



A place for us?

**A Study of Affordable Housing and Its Availability in Falcon Heights,
Lauderdale, Little Canada, Maplewood and Roseville**



LEAGUE OF WOMEN VOTERS ROSEVILLE AREA
FALCON HEIGHTS - LAUDERDALE - LITTLE CANADA - MAPLEWOOD - ROSEVILLE

Study of Affordable Housing and its Availability in Falcon Heights, Lauderdale, Little Canada, Maplewood, Roseville

League of Women Voters Roseville Area, March 2017

by **Judy Berglund, Rebecca Bormann, Mindy Greiling and Bonnie Koch**

“I believe we’re headed into the greatest housing problem for poor people in our country since the early 1900s. Not since 2008. Not since World War II, but since the early 1900s. I think the convergence of market forces, social issues, policy and politics is going to present us with the greatest problem we’ve seen for many, many decades, so we need to pass these kinds of bills (capital investment) that didn’t get passed last year. We need to all pitch in and do our work.”

--Alan Arthur, president Aeon
October, 2016, at a celebration of new affordable housing built by his company

Fact: There are more low-income people in the suburbs than there are in the central cities, and the need for affordable housing is as great. (*Dr. Ed Goetz, CURA*)

Fact: So far this decade, 28 communities in the Twin Cities have added 4,584 new affordable rental units. That amounts to just one year’s worth of metro wide demand. More than half of those units were built in Minneapolis and St. Paul, according to the Met Council, though the two cities account for just one-fourth of the region’s population. (*Star Tribune, Dec. 30, 2016*)

Fact: Three in 5 households earning less than \$50,000 experience housing cost burden. (*Minnesota Housing Partnership*)

Fact: Homelessness is down statewide since 2012, but in Ramsey County, it increased 14 percent. (*Wilder Foundation*)

Fact: There are more homeless children in Minnesota today than there were homeless people in all of the state in 1991. (*Wilder Foundation*)

Facts like these prompted the League of Women Voters of Roseville Area to take a serious look at the housing crisis, which, one agency says, is a “tsunami that is broad, complex and multifaceted.”

The League has a long history of advocating for equality of rights. Social policy positions center on securing “equal rights and equal opportunity for all” and promoting “social and economic justice.” The demographics of first-ring suburban cities in the League of Women Voters Roseville Area, which includes Falcon Heights, Lauderdale, Little Canada, Maplewood and Roseville, are changing dramatically. The Minnesota Department of Education documents that in the last 10 years there has been a 125 percent increase in the percentage of students in

Roseville Area schools and 85 percent increase in the North Saint Paul/Maplewood school district who are learning English. We have a sizable Karen community (Burma refugees). Approximately fifty-seven percent of students in the Roseville schools are now students of color. Homeless students are a part of our school population.

Study Goal

This study examines if fair housing and an adequate housing supply exist for all our community members. It focuses on available units for families and individuals using Metropolitan Council definitions. We chose Council definitions because they are the ones cities will use for updating their comprehensive plans due to be filed with the Met Council next year. The League sought to determine if our inner-ring suburbs are doing our share.

What is affordable housing?

Housing is affordable to a family or individual if costs are no more than 30 percent of their income. For people who earn less than the median income this can be a challenge.

Government subsidizes housing to make it affordable in a variety of ways with the main goal of preventing homelessness. Affordable housing is obtained by: building it publicly, building it privately with public assistance or by giving rental vouchers to people who, on their own, must find landlords who will accept them.

In addition to government-subsidized affordable housing, manufactured mobile homes, older homes and apartment buildings provide affordable homes as well.

The Metropolitan Council's new Housing Policy Plan, developed to assist cities, states, "Having a variety of housing types, including housing affordable to very-low-income households or those with special support needs, is part of a well-balanced, economically resilient community and an economically competitive region."

Gathering Background Information

A committee of League members questioned a variety of housing experts to gather information for this report. Interviewees were: Barbara Dacy, Washington HRA; Dan Hylton, Housing Link researcher; Paul Fate, recently retired CEO, Common Bond; Dr. Edward Goetz, Center for Urban and Regional Affairs (CURA); Libby Starling and Beth Reetz. Metropolitan Council; Commissioner Mary Tingerthal and Katie Topina, Minnesota Housing; Cathy Bennett, Housing Initiative, Urban Land Institute Minnesota (ULI), Cathy ten Broeke, Minnesota state director to Prevent Homelessness, and Dr. Craig Waldron, Hamline University.

Ellen Shelton, Wilder Foundation, addressed homelessness at the League's November meeting. We focused on affordable housing and homelessness at our meeting with local policymakers in January. Dr. Goetz, (CURA) John Slade, Organizer for Ramsey and Washington Counties, Metropolitan Interfaith Council on Affordable Housing (MICA) and State Representative Alice Hausman, a legislative leader on expanding affordable housing units, were speakers at our February meeting. City and county elected and appointed officials and staff

involved in comprehensive planning were invited to this meeting. Many were in attendance.

History

The federal government began building subsidized housing as part of President Roosevelt's New Deal. No new federal public housing has been built since the 1970s, when policy shifted to programs for private developers to create affordable housing. In Minnesota the number of lower-cost units constructed peaked in 2001 and has since declined.

No publicly subsidized apartments have been built this decade in more than 80 suburbs and exurbs around Minneapolis and St. Paul, according to an analysis by Dougherty Mortgage, a firm that tracks the local apartment market.

In 1974 the Housing and Community Development Act created a Section 8 Voucher Program for rental assistance to low income applicants. In the early eighties the federal government decreased its funding for rental assistance vouchers from about \$10 billion to about \$2 billion.

Metropolitan Council researchers report that the number of households paying more than half their income for rent doubled between 2000 and 2013.

MICAH estimates that \$1.06 billion is needed in Minnesota to fill an existing affordable housing gap. Rep. Alice Hausman states that 41% of Minnesota renters are cost burdened, meaning they pay more than 30% of their income for rent.

It's become increasingly difficult for people of modest means to find housing. Developers, catering to more affluent clients, are purchasing and upgrading large apartment complexes, often forcing low-income renters to move.

Current Challenges

The major challenges for developing affordable housing in the five suburbs represented by the League are building costs and the need to find subsidies, according to Goetz (CURA). "We don't have subsidies available; they aren't funded adequately at the state or federal level, though we have one of the better state finance agencies," he said.

In addition to needing to secure scarce funding, it's difficult to develop housing for a city's poorest residents because their potential neighbors worry that it will reduce property values or damage quality of life. These people are called NIMBYs (Not in My BackYard). MICAH states that NIMBYism is often rooted in racism. In Minnesota, 25% of renters are white and 75% are people of color.

According to Paul Fate, immediate past president of CommonBond, the Met Council hasn't been as aggressive as they should be in promoting affordable housing. Dr. Ed Goetz says the Met Council could use their levers more aggressively.

On the other hand, Council housing experts say they are limited in what they can do. The Council has four systems of responsibility determined by state statute - transportation, parks, wastewater and aviation. If housing were one of the systems, the Council could insist noncompliant cities modify their housing plans.

The Met Council does have an enforcement tool. Its Livable Community Program, funded from the Council's property tax levy, grants funds for expansion and preservation of affordable housing to help cities meet housing goals. Local governments' housing plans must pass muster to receive monies. Of the 179 local units in the Metro Area, 95 participate in the Livable Community Program. Of our five cities, only Little Canada does not.

The Metropolitan Council prioritizes funding requests by giving a performance score based on how well communities are maintaining or expanding and promoting affordable housing supplies and if transit is accessible. Scores are based on data from the Minnesota Housing Finance Agency (MHFA) and range from 0 to 100. Below is a score comparison of our five cities and neighboring communities.

City	2016 Housing Performance Score
Maplewood	84
Roseville	82
Shoreview	81
Fridley	79
White Bear Lake	75
North St. Paul	70
Mounds View	69
New Brighton	69
Arden Hills	68
Falcon Heights	40
Lauderdale	34
Little Canada	25

Dr. Ed Goetz says that generally speaking we have enough affordable units at the 80% level, but where we lack is for 50% AMI (Area Median Income) and 30% AMI. In that respect, he said, we're far behind. John Slade of MICAHA says that the Met Council's goal is based on

given growth in population and jobs, not how much affordable housing is needed. They don't deal enough with current need.

Vouchers

Financial help for low income renters is available through Section 8 vouchers. The Housing Choice Voucher Program, funded by the federal government and distributed through Metro HRA, offers rental assistance. Eligible households pay 30% to 40% of their incomes for rent, and Metro HRA pays the remainder. Families may rent any type of housing in the Metro HRA service area where the landlord agrees to program participation and within HRA rent guidelines.

Special vouchers are also available. Bridges, a state program, provides rental assistance for households with one or more adults with mental illnesses. Veteran's Affairs Supportive Housing (VASH), a federal program, offers rental assistance for homeless veterans in connection with supportive services provided through the Veteran's Administration.

Low-income people in the Twin Cities wait years for a Section 8 housing voucher. The Metropolitan Council, which oversees Anoka, Carver, and most of the suburbs in Hennepin and Ramsey counties, opened its waiting list in February 2015 for the first time since 2007. The agency received 35,000 applications in four days. Only 2,000 names were put in a lottery, and those families face a wait of up to three years to actually get a voucher.

People who do manage to secure a voucher often have a hard time redeeming them since few places accept them. According to Met Council data, less than two thirds of Section 8 voucher holders are able to use them. The success rate for people with mental illness who have Bridges vouchers is one-third.

The Metropolitan Council data below shows voucher usage in our five cities. Numbers fluctuate and may not be totally accurate in 2017.

Type of Voucher	Falcon Heights	Lauderdale	Little Canada	Maplewood	Roseville
Housing Choice (Section 8)	39	6	135	380	262
Bridges	0	0	6	5	3

Developers

"Funding is the responsibility of the developer. He or she must pull the funding together and make it work. If you are a developer and you have a vision, you would not proceed without

making sure you have the underlying financing and subsidies in place,” said CommonBond’s Paul Fate.

The tool that affects the largest expansion of affordable housing is the Low Income Housing Tax Credit, (LIHTC) which gives developers tax incentives for including affordable housing in their projects, generally up to 60% Area Median Income (AMI). (Minnesota Housing prefers 50%.) Tax credits come through the Federal Government Treasury Department and are administered by local housing authorities. Credits are only applicable if there is land available for development or redevelopment and usually require givebacks from the city as well.

NIMBYs (Not in My BackYard) discourage developers because they lead to “slow nos,” where the city doesn’t say no right way, but rejects a project later in the negotiations process. Delay is costly for the developer who may be paying for an option on the land, own the land or be paying a holding cost. Developers learn which cities do this and gravitate to other cities.

Minnesota Housing Finance Agency

The Minnesota Housing Finance Agency distributes funds to cities through a consolidated Request for Proposal (RFP) to facilitate one-stop shopping. It partners with the Met Council, Section 8 vouchers, and Greater Metropolitan Housing to offer this funding, which comes from state and federal sources.

Cities rarely apply for funding for a building entirely devoted to Section 8 renters because the funding is hard to put together and make work. However, Minnesota Housing encourages local housing authorities to allocate at least some units for Section 8 vouchers within workforce housing projects. It’s valuable to do so in terms of Housing Performance Scores for state funding, according to Commissioner Tingerthal.

Landlords

Section 8 voucher renters are not protected under Fair Housing regulation. Even when receiving a housing voucher, they can’t easily find a landlord who will accept them. Section 8’s reputation is negative. Landlords don’t want to deal with the extra inspections and paperwork that are a part of the voucher program. In today’s current competitive housing market, they don’t need to bother with the hassle or accept applicants who have bad credit ratings or misdemeanors, which many low-income people and people with mental illness have.

The Minnesota Legislature is currently examining policies that would encourage landlords to take a risk on the poorest and most vulnerable rental applicants. Legislators recently allocated a small amount of money to provide a backstop to landlords renting to families who have criminal backgrounds or mental illness, to compensate for damages beyond what insurance covers. Current state policy discussions focus on how to prevent “three calls from police and then you get evicted” policies if the calls are due to a mental health crisis.

Some housing non-profits are compiling data with the hope of giving landlords more accurate screening processes to enable them to better determine who would be a good tenant.

Housing Link maintains a website to assist people in finding apartments where vouchers are accepted. Their research manager, Dan Hylton, recommends cities give rental licensees information about Housing Link and urge them to list there if their units are affordable.

Minnesota Challenge

A particularly helpful study of practical things that can be done to increase the willingness of local governments to build affordable housing is the Minnesota Challenge study conducted in 2014. The goal is to give state and local communities additional options for providing a full range of housing choices for low and moderate income residents. The study was conducted by CURA, the Housing Justice Center and Becker Consulting and funded by Minnesota Housing, the McKnight Foundation, ULI Minnesota and Enterprise Community Partners.

The most important lesson from the research is that local policies that affect cost play an important role in determining whether it is feasible to build affordable housing and in the amount of affordable housing that can be built throughout the region.

The report identifies eleven areas where improvements can be made, such as:

- Supporting appropriate density. The single area with the largest impact on cost is the failure of cities to support cost-effective density and scale of affordable housing projects. Several cities have been successful in resisting this tendency.
- Finding and acquiring sites for new developments is one of the most difficult, time consuming and expensive tasks developers undertake. A number of cities have been quite proactive in easing these burdens, from identifying appropriate sites to zoning sufficient land.
- Fee reductions and waivers. Local fees, which vary widely, can easily add \$20,000 to \$30,000 in costs per unit.
- Supporting inclusionary housing, where market rate units must include a certain ratio of affordable units.

Hope for the Future

Despite the complex challenges listed in this report, we are guardedly hopeful for the future. The Greater Minnesota Housing Fund, a nonprofit affordable housing lender, is developing the nation's first regional pool of money to help affordable housing stay that way. The Fund will assist buyers who want to buy apartment complexes when they come up for sale in the seven-county metropolitan area. The goal is to purchase 10 to 20 percent of the affordable housing buildings that go on the market.

In our area, Aeon, a Twin Cities non-profit organization, recently purchased a pair of apartment buildings that will provide much needed workforce housing. The first, Goldenstar, is a 109-unit building in Maplewood. The other, Sun Place, is a 30-unit structure in Roseville.

Recent research by the Urban Land Institute and the Regional Council of Mayors (RCM), that ULI staffs, found:

- Cities that are more accepting and intentional in supporting affordable housing as part of a full range of housing choices ensure their competitive ability by accommodating income diversity in their communities.
- Communities are adopting housing policies and modifying zoning codes to support mixed use, mixed income and walkable places.
- 51 percent of affordable housing units in suburban areas were built or preserved in Regional Council of Mayors (RCM) cities participating in the Urban Land Institute's services from 2008-2014.

A Word of Caution

Though progress has been made in increasing affordable housing for Minnesota's low and moderate income families, the future remains uncertain, given an expected rise in interest rates and a potential decline in public housing funding under President Donald Trump.

Minnesota's Housing Fund is depleted pending Legislative action this year.

Analysis of Affordable Housing In Our Five Cities

On November 1st, 2016, The Roseville Area League of Women Voters Affordable Housing Study Committee sent Falcon Heights, Lauderdale, Little Canada, Maplewood and Roseville City Managers a survey to determine the present affordable housing situation in their cities. The cities had just begun to update their comprehensive plans. In some situations answers were still unknown. City figures are accurate as of December 1, 2016.

The MN Housing Finance Agency defines affordability based on the Area Median Income (AMI). The agency publishes the AMI adjusted by county and by individuals per household. In Ramsey County the AMI is \$60,100 for an individual, \$85,800 for a family of four. Need for assistance is broken into three categories: those with incomes up to 30% AMI, incomes between 31 and 50% and incomes that are 51-80% of the AMI.

Survey questions were based on information members of the Study Committee gathered in interviews with individuals with expertise in regional affordable housing. The survey was organized into three areas based on the Metropolitan Council Housing Plan: Assessing Existing Housing/Needs/Priorities; Implementing Housing Planning; Projecting Future Affordable Housing Needs.

Existing Housing

City	Popula- tion	#Units 0-30% AMI**	#Units 31-50% AMI**	#Units 51- 80% AMI**	Apartments (Units)	Mobile Home Parks/ Units	LIHTC Financed Units***
Falcon Heights	5,571	25* (25)	616* (628)	1,156* (752)	Unknown* (963)	None	None
Lauderdale	2,484	52* (15)	480* (590)	528* (464)	536* (648)	None	None
Little Canada	10,319	605* (953)	825* (1100)	850* (1753)	1,580* (2195)	3/573* (450)	118
Maplewood	40,567	1,327* (1218)	2,920* (4059)	7,776* (7454)	4,373* (4373)	4/726* (734)	31
Roseville	35,580	371 + 15 owned by Met Council (1169)*	175* (2517)	Unknown (7268)*	Abt 5,000 (Includes single family rentals)* (6087)	1/105* (112)	258

*Number reported in survey (Met Council assessment)

**AMI = Area Median Income. 0-31% includes homeless.

***LIHTC = Low Income Housing Tax Credit.

Naturally Occurring Affordable Housing (NOAH), homes that are available without subsidies, are not specifically tracked by any of the cities, but are tracked in the aggregate by the Met Council and included in their Performance Scores.

Implementing Housing Planning

Acreage available for future development is minimal so our inner-ring communities are more likely to focus on redevelopment and rehabilitation.

City	Residential Acreage Available for Development	Residential Acreage Available for Re-development	# Developer -initiated Request for Affordable Housing Builds: 5yrs/10yrs.	Approved/Denied
Falcon Heights	1	Unknown	1/1	Approved
Lauderdale	None	None	0/0	
Little Canada	About 20 acres	Hard to Predict	Unknown other than senior housing/high % of rental housing available	Senior housing approved
Maplewood	Minimal	City doesn't specify	2/Unknown	Approved
Roseville	None	58 acres for high density residential dev.	2/4	1 Pending/2 Approved/1 Denied (hinged on significant amt. of subsidy)

City Programs To Encourage Affordable Housing

There are many ways in which cities can encourage or make it easier for affordable housing to be developed in their communities. We asked if cities:

- Require a percentage of affordable units in high density development?
- Contribute local financial resources for low income housing?
- Reduce/waive building permit and municipal fees?
- Identify and acquire sites?
- Streamline the administrative process for project approval?
- Identify zoning regulations that allow for flexibility in affordable housing development such as parking requirements, design requirements?

There are few allowances in place in our cities presently, aside from:

- Falcon Heights: Has flexibility in zoning/subdivision codes through a Planned Unit Development (PUD).

- Lauderdale: flexibility.
- Little Canada: Assisted in providing tax exempt financing with some building upgrades. Contributed bond issuance fees to at least one complex to assist with improvement to a fire suppression system. Provided financing to three existing condo developments that met affordable guidelines using a statutory provision allowing for Housing Improvement Areas (HIA).
- Roseville: Has considered and given subsidy to low income housing projects.

Most cities require licensing of rental units and oversee them through state and city building codes. Maplewood does not have specific rental licensing standards. Falcon Heights only requires licensing of structures with four or less units.

Cities, generally, are not participating in programs that link individuals and families with affordable housing needs with availability in their communities.

Lauderdale and Roseville have participated in the Met Council's Livable Communities Program. Roseville has also worked with Corridors of Opportunity.

Projecting Affordable Housing Needs

The cities in the Roseville Area League are just beginning to update their comprehensive plans as required by the Metropolitan Council in 2018. When surveyed, they frequently did not have facts and figures readily available.

To assist communities in assessing their comprehensive plans, the Metropolitan Council forecasts population and job growth. It also projects regional household growth and determines each community's share of the regional need for housing. The figures below are based on a total regional need of 37,900 Affordable Housing units for the years 2021-2030. The numbers indicate how many units the Met Council has determined each community needs to add.

City	Allocation 0-30% AMI	Allocation 31-50% AMI	Allocation 51-80% AMI	Total Units Needed
Falcon Heights	0	0	0	0
Lauderdale	0	0	0	0
Little Canada	26	28	25	79
Maplewood	250	95	165	510
Roseville	72	50	20	142

As first-ring suburbs with changing demographics, none has begun to consider examining the relationship between employment in their cities and the need for housing for those employed.

Conclusion

At the time of the survey, all the cities indicated acreage available for new residential development is minimal to non-existent, placing emphasis on future redevelopment of existing land tracts and upgrades or rehabs of current properties.

In general, cities were not well informed about low-income affordable housing AMI availability and present rental voucher usage. Nor were they making affordable housing more development friendly through regulation flexibility. Connecting local individuals/families to support organizations that help them find housing is minimal.

Reflecting the LWVMN position on housing, improvement needs to be encouraged in:

- Providing for a full range of affordable housing opportunities in each city.
- Preserving and improving current affordable housing.
- Promoting better awareness of rental housing subsidy usage and linking low-income residents to support services.
- Supporting incentives that make development/rehabilitation more attractive to developers.
- Maintaining and regulating rental properties.
- Considering inclusion of affordable housing when minimal land available is developed.
- When licensing landlords, urge or require them to list on HousingLink if their units are affordable.

What's Next?

This year's study sought to educate League members, elected officials and the public about the need for affordable housing and its availability in the five cities in which most of our members reside. Many of the housing experts we interviewed told us that informed local advocacy by the League of Women Voters, partnering with other organizations, including churches, could be a key factor in garnering local interest to increase affordable housing options in our cities.

Capstone Project

League members are working with a team of University of Minnesota Humphrey School of Public Affairs graduate students working on a Master's Degree Capstone Project. The goal of the team is to analyze existing affordable housing in our five cities and build a framework of successful practices to meet future needs of our changing cities. With the students, we will make our study results and the framework they develop available to our cities to use as they update required Metropolitan Council housing plans. We will also make the framework available to other leagues representing first-ring suburbs who have many of the same needs as our cities.

LWV Affordable Housing Study Committee

Thanks to committee co-chairs: Rebecca Bormann, Mindy Greiling, Bonnie Koch and members: Judy Berglund, Emma Duren, Georgeann Hall, Claire Jordan, Kathy Juenemann, Kris Nagy, Beth Salzl.



This study is dedicated to Ann Berry, a lifetime League member and passionate advocate for affordable housing. Ann died in 2016.