

CITY OF MINNEAPOLIS

# Inclusionary Housing Policy and Long Term Affordable Housing Program Design

Information Session

Thursday, February 21, 2019

# RFP Overview



- Respondents can submit for one or both scopes of work
  - Scope 1: Inclusionary Housing Policy
  - Scope 2: Long Term Affordable Homeownership Program Design (LTA Program)
- Submittals due by 4:00 p.m. on Wednesday, March 6, 2019
- Submit electronically to [mplshomes@minneapolismn.gov](mailto:mplshomes@minneapolismn.gov)

# Market Context

- Housing costs in Minneapolis are rising and incomes are not keeping pace
- University of Minnesota Center for Urban and Regional Affairs (CURA) conducted analysis of areas at risk of gentrification, indicators that people of color and indigenous (POCI) communities are being pushed out of City by market
- Housing cost increase is most dramatic in neighborhoods that are lower income
- City is looking to implement new tools to prevent displacement

# Rental Market Changes

**Figure 5. Rental Affordability in Minneapolis, 2000–2016**

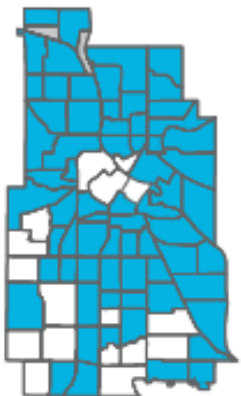
 **Affordable:** households can afford more than 50% of units  
 **Unaffordable:** households can afford 0-50% of units

All dollar values shown in 2016 dollars.  
 Affordable threshold calculated at 30% of monthly household income.

Source: Author calculations, 2000 Census, 2012-2016 ACS, 2000 IPUMS, 2012-2016 IPUMS



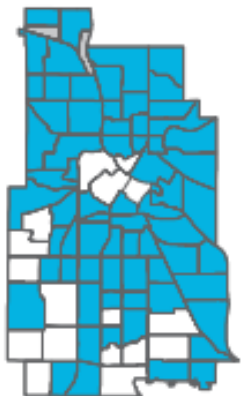
**2000**  
**Black or African American**  
 Median Rent: \$809/month  
 Median Renter Household Income: \$27,039/year  
 Affordable threshold: \$676/month



**Hispanic or Latino**  
 Median Rent: \$40,961/year  
 Affordable threshold: \$1,024/month



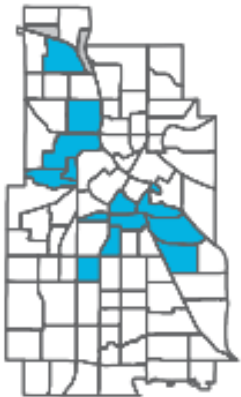
**Asian**  
 Median Rent: \$30,144/year  
 Affordable threshold: \$754/month



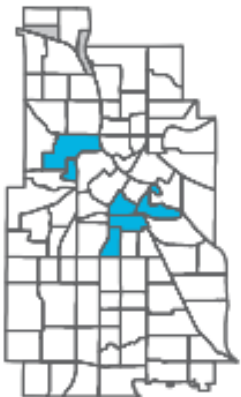
**White (Not Latino)**  
 Median Rent: \$40,147/year  
 Affordable threshold: \$1,004/month



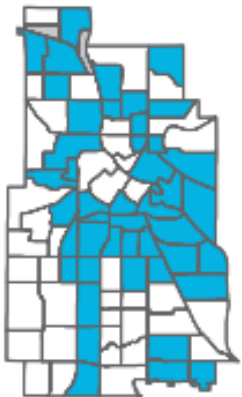
**2016**  
**Black or African American**  
 Median Rent: \$854/month  
 Median Renter Household Income: \$17,335/year  
 Affordable threshold: \$433/month



**Hispanic or Latino**  
 Median Rent: \$33,661/year  
 Affordable threshold: \$842/month



**Asian**  
 Median Rent: \$28,722/year  
 Affordable threshold: \$718/month



**White (Not Latino)**  
 Median Rent: \$42,173/year  
 Affordable threshold: \$1,054/month

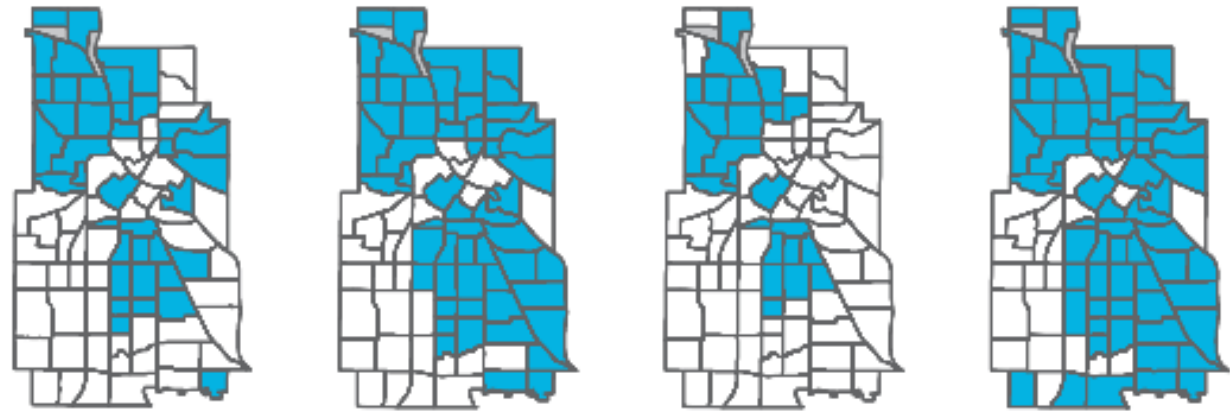
# Ownership Market Changes

**Figure 6. Homeownership Affordability in Minneapolis, 2000–2016**

**Affordable:** households can afford more than 50% of units  
**Unaffordable:** households can afford 0-50% of units

All dollar values shown in 2016 dollars. Affordable threshold calculated at 2.5 times annual household income.

Source: Author calculations, 2000 Census, 2012-2016 ACS, 2000 IPUMS, 2012-2016 IPUMS



**2000**

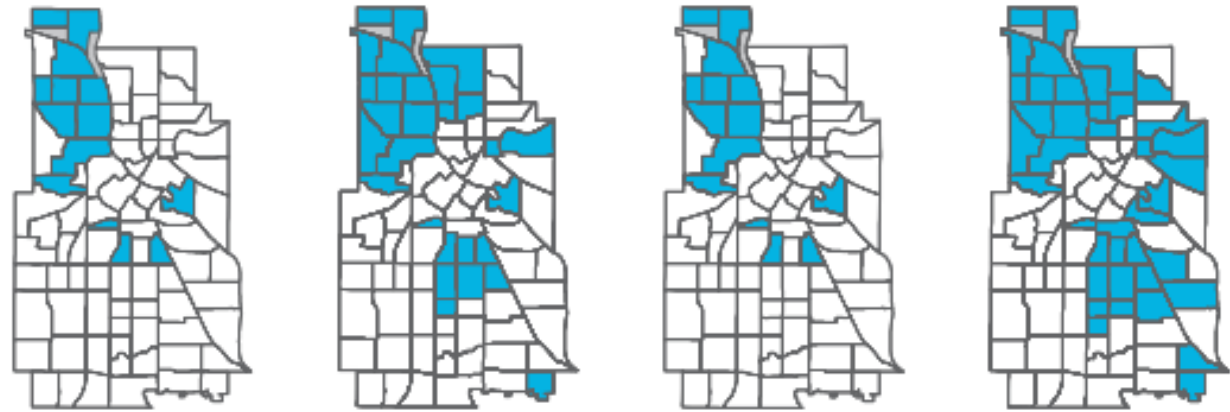
**Median Home Value: \$163,027**  
 Median Homeowner Income:  
 Affordable threshold:

**Black or African American**  
 \$61,942  
 \$154,855

**Hispanic or Latino**  
 \$67,438  
 \$168,595

**Asian**  
 \$52,979  
 \$132,448

**White (Not Latino)**  
 \$81,240  
 \$203,100



**2016**

**Median Home Value: \$212,800**  
 Median Homeowner Income:  
 Affordable threshold:

**Black or African American**  
 \$60,715  
 \$151,788

**Hispanic or Latino**  
 \$68,930  
 \$172,325

**Asian**  
 \$60,576  
 \$151,440

**White (Not Latino)**  
 \$84,582  
 \$211,455

Source: CURA, [the Diversity of Gentrification](#), 2019

# Scope 1: Inclusionary Housing Policy

- Since 2003, housing policy requires affordable housing with 10 or more units and financial assistance
- Expanded in 2016 and 2017 to include pass through grants and developments on city-owned land
- In August 2018, study of financial feasibility analysis, national best practices, and case studies of three other cities presented by Grounded Solutions Network
- In December 2018, Minneapolis 2040 plan, interim inclusionary housing ordinance, and zoning code text amendment approved by City Council

# Scope 1: Inclusionary Housing Policy

- See background and links to actions below on this page:

<http://www.ci.minneapolis.mn.us/cped/WCMSP-214876>

- Key actions and reports leading up to current scope:

- August 22, 2018: Inclusionary Housing Report

<https://lims.minneapolismn.gov/File/2018-00995>

- November 28, 2018: Unified Housing Policy Amendments

<https://lims.minneapolismn.gov/RCA/3421>

- November 28, 2018: Inclusionary Zoning Policy Framework

<https://lims.minneapolismn.gov/File/2018-01426>

# Scope 1: Inclusionary Housing Policy

- Analyze interim Inclusionary Zoning ordinance adopted December 7

<https://lims.minneapolismn.gov/Download/File/1882/Inclusionary%20Zoning%20Regulations%20Ordinance%20Revised%2011.29.2018.pdf>

- Clarify additional policy elements
  - Threshold size of projects
  - Effective dates
  - Compliance alternatives
  - Exemptions
  - Legal mechanisms to preserve affordability
  - Subsidy approval and compliance streamlining
  - Staff resources



# Scope 1: Inclusionary Housing Policy

- Program design
  - Coordination strategy between City departments
  - Administrative manual with staff procedures
  - System for monitoring and stewardship
  - System to work with developers for compliance
- Annual Report
  - Create a template that will satisfy council direction
- Stakeholder Meetings
  - Convene meetings and interviews as component of implementing the above

# Scope 2: LTA Program Design

## Why consider a city sponsored formula?

- Analysis of 400+ city-owned vacant lots in 2014-2016 led to
  - Reserving land in strong housing markets for long term affordable housing
  - Increased focus on developing city-owned vacant lots with housing
- Since launch in 2016 approximately 20% of Minneapolis Homes funded projects are LTA
  - Expansion of capacity likely to require a city sponsored LTA model

# Scope 2: LTA Program Design

## What is Minneapolis Homes?

- Umbrella name for a variety of City of Minneapolis-sponsored scattered site housing programs
  - PROPERTY: City-owned land that can be used towards housing development
  - FINANCING: Financial tools and assistance to create and sustain housing in Minneapolis
  - EDUCATION: Trainings and educational resources that build capacity to access homeownership and development opportunities

**Minneapolis**Homes



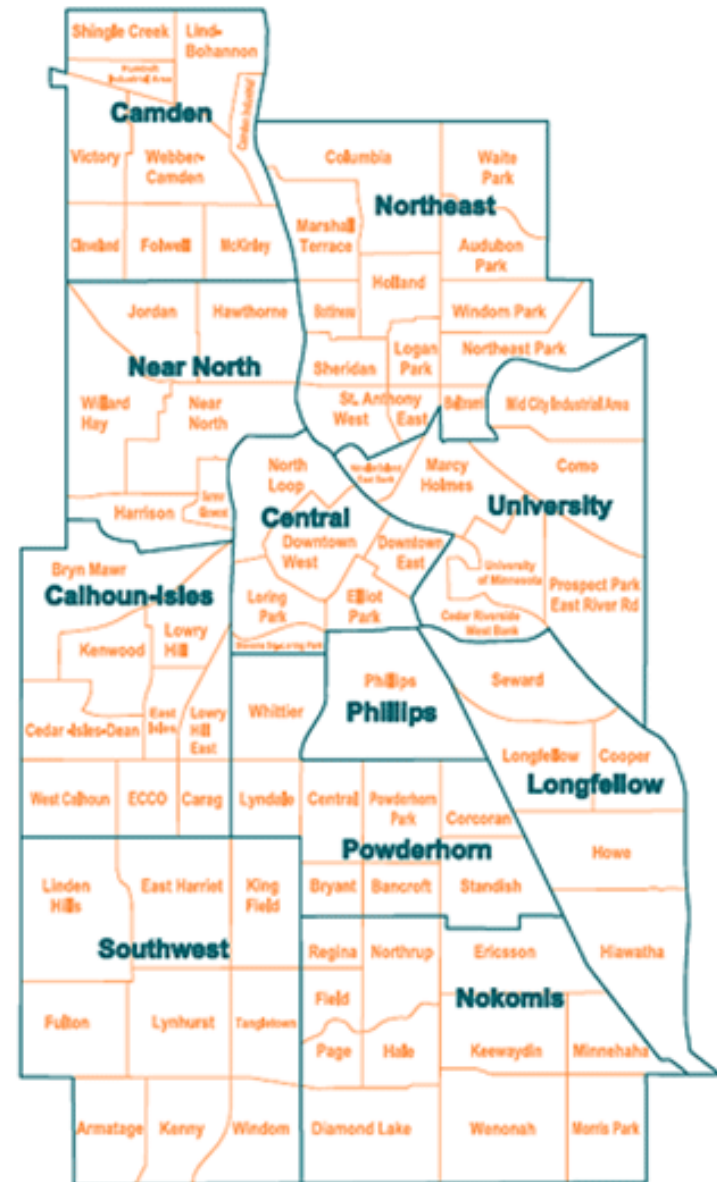
# Scope 2: LTA Program Design

## Overview

- Goal is to clarify subsidy investment needs and LTA resale formula options to ensure lasting affordability
- Three project types to consider:
  - 1-4 unit homes created through Minneapolis Homes program
  - 10+ unit developments without City financing, created through inclusionary housing policy
  - 10+ unit developments that receive City financing through the Affordable Housing Trust Fund program

# Scope 2: LTA Program Design

- Information Gathering
  - At least three focus group discussions, coordinated by City and facilitated by RFP respondent
- Target Market and Pricing
  - Examine market trends in Minneapolis communities in comparison to target mortgage pricing for 30/50/60/80 AMI households
  - Analyze subsidy need to provide access



# Scope 2: LTA Program Design

- Resale Formula Analysis
  - Examine formula implications in a stable, depreciating, and appreciating market
  - Wealth creation vs. affordability preservation
- Deliverables
  - Written report with executive summary
  - Presentation to council
  - Spreadsheet analysis provided to City

# Responding to the RFP

- Utilize RFP exhibits or your own format that includes information stated in the Exhibit
  - C: Experience and Capacity
  - D: References
  - E: Project Costs and Fees (fill out for the applicable scope you are responding to)
  - F: Work Samples

Proposals are due by 4:00 p.m. on Wednesday, March 6 to [mplshomes@minneapolismn.gov](mailto:mplshomes@minneapolismn.gov)

# Selection Process

- Staff will review and pick a consultant for each scope, it could be the same consultant for both scopes
- Estimated selection date is March 22, 2019
- Estimated service start date is April 1, 2019
- Estimated service end date is December 31, 2019



# Questions?

Contact for Inclusionary Housing Policy:  
Andrea Brennan, Director of Housing Policy and Development  
[Andrea.Brennan@minneapolismn.gov](mailto:Andrea.Brennan@minneapolismn.gov)

Contact for Long Term Affordable Housing Program Design:  
Roxanne Young Kimball, Supervisor  
[Roxanne.Kimball@minneapolismn.gov](mailto:Roxanne.Kimball@minneapolismn.gov)

