

METROSTATS

Exploring regional issues that matter

November 2017

A Step Forward: The Region's 2016 Affordable Housing Production

Key findings

Each year the research team at Metropolitan Council asks cities and townships across the Twin Cities region about their residential construction projects and whether these new housing units are affordable. Since 2011, Metropolitan Council considers low-income households to be those with incomes at or below 60% of Area Median Income, relative to household size.¹ For example, a family of four with an income of \$51,480 or below (60% AMI) would be considered a low-income household in 2016.

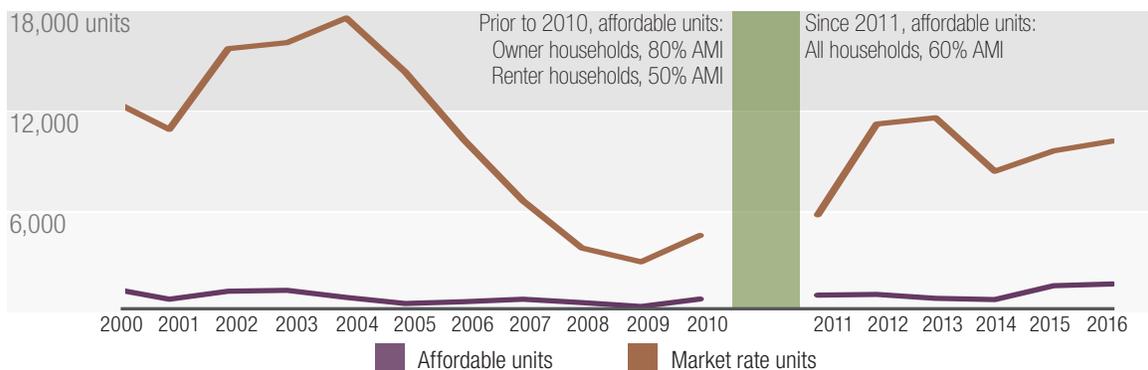
By tracking the price point of residential housing, we can better understand the landscape of housing options for households at different income levels. **When people cannot find housing they can afford, the effects are far-reaching: they are forced to make trade-offs between paying their rent or mortgage and other daily essentials, like food, medical care, and transportation—undermining their economic security and overall well-being.**

Our focus	How many new affordable units were added to the region's housing stock in 2016?	What are the primary housing types and tenure mix of the region's new affordable units?	Where was new affordable housing added in the Twin Cities region?
Our findings	The region added 1,724 new affordable units in 2016. This is the third consecutive year the annual total increased, an encouraging trend (though not necessarily a region-wide net gain). Further, half of 2016's affordable units were restricted to adults age 55 or older, and most were affordable at 60% AMI, the higher end of low-income.	The primary form of new affordable housing continues to be multifamily apartment buildings. In 2016, 94% of affordable units were renter-occupied. One in every four new multifamily units was affordable, a notable increase from prior years. Affordable single family homes and townhomes remain scarce.	Thirty-six cities across the region added at least one affordable unit in 2016, with a geographically diverse top 10. Between 2011 and 2016, 76 cities and townships added at least one affordable unit. Affordable housing is also finding its way into areas near transit.

Affordable housing production is up for the third consecutive year

The Twin Cities region added 1,724 affordable units in 2016, a +6% increase from 2015's total (1,613 units).² The 2016 total was the highest annual number of affordable units produced since 2011. After bottoming out in 2014 (+776 units), this marks the third consecutive year the region's added affordable units has increased (Figure 1).

FIGURE 1. NEW HOUSING UNITS ADDED IN THE TWIN CITIES REGION, 2000-2016



Source: Metropolitan Council's Affordable Housing Production Survey, 2000-2016. Affordable housing data are occasionally updated, and additional affordability levels are available for 2014-2016 data. Download at metro council.org/data.

Nearly 12,100 new housing units were added to the Twin Cities region's housing stock in 2016—of these new housing units, one in every seven was affordable (Figure 2). This share has doubled since 2013, when about 12,600 housing units were added and only one in every 14 was affordable.

FIGURE 2. SHARE OF REGION'S ADDED HOUSING UNITS THAT ARE AFFORDABLE



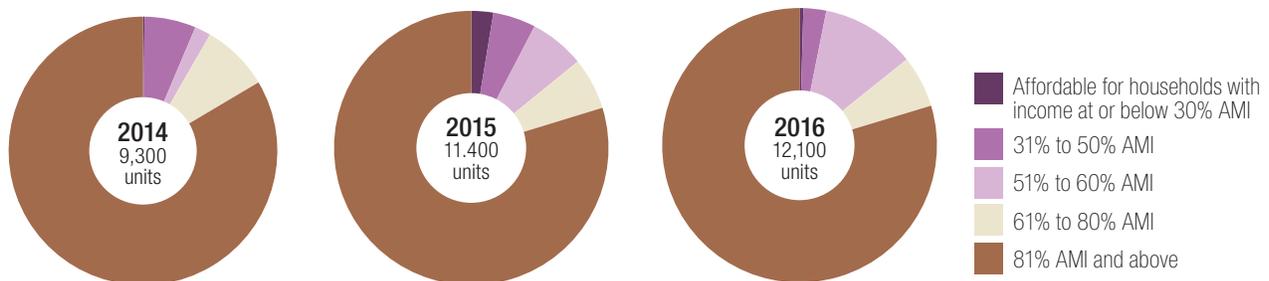
Source: Metropolitan Council's Affordable Housing Production Survey, 2013 and 2016. Affordable housing data are occasionally updated, and additional affordability levels are available for 2014-2016 data. Download at metro council.org/data.

It's worth noting that our data does not reflect net changes in the number of affordable units across the region, only new or added affordable units. **As properties opt out of tax credits or other federal subsidies, or naturally occurring affordable housing costs increase beyond affordability limits, the Twin Cities region's new affordable housing production may not result in net gain.** Meadowbrook Manor in St. Louis Park (a 551-unit apartment complex) and The Crossroads at Penn in Richfield (678 units) are two recent examples of affordable units converting to market rate housing, displacing low-income residents.³

The increase in affordable units is encouraging, but income and age criteria may limit access

We revised our annual Affordable Housing Production Survey in 2014 to gather more detailed information about the pricing of affordable units. Specialized funding resources helped bolster units affordable to households with income up to 30% of AMI in 2015 (Figure 3).⁴ In contrast, the majority of new affordable units added in 2016 (1,345 of 1,724 total) were priced for households with income between 51% and 60% of AMI.

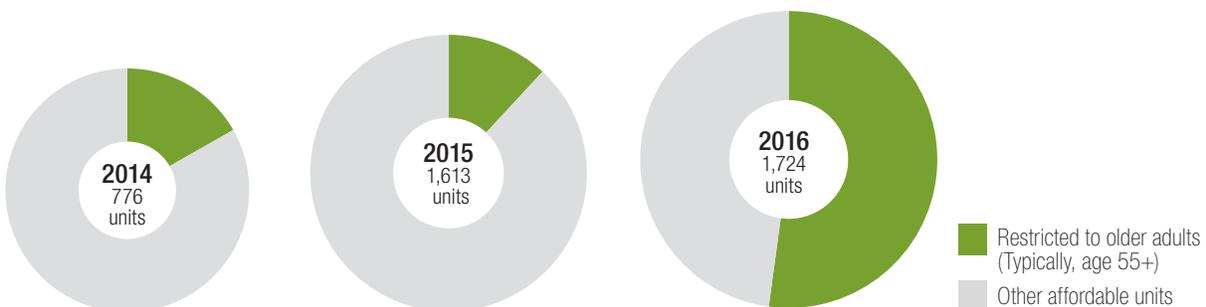
FIGURE 3. RECENTLY ADDED HOUSING UNITS BY AFFORDABILITY LEVEL



Source: Metropolitan Council's Affordable Housing Production Survey, 2014-2016. Affordable housing data are occasionally updated, and additional levels of affordability are available for 2014-2016. View and download at metro council.org/data.

Further, over half of 2016's added affordable units were restricted to adults age 55 and older—a significant shift from prior years (Figure 4). Nearly all of these 899 units were affordable to households with incomes between 51% and 60% AMI. In addition, Edina added 39 affordable units specifically for youth facing homelessness.

FIGURE 4. RECENTLY ADDED AFFORDABLE UNITS BY AGE CRITERIA



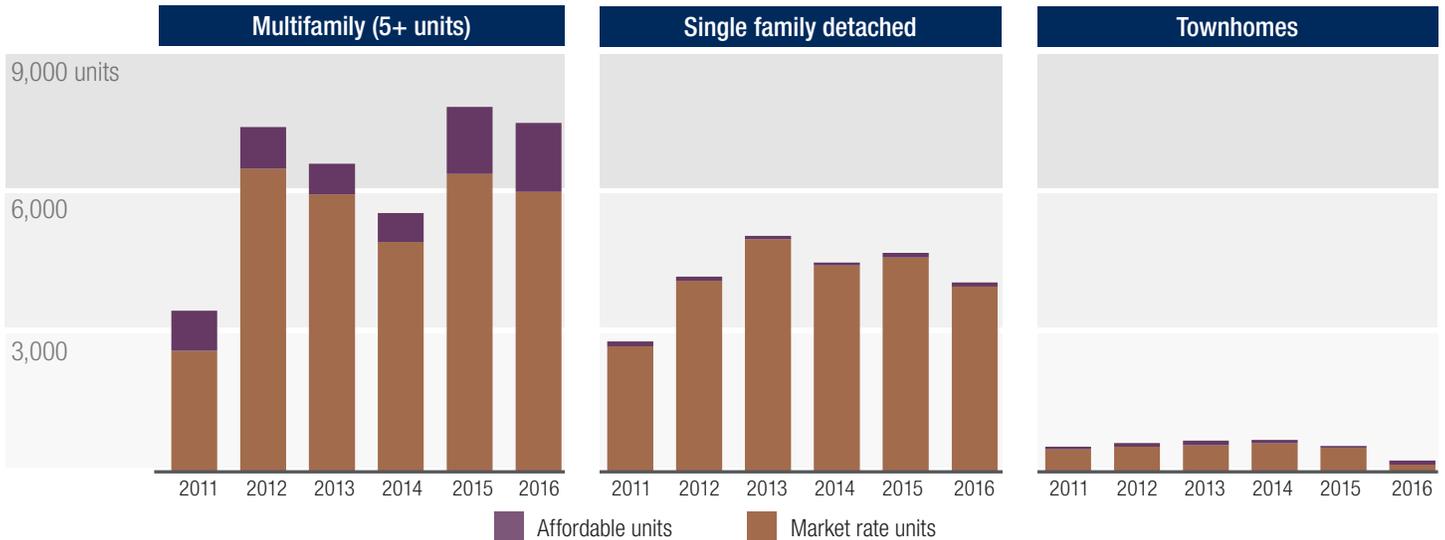
Source: Metropolitan Council's Affordable Housing Production Survey, 2014-2016. Affordable housing data are occasionally updated, and additional levels of affordability are available for 2014-2016. View and download at metro council.org/data.

A larger share of new multifamily units were affordable in 2016

Since 2010, the majority of the region's new residential construction has been multifamily rental units. As the rental market grew stronger in the wake of the Great Recession, affordable multifamily housing was significantly out-paced by market rate development. Between 2012 and 2014, about one in every eight (12%) new multifamily units were affordable (Figure 5). In 2015 and 2016, this share increased considerably to 22% and 25%, respectively.

In contrast, most single family homes added since 2011 are not affordable at or below 60% AMI. Just over 4,100 single family detached homes were added in 2016, but only 92 were affordable. Between 2011 and 2015, the region added an average of 600 townhomes annually, and about one in eight were affordable. In 2016, however, new townhome production fell considerably: only 236 townhomes were added, 87 of which were affordable.

FIGURE 5. RECENTLY ADDED HOUSING UNITS BY HOUSING TYPE AND PRICE LEVEL



Source: Metropolitan Council's Affordable Housing Production Survey, 2011-2016. Affordable housing data are occasionally updated, and additional levels of affordability are available for 2014-2016. View and download at metro council.org/data.

The number of residential developments that included both market rate and affordable units has increased since 2014. Between 2011 and 2013, only 14 individual projects were mixed-income, either by design (i.e., the project received financing or subsidy requiring affordable units) or because some units were naturally occurring affordable housing (for example, if rents for studios and 1-bedroom units fell under our affordability threshold). Between 2014 and 2016, 29 projects had both market rate and affordable units. Thus, the share of affordable units produced in mixed-income development went from 17% (2011-2013 combined) to 22% (2014-2016 combined).

2016 AFFORDABLE HOUSING HIGHLIGHTS



66 West in Edina

A 39-unit development offering housing and on-site services to southwest suburban youth (ages 18-23) who have experienced homelessness and have incomes up to 30% of AMI.



The Legacy of Farmington in Farmington

A 70-unit, mixed-income development that includes a range of living options for residents (age 55 and older). Fourteen units are affordable to households with incomes up to 50% of AMI.



Anishinabe Bii Gii Wiin in Minneapolis

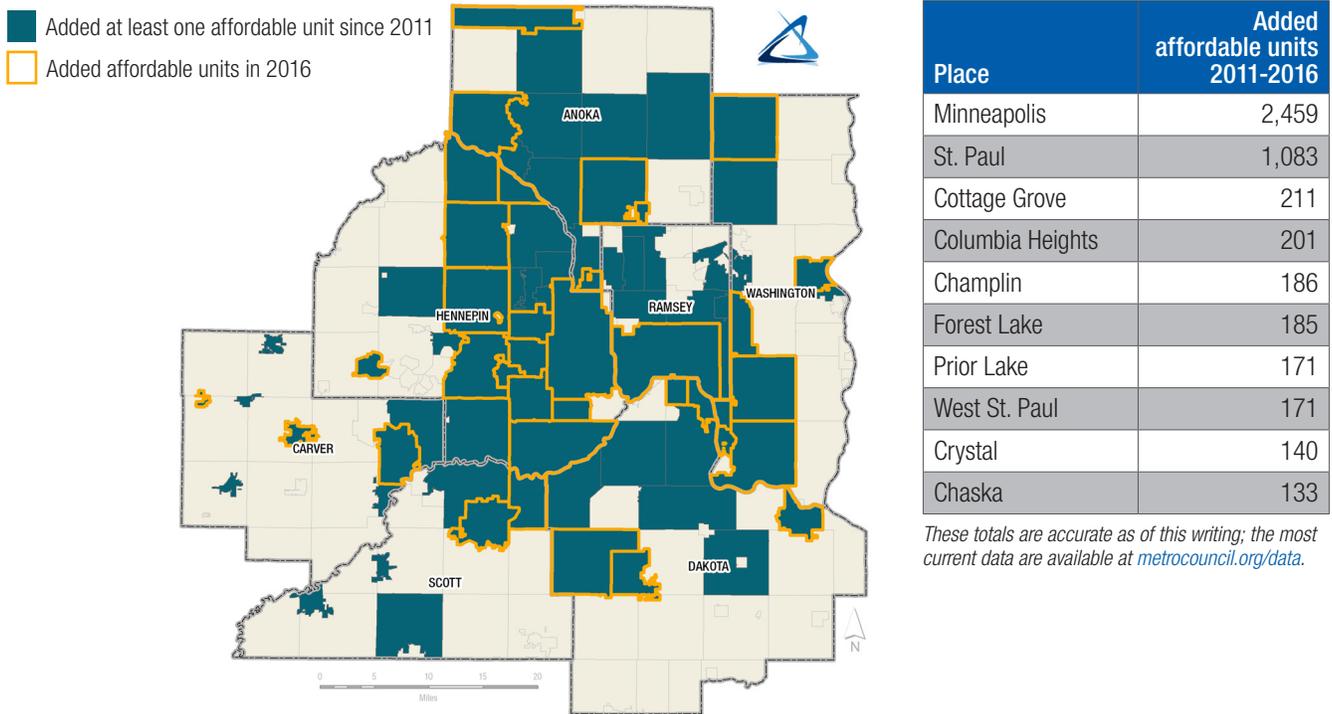
Thirty-two additional studio units were added in 2016 for people with disabilities who have incomes up to 50% of AMI. This development is near the METRO Blue Line (Franklin Station).

One in every five communities across the region added affordable housing in 2016

Thirty-three cities and townships added at least one affordable housing unit in 2016 (Figure 7). These communities were largely clustered in eastern Hennepin County, northern Dakota County, and western Washington County. Seventy-five cities and townships added at least one affordable unit between 2011 and 2016.

Additional affordable units were added along areas near the region's planned and existing transit corridors. For example, 134 affordable units were added near the METRO Blue Line, followed by 114 affordable units near the current planned route of the proposed Gold Line (a Bus Rapid Transit line connecting St. Paul and Woodbury), and 79 units near the planned Red Rock BRT (along Highway 61).

FIGURE 7. RECENTLY ADDED AFFORDABLE HOUSING UNITS BY CITY AND TOWNSHIP



These totals are accurate as of this writing; the most current data are available at metro council.org/data.

Source: Metropolitan Council's Affordable Housing Production Survey, 2011-2016. Affordable housing data are occasionally updated, and additional levels of affordability are available for 2014-2016. View and download at metro council.org/data.

Endnotes

¹We use the term 'affordable' to describe housing units that low-income households can pay for with up to (but not more than) 30% of their monthly income. Here, we express household income as a percentage of Area Median Income (AMI), a measure calculated by the U.S. Department of Housing and Urban Development annually. Since 2011, Metropolitan Council considers low-income households to be those with incomes at or below 60% of Area Median Income, relative to household size. For example, a family of four with an income of \$51,480 or below (60% AMI) would be considered a low-income household.

²At the time we published our 2016 report, the number of affordable units added in 2015 was 1,309. Since then, a large multifamily project in West St. Paul was recategorized as affordable, and several other data updates resulted in a sizeable change in the 2015 total.

³For an in-depth discussion and recent examples of the loss of affordable housing in the Twin Cities region, we recommend Twin Cities PBS Documentary, "Sold Out: Affordable Housing At Risk" available to view online [\[LINK\]](#).

⁴The increase in units affordable at or below 30% AMI was a direct result of the funding priorities of the Housing Infrastructure Bonds, which encouraged supportive housing.

METROSTATS

Metropolitan Council | Regional Policy and Research

390 Robert Street North

Saint Paul, MN 55101-1805

metro council.org/metrostats contact us: research@metc.state.mn.us

