

This annual report summarizes new affordable housing added each year by Twin Cities area cities and townships. Annually, the Metropolitan Council determined a price-point for new housing affordable to owner-occupied and rental households at 60 percent of area median income as calculated by the U.S. Department of Housing and Urban Development (HUD). The area median income (AMI) for 2011 was \$82,700; 60 percent of AMI was \$49,600.

This definition assumes that owner-occupied households can afford mortgage costs (mortgage payments, taxes, insurance and related housing costs) at the prevailing home mortgage interest rates (assumed to be 4.50 percent for a 30-year fixed-rate home loan in 2011) without spending more than 30 percent of their income on housing. The Council considered owner-occupied units affordable if the price was \$160,250 or less in 2011.

For affordable rental price-points, the Metropolitan Council used the maximum monthly rents allowed by HUD in the Minneapolis-St. Paul metropolitan statistical area. The rental price thresholds in 2011 were: \$870/month for an efficiency or single-room occupancy unit; \$930/month for a one-bedroom unit; \$1,116/month for a two-bedroom unit; \$1,290/month for a three-bedroom unit; \$1,440 for a four-bedroom or larger unit.

For more information on the methodology, see Appendix A on p. 12.

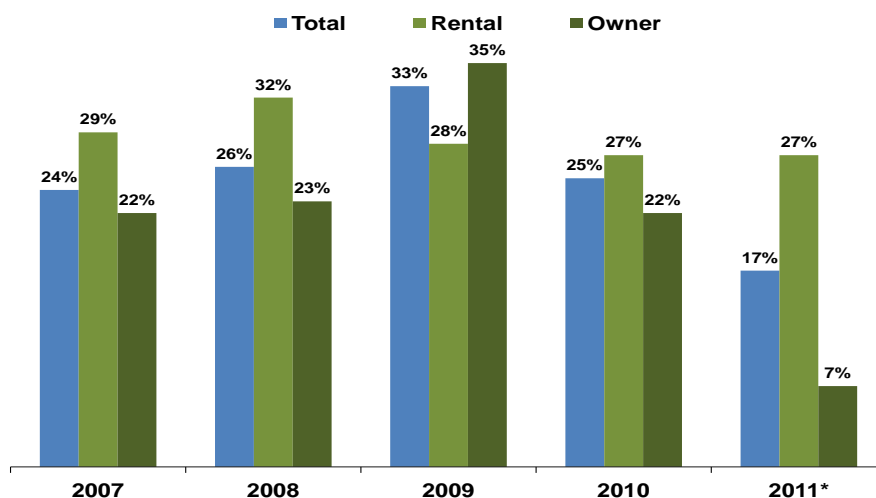
For more detailed information, visit [www.metrocouncil.org/data-maps.aspx](http://www.metrocouncil.org/data-maps.aspx)

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## Highlights

- 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. Thirty-eight communities produced affordable housing in 2011.
- Minneapolis contributed 44 percent of all new affordable units added in 2011, and with St. Paul, the two core cities added 63 percent of the new affordable housing.
- 278 new affordable owner-occupied units were added in 2011. Only seven percent of all owner-occupied housing added in 2011 was affordable.
- Thirty-four communities added affordable owner-occupied units in 2011.
- Minneapolis contributed 63 percent of all new affordable owner-occupied units added in 2011.
- Three-quarters of the new affordable housing added, or 876 units, was built to be rental housing. Twenty-seven percent of all rental units added in 2011 were affordable. The central cities comprised a majority (60 percent) of new affordable rental units. Eleven communities added affordable rental units in 2011.
- From 1996 through 2011, there were 53,195 new affordable units added in the Twin Cities region; 25 percent of all new housing added was affordable.
- 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. For rental units, 50 percent of area median family income was used from 1996 to 2010. In 2011, this changed to 60 percent.



\*Change in methodology for calculating affordable owner-occupied and rental housing units

## Total New Affordable Housing Added in 2011

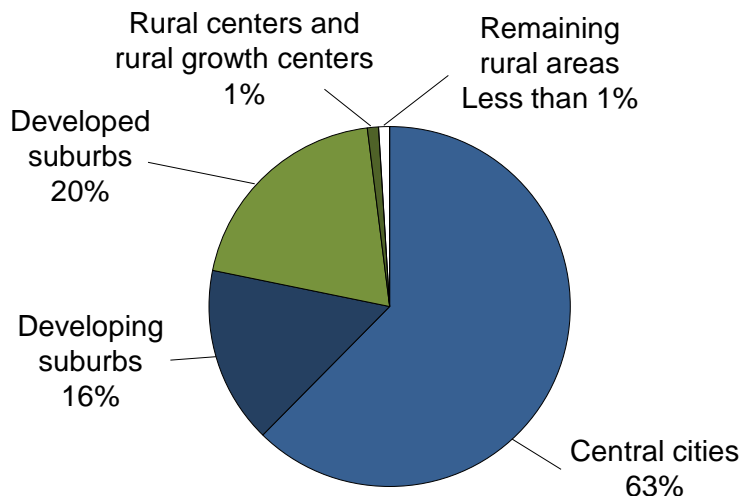
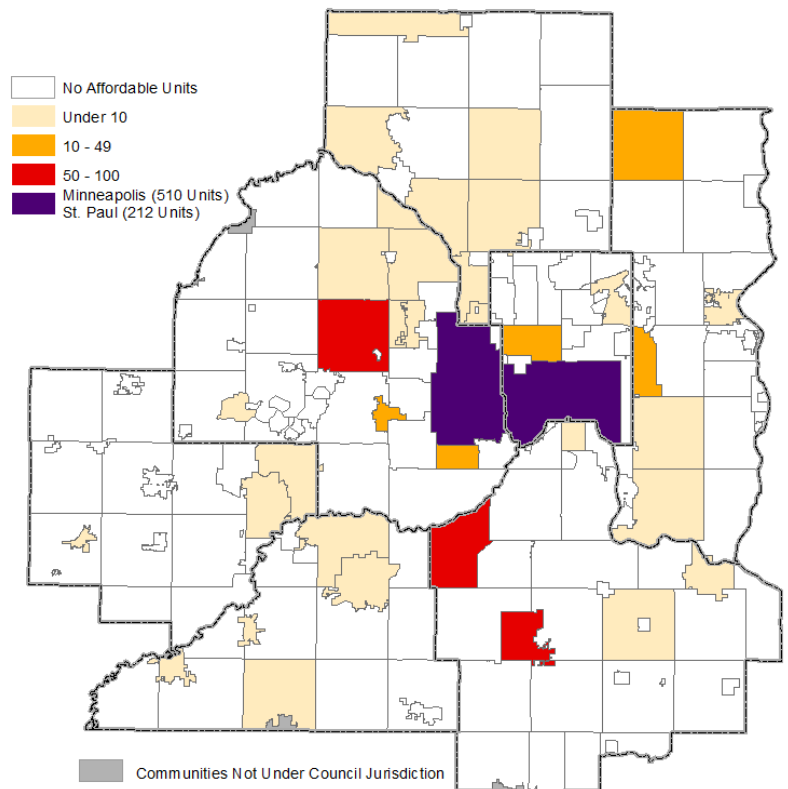
Overall in 2011, there were 1,154 new affordable units (owner-occupied and rental units combined) added to the Twin Cities region; 17 percent of the owner-occupied and rental housing built in 2011 was affordable. A decrease from 2010 to 2011 is to be expected, especially in owner-occupied units, because the methodology in calculating affordable owner-occupied and rental units has changed since 2010. In 2010, an owner-occupied unit was deemed affordable at 80 percent of the area median family income; as of 2011, an owner-occupied unit is deemed affordable at 60 percent of the area median family income.

The methodology for calculating affordable rental units also changed in 2011. Prior to 2011, a rental unit was affordable at 50 percent area median income. Starting in 2011, a rental unit is affordable at 60 percent area median income.

Minneapolis and St. Paul dominated the total amount of affordable housing added in 2011. Minneapolis constituted 44 percent of the total amount alone, and with St. Paul, the two core cities added 63 percent. Overall, the central cities added 722 affordable units in 2011. The developing suburbs had 234 new affordable units added or 20 percent of the regional total in 2011. The developed suburbs had 187 new affordable units added (16 percent). The rural centers and rural growth centers added 7 new affordable units (1 percent) and the remaining rural areas added 4 new affordable units or less than 1 percent of the regional total in 2011.

Thirty-eight communities produced affordable housing in 2011. The top 10 communities producing new affordable units during 2011 were:

Minneapolis	510
St. Paul	212
Farmington	87
Plymouth	67
Burnsville	60
Forest Lake	44
Oakdale	41
Richfield	21
Roseville	21
Hopkins	15



## New Affordable Owner-Occupied Housing Added in 2011

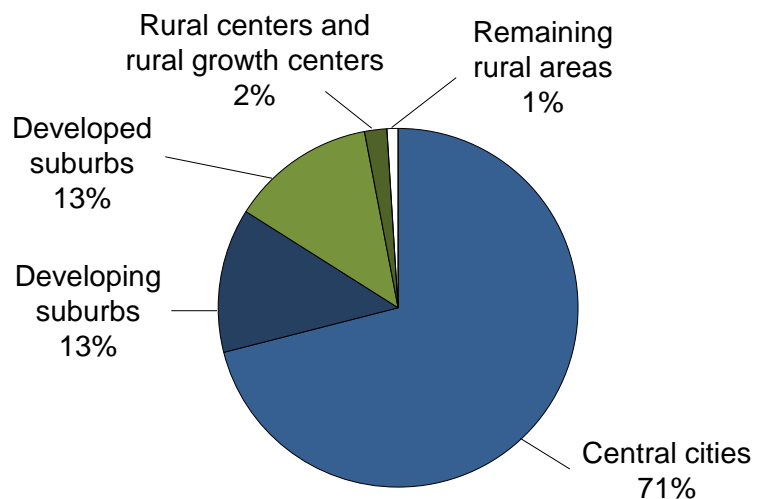
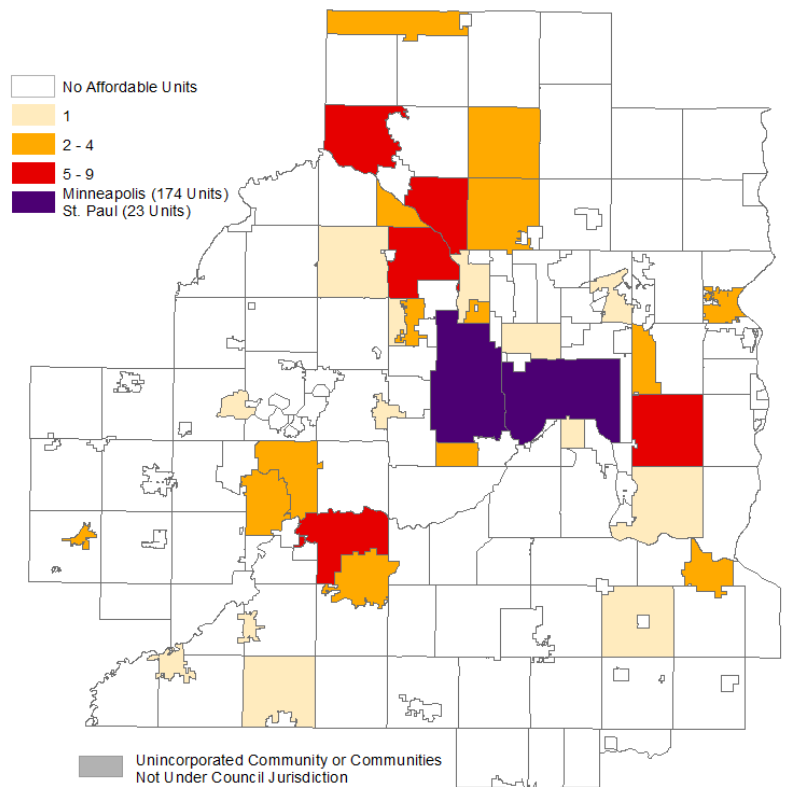
Only 278 new affordable owner-occupied units were added in 2011, by far the lowest amount recorded since 1996. As stated previously, this drop was expected as the methodology in calculating affordable owner-occupied housing units changed in 2011. From 1996 to 2010, the affordability threshold was at 80 percent of area median income. In 2011, this changed to 60 percent of area median income.

Only 7 percent of the new owner-occupied housing units added in 2011 were affordable to households earning 60 percent of area median family income. This was a 15 percentage point decrease from the 22 percent calculated in 2010, which was at 80 percent of area median income.

Of all the new affordable owner units added in 2011 (278 units), 71 percent (197 units) were built in the central cities. The developing suburbs (36 units) and developed suburbs (35 units) each contributed 13 percent of the total. The rural centers and rural growth centers added 2 percent (6 units), while the remaining rural areas added 1 percent (4 units).

Thirty-four communities produced affordable owner-occupied housing in 2011. The top 10 communities producing new affordable owner-occupied units in 2011 were:

Minneapolis	174
St. Paul	23
Woodbury	9
Coon Rapids	7
Shakopee	6
Brooklyn Park	5
Ramsey	5
Chanhassen	4
Columbia Heights	4
Stillwater	4



## New Affordable Rental Housing Added in 2011

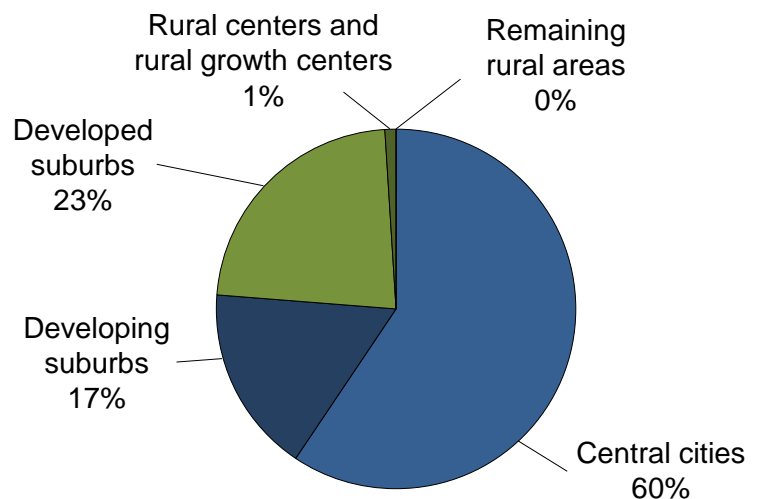
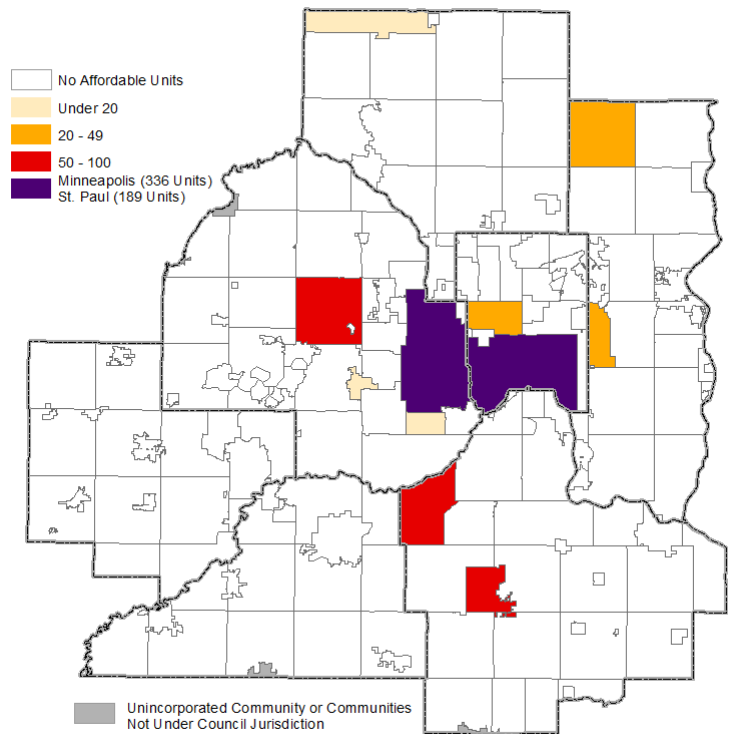
There were 876 new affordable rental units added in 2011, which was above the 783 units recorded in 2010. The methodology in calculating affordable rental units changed in 2011. From 1996 to 2010, the affordability threshold was at 50 percent of area median income. In 2011, this changed to 60 percent of area median income.

Twenty-seven percent of the new rental housing stock added in 2011 was affordable to households earning 60 percent of the area median income in 2011. This was the same percentage as in 2010.

Of the 876 affordable rental units added in 2011, 60 percent were built in the central cities (525 units). The developing suburbs added 23 percent (198 units) of the total, while the developed suburbs were at 17 percent (152 units). The rural centers and rural growth centers added 1 unit, and the remaining rural areas added no affordable rental units in 2011.

Only eleven communities produced affordable rental housing in 2011. The top 10 communities producing new affordable rental units in 2011 were:

Minneapolis	336
St. Paul	189
Farmington	87
Plymouth	67
Burnsville	60
Forest Lake	44
Oakdale	39
Roseville	20
Richfield	19
Hopkins	14



## Production of New Affordable Housing, 1996-2011

In their responses to the survey, communities reported the addition of 210,288 combined new rental and new owner-occupied units between 1996 and 2011. Of these, 53,195 were deemed affordable according to the Council’s annual affordability limits. Twenty-five percent of the new housing units (rental and owner-occupied) reported from 1996 to 2011 were deemed affordable. These units include 12,749 new affordable rental units out of the 41,493 total new rental units added, and 40,446 new affordable owner-occupied units out of the 168,795 total new owner-occupied units added.

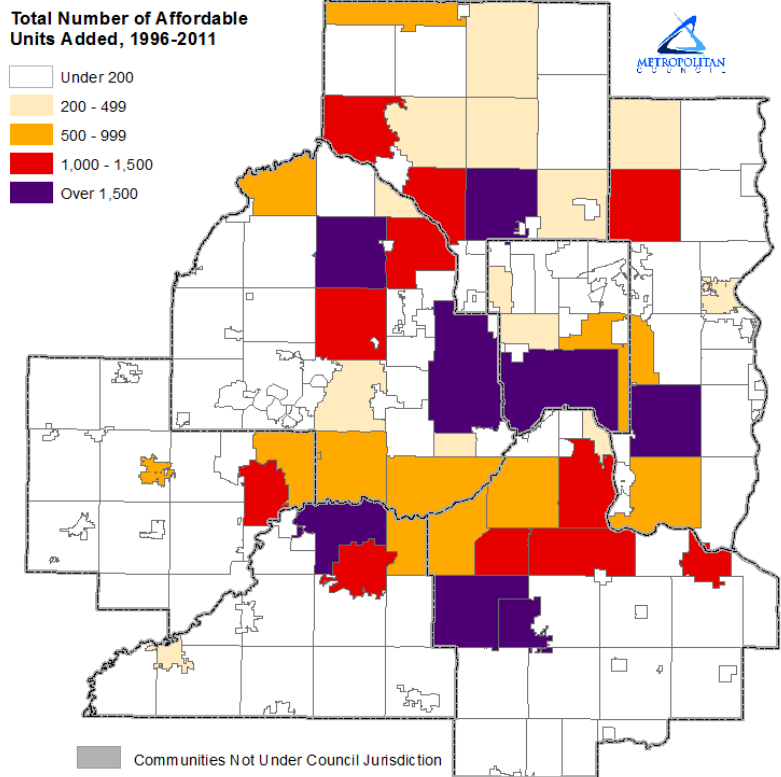
Over half (54 percent) of the new affordable owner-occupied and rental units added from 1996 to 2011 were built in the developing suburbs, with 28,773 units being added. The developed suburbs had 12,985 new affordable units added, or 24 percent of all new affordable units added. The central cities had 8,680 new affordable units added, or 16 percent of all new affordable units added. The rural centers and rural growth centers had 2,098 new affordable units added, or 4 percent of all new affordable units added. The remaining rural areas added 659 new affordable units, or 1 percent of all new affordable units added.

The top ten communities producing new affordable rental and owner-occupied units since 1996 are:

Minneapolis	5,698
St. Paul	2,982
Shakopee	2,873
Maple Grove	2,297
Woodbury	2,246
Farmington	1,779
Blaine	1,715
Lakeville	1,695
Inver Grove Hts.	1,444
Hugo	1,426

The top ten communities producing new affordable owner-occupied units since 1996 are:

Shakopee	2,725
Minneapolis	2,327
Woodbury	2,010
Maple Grove	1,963
Farmington	1,591
Blaine	1,581
Lakeville	1,433
Hugo	1,426
Ramsey	1,286
St. Paul	1,229



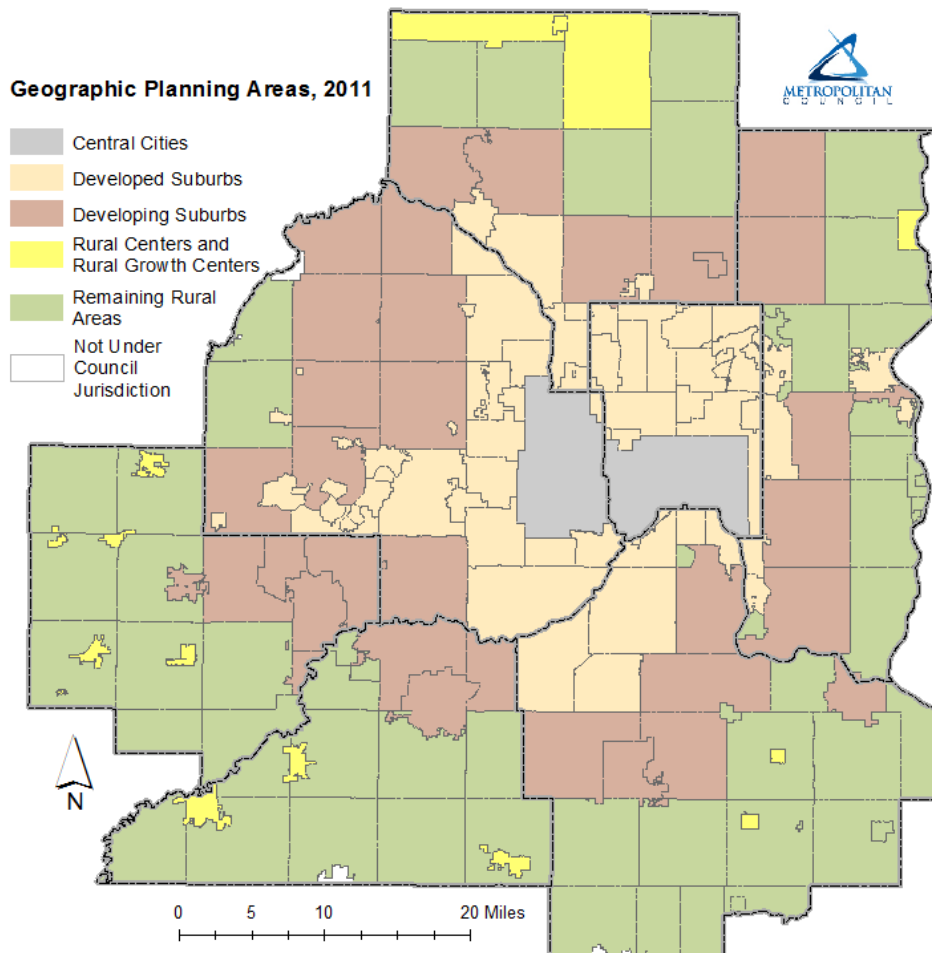
The top ten communities producing new affordable rental units since 1996 are:

Minneapolis	3,371
St. Paul	1,753
Plymouth	351
Brooklyn Park	349
Maple Grove	344
Apple Valley	331
Inver Grove Hts.	306
Eden Prairie	290
South St. Paul	270
Lakeville	262

Summary of Building Activity by Geographic Planning Areas, 1996-2011

Planning Area	New Rental Housing			New Owner-Occupied Housing			All New Housing		
	Affordable Units	Total Units	Percent Affordable	Affordable Units	Total Units	Percent Affordable	Affordable Units	Total Units	Percent Affordable
Central Cities	5,124	12,298	41.7%	3,556	13,287	26.8%	8,680	25,585	33.9%
Developed Suburbs	3,861	14,831	26.0%	9,124	40,663	22.4%	12,985	55,494	23.4%
Developing Suburbs	3,579	13,901	25.7%	25,194	100,369	25.1%	28,773	114,270	25.2%
Rural Centers and Rural Growth Centers	150	312	48.1%	1,948	6,828	28.5%	2,098	7,140	29.4%
Remaining Rural Areas	35	151	23.2%	624	7,648	8.2%	659	7,799	8.4%
Metro Area Total	12,749	41,493	30.7%	40,446	168,795	24.0%	53,195	210,288	25.3%

Geographic Planning Areas





## 2011 - 2020 Allocation of Affordable Housing Needs

Communities in the seven-county metropolitan area are required by the Metropolitan Land Planning Act to plan for “sufficient existing and new housing” to meet their local share of the region’s overall need for low- and moderate-income housing. These plans are to be included in the housing element of the community’s comprehensive land use plans. To help communities meet this requirement, the Metropolitan Council has: a) determined a forecasted regional affordable housing need; and b) allocated that need to individual communities.

### Background: The Necessity for Determining Regional Affordable Housing Need

Enacted in 1976, the Metropolitan Land Planning Act, Minn. Stat. Sec. 473.859, subdivision 2, paragraph [c], requires communities in the region to include in their comprehensive land-use plans a housing element that acknowledges the city’s share of the forecasted regional need for low- and moderate-income housing;

*A [local] land use plan shall...include a housing element containing standards, plans and programs for providing adequate housing opportunities to meet existing and projected local and regional housing needs, including but not limited to the use of official controls and land use planning to promote the availability of land for the development of low and moderate income housing.*

### 2011 - 2020 Allocation of Affordable Housing Need by City/Township

In 2006, the Metropolitan Council estimated that the region would need 51,000 new housing units affordable to households with low and moderate incomes during the decade 2011-2020, which was approximately 30.6 percent of all forecasted new sewerer household growth in the decade. As communities' household growth forecasts to 2020 are formally revised, their share of the region's affordable housing need may similarly change.

As of 2011, the regional affordable housing need number was revised to approximately 52,000 due to forecast changes in 80 communities since 2006. 2011 is the first year of the Affordable Housing Needs Allocation.

Community	2011 - 2020 Allocation of Affordable Housing Need	Affordable Units Produced, 2011	Units Needed to Meet Affordable Housing Needs Allocation
	Current as of December, 2011		
Afton	0	0	0
Andover	611	0	611
Anoka	96	0	96
Apple Valley	1,307	0	1,307
Arden Hills	288	0	288
Bayport	29	0	29
Baytown Township	0	0	0
Belle Plaine	202	1	201
Belle Plaine Township	0	0	0
Benton Township	0	0	0
Bethel	0	0	0
Birchwood Village	0	0	0
Blaine	1,865	3	1,862
Blakeley Township	0	0	0
Bloomington	1,003	0	1,003
Brooklyn Center	163	0	163
Brooklyn Park	1,506	5	1,501
Burnsville	727	60	667
Camden Township	0	0	0
Carver	894	0	894
Castle Rock Township	0	0	0
Cedar Lake Township	0	0	0

Community	2011 - 2020 Allocation of Affordable Housing Need	Affordable Units Produced, 2011	Units Needed to Meet Affordable Housing Needs Allocation
	Current as of December, 2011		
Centerville	170	0	170
Champlin	179	2	177
Chanhassen	1,166	4	1,162
Chaska	1,105	2	1,103
Circle Pines	13	0	13
Coates	0	0	0
Cologne	211	0	211
Columbia Heights	231	4	227
Columbus	53	0	53
Coon Rapids	192	7	185
Corcoran	302	0	302
Cottage Grove	985	1	984
Credit River Township	0	0	0
Crystal	130	2	128
Dahlgren Township	0	0	0
Dayton (Hennepin Co. part)	1,256	0	1,256
Deephaven	0	0	0
Dellwood	0	0	0
Denmark Township	0	0	0
Douglas Township	0	0	0
Eagan	946	0	946
East Bethel	181	0	181
Eden Prairie	1,844	0	1,844
Edina	212	0	212
Elko New Market	456	0	456
Empire Township	147	0	147
Eureka Township	0	0	0
Excelsior	7	0	7
Falcon Heights	21	0	21
Farmington	492	87	405
Forest Lake	551	44	507
Fridley	116	1	115
Gem Lake	19	0	19
Golden Valley	104	0	104
Grant	0	0	0
Greenfield	25	0	25
Greenvale Township	0	0	0
Greenwood	0	0	0
Grey Cloud Island Township	0	0	N/A
Ham Lake	0	2	N/A
Hamburg	6	0	6
Hampton	4	0	4
Hampton Township	0	0	0
Hancock Township	0	0	0
Hassan Township	0	0	0
Hastings	99	3	96
Helena Township	0	1	N/A
Hilltop	43	0	43
Hollywood Township	0	0	0



Community	2011 - 2020 Allocation of Affordable Housing Need	Affordable Units Produced, 2011	Units Needed to Meet Affordable Housing Needs Allocation
	Current as of December, 2011		
Hopkins	143	15	128
Hugo	855	0	855
Independence	6	0	6
Inver Grove Heights	872	0	872
Jackson Township	0	0	0
Jordan	114	1	113
Lake Elmo	660	0	660
Lake St. Croix Beach	0	0	0
Lakeland	0	0	0
Lakeland Shores	0	0	0
Laketown Township	0	0	0
Lakeville	2,260	0	2,260
Landfall	0	0	0
Lauderdale	35	0	35
Lexington	8	0	8
Lilydale	28	0	28
Lino Lakes	560	0	560
Linwood Township	0	0	0
Little Canada	72	0	72
Long Lake	40	0	40
Loretto	3	0	3
Louisville Township	0	0	0
Mahtomedi	27	0	27
Maple Grove	1,764	1	1,763
Maple Plain	19	0	19
Maplewood	388	0	388
Marine on St. Croix	0	0	0
Marshan Township	0	0	0
May Township	0	0	0
Mayer	172	0	172
Medicine Lake	0	0	0
Medina	506	0	506
Mendota	3	0	3
Mendota Heights	43	0	43
Miesville	0	0	0
Minneapolis	4,224	510	3,714
Minnnetonka	378	0	378
Minnnetonka Beach	0	0	0
Minnetrissa	209	0	209
Mound	68	1	67
Mounds View	65	0	65
New Brighton	137	0	137
New Germany	11	0	11
New Hope	213	1	212
New Market Township	0	0	0
New Trier	0	0	0
Newport	68	0	68
Nininger Township	0	0	0
North Oaks	56	0	56

Community	2011 - 2020 Allocation of Affordable Housing Need	Affordable Units Produced, 2011	Units Needed to Meet Affordable Housing Needs Allocation
	Current as of December, 2011		
North St. Paul	108	0	108
Norwood Young America	194	2	192
Nowthen	0	0	0
Oak Grove	0	0	0
Oak Park Heights	23	0	23
Oakdale	184	41	143
Orono	310	0	310
Osseo	26	0	26
Pine Springs	0	0	0
Plymouth	1,045	67	978
Prior Lake	1,166	2	1,164
Ramsey	636	5	631
Randolph	0	0	0
Randolph Township	0	0	0
Ravenna Township	0	0	0
Richfield	765	21	744
Robbinsdale	133	0	133
Rogers	373	0	373
Rosemount	1000	0	1000
Roseville	201	21	180
San Francisco Township	0	0	0
Sand Creek Township	0	0	0
Savage	1,237	0	1,237
Scandia	0	0	0
Sciota Township	0	0	0
Shakopee	2,105	6	2,099
Shoreview	94	0	94
Shorewood	53	0	53
South St. Paul	104	0	104
Spring Lake Park	19	0	19
Spring Lake Township	0	0	0
Spring Park	31	0	31
St. Anthony	312	0	312
St. Bonifacius	0	0	0
St. Francis	74	3	71
St. Lawrence Township	0	0	0
St. Louis Park	501	0	501
St. Marys Point	0	0	0
St. Paul	2,625	212	2,413
St. Paul Park	438	0	438
Stillwater	233	4	229
Stillwater Township	0	0	0
Sunfish Lake	0	0	0
Tonka Bay	9	0	9
Vadnais Heights	136	0	136
Vermillion	0	0	0
Vermillion Township	0	1	N/A
Victoria	975	0	975
Waconia	706	0	706

Community	2011 - 2020 Allocation of Affordable Housing Need	Affordable Units Produced, 2011	Units Needed to Meet Affordable Housing Needs Allocation
	Current as of December, 2011		
Waconia Township	0	0	0
Waterford Township	0	0	0
Watertown	60	0	60
Watertown Township	0	0	0
Wayzata	109	0	109
West Lakeland Township	0	0	0
West St. Paul	104	1	103
White Bear Lake	65	1	64
White Bear Township	113	0	113
Willernie	0	0	0
Woodbury	2,057	9	2,048
Woodland	0	0	0
Young America Township	0	0	0
<b>Metro Totals</b>	<b>52,288</b>	<b>1,154*</b>	<b>51,134</b>

\*May include units in communities that have no affordable housing need allocation.

## Appendix A. Data Sources and Definitions

*Metropolitan Council's Annual Residential Construction Survey:* The Metropolitan Council conducts an annual survey of each city and township in the Twin Cities to track the number of units by type (single-family, townhouse, duplex/triplex/fourplex and multi-family) that are permitted. This survey includes questions about units that have been removed from the housing stock each year. The building permit survey has a nearly 100 percent response rate.

*Affordable Housing Production Survey:* Data on the number of new permitted units and the number intended for owner or renter occupancy are collected through the Metropolitan Council's annual Affordable Housing Production survey. This survey is sent out to every community in the 7-county metro region and is completed by staff in the community. The response rate for this survey was 90 percent in 2011.

*Other Sources:* The Metropolitan Council utilizes various sources of data to monitor residential building activity. In addition to the Annual Residential Construction Survey and the Affordable Housing Production Survey, other sources of data include monthly residential building reports from the U.S. Department of Commerce, sales of existing units from the Minneapolis Area Association of Realtors (MAAR), rental data from HousingLink, Service Availability Charges (SAC) from the Metropolitan Council, GVA Marquette and the Dakota County Community Development Agency (CDA).

### Methodology for Identifying Affordable Units

Each year, respondents to the Affordable Housing Production Survey are asked to estimate how many of the new units built in their jurisdiction are rental or owner-occupied. From 1996 to 2007, the respondents to the survey were asked to estimate how many of the new units added met the Metropolitan Council's affordability limits. These numbers were then verified by Metropolitan Council staff. Some communities were able to provide sale price information, but others could not.

In 1996 and 1997, many communities filling out the survey utilized building permit valuations as indicators of affordability status. These valuations were readily accessible for the communities, but they often excluded the price of lots, and some finishing costs, such as landscaping and wall and floor coverings. Therefore, the building permit valuations did not represent the value of the housing unit.

In 1998, communities completing the survey were asked to add an average lot price to permit valuations in order to estimate the final cost. While these adjusted costs were not exact, they more closely reflected the market value of new homes. This practice of applying an additional lot price to the permit value was applied until 2001.

Beginning in 2002, county assessor data were used to estimate the price of each new housing unit added. The county assessor data contain many attributes regarding residential and commercial properties, including the selling price or market value of each housing unit within the county. The selling price was used first, and if it was not available, the market value was then used. These two attributes were used extensively to establish whether or not a unit met the affordability threshold.

Starting in 2004, the Minnesota Housing's Tax Credit Programs—Funded Developments data and HousingLink's Housing Counts were used to estimate the number of affordable rental units added. These databases include many attributes including the total number of tax credit units by municipality, development name, project type, and project inception date. These fields were used to validate the number of rental units that met the affordable rental thresholds.

Beginning in 2008, survey respondents were not asked to estimate the affordability of the new units. Instead, Metropolitan Council staff calculated the number of affordable rental and owner-occupied housing units.

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 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 general, these affordable housing numbers can be fluid from one year to the next. Changes in the numbers are reflective of not only market activity but also the input of new data sources. As new data sources become available, better quality of data can be presented in this report.