dakota County CDA representative specifically acknowledging this connection of expectations with available resources a step they have encouraged for many years. Regarding the life-cycle goals, a few communities, Lakeville and Cottage Grove to name two, indicated that at present they are experiencing some pressure to change multifamily guiding to allow less dense residential development.

Staff indicated that reductions in the high end of the LCA life-cycle goals ranges would be acceptable and would be considered as the Council talks with each community about the goals as the process moves forward.

There was also some speculation about what revised and presumably lower, household growth forecasts over the next few years might mean for the goals put in place this year. Staff indicated that at any time a forecasted growth reduction might have a significant impact on the community's share of the regional housing need, and as has been done in the first 15 years of the program, the community's LCA goals could again be renegotiated.

Finally, the meeting with the affordable housing advocates yielded the most significant reservations about the affordable housing goals proposal. Concern was expressed about allowing the low end of the goals range to be as low as 65%, or for communities with comparatively low need numbers being able to also lower their goal range to the 65% number. There were concerns that allowing a range was in fact accepting and endorsing a reduced expectation and responsibility for all communities that want to participate in the LCA and avail themselves of the LCA grant programs. Much of the discussion

focused on the concern that poor or less than adequate goals achievement did not have greater consequences in the Council's discretionary funding decisions. Concern was expressed that despite setting goals and guiding land to accommodate affordable housing, many cities did not work to help affordable development happen.

#### Next Steps

Following Council acceptance of the proposed goals, staff will communicate the new goal expectations to current LCA participating communities beginning in June.

At present, communities will be strongly encouraged to adopt these new goals locally and to communicate this action to the Council by September 1. At such time as the Council has received the agreed to LCA affordable and life-cycle goals for 2011 to 2020 from all of the communities electing to continue participation, pursuant to the LCA statute, the Council will hold a public hearing on the entire package of new goals, and adopt them by resolution to be effective for the next decade of LCA implementation.

#### **Rationale**

MN Statutes 473.254 requires the Council to negotiate affordable and life-cycle housing goals with each municipality that elects to participate in the Local Housing Incentives Account. The LCA goals previously negotiated in 1995 for the timeframe 1996 through 2010 are expiring at the end of this year and new goals must be negotiated with municipalities electing to do so.

#### **Funding**

There is no funding involved in the goals negotiation, however only communities that elect to participate in the LCA and negotiate new goals with the Council can receive LCA funding after 2010.

#### **Known Support / Opposition**

Staff from the Housing Preservation Project expressed in their meeting with staff that they believe the proposed low end of the affordable goal range is too low, and that communities will view the low end as their expected goal and disregard their total fair share need.

## Attachment 1

### Proposal for Livable Communities Act (LCA) Affordable Housing Goals for 2011-2020

**Affordable housing** – defined as additional/new housing opportunities created in a community that are affordable to households with an income at 60% or less of the area median income.

*-- Summary Report: Determining Affordable housing in the Twin Cities 2011 -2020 --*

**LCA Goals** – expressed as a range where:

- the minimum is a number equal to the portion of the community's share of the total regional need for affordable housing units that can be expected to be funded based on the resources available in the region to create new affordable housing opportunities, and
- the maximum is the community's share of the total regional need for new affordable housing units as identified by the Metropolitan Council and acknowledged by the community in its 2008 Comprehensive Plan Update.

<b>PROPOSED LCA AFFORDABLE HOUSING GOALS 2011 to 2020</b>		
<b>LCA Participant Community</b>	<b>Share of Affordable Housing Need From Comp Plan Update</b>	<b>Affordable Housing Goals Range</b>
Afton		0
Anoka	96	62 - 96
Apple Valley	1,307	1,098 - 1,307*
Arden Hills	288	187 - 288
Bayport	29	19 - 29
Belle Plaine	202	131 - 202
Blaine	1,865	1,212 - 1,865
Bloomington	961	625 - 961
Brooklyn Center	163	106 - 163
Brooklyn Park	1,506	979 - 1,506
Burnsville	737	619 - 737*
Carver	894	581 - 894
Centerville	170	111 - 170
Champlin	179	116 - 179
Chanhausen	1,166	758 - 1,166
Chaska	2,300	1,495 - 2,300
Circle Pines	13	8 - 13
Cologne	211	137 - 211
Columbia Heights	231	150 - 231
Columbus	54	35 - 54
Coon Rapids	200	130 - 200
Cottage Grove	985	640 - 985
Crystal	87	57 - 87
Dayton	1,240	806 - 1,240
Eagan	884	746 - 884*
Eden Prairie	1,843	1,198 - 1,843
Edina	212	138 - 212
Elko New Market	456	296 - 456
Empire Township	147	127 - 147*
Excelsior	7	5 - 7
Falcon Heights	21	14 - 21
Farmington	492	413 - 492*
Forest Lake	551	358 - 551
Fridley	116	75 - 116
Golden Valley	104	68 - 104
Hamburg	6	4 - 6
Hastings	241	204 - 241
Hilltop	43	28 - 43*
Hopkins	143	93 - 143
Hugo	855	556 - 855
Inver Grove Hgts.	871	737 - 871*
Jordan	114	74 - 114
Lake St. Croix Beach		0
Lakeville	2,260	1,888 - 2,260*

\*Goal is greater given the availability and use of additional affordable housing funding not available region-wide.



**PROPOSED LCA AFFORDABLE  
HOUSING GOALS 2011 to 2020**

LCA Participant Community	Share of Affordable Housing Need From Comp Plan Update	Affordable Housing Goals Range
Landfall		0
Lauderdale	35	23 - 35
Lexington	8	5 - 8
Lino Lakes	560	364 - 560
Little Canada	51	33 - 51
Long Lake	40	26 - 40
Loretto	3	2 - 3
Mahtomedi	27	18 - 27
Maple Grove	1,764	1,147 - 1,764
Maple Plain	19	12 - 19
Maplewood	388	252 - 388
Mayer	174	113 - 174
Medina	506	329 - 506
Mendota Hgts.		72 - 86*
Minneapolis	4,224	4224*
Minnetonka	378	246 - 378
Minnetonka Beach		
Mound	68	44 - 68
Mounds View	81	53 - 81
New Brighton	137	89 - 137
New Germany	11	7 - 11
New Hope	213	138 - 213
Newport	68	44 - 68
North St. Paul	115	75 - 115
Norwood/Young America	194	126 - 194
Oak Grove	0	0
Oak Park Heights	24	16 - 24
Oakdale	184	120 - 184
Orono	311	202 - 311
Osseo	23	15 - 23
Plymouth	1,045	679 - 1,045
Prior Lake	1,166	758 - 1,166
Ramsey	669	434 - 669
Richfield	765	497 - 765
Robbinsdale	133	86 - 133
Rogers	382	248 - 382
Rosemount	1,000	836 - 1,000*
Roseville	201	131 - 201
Savage	1,237	804 - 1,237
Shakopee	2,105	1,368 - 2,105
Shoreview	107	70 - 107
So. St. Paul	104	84 - 104*
Spring Lake Park	19	12 - 19
Spring Park	31	20 - 31

**PROPOSED LCA AFFORDABLE  
HOUSING GOALS 2011 to 2020**

LCA Participant Community	Share of Affordable Housing Need From Comp Plan Update	Affordable Housing Goals Range
St. Anthony	312	203 - 312
St. Bonifacius	0	0
St. Francis	73	47 - 73
St. Louis Park	501	326 - 501
St. Paul	2,625	2,625*
St. Paul Park	438	285 - 438
Stillwater	233	151 - 233
Sunfish Lake	0	0
Vadnais Heights	170	111 - 170
Victoria	975	634 - 975
Waconia	706	459 - 706
Watertown	60	39 - 60
Wayzata	109	71 - 109
W. St. Paul	104	84 - 104*
White Bear Lake	65	42 - 65
White Bear Twp.	113	73 - 113
Willernie	2	1 - 2
Woodbury	2,057	1,337 - 2,057

## Attachment 2

### Proposal for Livable Communities Act (LCA) Life-Cycle Housing Goals for 2011 – 2020

**Lifecycle housing** – defined as varied housing options that meet people’s preferences and circumstances at all of life’s stages, providing a balance of single-family homes, apartments, condominiums, townhomes, and senior housing for independent living or with a range of assisted-living services.

-- *Metropolitan Development Framework Glossary* --

**LCA Goal** – expressed as a range where:

- the minimum is the number of units equal to the community’s share of the regional need for affordable housing, and
- the maximum is the maximum number of units of medium, high, mixed-use, redevelopment, TOD or similarly named residential units allowed by the future land use guided in the community’s Comprehensive Plan Update or the total forecasted household growth of the community to 2020, whichever is less.

**DRAFT**

<b>PROPOSED LCA AFFORDABLE</b>		
<b>HOUSING GOAL RANGES 2011 to 2020</b>		
<b>LCA Participant Community</b>	<b>Share of Affordable Housing Need From Comp Plan Update</b>	<b>Affordable Housing Goals Range</b>
<b>Afton</b>		
Anoka	96	96
Apple Valley	1,307	1,307
Arden Hills	288	288
Bayport	29	29
Belle Plaine	202	202
Blaine	1,865	1,865
Bloomington	961	961
Brooklyn Center	163	163
<b>Brooklyn Park</b>		
Burnsville	737	737
Carver	894	894
Centerville	170	170
Champlin	179	179
Chanhassen	1,166	1,166
Chaska	2,300	2,300
Circle Pines	13	13
Cologne	211	211
Columbia Heights	231	231
Columbus	54	54
Coon Rapids	200	200
Cottage Grove	985	985
<b>Crystal</b>	<b>87</b>	<b>87</b>
Dayton	1,240	1,240
Eagan	884	884
Eden Prairie	1,843	1,843
Edina	212	212
Elko New Market	456	456
Empire Township	147	147
Excelsior	7	7
Falcon Heights	21	21
Farmington	492	492
Forest Lake	551	551
Fridley	116	116
<b>Golden Valley</b>	<b>104</b>	<b>104</b>
Hamburg	6	6
Hastings	241	241
Hilltop	43	43
Hopkins	143	143
Hugo	855	855
Inver Grove Hgts.	871	871
Jordan	114	114
<b>Lake St. Croix Beach</b>		

Shaded Rows – Comprehensive Plan Update or final Land Use numbers not yet received.

Lakeville	2,260	2,260
<b>Landfall</b>		
Lauderdale	35	35
Lexington	8	8
Lino Lakes	560	560
Little Canada	51	51
Long Lake	40	40
Loretto	3	3
Mahtomedi	27	27
Maple Grove	1,764	1,764
Maple Plain	19	19
Maplewood	388	388
Mayer	174	174
Medina	506	506
<b>Mendota Hgts.</b>		
Minneapolis	4,224	4,224
Minnetonka	378	378
<b>Minnetonka Beach</b>		
Mound	68	68
Mounds View	81	81
New Brighton	137	137
New Germany	11	11
New Hope	213	213
Newport	68	68
North St. Paul	115	115
Norwood/Young America	194	194
<b>Oak Grove</b>	<b>0</b>	<b>0</b>
Oak Park Heights	24	24
Oakdale	184	184
<b>Orono</b>		
Osseo	23	23
Plymouth	1,045	1,045
Prior Lake	1,166	1,166
Ramsey	669	669
Richfield	765	765
Robbinsdale	133	133
Rogers	382	382
Rosemount	1,000	1,000
Roseville	201	201
Savage	1,237	1,237
Shakopee	2,105	2,105
Shoreview	107	107
<b>So. St. Paul</b>		
Spring Lake Park	19	19
Spring Park	31	31
St. Anthony	312	312
<b>St. Bonifacius</b>		
St. Francis	73	73
St. Louis Park	501	501
St. Paul	2,625	2,625
St. Paul Park	438	438
<b>Stillwater</b>		
Sunfish Lake	0	0

Vadnais Heights		
Victoria	975	975
Waconia	706	706
Watertown	60	60
Wayzata	109	109
W. St. Paul	104	104
White Bear Lake	65	65
White Bear Twp.	113	113
Willernie		
Woodbury	2,057	2,057

## Attachment 3

### List of Stakeholder Interactions

- April 26<sup>th</sup>** Minnesota Housing
- April 28<sup>th</sup>** Family Housing Fund
- May 7<sup>th</sup>** Staff from:  
Burnsville  
Cottage Grove  
Dakota County CDA  
Eagan  
Lakeville  
Ramsey  
Washington County HRA
- May 10<sup>th</sup>** Staff from:  
Blaine  
Brooklyn Park  
Carver County CDA  
East Bethel  
Edina  
Hugo  
Maple Grove  
Prior Lake  
Rosemount  
St. Louis Park  
St. Paul  
Woodbury
- May 10<sup>th</sup>** Alliance for Metropolitan Stability  
Family Housing Fund  
Housing Preservation Project  
MICAH  
MN Housing Partnership