

Regional Council of Mayors
Framework to Expand and Preserve Housing Choices
WHAT CAN I DO? WHAT CAN WE DO TOGETHER?

In working with our partners, the **ULI MN/RCM Housing Initiative** identified shared strategies for RCM consideration to increase support for a full range of housing choices with a specific focus on housing that is affordable to people with low and moderate incomes. The framework provides options and opportunities for cities to engage individually and/or collectively building from ULI MN's culture of impact - *what can I do and what can we do together*.

Why Now? As the region grows the demand for quality housing options increases. The overall affordability of the region will become compromised if new tools and policies are not created to ensure that more units are built to meet future demand. According to a recent report by the National Association of Realtors, the MSP region is the 16th-most undersupplied housing market in the nation and there is a particular shortage of lower priced housing. New housing is being built but it is serving those with higher incomes while the supply of low-moderate housing is not keeping up with the demand generated by a growing, prosperous economy. If the housing supply continues to diminish to meet this demand; new economic opportunities such as talent attraction, quality jobs and development will be negatively impacted.

The RCM has a unique opportunity to create a culture of impact that drives positive change in supporting a full range of housing choices while increasing local and regional economic prosperity. Now is the time for action not only to support a growing economy but also in response to the renewed implementation criteria that must be included within each city's **housing element of the required update to the Comprehensive Plan**.

Goal: *Utilize the power of the Regional Council of Mayors (RCM) to move the needle on increasing affordable housing options by raising awareness and taking collective and individual city action in the preservation and construction of new rental and ownership housing units throughout the region.*

This can be accomplished through **sound policy, intentional practice and strong leadership**.

- Collective action can be taken to increase key tools to achieve the goal for increasing the regions affordability.
- Individual city action can be taken to increase local supply and **achieve comprehensive plan housing element requirements**.

By working together, cities in the region will be more informed and better prepared to adjust to demographic changes, job growth and market shifts.

RCM 2017 PROPOSED ACTION PLAN: (FOR DISCUSSION)

1. **Build a Coalition of Support by Raising Awareness** - Understand the value of supporting a full range of housing choices:
 - Hold **housing panel discussions** at RCM meetings at least two times per year profiling ways for cities to utilize new and existing tools and resources to increase the supply of housing and create more opportunities for more people. Examples include:
 - **Affordable Housing Talking Points/Presentation** - prepared by MN Challenge
 - **Housing Choice Vouchers**. Aligns with the FHF's Owner Manager Opportunity Coalition Program and Metropolitan Council HRA Community Choice Program.
 - **"Up the Code"** – Chicago Suburban model to build local municipal capacity by collaborating on code enforcement & rental licensing models.
 - **Affordable Ownership Options** - Community Land Trust affordable ownership model and loan products (Shop, Habitat for Humanity).
 - **Housing Innovation** – Review global innovation in housing that will help cities and the region become more forward looking.
 - **Enlist RCM Cities to support the use of local technical tools** to inform adoption of stronger housing policies that can be included within **city comprehensive plans** and increase the coalition of support for proposed affordable housing projects.
 - **HousingCounts.org** – new online one stop shop providing easy access to the Housing Policy Toolbox, Redevelopment Ready Guide, Housing Feasibility Calculator and data sources.
 - **Regional Development Funders Roundtable** – One stop shop resource where regional funders collaborate to align funding sources for proposed mixed income and affordable housing projects.

2. **Preservation: Naturally Occurring Affordable Housing (NOAH) and Existing Subsidized Housing:**

There are 167,100+ NOAH rental units, affordable to households at or below 60% of area median income in the 7-county region alone. Between 2006-2015 more than 1,300 properties (60,000 units) were sold with over 70% sold between 2011-2015. As vacancy rates decline and the market for rental housing becomes stronger, there is pressure by owners and investors to increase rents and improve class B and C properties. A positive effect is new investment is being made in distressed and blighted properties resulting in increased neighborhood quality and property values. A negative consequence is the displacement of households at the lowest incomes.

To preserve existing housing supply that provides a full range of housing choices new action is necessary.

Individual City Action:

- Identify at risk rental properties.
- Develop relationships with property owners to detect early plans for renovation/sale and properties where existing subsidies are expiring and proactively engage rental residents.
- Promote tools for preservation/renovation of NOAH properties such as newly created financing models (e.g. **Greater MN NOAH Impact Fund, Freddie Mac NOAH Preservation Financing**)
- Encourage city/county leadership to contribute to and fully utilize funding and financing tools (**HRA levies, bonding, etc.**)

Collective RCM Action:

- With legislative partners, explore legislative support to increase preservation tools.
 - **State notification requirement** for rental properties prior to transfer of ownership
 - **Increase funding for state rental rehab loan fund** to enable expansion of the tool to the MSP region.
- Seek partners to create a pilot program targeting renovation of two story walk up rental housing properties and seek funding support through a **multi-city application to MN Housing**.
- As a talent attraction strategy, seek funding support through a **multi-city application for MN Housing Impact Funds** targeting single family renovation to increase ownership opportunities for younger first time homebuyers or existing residents.

3. Build New Housing Units – Ownership and Rental

Even with the existing supply of affordable housing, more than 265,000 low- and moderate-income households in the region are paying more than 30% of their household income on housing costs, and nearly 140,000 of those are paying more than half their income on housing. The Metropolitan Council forecasts that between 2020 and 2030, our region will add 37,400 low- and moderate-income households that will need additional affordable housing. For comparison, in the first three years of this decade, the region added just under 3,000 new affordable units, far under the need.

To continue to successfully grow our regional economy and meet the growing demand new housing options must be created.

Individual City Action:

- **Adopt mixed income housing policy** that requires 10-20% affordability within new rental and ownership housing developments when there is a land use change and/or request for public funding/infrastructure improvements.
- **Adopt stronger policies** that clearly identifies the requirement to include affordability when utilizing public funding (TIF, Bonds, Tax Abatement) and in the sale of public land.

Collective RCM Action:

- **Support Housing Options Coalition** and proposed legislation to lower the risk of litigation surrounding condos, townhomes and cooperatives with the goal to increase new construction of ownership housing.
- With legislative partners, **modify TIF statute** to clearly identify the ability to use pooled TIF to support housing affordability throughout a City.