THE BIG PICTURE PROJECT

Aligning housing plans along Central Corridor

Central Corridor Affordable Housing Coordinated Plan

Recommended policies and strategies

Report by Twin Cities LISC

Revised May 2012

Co-sponsored by
City of Saint Paul • City of Minneapolis • Twin Cities LISC
Supported by the Central Corridor Funders Collaborative

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All supporting materials and maps developed for the Big Picture Project are available at:
www.funderscollaborative.org/partners/affordable-housing-group/resources

All Central Corridor photos courtesy of Central Corridor Funders Collaborative, the Metropolitan Council, and KAGE Imagery.

Revised May 2012, Twin Cities LISC

The Big Picture is hosted by the Cities of Minneapolis and Saint Paul and Twin Cities LISC, and supported by the Central Corridor Funders Collaborative.

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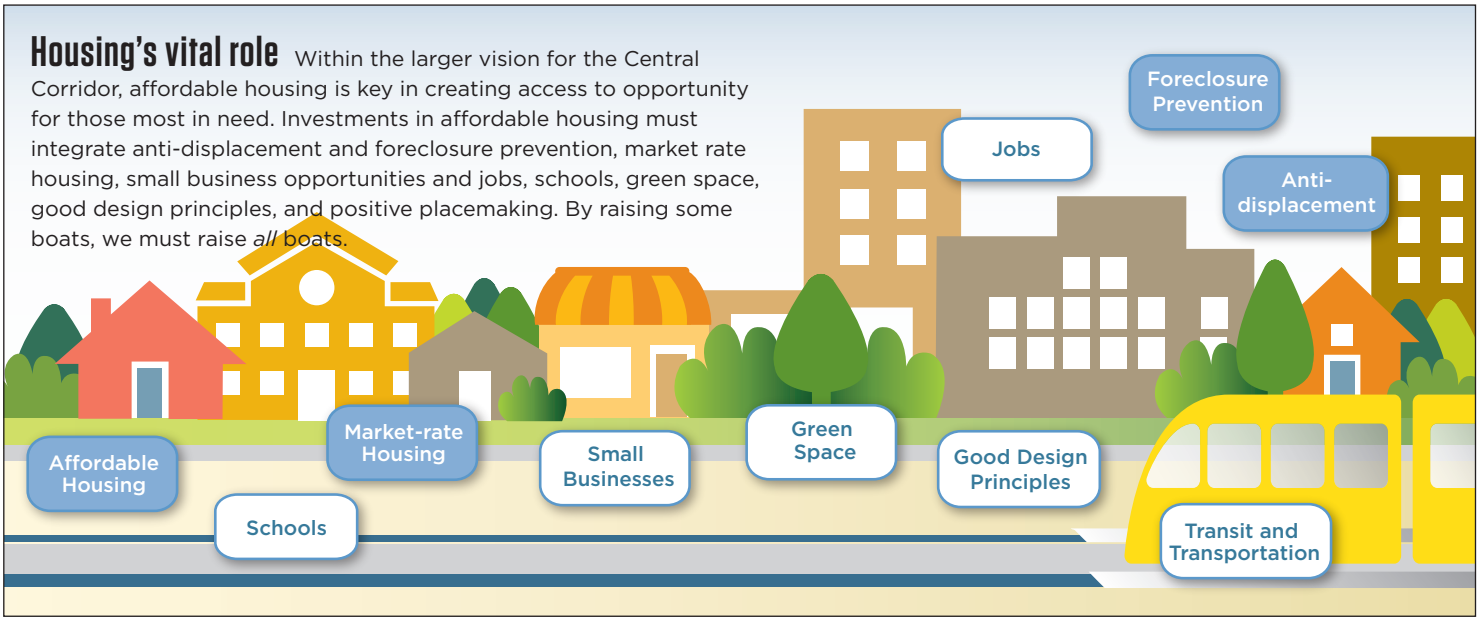
The Big Picture Project: Aligning housing plans along the Central Corridor
Summary Report



Communities of choice and opportunity

The Twin Cities region, through the Corridors of Opportunity and other key investment initiatives, is ramping up its efforts to create a regional transitway system. To realize the full potential of these transit investments, greater strategic alignment is needed among federal, state, regional, and local priorities, and between public and private partners. Realization also requires the recognition that regional systems rely on local placemaking. We need to promote efficient, compact neighborhoods with an interconnected street network, access to transit, mixed land uses, and concentration of retail and services (local efficiency). We also need a new and more comprehensive way of thinking about the cost of housing and true affordability, one that considers the impact that transportation costs associated with housing location have on a household's economic bottom line (housing + transportation = affordability).

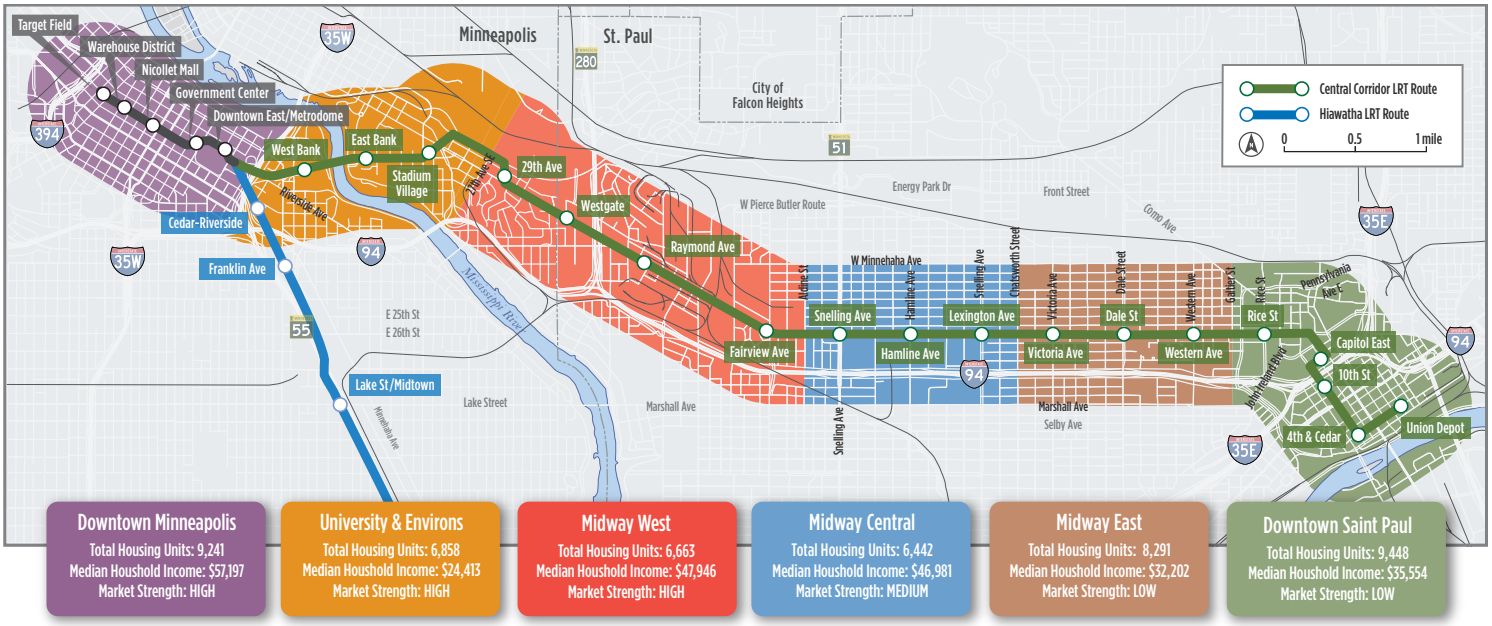
The arrival of light rail transit along the Central Corridor is a game-changer. The billion dollar investment will bring many other investments, providing both opportunities and challenges to the surrounding communities. One of those challenges is keeping the "Big Picture" in sight while focusing on specific opportunities for strategic investment.

The goals of affordable housing also have to align with the other priorities for the corridor. Setting guidelines for what should be preserved and what should change requires strong community engagement. And achieving results requires robust developer capacity, a committed set of finance partners, and governmental leadership that sets the stage for private investment. To quote Albert Einstein, "***The significant problems we face cannot be solved at the same level of thinking we were at when we created them.***"

> "Transitway corridors will guide our region's growth, vitality and competitiveness. Development along transitways will create distinct places and strengthen local assets while increasing ridership and expanding access to jobs, affordable housing, and essential services for residents of all incomes and backgrounds."
>
> Corridors of Opportunity Vision Statement
> Approved by the Policy Board, July 27, 2011

It's important to remember that placemaking means different things to the diverse communities along the corridor. To achieve a corridor-wide vision of equity and vitality, housing must both respond to current contexts and seed future opportunities. Families that already live here must be supported to stay and thrive, while culturally and economically diverse new residents must be drawn to the area by the quality of life and mix of housing options.

Central Corridor's six subareas



Finding the right mix

An optimal mix of housing options along the Central Corridor will require a range of strategies and policies. The Central Corridor station area plans project 17,000 new housing units over the next 30 years, predominately fueled by private investment and market rate development. The private markets are critically important as they will provide over 90% of investment, while the limited public sector resources will help to leverage that investment to achieve public purposes and healthy communities. Affordable housing is a key component of healthy communities.

A unified housing strategy for the whole corridor can not only attract millions of investment dollars to this stretch of the Twin Cities, it can stabilize existing housing stock, preserve long-term affordability, and make sure new development projects improve the quality of life for residents in the surrounding neighborhoods. A range of preservation strategies are needed, from small or moderate improvements to transformative redevelopment. We are aligning various housing efforts on the corridor around a shared value: the importance of providing a range of housing types.

Ideally neighborhoods will foster housing types that serve a mix of:

- Income levels;
- Ownership and rental;
- Family size, ethnicities, and ages; and
- Preservation and production of long-term affordable housing.

A shared plan

This shared plan for affordable housing recognizes that all Big Picture Project participants—and the broader stakeholders they represent—have a responsibility to implement the plan.

With the continued depletion of public sector resources (e.g. CDBG, LGA, etc.) our ability to achieve these goals is constrained. To counteract declining public resources, more risk must be shared by the private sector. Through the coordination of public and private investment, we hope to achieve greater impact in advancing our shared goals:

1. **Community:** Enhanced livability, access to opportunities, and equitable outcomes.
2. **Government:** Strong tax base, priorities for public purpose.
3. **Development:** Low risk, clear development goals.
4. **Finance:** Confidence in investments, evidence of emerging markets.
5. **Foundations:** Strategic investments directed toward specific areas of interest.

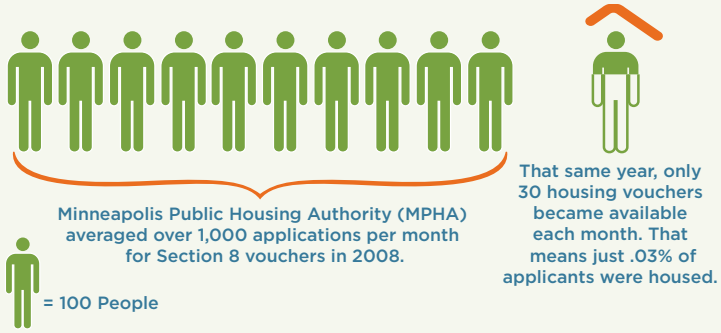
A coordinated affordable housing plan builds on the strength of community planning along the full stretch of the corridor, which includes six market subareas: *Downtown Minneapolis*, *University Environ*, *Midway West*, *Midway*, *Midway East*, and *Downtown Saint Paul*. These market areas have unique strengths and identities that influence the types of housing needed and the strategic investment focus.

Defining the need

There is agreement that the number of families requiring affordable housing continues to grow; not only in numbers, but also in the depth of need. In addition, there is a value in locating affordable housing near transit. Low-income residents are more likely to use it, creating greater access to opportunity as well as increased ridership. According to 2010 Census data, one in four Minnesotans were considered "near poor," with incomes below 200 percent of the poverty line. The numbers of families waiting for Section 8 vouchers continue to grow (see sidebar), and the median income for families along the east end of University Avenue is $32,202—or 39% of the regional Area Median Income. The levels of poverty are even higher if the geographic range is tightened to a quarter mile from University Avenue, reflecting a significant need to preserve housing affordability for very low-income households.

Affordable housing options in short supply

Minneapolis: Section 8 at a Glance



A Look at Section 8 Vouchers

- Minneapolis Public Housing Authority (MPHA) had over 12,000 applications for Section 8 vouchers in 2008, with only 30 vouchers coming available each month for use.
- Saint Paul Public Housing Authority had 11,000 applications for Section 8 in 2007 (the waiting list was closed in 2007).

Source: Survey of Applicants to the Minneapolis Public Housing Authority Section 8 Waiting List, Minnesota Housing Partnership, November 2008.

Concentration Along the Corridor

Housing options for very low-income families are extremely limited, and tend to concentrate in specific neighborhoods. Along the Central Corridor the largest levels of low-income households reside in the University & Environs and East Midway subarea (East Midway also has the largest number of vacant and foreclosed properties).

While there is recognition around the importance of maintaining the existing housing stock, all neighborhoods along the Central Corridor will participate in providing affordable housing options to counteract the dynamic of concentrating poverty.

Anti-displacement and gentrification

Given that most of the affordable housing stock is naturally occurring (no public money involved), there must be strategies and resources in place to guard against involuntary displacement which occurs through increasing rents and property taxes. Those that live in nonprofit or public housing will be protected from increased rents for the most part, but the rest will be vulnerable to the changing market. Ongoing efforts must continue to provide foreclosure prevention assistance, and to use existing property tax relief programs that are available. In addition, it will be important to monitor closely the changes in rent levels and property taxes over time, and document the impact of strategies to circumvent involuntary displacement.

Recommendations (pages 5–11)

The Central Corridor Affordable Housing Coordinated Plan builds on the existing efforts to provide affordable housing, incorporates ideas from other national models, and works to align public and private investments to achieve greater results. The Coordinated Plan establishes three targeted objectives, and their subsequent strategy and policy recommendations (see pages 5–11 for greater detail):

Objective 1: Invest in the production and preservation of long-term affordable housing.

To include:

1. Additional transit-oriented development (TOD) resources.
2. Value capture and tax incentive strategies.
3. Opportunity sites—demonstrate equitable TOD.
4. Strengthen nonprofit and public housing developers.
5. Non-traditional development models.

Objective 2: Stabilize the neighborhood and invest in activities that help low-income people stay in their homes.

To include:

1. Mortgage foreclosure prevention.
2. Home improvement loans/energy efficiency and weatherization programs.
3. Reuse of vacant and foreclosed properties.

Objective 3: Strengthen families through coordinated investments.

To leverage the creation of jobs, small business opportunities, cultural institutions, public art, green space, and connectivity.

Next steps

The Central Corridor Affordable Housing Coordinated Plan recommendations will be presented for consideration and action by governmental, finance, development, and community partners. The Project Team responsible for the recommendations will establish indicators to track progress, monitor change over time, and provide support to the further development of the strategies and policies needed to ensure success of the goals. In addition, there will be ongoing work by the array of partners to build capacity and resources to address affordable housing needs, and create communities of choice and opportunity through equitable transit-oriented development.

Definitions

2011 Area Median Income for a Family of Four

Minneapolis-Saint Paul Metropolitan Statistical Area
U.S. Department of Housing and Urban Development

Area median income	$ 82,700
60% of area median income	$ 49,600
30% of area median income	$ 24,800

Note: In some areas along the Central Corridor the median income is significantly lower than the Area Median Income. For these areas, the rents that serve 60% AMI are often greater than the market rents of the area. Deeper subsidies (targeting affordability for 50% AMI, 30% AMI and lower) can foster more meaningful affordable housing options. For housing that serves 30% AMI or lower, no debt can be assumed, which eliminates the use of private sector finance options.

Affordable Housing

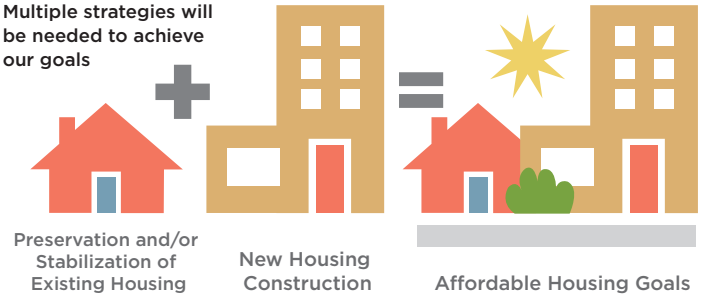
An affordable housing unit is defined by the Metropolitan Council as affordable to a household earning less than or equal to 60% of the Area Median Income (regardless of whether it is a rental of ownership unit, and regardless of whether the affordability is naturally occurring or is required due to public subsidies).

Preservation of Affordable Housing

Housing that will maintain affordability requirements for terms between 10–99 years (duration of terms will depend on financing provided), looking for ways to extend those terms if possible (e.g. Low Income Housing Tax Credits, land trusts, etc.)

Equitable Tranist-Oriented Development (TOD)

An equitable approach to transit-oriented development seeks to share broadly the benefits of this major public investment in transit access, ensuring that both existing and future residents can benefit through expanded affordable and accessible housing options, opportunities for local business development, affordable access to regional employment opportunities, and enhancing anchors for community life.



Conclusion–what is needed for success?

The costs of providing safe, quality affordable housing for low and very low-income people are steep, and government resources cannot do it alone. Through collective action we can create a laboratory of ideas, explore new models, and redefine how affordable housing can be effectively integrated into transit corridors. The top action priorities include:

1. Finance tools that best respond to critical housing gaps, and clarity around the limitations of different finance sources (e.g., commercial debt can't be used for homeless housing, etc.)

2. Investment tools that provide vehicles for private investment must be considered, such as:

- Value capture—the Saint Paul STAR Program can be a pilot to explore value capture strategies for reinvestment of public infrastructure and green space along transit routes. (Work with legislative partners to enable value capture tools and policies for the region and state, e.g.TIF.)
- Minneapolis Northside Home Fund—replicated in Saint Paul, this investment tool can provide strategic focus to addressing vacant and foreclosed properties (Family Housing Fund).
- Partnership Incentive Fund—to forge partnerships between nonprofit and for-profit developers to strengthen the capacity to get projects accomplished (LISC).

3. Innovative solutions that reduce housing costs for low-income people.

4. Connect local community placemaking and priorities with regional efforts to strengthen affordable housing options and equitable transit-oriented development.

"To realize the full potential of the Central Corridor as a place of opportunity for all, we need to bring public and private partners together to make our common goals around housing affordability a reality."

Russ Stark, City of Saint Paul Council Member

RECOMMENDATIONS: Central Corridor affordable housing coordinated plan

The intent of the Central Corridor Affordable Housing Coordinated Plan is to align public and private investments, and mobilize behind key strategies and policy tools to provide and strengthen affordable housing along the corridor. Collaboration, new and existing financial resources, and policies are all critical to the success of any coordinated affordable housing plan. The Big Picture Project Team presents the following recommendations, recognizing that multiple strategies are needed to achieve our three targeted objectives.

Objective I: Invest in the production and preservation of long-term affordable housing.

Objective II: Stabilize the neighborhood and invest in activities that help low-income people stay in their homes.

Objective III: Strengthen families through coordinated investments.

Objective I: Invest in the production and preservation of long-term affordable housing.

Corridor-wide goal

To provide greater confidence and accountability, a numeric goal has been identified to quantify the number of new and preserved long-term affordable units that will be achieved along the Central Corridor between 2011–2020.

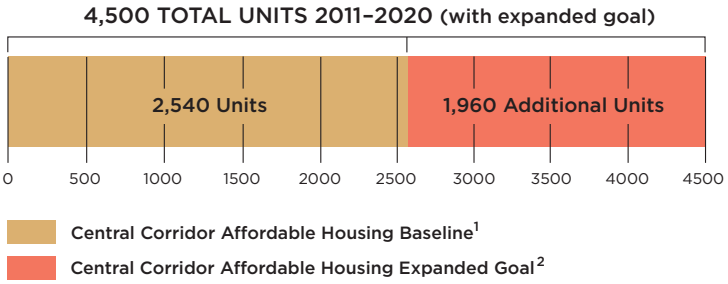
Although it's not feasible to earmark public resources for specific corridors or areas of a city, both Saint Paul and Minneapolis have identified affordable housing goals for 2011–2020 as part of the Met Council's Local Housing Incentive Account Program. (The Met Council defines affordable housing as affordable to a household earning less than or equal to 60% of the Area Median Income). Those two citywide goals total 6,625 units.

Leveraging our funds for more housing

1. Central Corridor Affordable Housing Baseline: 2,540 units

Based on each city's Met Council calculations identifying the portion of affordable housing—both new construction and preserved—that will likely be directed to the Central Corridor, the base line projection for 2011–2020* is 2,540 affordable housing units at an approximate total development cost of $445,025,000.

*See addendum Chapter 1 for projections.



2. Affordable Housing Expanded Goal: 4,500 units

If new finance sources and new ways to provide quality affordable housing can be found (which won't necessarily come from the cities), we believe we can achieve a stretch goal of 4,500 units between 2011–2020, which more accurately reflects the need for affordable housing in proximity to transit, at an approximate total development cost of $832,500,000.

We believe these goals are attainable given the recent affordable housing production and preservation achieved between 2009–2011, when a total of 2,858 affordable units were added (703 new, 2,155 preserved).

We believe that the expanded goal is attainable because of:

1. The recent track record of units developed.
2. Some new tools, e.g., Living Cities Integration Initiative $14 million, Met Council $33 million TOD fund.
3. The significance of the development of the Central Corridor, which can attract additional philanthropic, private, and federal resources. It's critical that we preserve existing resources that provide affordable housing, in addition to finding new sources and innovation ideas.

OBJECTIVE I: Invest in the production and preservation of long-term affordable housing.

ISSUE	RATIONALE	EXISTING APPROACH	ENHANCED APPROACH
1. Additional transit-oriented development (TOD) resources	The need for affordable housing exceeds the financial ability to provide those housing options—by a long shot. Additional public and private resources are critical to ensure that long-term affordable housing options are available along transit routes, creating communities of opportunity.	Provide grants and low-interest loans to assist developers to integrate affordable housing into new housing or preservation projects along transit corridors. Examples of existing or newly identified resources include: • Affordable Housing Trust Fund/Minneapolis and Saint Paul (grants/loans)* • Hennepin County TOD and Affordable Housing Incentive Fund (grants/loans) • Met Council Livable Communities Account (grants/ loans) • Metropolitan Council TOD Fund (grants) • Corridors of Opportunity Affordable Housing/TOD Loan Program (loans) • HUD Sustainable Communities Local Implementation Capacity (grants) • Coordinated strategies and investments (e.g. Interagency Stabilization Group, Corridors of Opportunity Implementation Team)	A. Examples of newly identified or potential resources include: • Foundations/Central Corridor Funders Collaborative (grants) • Bonds (loans) • Land banking/ tools to reduce holding costs for site acquisition (loans) • Credit enhancements to leverage commercial debt (grants/ loans)
2. Value capture and tax incentive strategies	Public resources are scarce and getting scarcer. The ability to leverage private investment to achieve public goals such as affordable housing must be utilized to the full extent feasible.	Tax increment financing (TIF) districts along the Central Corridor.	B. Work with the legislature to establish value capture policies that will leverage private investment along transit routes to reinvest in affordable housing and other gray and green infrastructure enhancements. (e.g. TIF, TAD, TIRZ, CRA, RAD) C. Consider Saint Paul STAR program as investment vehicle.
3. Opportunity sites—demonstrate equitable TOD	The Central Corridor offers the next great opportunity for the Twin Cities region to raise the bar on what equitable transit-oriented development (ETOD) could be, modeling best practices for public/ private partnerships that elicit community benefits.	Through enhanced resources from public/private partnerships, these opportunity sites will become laboratories for innovations on design, attention to increased multi-modal access and transit ridership, and the integration of affordable housing and/or opportunities for small business entrepreneurship. (Link with Transit Improvement Areas designated by DEED.)	D. Identify 2–3 key opportunity sites that will be "early adapters" for modeling the types of equitable transit-oriented development projects for the region. • Minneapolis: Boeser site near the University of Minnesota • Saint Paul: TBD

OBJECTIVE I: Invest in the production and preservation of long-term affordable housing.

ISSUE	RATIONALE	EXISTING APPROACH	ENHANCED APPROACH
4. Strengthen nonprofit and public housing developers	The most vulnerable group for involuntary displacement will be renters. Nonprofit Community Development Corporations (CDCs) and Public Housing Authorities (PHAs) are critical for maintaining a supply of long-term affordable rental property, and require investment in their capacity to provide that role.	Strengthening the capacities of CDCs and PHAs to preserve, maintain, and create new opportunities for long-term affordable housing is an ongoing and important component of this work. There is currently a priority for assisting in the preservation of federally assisted permanent rental housing where the federal subsidies are at risk of being lost due to poor physical condition, conversion to market rates, or diminished owner capacity.	E. Identify specific areas for capacity building and technical assistance around housing development and preservation. F. Identify specific affordable housing preservation threats and opportunities to help prioritize investment and attract additional resources. G. Explore the creation of a Partnership Incentive Fund to encourage and support partnerships between/among CDCs and/or private developers. H. Advocate at the federal level to increase resources for low-income housing programs such as the low Income Housing Tax Credit (LIHTC), Section 8 vouchers, senior housing (202), and capacity building resources for nonprofit developers to implement low-income housing strategies. MHP has a list-serve on federal housing programs to track and publicize the impact of cuts.
5. Non-traditional development models	Communities should explore an array of strategies for transitioning property back into productive use. This includes tapping into all of the financing tools available to rehabilitate run-down units and make them more energy efficient, healthy, and safe. This will also create more opportunities for potential low- and moderate-income buyers to purchase and maintain their own homes.	• Community land trusts (CLTs) • Cooperatives or other shared equity models • Employer-assisted housing • Lease Purchase/Contract for Deed • Self-help/equity models (e.g. Habitat for Humanity, private investment)	I. Work with developers, businesses, neighborhoods, key finance partners, existing property owners, and potential homebuyers or renters willing to participate to create a variety of demonstration projects that model how these alternative development strategies can create and preserve affordable housing along transit routes.

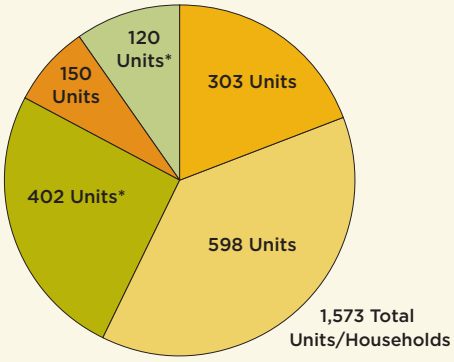
Objective II: Stabilize the neighborhood and invest in activities that help low-income people stay in their homes.

Corridor-wide goal

To stabilize existing housing that is owned by private landlords or homeowners, and serves low-income families, an estimated 157 households will be assisted annually along the Central Corridor (primarily in Saint Paul) with public sector resources. An estimated **1,573 households** will be assisted over the ten year period between 2011–2020. This amounts to a total investment of over $70 million. These investment goals include mortgage foreclosure prevention, strategies to address vacant and foreclosed properties, home improvement loans, energy efficiency improvements, and other investments for households up to 120% AMI. The calculations for the numeric goals are provided by Minnesota Housing, the City of Saint Paul, and nonprofit organizations that provide home improvement loans and energy efficiency and weatherization programs.

TOTAL ESTIMATED UNITS/HOUSEHOLDS ASSISTED from 2011 to 2020

Approximate Total Dollars Spent: $70 Million



- First-lien mortage loan (straight purchase, no rehab)*
- Mortgage Foreclosure Prevention (new clients assisted)
- Mortgage loan (purchase/rehab)*
- Redevelop vacant and foreclosed properties
- Home improvement (defered loans, CDC loans, affordable rehab loans, fix-up fund)

* Includes downpayment assistance (households)

OBJECTIVE II: Stabilize the neighborhood and invest in activities that help low- and moderate-income people stay in their homes.

ISSUE	RATIONALE	EXISTING APPROACH	ENHANCED APPROACH
1. Mortgage foreclosure prevention	Foreclosure prevention is the least costly way of stabilizing homeowners and the neighborhood's housing stock, as well as preserving, and preserving the home-owner's investment.	There is a range of existing mortgage foreclosure prevention efforts in the Central Corridor, including HUD certified counseling agencies and community and advocacy groups working to identify and assist households in danger of foreclosure where prevention efforts can be successful.	J. Increase outreach efforts to: 1) homeowners at risk of foreclosure and 2) tenants of foreclosed homes at risk of eviction. K. Increase education to renters in Central Corridor about first-time home-buyer and financial counseling programs.
2. Home improvement loans/Energy Efficiency/Weatherization Programs	Neighborhood stability is a function of the condition of the housing stock. Many homeowners do not have access to the funds to rehab/repair their homes, or are disinclined because of the disinvestment they see around them. Reducing utility costs increases affordability by lowering household costs.	A number of zero and/or very low interest/deferred loan programs for existing home owners are administered through the City or nonprofit organizations, such as: • Deferred loans for basic and necessary maintenance • Rehab of existing properties • Energy Efficiency/Weatherization Programs	L. Expand loan and matching grant program eligibility to include private landlords that provide affordable, quality housing to low and very low-income renters.

OBJECTIVE II: Stabilize the neighborhood and invest in activities that help low- and moderate-income people stay in their homes.

ISSUE	RATIONALE	EXISTING APPROACH	ENHANCED APPROACH
3. Reuse vacant and foreclosed properties	High numbers of vacant and boarded properties in an area signal disinvestment and increased blight. Focusing investment on these properties can make a neighborhood more stable and marketable by turning unused properties into major areas for housing, businesses or mixed-use redevelopment.	A portion of the City of Saint Paul's federal Neighborhood Stabilization Program (NSP) resources are being targeted to the acquisition and redevelopment of vacant and foreclosed properties in the East Midway area (weak market) to affect a tipping point that stabilizes and improves the neighborhood.	M. Utilize emerging resources such as Corridors of Opportunity, Irrigate and ongoing NSP resources to develop additional strategies for foreclosure homebuying programs. N. Identify small targeted areas in Frogtown/Summit U for a collaborative, multi-faceted development approach that could include the redevelopment of vacant and boarded homes, community outreach and organizing, foreclosure prevention efforts, housing inspections component, health impacts tracking, etc. (similar to Northside Home Fund in Minneapolis) O. Explore a range of reuse strategies including community land trusts, cooperatives or shared equity models, employer-assisted housing, lease purchase/contract for deed, and selective demolition (see Objective 1.5 above). P. Explore interim development strategies such as community gardens and short-term rental models with a plan to convert to affordable ownership in 5–7 years. This could include investing in innovations and improvements in scattered site property management systems. Q. Be alert to anticipated national initiatives for disposition of homes under federal control (Fannie Mae, Freddie Mac, HUD).

New housing offers a visible sign of revitalization and investment

Strengthening the existing housing stock is a priority.

A multi-faceted approach includes redevelopment of boarded-up homes.

"For the Central Corridor to be a public and regional asset, the tracks cannot simply carve their way through some of the oldest neighborhoods in Minneapolis and Saint Paul. Investment will follow, and it will be critical to engage policy makers, real estate developers, nonprofits, residents, and other stakeholders with the goals of maintaining a sense of place and creating opportunity for all."

John Errigo, MetroPlains

Objective III: Strengthen families through coordinated investments.

Although this plan focuses on affordable housing, we recognize that we can sometimes use our limited affordable housing resources to achieve multiple results (e.g. open space, jobs, etc.).

Corridor-wide goal

To enhance connectivity and green space. To provide greater livability and incentive for people who live here to stay, more attention and resources need to be centered on creating interesting places and open space.

Note: *Any strategy that invests in open space improvements and green infrastructure also needs to address funding ongoing maintenance and operations.*

How we will achieve the goal

- Infrastructure improvements through federal and state funds (e.g. federal TIGER grants) to strengthen multi-modal systems and connectivity.
- Revisit Legacy Fund formula to direct resources toward the creation of new green space within compact development/transit districts.
- Utilize value capture strategies to invest in open space improvements and green infrastructure.
- Irrigate (integrating the arts into Central Corridor build-out, including transportation, housing, community development, job creation, and more)
- Creative utilization of Parkland Dedication Ordinance in-lieu fees (Saint Paul Parks Department)
- Private philanthropy and private sector investors in sustainable urbanism.

Supporting jobs, small business, and cultural institutions

Reinvesting in the local community can strengthen opportunities for local businesses and maintain cultural diversity. The average income level for the East Midway area is $32,202 for a family of four, or 39% of Area Median Income. It elevates the argument that better paying jobs are needed.

Strengthening the market to support local business means building more housing units and/or increasing household income, as well as creating attractive neighborhoods that are accessible to non-residents. From small business entrepreneurship to major institutions, a full menu of options is needed to realize the economic potential of the corridor.

Examples of resources that address these needs are:

- Small Business Mitigation Funds
- Living Cities/Corridors of Opportunity small business lending pool and technical assistance
- U7
- World Cultural Heritage District/other cultural districts
- CDCs with business / financial support and lending programs (e.g. Sparc, NDC, Greater Frogtown CDC, etc.)
- Commercial and Citywide Economic Development Program (Saint Paul PED)
- Restore Saint Paul's Commercial Façade improvement program (Historic Saint Paul)

Elements for further study

Although there was not consensus among the Big Picture Project Team to advance the following strategies to be included in the final recommendations, they agreed that they warranted further study.

Homeowner Renter

ELEMENTS FOR FURTHER STUDY

ISSUE	RATIONALE	EXISTING APPROACH	ENHANCED APPROACH
1. Property Tax Relief	Increased property values spurred by the recent transit investment will result in increased property taxes, impacting households that are on fixed or very low incomes, and force people to relocate.	Current property tax relief programs exist (e.g. Ramsey County) which can assist specific conditions of need.	R. Explore state property tax relief program for landlords who commit to keeping their rents within certain levels for a prescribed period of time. The idea would be modeled on the previous version of the 4 d property tax break, which at one point included not just subsidized properties (deemed properties) but also unsubsidized properties where owners committed to rent restrictions (pledged properties). S. Explore the possibility of creating a program using some of the Tax Increment Financing (TIF) created from redevelopment projects to provide property tax relief assistance. T. Create a Property Tax Relief Task Force to examine existing property tax relief programs to craft an improved approach that could help fixed and low-income homeowners from involuntary economic displacement.
2. Density Bonuses	Strategies to leverage private resources to provide additional affordable housing options must be fully explored. Density Bonuses offer a carrot to private developers to include affordable units in exchange for the ability to build more units within the project.	Minneapolis has a density bonus policy in place, but it has warranted a mixed review. Saint Paul is currently researching the option of creating a density bonus policy.	U. Create a task force to learn from Minneapolis' experience and Saint Paul's research, and craft an improved density bonus policy that could be utilized for the whole corridor (and/or citywide).
3. Community Engagement and Development Review Processes	Transit-oriented development can be riddled with regulatory hoops, long-term financial risk, and complex problem solving. The community review process plays a valuable role in "getting it right", but there are ways that the engagement process could be improved to better meet the needs of the community, developer, and city.	Development and place-making activities work to align with the vision that community members have for their neighborhoods.	V. Encourage the district councils/ neighborhood organizations, cities, and developers to work together to create an improved review process for proposed development projects.

Calculations for Objective I and II Numeric Goals | Maps

ADDENDUM 1

OBJECTIVE I NUMERIC GOAL

Saint Paul

City-wide projection: 2,625 affordable housing units

- 41% of city growth is projected for the Central Corridor (Total growth projection for the City of Saint Paul is 8,422 households.)
- 41% of 2,625 units = 1.087 units (109 units per year for ten years.)
- Average cost per unit is $175,000. (For affordable housing, the level of public subsidy will vary depending on type/ income level served. For homeless housing, the subsidy will be closer to the total cost.)
- 109 units/year x $175,000 = $19,075,000 total cost per year for new construction or preservation along the Central Corridor.
- 10 year x $19,075,000 would be total cost of $190,750,000 (2011–2020)*

Minneapolis

City-wide projection: 4,000 affordable housing units

- One third of the projected new units are designated to the Central Corridor (1,200 units.)
- In addition, 253 existing affordable housing units are projected to need preservation (253 + 1,200 = 1,453 units.)
- 1,453 units x $175,000 total cost per unit = $254,275,000 total cost for 2011–2020.*

* The total cost calculation will be provided from both public and private sector investors.

These housing goals are made possible by Minnesota Housing, the Family Housing Fund, the Met Council, the federal government, cities, counties, foundations, and the private sector.

Saint Paul 2010–2013 Targets
(City/HRA housing investments)

Existing Housing Stock Activities	Units
Preservation (extended affordability)	1,000
Vacant units acquired	81
Vacant units acquired and under rehabilitation	112

Existing Housing Stock Activities	Units
New construction/conversion	1,000

Assistance to Households	Units
Mortgage Foreclosure Prevention	600 households
Home Improvement (deferred loans, loans, MHFA affordable rehab loans)	600 loans
Mortgage loans	400 loans
Mortgage loan (purchase/rehab)	40 loans
Down payment assistance (households)	446 households

* Of the 1,000 new construction/conversion units to be produced over the 2010–2013 period, a projected 31% will be affordable to households earning at or below 60% AMI. It is likely that most of the new production units will be rental options.

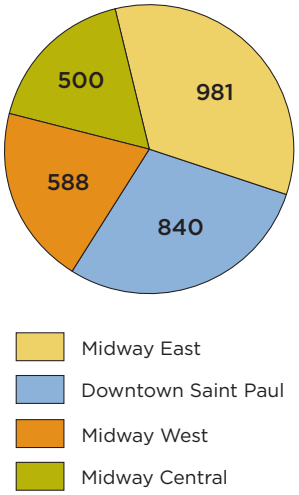
OBJECTIVE II NUMERIC GOAL

Programs to Support Housing Stabilization

PROGRAM	Annual Estimated Units/ Households Assisted	Total Estimated Units/ Households Assisted 2011–2020	Estimated Total Investment 2011–2020
Mortgage Foreclosure Prevention (new clients assissted)	30	303	$ 151,500
Home Improvement (deferred loans, CDC loans, affordable rehab loans, fix-up fund)	60	598	$ 8,510,000
First-lien mortage loan* (straight purchase, no rehab)	40	402	$ 47,160,000
Mortgage loan* (purchase/rehab)	12	120	$ 1,028,000
Downpayment assistance* (households)	—	—	$ 2,545,000
Redevelop vacant & foreclosed propeties	15	150	$ 11,250,000
Totals	**157**	**1,573**	**$ 70,644,500**

* 315 households projected for Down Payment Assistance are included in the estimated households assisted through a First-Lien Mortgage Loan.

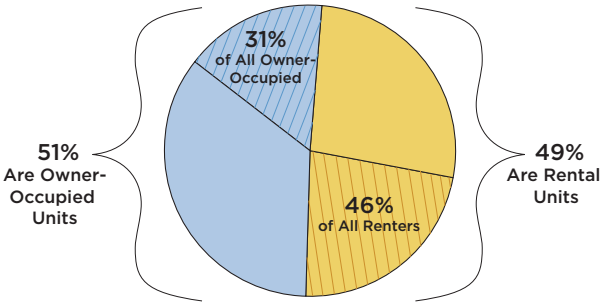
NUMBER of VACANT UNITS
CENTRAL CORRIDOR (Saint Paul) 2011



Cost Burdened Central Corrider Housing (Saint Paul Subareas)

Saint Paul Subareas	Total Housing Units (SF + Rental)	Owner Occupied	Cost-Burdened Homeowners	Renter Occupied Units (non-subsidized)	Cost-Burdened Renters	Vacant Units	Median Household Income
Midway West	6,081	2,838	891	3,243	1,498	558	$ 47,946
Midway Central	5,942	3,297	1,035	2,645	1,222	500	$ 46,981
Midway East	7,310	2,997	941	4,313	1,993	981	$ 32,202
Downtown Saint Paul	8,608	2,946	925	5,662	2,616	840	$ 35,554
Totals	**27,942**	**12,079**	**3,793**	**15,836**	**7,329**	**2,908**	**$ 40,671**

COST-BURDENED UNITS/HOUSEHOLDS
CENTRAL CORRIDOR (Saint Paul) 2011



Cost-burdened households spend more than 30 percent of their income on housing costs.

12,079 Total Owner Occupied Units/Households

- Rental Units Total
- Cost-Burdened Rental Units

15,863 Total Rental Units/Households

- Owner-Occupied Units Total
- Cost-Burdened Owner-Occupied Units

27,942 Total Units/Households

Calculations for Objective I numeric goals | Maps (continued)

New Development Mixed-Use & Multi-Family Projects 2009-2012 (City/HRA housing investments)

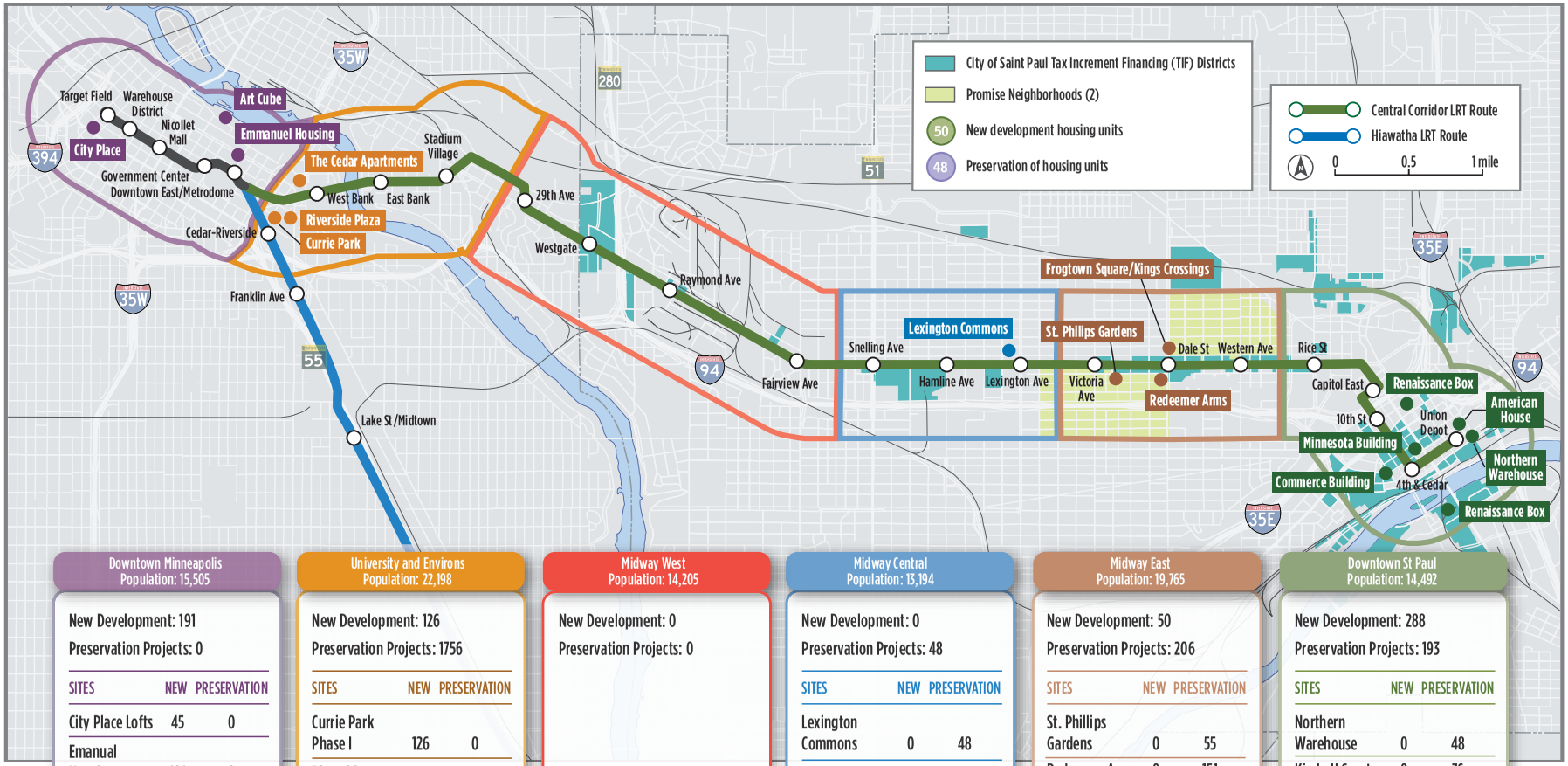
Subarea	Project Name	Address	City	New Construction	Preservation Year 1–4**
Downtown Saint Paul	Northern Warehouse*	308 Prince Street	Saint Paul		48
	Kimball Court	545 Snelling Ave. N	Saint Paul		76
	American House	352 Wacouta	Saint Paul		69
	Commerce Building*	10 4th Street SE	Saint Paul	45	
	Renaissance Box*	506 Sibley Street	Saint Paul	70	
	Minnesota Building*	46 4th Street E	Saint Paul	137	
	West Side Flats	149 Morton Street SE	Saint Paul	36	
	Subtotal			**288**	**193**
Midway East	Saint Phillips Gardens	754 Concordia Ave.	Saint Paul		55
	Redeemer Arms*	313 Dale Street N	Saint Paul		151
	Frogtown Square*	599 University Ave. W	Saint Paul	50	
	Subtotal			**50**	**206**
Midway Central	Lexington Parkway Commons*	375 Lexington N	Saint Paul	48	
	Subtotal			**48**	
Midway West	**Subtotal**			**0**	
University and Environs	Riverside Plaza*	1525 South 4th Street	Minneapolis		1,174
	The Cedars*	1625 6th Street S	Minneapolis		582
	Curry Park Lofts Phase 1*	415 15th Ave. S	Minneapolis	254	
	Subtotal			**254**	**1,756**
Downtown Minneapolis	Emanuel Housing	822 3rd Street S.	Minneapolis	101	
	ArtCube	900 Washington Ave.	Minneapolis	61	
	Subtotal			**162**	
TOTALS				**802**	**2,155**
	TOTAL UNITS			**2,957**	

*Counted as units in development or completed as of 2011

** Projections for preservation are based on 30% of the units in Riverside Plaza and The Cedars over years 5–10

Calculations for Objective I numeric goals | Maps (continued)

Policy/affordable housing opportunity sites



Downtown Minneapolis
Population: 15,505

New Development: 191
Preservation Projects: 0

SITES	NEW	PRESERVATION
City Place Lofts	45	0
Emanual Housing	101	0
Art Cube	45	0

191

University and Environs
Population: 22,198

New Development: 126
Preservation Projects: 1756

SITES	NEW	PRESERVATION
Currie Park Phase I	126	0
Riverside Plaza	0	1174
The Cedars	0	582

126 1756

Midway West
Population: 14,205

New Development: 0
Preservation Projects: 0

Midway Central
Population: 13,194

New Development: 0
Preservation Projects: 48

SITES	NEW	PRESERVATION
Lexington Commons	0	48

48

Midway East
Population: 19,765

New Development: 50
Preservation Projects: 206

SITES	NEW	PRESERVATION
St. Phillips Gardens	0	55
Redeemer Arms	0	151
Frogtown Square	50	0

50 206

Downtown St Paul
Population: 14,492

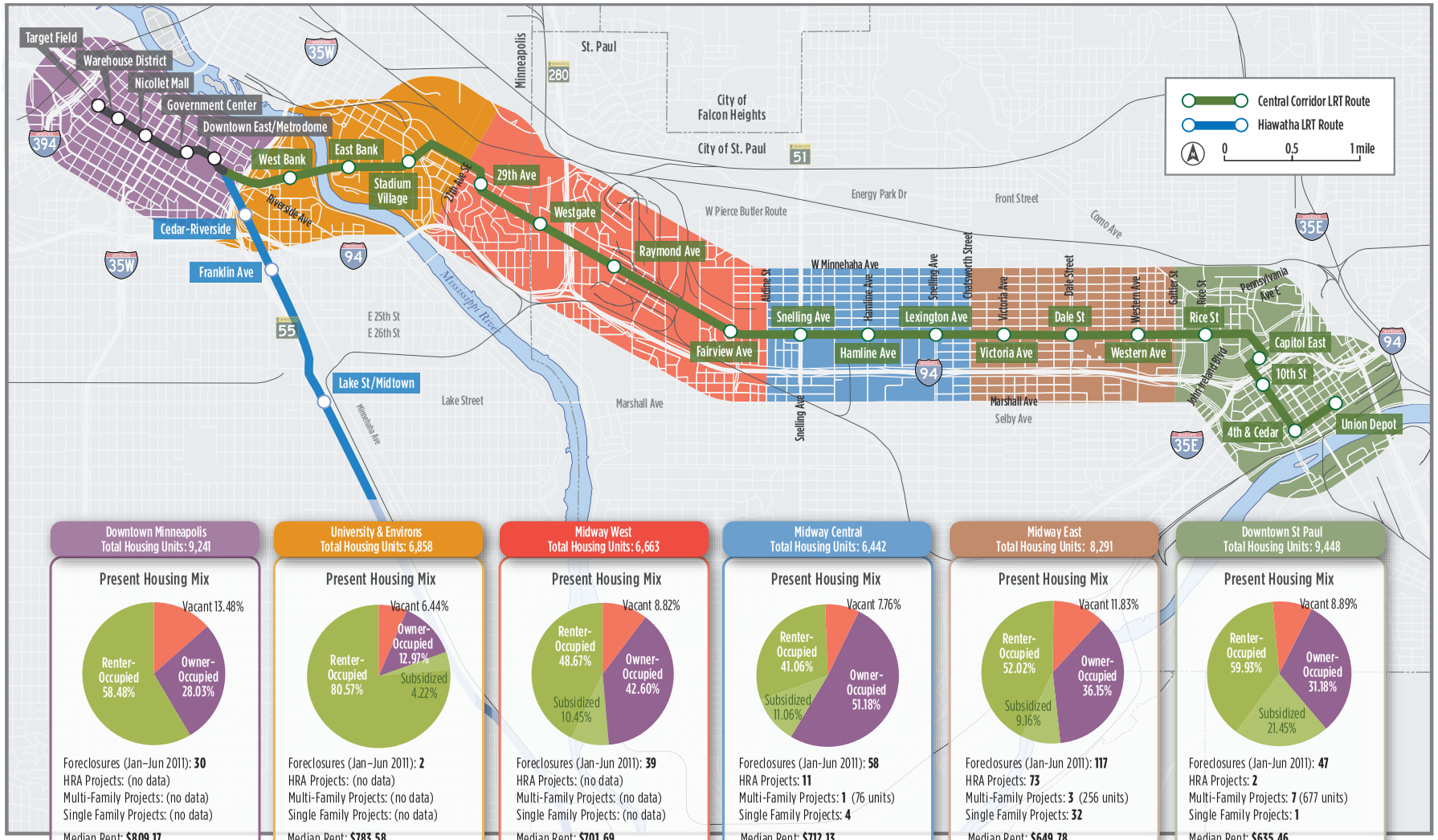
New Development: 288
Preservation Projects: 193

SITES	NEW	PRESERVATION
Northern Warehouse	0	48
Kimball Court	0	76
American House	0	69
Commerce Bldg	45	0
Renaissance Box	70	0
Minnesota Bldg	137	0
Westside Flats	36	0

288 193

Calculations for Objective I numeric goals | Maps (continued)

Subareas: Housing characteristics map



Downtown Minneapolis
Total Housing Units: 9,241

Present Housing Mix

Foreclosures (Jan–Jun 2011): **30**
HRA Projects: (no data)
Multi-Family Projects: (no data)
Single Family Projects: (no data)

Median Rent: **$809.17**
Median Household Income: **$57,197**

University & Environs
Total Housing Units: 6,858

Present Housing Mix

Foreclosures (Jan–Jun 2011): **2**
HRA Projects: (no data)
Multi-Family Projects: (no data)
Single Family Projects: (no data)

Median Rent: **$783.58**
Median Household Income: **$24,413**

Midway West
Total Housing Units: 6,663

Present Housing Mix

Foreclosures (Jan–Jun 2011): **39**
HRA Projects: (no data)
Multi-Family Projects: (no data)
Single Family Projects: (no data)

Median Rent: **$701.69**
Median Household Income: **$47,946**

Midway Central
Total Housing Units: 6,442

Present Housing Mix

Foreclosures (Jan–Jun 2011): **58**
HRA Projects: **11**
Multi-Family Projects: **1** (76 units)
Single Family Projects: **4**

Median Rent: **$712.13**
Median Household Income: **$46,981**

Midway East
Total Housing Units: 8,291

Present Housing Mix

Foreclosures (Jan–Jun 2011): **117**
HRA Projects: **73**
Multi-Family Projects: **3** (256 units)
Single Family Projects: **32**

Median Rent: **$649.78**
Median Household Income: **$32,202**

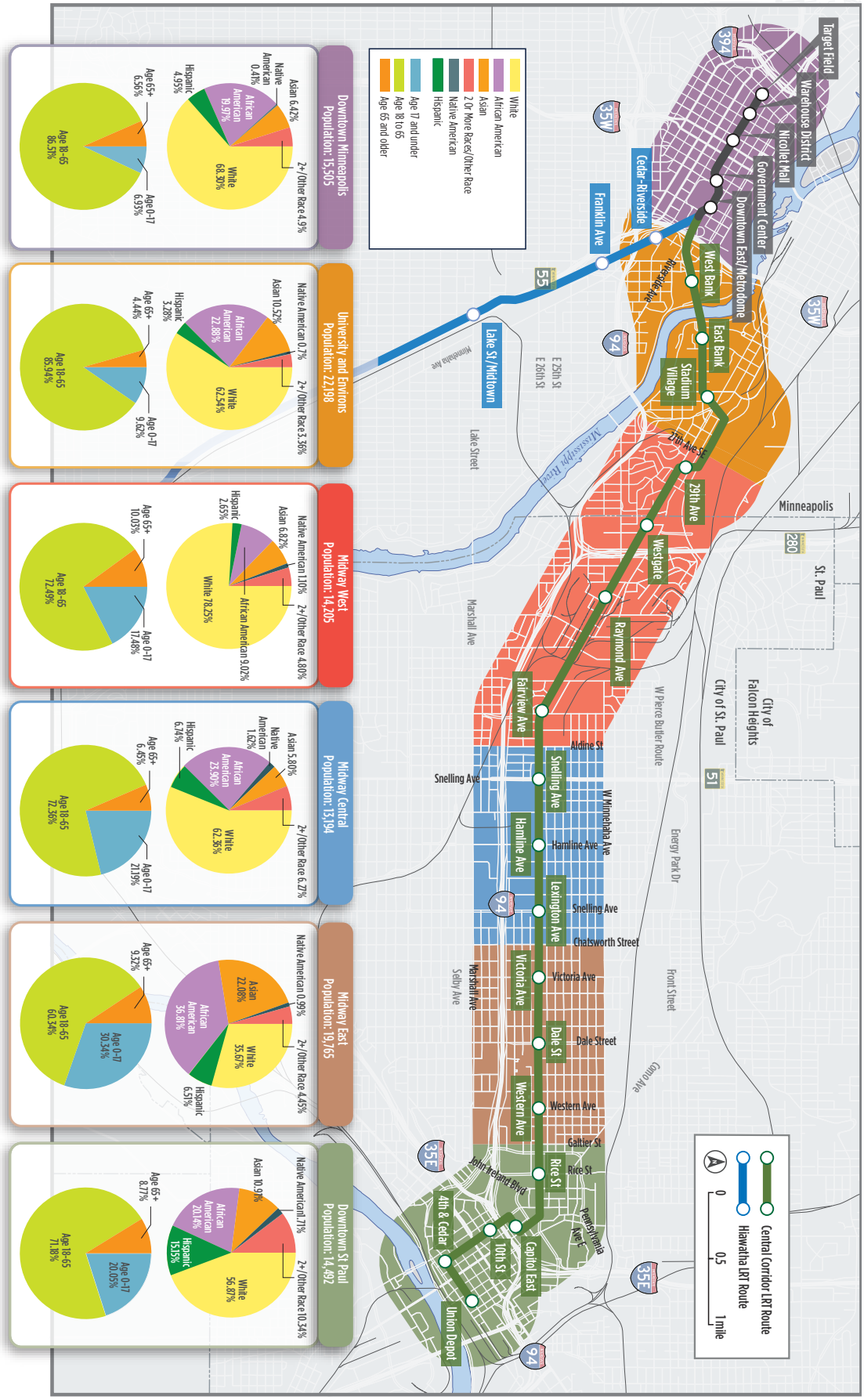
Downtown St Paul
Total Housing Units: 9,448

Present Housing Mix

Foreclosures (Jan–Jun 2011): **47**
HRA Projects: **2**
Multi-Family Projects: **7** (677 units)
Single Family Projects: **1**

Median Rent: **$635.46**
Median Household Income: **$35,554**

Subareas: Racial and age characteristics



Calculations for Objective I numeric goals | Maps (continued)

Central Corridor Statistical Overview	Downtown Minneapolis	University & Environs	Midway West	Midway Central	Midway East	Downtown Saint Paul
Median Household Income (1)	$51,211	$24,345	$48,533	$43,337	$32,202	$34,335
Housing Units (2)						
Total Housing Units	9,241	6,858	6,663	6,442	8,291	9,448
Percent Vacant Housing Units	13.48%	6.44%	8.82%	7.76%	11.83%	8.89%
Owner-occupied	28.03%	12.97%	42.6%	51.18%	36.15%	31.18%
Renter-occupied	58.48%	80.57%	48.67%	41.06%	52.02%	59.93%
Median Rent in 2009	$809.17	$783.58	$701.69	$712.13	$649.78	$634.46
Other Housing Data (3)						
Foreclosures (January–June 2011)	30	2	39	58	117	47
Multi-family Units	5,106	3,661	3,183	2,561	2,934	6,724
SIngle Family Units (Rehab projects)	NA	NA	NA	15	105	3
Total Subsidized Units	839	507	704	789	724	2063
Vacant Buildings (July 2011)*	NA	NA	19	49	196	17
Population (4)						
Total Population	15,505	22,198	14,205	13,194	19,765	14,492
Percentage Age 17 and Under	45	45	45	45	45	45
Age 18 to 65	45	45	45	45	45	45
Age 65 and Over	45	45	45	45	45	45
Race (5)						
White	68.30%	62.54%	78.25%	62.36%	35.67%	56.87%
Black	19.97%	22.88%	9.02%	23.90%	36.81%	20.14%
Asian	6.42%	10.52%	6.82%	5.80%	22.08%	10.91%
Native American	.41%	.70%	1.10%	1.62%	.99%	1.71%
Hawaiian Native/Pacific Islander	0%	0%	0%	0%	0%	0%
Other (two or more races)	4.90%	3.36%	4.80%	6.27%	4.45%	10.34%
Hispanic	4.95%	3.28%	2.65%	6.74%	6.51%	15.15%

(1) (2), U.S. Census, American Community Survey 5-Year Data, 2009, Figure represents the average of all Census block groups completely or substantially (50% area or more) within the 1/2 buffer zone of the proposed Central Corridor route.

(3), Hennepin County foreclosures data collected by CURA/University of Minnesota; Ramsey County foreclosure data collected from Saint Paul Legal Ledger/ geocoded by MCEA, other data collected by LISC and HousingLink. Vacant structures data: City of Saint Paul, Department of Safety and Inspections.

(4) (5), U.S. Census, American Community Survey 5-Year Data, 2009, Figure represents the average of all Census block groups completely or substantially (50% area or more) within the 1/2 buffer zone of the proposed Central Corridor route.

*City of Saint Paul data

Affordable housing finance 101

By HousingPolicy.org, an online guide to state and local housing policy

What's the role of the government?

HousingPolicy.org provides opportunities for state and local governments to become involved—along with their private and non-profit partners—in creating more decent, affordable homes. The "government" role in housing refers to these activities—taxation, zoning, subsidizing, regulating, lending, and others—that take place at federal, state and local levels.

The federal government

The federal government serves primarily as a funder, providing financial resources through federal tax policy such as the home mortgage interest deduction, direct subsidies such as assistance to low-income renters and indirect subsidies such as tax credits to builders of affordable homes. Through its other funding mainstays—the Community Development Block Grant Program (CDBG) and HOME—the federal government provides funds to states and localities as well as the flexibility to address their area housing needs.

In early 2009, the federal government provided substantial additional funding for affordable housing through the American Recovery and Reinvestment Act (ARRA) of 2009. ARRA provides support for affordable housing in several areas, including preservation of affordable housing units and rental assistance to low-income residents. In addition, ARRA expands funding for neighborhood stabilization and community development efforts that create and/or preserve affordable housing, and that revitalize neighborhoods hit hard by foreclosures and the economic crisis.

State government

State governments also play an important role in housing. They help lower homeownership costs through mortgage revenue bond programs, and also can allocate their portions of CDBG and HOME funding, along with state matching funds, to areas throughout the state. Low Income Housing Tax Credits (LIHTCs), a major source of funding for new and rehabbed rental homes, also are allocated at the state and local level. Some states promote housing and community development through state-run housing trust funds or other funding mechanisms. In addition, states are responsible for allocating a large portion of Neighborhood Stabilization Program funds to their localities and assisting them in developing plans for using these funds to create and preserve affordable housing and stabilize communities suffering from foreclosures.

CityHomes on Park, Minneapolis—photo courtesy of LHB Inc.

It is important to recognize that the state role goes beyond providing funding. Among other key roles, states can provide incentives or requirements to encourage localities to adopt policies that will help expand the supply of affordable homes. States also can serve as conveners, educators, and facilitators, through strengthened enabling legislation.

Local government

Local governments are often where the rubber meets the road, as far as housing is concerned. From implementing zoning regulations and processing requests for waivers to issuing building permits and conducting housing code inspections, localities shape the housing that gets built in their communities. Some localities also donate publicly-owned land or property that has gone into tax foreclosure and contribute local funds to build or rehabilitate homes.

Many larger local governments are also responsible for creating and implementing plans to use funds provided through the Neighborhood Stabilization Program. Local governments allocate these funds to eligible organizations that develop and/or preserve affordable housing. Local governments may also administer foreclosure prevention programs that aid homeowners in danger of losing their homes.

When considering what local governments can do to expand their impact, it's worth noting that not all government initiatives require spending money. By reducing barriers to development, expanding allowable densities, and creating incentives or requirements for the inclusion of affordable homes within new development, local governments can expand the supply of affordable homes with minimal public expense.

Multi-family housing offers greater buying power to support local businesses.

What's the role of the private sector?

When lack of affordable homes—both rental and for sale—threatens the vitality of the community, homebuilders, bankers, and realtors certainly are affected, but so is the local business community. Individual employers, chambers of commerce, economic development groups and other industry associations can work alongside mayors, local officials, and affordable housing developers to help expand housing opportunities for low- and moderate-income working families and to ensure they stay in their homes.

What can the private sector do? It can participate in and underwrite media campaigns to raise awareness of the need for workforce housing. As the drivers of jobs, tax, revenue, and economic development, area employers and business associations hold considerable sway with city council members and legislators when it comes to reforming **zoning regulations** or other practices that limit the supply of affordable homes. By advocating for more effective local housing policies and actively supporting efforts to expand the supply of housing, private employers can help both themselves and their communities. They also can advocate for state grants for communities that meet their fair share of the need for affordable homes and tax credits for employers that help employees obtain housing. Finally, they can participate directly in employer-assisted housing programs that help employees find affordable housing and, in turn, attract and retain a stable workforce.

It is also important to recognize the critical role that private developers play in expanding the overall supply of housing. The public sector has been out of the business of constructing housing for decades, instead focusing on creating funding and incentives for nonprofit and for-profit developers to add to the stock. With the right set of market incentives in place, private developers will respond by increasing the supply where needed, leading to more balanced communities that provide housing for people of all incomes. And with creative policies to keep that housing affordable over time, communities can go a long way towards meeting both their economic development and affordable housing goals.

Private financial institutions—namely lenders and servicers—are critical partners who can help to ensure long-term affordability for homeowners and can also help families stay in their homes. With the dramatic shifts in the current housing market, many lenders and servicers hold mortgages worth more than the value of the underlying asset, the home. There are creative options for refinancing that would allow the homeowners to stay in their homes and the lenders to limit their losses. Lenders can explore the different refinancing products here. Some options include low-interest loans or **shared appreciation second mortgages**, which split one mortgage into two—a fixed-rate mortgage and a silent second mortgage in which no payments are due until the home is resold.

Lenders and services can work with housing counselors on behalf of the borrower or through voluntary agreements with the federal government to assist households that qualify for the federal program, **Making Homes Affordable.** Through Making Homes Affordable, lenders and servicers receive a financial incentive for helping eligible troubled borrowers modify their loans or refinance to more affordable monthly payments over the long term.

Anchoring institutions and community development partners inform place-making.

What's the role of the nonprofit sector?

Nonprofit organizations have been the sponsors, developers, and operators of housing—particularly for those with low- and moderate-incomes—for many years. Some nonprofit community development groups focus on the overall improvement of targeted neighborhoods. Others serve vulnerable populations such as the homeless or those with physical and mental challenges. Still others are sophisticated housing developers who specialize in putting together multiple funding sources to expand the supply of affordable homes. Housing often is used by nonprofits as a platform to provide supportive services such as job training, health care, child care, or transportation. Most nonprofits are committed to making the housing they provide permanently affordable. This means they will be unlikely to opt out of affordable housing programs when market prices rise.

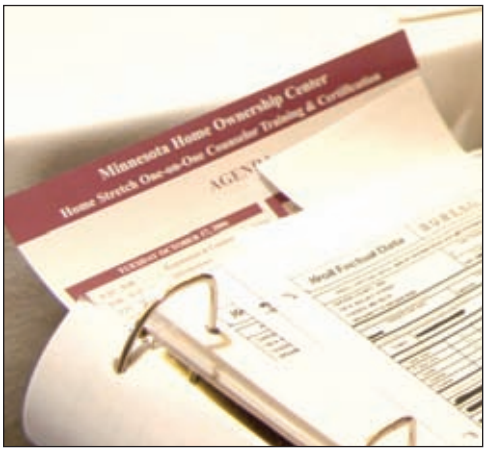
Nonprofits also have the flexibility to participate in unique partnerships. For example, some nonprofits provide housing counseling to the employees of private sector firms that offer employer-assisted housing benefits to their workers. Other nonprofits build close connections with residents of particular neighborhoods, gaining the trust of local residents that may be essential for the success of revitalization efforts. Nonprofits also can work with state and local governments to pool financing for specific housing developments. Or, they can advocate for broader policy changes, such as zoning changes that create more affordable housing opportunities in the communities they serve.

What can state and local governments do?

Through the efforts of innovative states and localities, we've learned quite a lot about what can be done and what works when it comes to increasing the supply of affordable homes for working families. The options are many, and the goal of HousingPolicy.org is to help you sort through and identify those that are best for your community.

After a detailed review of state and local housing policies, we've identified six broad roles that state and local governments can play to make housing more affordable. Because housing problems are complex, most communities with housing challenges will want to consider a comprehensive approach that includes policies within all or nearly all of these categories. Click on each category to go to the corresponding section of the policy Toolbox.

- **Expand Development Opportunities** This includes making publicly owned land and tax-delinquent properties available for development of affordable homes, and changing zoning rules to allow more affordable homes to be built. Communities facing disinvestment due to a rise in mortgage foreclosures can benefit from these policies to ensure that foreclosed homes are reestablished as affordable, productive properties to help stabilize neighborhoods.
- **Reduce Red Tape** Expediting the approval process and re-thinking overly restrictive fees and regulations can create more affordable homes by reducing the time, risk, and cost of new development. These techniques can also be used to



Stabilizing neighborhoods require targeted resources.

encourage the rehabilitation and redevelopment of foreclosed homes and properties. Vacant homes have a destabilizing effect on established neighborhoods. Speeding the occupants' return to homes helps stabilize the neighborhood.

- **Capitalize on Market Activity** During times of strong housing markets, communities can tap the increased tax revenue associated with rising property values or provide incentives or requirements to include a modest number of affordable homes within new developments. Communities can ride the tide of a strong market to expand the supply of affordable homes. During times of weaker housing markets, communities can capitalize on market activity they generate through tax incentives. During these times, communities can use the policies in this section to ensure that affordable homes will continue to be a part of the local housing landscape when market-rate development resumes.

- **Generate Capital** Promising approaches include leveraging federal funds through the Low-Income Housing Tax Credit (LIHTC) program administered by state housing finance agencies. Tax credits include a noncompetitive 4 percent credit and a competitive 9 percent credit. Other tools include issuing general obligation bonds for housing, and leveraging support of area employers. The tools that generate capital may be impacted by an economic downturn. Programs like the LIHTC have been adjusted to account for limited market for tax credits by allowing state agencies to convert some credits to cash. Other programs have seen funding decline because their funding is often tied to real estate activity. But these programs will likely remain valuable to encourage or provide financing to help spur affordable housing production when the economy improves.

- **Preserve and Recycle Resources** By recycling downpayment assistance (rather than providing grants), and using shared equity homeownership strategies, communities can help preserve the buying power of government subsidies and maintain long-term affordability. This category also includes efforts to preserve affordable rental housing, a key policy that helps ensure housing remains affordable to working families.

- **Help Residents Succeed** Investing in homeowner education and counseling can help families manage their credit, navigate the private mortgage market, and hold on to their homes when economic circumstances change. Tenant protection laws can be established to protect renters in the case of foreclosure and help them stay in their homes. An expanding set of tax incentives and building standards are being adopted at the state and local level to promote energy savings at home through building techniques and land-use changes that encourage energy and locational efficiency, thus reducing household utility and energy costs.

How can my community fund its affordable housing efforts?

With limited federal dollars available for housing and growing shortfalls in state and municipal budgets, most communities have to get creative. Many communities pull funding together from a variety of sources, finding private and non-profit partners to leverage their resources and make them go further. Listed below are ways your community can fund affordable housing.

The Prospect Park community works to provide a range of housing options.

Tap into federal funding

New federal funding through the Neighborhood Stabilization Program (NSP) is available for states and localities that have been affected by widespread foreclosures. The initial round of NSP funding, known as NSP1, was authorized by the Housing and Economic Recovery Act of 2008. NSP1 provided $3.92 billion in grants to states and selected localities based on a formula that allocated more funding to communities that had been greatly impacted by foreclosures. In 2009, the American Recovery and Reinvestment Act established two additional rounds of NSP funding, known as NSP2 and NSP-TA. NSP2 will provide $1.93 billion in competitive grants to states, localities, and non-profit organizations, and NSP-TA will provide $50 million on a competitive basis to organizations that provide technical assistance to NSP grantees.

The Act also included $5 billion in weatherization assistance for states and U.S. territories to support the installation of energy conservation materials on low-income homes.

The Consolidated Plan merges into one process and one document all the planning and application requirements of four HUD block grants that can be used for affordable housing: **HOME**, **Community Development Block Grants**, Emergency Shelter Grants, and Housing Opportunities for People with AIDS grants. These funds are provided directly by HUD to large cities and urban counties, as well as to states, who allocate these federal grant funds to jurisdictions that do not receive money directly. Communities must submit a Consolidated Plan to receive these funds. Other direct HUD funding for new affordable housing development is provided through the **Section 202** Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities programs.

The largest source of federal funding for new development of affordable homes is actually provided not by HUD but through the **Low-Income Housing Tax Credit** administered by the Internal Revenue Service as part of the tax code. There are two types of Low-Income Housing Tax Credits: 9 percent and 4 percent credits. In most states, competition for 9 percent credits has traditionally been very heavy, however the economic downturn has limited the market for tax credits and has hurt developers' existing and proposed projects. The 4 percent credit is noncompetitive, and more could be done to draw down these credits.

Generate state or local funds

In addition to federal funds, many states and localities fund housing and community development from local revenue sources such as property taxes or general city or state tax revenue—all of which have been affected by the economic downturn. Some communities earmark money from **real estate transfer taxes** to finance **housing trust funds** that, in turn, finance the construction or **rehabilitation** of homes. Some float **general obligation bonds** or use future tax revenues **(tax-increment financing)** to fund new housing efforts. Others levy **impact fees** on new developments as a way of funding some of the required infrastructure for new developments, including linkage fees on new commercial development.

Mobilize non-traditional partners

Faced with shrinking budgets, some communities are leveraging support for affordable homes in other ways. For example, when employment markets are strong and affordable housing is lacking, employers face the problem of attracting and retaining workers. During these times, communities can engage employers by helping them implement employee benefit programs that provide homeownership counseling and financial assistance for down-payments or rent. Many communities work with foundations or other nonprofits able to commit resources for specific housing projects and programs in the community.

Use existing resources creatively

Communities can figure out ways to stretch their resources. One strategy, implemented with great success in some jurisdictions, is recycling downpayment assistance. Instead of cash grants to families, downpayment assistance is structured as **forgivable loans** or as **silent second mortgages** that are repaid when the home is sold or refinanced and

Compact development builds stronger linkages between housing, services, and amenities.

the money goes back into a pool to assist other homebuyers. To further extend and enlarge the buying power of public subsidies, in some places communities receive a share of the price appreciation upon the sale of a home, in addition to their initial investment. All are ways to ensure limited money can reach more families.

Recognize it's not all about money

Not all housing initiatives require money. Communities can enact policies that provide incentives to the private market to create more housing. Donating public land or facilities for conversion to homes by private or nonprofit developers is one option. When land costs are taken out of the development financial equation, affordable housing can often become feasible. Making the permitting and approval process less time consuming can help builders and owners move forward with plans to build or rehabilitate homes. Rezoning parts of the jurisdiction for housing, increasing allowable densities, or implementing inclusionary zoning policies are other possibilities that do not require dollars per se.

How do we ensure that "affordable housing" stays affordable?

The public invests considerable resources creating affordable rental and for-sale homes for working families. Because public resources are limited, communities have a vested interest in ensuring that these homes stay affordable over time. For rental developments, policies to maintain long-term affordability include covenants requiring that new affordable developments remain affordable in perpetuity (or for as long as possible), together with realistic funding structures that make it possible for owners to make good on this promise. It is also important to put policies in place to preserve the affordability of existing affordable rental developments in danger of leaving the affordable inventory.

For for-sale homes, communities can adopt shared equity homeownership policies, such as community land trusts or shared appreciation mortgages. Shared equity homeownership represents a unique approach to affordable homeownership. Under this approach, a state or local government provides funding to help a family purchase a home. In return for this investment, the government entity shares in the price appreciation of that home. The public's share of the home's appreciation may be used in two ways; it can either be returned to the government in the form of a cash payment that can be used to help another family, or it can stay with the home, reducing the cost of that home for the next family.

By sharing the gains in home price appreciation with the public investor, shared equity homeownership results in substantial benefits now and for years to come. Homebuyers benefit from a substantially lower home price and the opportunity for significant home equity gains. Local communities benefit by retaining vital workers who otherwise couldn't afford to live in the communities they serve. By ensuring that the public's investment keeps pace with the housing market, shared equity strategies allow governments to help generations of families achieve homeownership with a single initial investment.

For more information, go to: www.HousingPolicy.org.

Case Studies: How the market informs affordable housing strategies

ADDENDUM 3

By Elizabeth Wampler, Center for Tansit-Oriented Development

Existing Conditions along the Central Corridor

Affordable housing strategies can be grouped most broadly into two approaches: preservation and production. Ultimately, strategies that fall into both of these categories may be necessary to support affordable housing and equitable TOD along the Central Corridor.

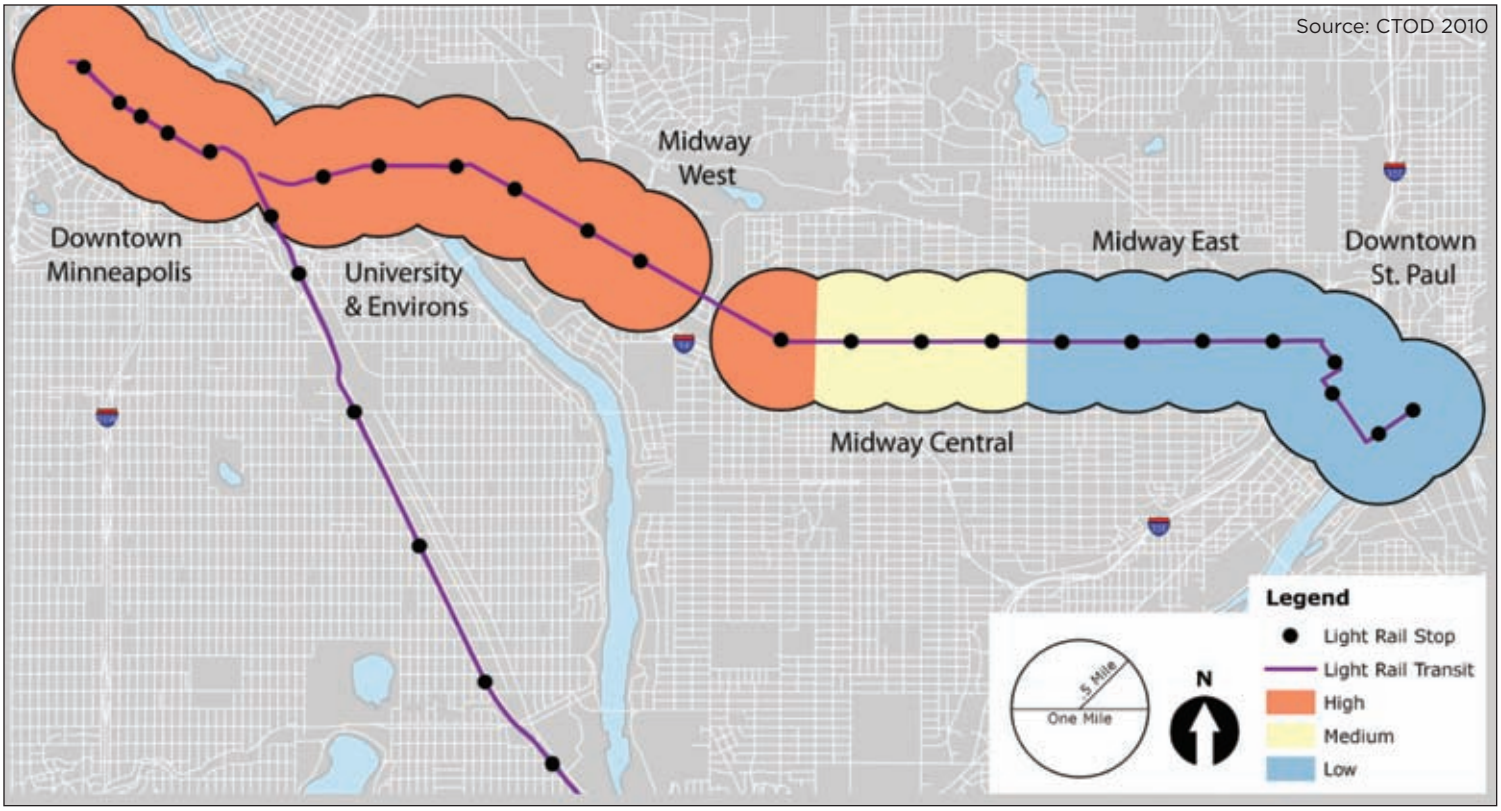
Understanding the current market conditions, existing land availability, and the stability of the population in the different subareas along the corridor can help to identify more specifically where preservation strategies are important and where production strategies will have the most likelihood of success. The table below summarizes generally how each of the six subareas along the Central Corridor fit under each of these elements.

Market Conditions

The Central Corridor TOD Investment Framework identified three different market conditions along the Central Corridor. The map below shows this analysis, with warmer market station areas concentrated along the western portion of the line, west of the future Fairview station, in the Downtown Minneapolis, University and Environs, and Midway West subareas. Warmer market areas will be the first to attract privately-financed development when market conditions improve. The proximity of major employers in Downtown Minneapolis and the University of Minnesota are the main drivers of these markets, according to the Investment Framework report.

Market conditions also have important considerations for affordable housing. The strategies that can play an important role in warm markets (i.e. density bonuses, inclusionary housing) are not always the same tools that work best in colder markets (i.e. preservation of expiring federally assisted units.) Hot markets, where new development changes the character of existing neighborhoods at a very fast rate, can also result in the displacement of existing residents if rent and property taxes increase beyond any wage gains for the local population. Having preservation strategies (like rent control or condo conversion controls) in place before a market heats up can help prevent that negative impact on a community.

Developer Perception of Market Strength along the Central Corridor's six subareas



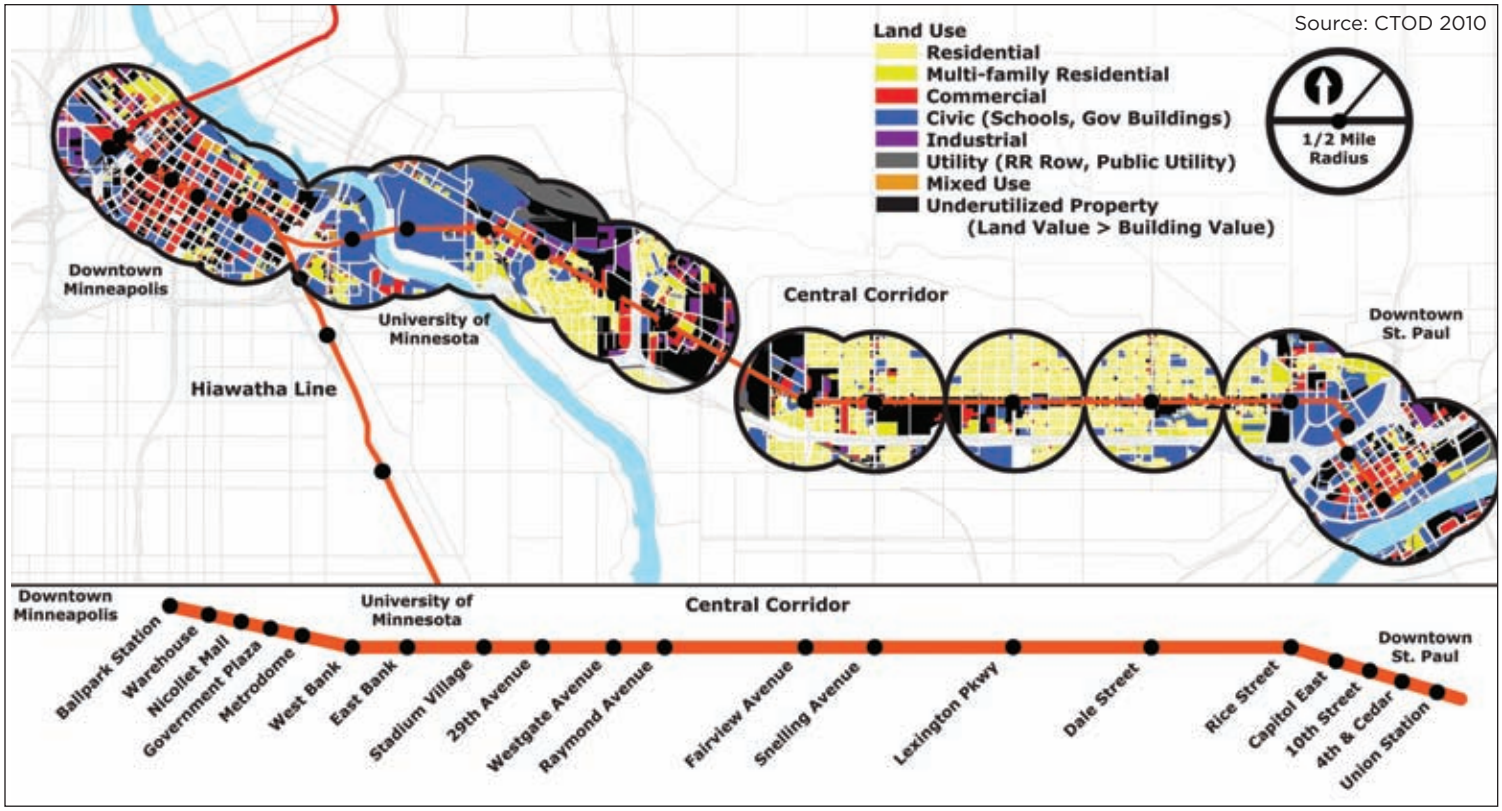
Land Availability

Overall, the availability of land for new development along the Central Corridor is low. The map below shows a 2008 analysis of underutilized property along the corridor. The Midway West and Downtown Minneapolis subareas have the largest abundance of opportunity sites, while most of the other station areas have a limited number of small parcels that tend to be more difficult to develop. Land availability can affect the types of affordable housing strategies that can be successfully implemented. With fewer opportunity sites for development, the most appropriate strategies along the entire corridor will center on preserving existing affordable housing. Preservation can take many forms, including preserving existing subsidized housing where Section 8 or LIHTC requirements may be expiring but also preserving more market rate affordability with rent control and right of first refusal policies.

A more thorough analysis of the existing opportunity sites for affordable housing development could be a helpful next step in determining which station areas may be priorities for new affordable housing production.

Public/private partnerships are necessary to achieve successful transit-oriented development.

Underutilized property along the Central Corridor's six subareas



Population

PolicyLink's draft Health Impact Assessment analysis of zoning in Saint Paul along the Central Corridor found that gentrification was in progress in the neighborhood, making the population along the corridor potentially vulnerable to displacement. The initial analysis found that racial diversity was decreasing along the Central Corridor while median income levels were rising.

Building and supporting affordable housing in communities with a changing population also requires a different set of strategies than the affordable housing needs in a stable community. Though transit investment alone does not generate large scale change in neighborhoods, a combination of market demand, available land and increased interest in living near transit and in walkable and bikeable places can create the conditions for displacement and gentrification in communities receiving new transit access. Most of the communities in the case studies are strategizing about how to protect existing communities while dealing with changing market conditions and a variety of land availability.

Foreclosure Crisis

The foreclosure crisis has been a major issue in the housing world in the Twin Cities, and both the City of Saint Paul and the City of Minneapolis have programs in place to assist neighborhoods that have been hard hit. Together, these programs aim to provide a range of solutions to address the crisis at many stages. Programs include prevention strategies, including counseling and loan funds, property acquisition and rehabilitation strategies, and rebuilding the housing market through strategic outreach to market and nonprofit collaborators.

In the context of providing affordable housing and neighborhood stabilization around light rail, foreclosures present an opportunity to acquire and rehab foreclosed properties and connect them to lower income, working family households. Along the Central Corridor in particular, the Thomas Dale (Frogtown) neighborhood was identified as a priority area and Neighborhood Stabilization Program dollars are being directed to the area.

Breakdown of Cold and Warm Market Strategies

The majority of warm market strategies around affordable housing are regulatory and policy-oriented (inclusionary zoning, density bonuses, etc.) that are meant to leverage the private market to pay for affordable housing, while colder markets rely more heavily on public investment to stimulate any kind of development. The charts on pages 23–27 identifies which strategies are appropriate for warm or cold market strength areas.

Affordable housing stabilizes families and gives access to opportunities.

Returning vacant and foreclosed properties to the market is a top priority.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Take on the pre-development risks	Can take the form of undertaking the rehab or development of an older building or site, or can mean doing site-assembly or getting early permitting permissions.	Taking on pre-development costs can be a risky venture, especially if the private market isn't ready to pick up where the public or nonprofit entity leaves off.	YES. Minneapolis (The City sometimes will provide pre-development fundings for non-profits.)

CASE STUDY: PITTSBURGH, PENNSYLVANIA

East Liberty Development, Inc. (EDLI) and their partners have helped lead the charge on reinvestment in East Liberty. Transit proximity has helped ELDI support their goals of building mixed-use, mixed-income, higher density development. In 1999, ELDI created a Community Redevelopment Plan to lead development in the neighborhood for the next 10 years. The first major accomplishment for ELDI after creating that plan was bringing a Whole Foods to Centre Avenue. With backing from local partners, the CDC did most of the upfront development of an older property, and Whole Foods moved into the space. This project ended up being the first of many that created a sense of growing momentum in the neighborhood, and ELDI benefitted by using the generated revenue to implement a larger community plan and acquire properties for future development.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Fee waivers, reductions and deferrals	Impact fees can be unpredictable and contribute to uncertainty in the development community, and waiving fees or revising the impact fee structure to be more predictable can support better development.	For cash strapped local governments, fee deferrals allow affordable housing developers to use long-term financing to cover those costs at lower expense.	YES. Minneapolis (Though not implemented yet, a proposed park dedication fee would be waived for affordable housing projects.

CASE STUDIES: AUSTIN, TEXAS and FREEMONT, CALIFORNIA

Austin: The City of Austin, Texas provides fee waivers (in addition to expedited permitting) for transit-oriented, affordable housing. Fees are reduced on a sliding scale basis, based on portion of a development's units priced for households earning less than 80 percent of AMI.

Fremont, CA: The City of Fremont, California offers deferred impact fee payments. Deferrals of up to 18 months are available for affordable housing developments with at least 49 percent of the units affordable to very low to moderate-income households, and which have received financial support from the City and/or Redevelopment Agency for an amount equal to or greater than the amount of the development impact fees.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Brownfield remediation	Taking on the initial costs and uncertainty of brownfield remediation can clear the way for future affordable housing development.	Can be extremely expensive and should be considered as part of a long term redevelopment strategy.	YES. Saint Paul has a program for this. YES. Minneapolis (The Metropolitan Council, State DEED, and Hennepin County operate brownfield investigation and clean-up funding programs).

CASE STUDIES: FOREST CITY, COLORADO and EMERYVILLE, CALIFORNIA

Forest City, CO: After years as an airport, portions of an idea TOD site were contaminated with toxins. In an agreement with Forest City, the master developer, the city cleaned the site so that the 12,000 housing units could be built, approximately 15% as affordable. Forest City used 50% of the materials from old airport buildings it demolished on the site and all of the old runways were recycled for use as new roads. The landscape design team reconnected the site to the local watershed, and upon full build out in 2020 there will be 1,680 acres of open space. .

Emeryville, California: The City of Emeryville, California, runs the CIERRA (Capital Incentives for Emeryville's Redevelopment and Remediation) Revolving Loan Fund, which offers grants, low- and no-interest loans for site assessment and cleanup of small industrial and commercial sites. CIERRA focuses primarily on sites under 2 acres, which tend to be more difficult to redevelop than larger brownfield sites. Preference is given for the remediation and redevelopment of projects in lower-income neighborhoods. CIERRA is funded by a grant from the US Environmental Protection Agency.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Target foreclosure response programs	NSP Funds are one foreclosure program that has been successfully used to preserve existing housing and create new affordable opportunities.	This strategy makes the most sense when light rail is passing through an area that has had a high rate of foreclosures.	YES. Minneapolis YES. Saint Paul

CASE STUDIES: SAINT PAUL and MINNEAPOLIS, MINNESOTA

Both Saint Paul and Minneapolis have an extensive set of programs aimed at acquiring and rehabbing foreclosed properties. Saint Paul in particular has prioritized some of the neighborhoods along the Central Corridor to receive funding.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Public land dedication and write-downs	Local jurisdictions can make public property available to affordable housing developers at reduced prices. In California, local governments must offer public agencies or nonprofits first right of refusal before selling land.	Can be an important opportunity as transit agencies complete construction and want to sell off land used for staging, etc.	YES. Saint Paul NO. Minneapolis (Land write-downs are discouraged)

CASE STUDY: SAN FRANCISCO, CALIFORNIA

A redevelopment plan called for the creation of 6,000 housing units, 5 million square feet of corporate offices and bio-tech space, a new campus for the University of California-San Francisco, a hotel and conference center, 750,000 square feet of retail and 49 acres of parks and open space. As part of the development agreement with the city's redevelopment agency, the property owner agreed to dedicate 14 parcels of land for affordable housing. The agency competitively selected developers and provided land and tax increment financing to help build the affordable projects—28 percent of the housing will be affordable to very-low-, low-, and moderate-income households. Market-rate projects will be allowed to maximize the building envelope and profitability while the affordable sites are zoned for a height of 50 feet, which allows the use of less expensive wood-frame construction. Parking minimums were relaxed and there's a parking maximum of 1 space per unit. Setbacks were reduced and design guidelines encourage ground-floor retail. A master environmental impact report expedites the approval process for individual projects, allowing them to move forward quickly and inexpensively.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Joint public/private development	Joint development around transit generally refers to the use of transit agency land (parking lots or construction staging grounds) for new development. Working collaboratively with public housing authorities can also fall into this category.	Joint development can also be the inclusion of affordable housing in the development of public facilities.	YES. Saint Paul, very common NO. Minneapolis (although the City does sell land to private developers)

CASE STUDY: DENVER, COLORADO

Ensuring that joint development opportunities result in affordable housing production. The Denver region's Regional Transportation District (RTD) Board adopted an affordable housing policy to govern all joint development opportunities. The policy strongly promotes affordable housing, while at the same time respecting local control over land use and the diversity of housing needs among the many different cities within the bounds of the Transportation District. The policy outlines a process where RTD will work with the local jurisdiction to consider what the affordable housing goal for RTD owned parcels should be. A key part of that process calls for a consideration of serving families earning less than 50 percent of Area Median Income.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
"Project based" Section 8 preservation	Identity units with expiring Section 8 contracts and work with owners to preserve them as affordable.	Preserving expiring units is a goal that requires a set of supportive strategies (property tax exemption, funds to transfer ownership from private developer to nonprofit, etc) in order to implement.	YES. Saint Paul YES. Minneapolis (prioritized though some funding programs)

CASE STUDY: SAN FRANCISCO, CALIFORNIA

In 2005, San Francisco's public housing stock was in a severely distressed state, with over $267 million needed for repairs and renovation. The San Francisco Housing Authority (SFHA) had relied on the federally funded HOPE VI program to finance the rebuilding of several public housing sites, but as the federal budget for HOPE VI dwindled, it had to seek other ways to address its affordable housing needs. Thus, in 2006, Mayor Gavin Newsom and the San Francisco Board of Supervisors authorized $95 million in local bond funding to launch HOPE SF, a program that aims to convert 8 public housing developments comprising 5,000 units in San Francisco into high-quality mixed-income communities.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Subsidized housing redevelopment/ renovation	The Hope VI program supported this strategy, but the rehab and preservation of other publicly subsidized units (LIHTC, etc) are also important.	Large-scale projects often requiring major federal investment.	YES. Saint Paul YES. Minneapolis

CASE STUDY: KING COUNTY, WASHINGTON

A Regional Coalition of Housing (ARCH) is a regional, cross-jurisdictional effort funded by participating jurisdictions in King County, WA, dedicated to creating and preserving affordable housing. ARCH's institutional structure is unique in that it allows for regional collaboration among jurisdictions, which on their own would not be able to adequately address the region-wide affordable housing shortage. Thinking and acting regionally allows jurisdictions to be more thoughtful in addressing housing needs and more effective in utilizing resources.

ARCH's Affordable Housing Trust Fund is financed through a program called "Parity," under which each participating jurisdiction contributes funds. The "Parity Formula" determines the level of contributions made by participating jurisdiction to the Trust Fund—based on current population, projected housing growth, and projected job growth—and guidelines ensure that all members of the coalition receive an equitable distribution of housing trust fund resources. Funds originating from an individual jurisdiction are not restricted to being spent within that jurisdiction. As of 2009, King County and ARCH had dedicated over $29.5 million to affordable housing to help construct or preserve almost 2,440 affordable homes for lower income households.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Community land trusts	Also known as Affordable Housing Trust Funds, Community Land Trusts (CLTs) purchase and retain ownership of land to ensure its ongoing use for community purposes.	By owning the land on which housing is built or rented, the CLT can require continued affordability. CLTs support both affordable ownership and rental housing.	YES. Saint Paul. (Work with support for Rondo Community Land Trust.) YES. Minneapolis (Twin Cities Community Land Trust active in the city.)

CASE STUDY: CHARLOTTE, NORTH CAROLINA

Charlotte established an Affordable Housing Trust Fund to provide public funding to private developers in exchange for affordable units using a competitive bid process. The City Council set aside $10 million for the fund in 2001, and voters then approved another $35 million. The city has the flexibility to make the funds available as either a loan or grant for land acquisition or construction. By 2007 the fund had enabled the construction or rehabilitation of more than 2,800 units, more than half of which were for households earning below 30 percent of area median income. This number included 223 units of new affordable ownership housing, more than 900 new multifamily rental units, nearly 600 rehabilitated multifamily rental units, and more than 1,100 units for households with special needs. The average subsidy per unit was less than $14,000 (and sometimes included other affordable housing funds).

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Support nonprofit developers	This could include: partnering with foundations to fund nonprofit developers or providing startup grants for nonprofits.	Nonprofit developers are important partners in creating affordable housing, with access to a different and often slower set of financing tools than for profit developers.	YES. Saint Paul continues to support many NP/CDCs. YES. Minneapolis (supports non-profits in a variety of ways: funding programs, pre-development funding for development projects, etc.)

CASE STUDY: SEATTLE, WASHINGTON

Local nonprofits have been key players in developing long term affordability around the corridor. Strong involvement from the CDC community has been possible in part because the light rail line opened just as the economy was slowing. Because of this timing, land prices have not risen significantly, making it possible for nonprofits to purchase existing units or land. One strong actor along the Southeast Line has been the Mt Baker Housing Association. This CDC works primarily in the Rainier Valley neighborhood and completed an inventory of 350 buildings throughout the Southeast corridor, ranking them on their potential for acquisition and rehab. The inventory included details on the type of plumbing and the age of electrical systems to gain a thorough understanding of the costs of rehabilitation for each building.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Target-property acquisition and rehabilitation funds (TOD funds)	Neighborhood Stabilization Program Funds are being used in Denver to acquire properties near existing and future light rail. TOD Acquisition or land acquisition funds also can fall into this category.	Politically sensitive. Directing funds towards communities with light rail can mean that other communities feel they lose out.	YES. Saint Paul (NSP funds in Ward 1; LAAND sites in Wards 1 and 4.) YES. Minneapolis (Higher-Density Corridor Housing Fund [aquisition funds] and other funding programs privatize TOD.)

CASE STUDY: DENVER, COLORADO

The City of Denver, Enterprise Community Partners, and the Urban Land Conservancy created a TOD Acquisition Fund. Opened in 2010, the fund was the first of this type in the country and promises to support the creation and preservation of up to 1,200 affordable housing units through strategic property acquisition in current and future transit corridors. TOD funds of this type can be a game-changing tool for affordable housing near transit, especially in slow economic climates. When property values are low, and the typical capital available to affordable housing developers is scarce, the TOD Fund can fill the gap before light rail is operational and property values rise.

In Denver, the Fund is currently capitalized at $15 million, which is available to purchase and hold sites along transit corridors for up to five years. The goal of the Fund is to assist families spending more than 60% of their income on housing and transportation expenses. In practice, this can include a range of housing affordability levels. For example, one project the Fund has supported will serve households ranging from 30% to 60% AMI. While the Fund only applies to properties within the City of Denver at the moment, there has been interest in expanding it to other cities in the region, both from regional agencies like DRCOG and from neighboring cities like Lakewood and Aurora.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE
TOD-targeted homeownership assistance	Target existing programs to neighborhoods around light rail.	Political sensitivity in directing funds away from non-transit communities, and can be smaller-scale in change.	YES. Saint Paul. (New CRV funds to support rehabilitation of homes in two specific CC neighborhoods along University Ave. impacted by foreclosures.)

CASE STUDY: CALIFORNIA

At least 20 percent of funds collected through Tax Increment Financing (TIF) in California Redevelopment Areas must be "set aside" in a Low and Moderate Income Housing Fund (LMIH) and used for affordable housing. For many cities in appreciating housing markets, this amounts to a very large funding source for affordable housing – even larger for cities like Oakland and San Francisco that have elected to increase the required set-aside to greater than 20 percent. In San Francisco, for example, the set-aside requirement is 50 percent. Cities decide how and where affordable housing set-aside funding will be spent through their Redevelopment Implementation Plans.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Linkage fees	Typically charged to developers and then spent on affordable housing preservation or production through existing housing programs.	Linkage fee and developer fees rely on the jurisdiction collecting the fee to use the money to build affordable housing or address other community needs. If fees are set too low, the pool of money may not address the full range of community needs.	

CASE STUDY: BOSTON, MASSACHUSETTS

The city began collecting the fee in 1984, despite legal challenges. It applies to all new commercial developments over 100,000 square feet that require zoning relief and the funds go to the Neighborhood Housing Trust and the Neighborhood Jobs Trust (for job training). In 2001, with the support of Mayor Tom Menino, who called linkage "one of the best tools we have for creating affordable housing in the City," the fee was raised from $5.49 for housing and $1.09 for jobs to $7.18 and $1.44, respectively, and the payment schedule was shortened from 12 to 7 years. Boston's linkage program has collected $45 million.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Development agreements	Individual contracts between the local governments and developers that guarantee long-term planning approvals for a project for a certain number of years (even if zoning policies change at a later date), in exchange for specific public benefits from the developer.	Development agreements work best for sites with long-term development timelines and multiple stages. In these situations, the added entitlement certainty provided by the agreement is especially valuable for the developer, and may therefore be worth the inclusion of affordable housing.	YES. Saint Paul, very standard YES. Minneapolis

CASE STUDY: PORTLAND, OREGON

Oregon law currently prohibits municipalities from adopting inclusionary zoning ordinances that mandate construction of affordable housing by developers. Nevertheless, when the City of Portland Development Commission (PDC) looked to develop the River District Urban Renewal Area, which encompasses the transit-rich Pearl District, in 1994, one of its goals was to encourage new housing development that reflected the income distribution of households in Portland. Therefore, the PDC entered into a development agreement with the master developer, Hoyt Street Properties, to build nearly 7,500 units with the following housing target goals: 33% upper income, 20% middle income, 20% moderate income, 13% low income, and 14% extremely low income. Despite the fact that moderate and low income households were still underserved in the Pearl District as of the latest housing report in 2006, overall PDC considers Hoyt compliant in meeting a very detailed mixed-income housing goal.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Property tax exemption	Exempt developers or owners from paying property taxes if they include affordable units or other community benefits.	Reduces jurisdiction income.	YES. Saint Paul, very standard YES. Minneapolis (Only available to nonprofit propery owners.)

CASE STUDY: SEATTLE, WASHINGTON

The City has used property tax exemptions (a tool created by the State to encourage smart growth) to encourage for-profit developers to include affordable units in their projects.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
Transfer of development rights	"Selling" development rights to for-profit developers can raise money for affordable housing projects or rehab.	Allowing for greater height limits and density can be challenging in residential neighborhoods.	

CASE STUDY: SEATTLE, WASHINGTON

The Capitol Hill Housing CDC used Seattle's Transfer of Development Rights (TDR) Program to recapitalize an apartment building that had a hard time accessing funds for rehab activities. The TDR program allows developers to "trade" density in pre-approved areas. In this case, Capitol Hill sold the unused density from the existing apartment complex for $648,000 to the market rate developers of Amazon.com's new offices in downtown Seattle. The CDC used those funds to make the capital improvements necessary to keep the building in working order. Residents in the building are renters usually making 50% AMI or below.

STRATEGY	DESCRIPTION	CONSIDERATIONS/DRAWBACKS	CITY EFFORTS IN PLACE?
TOD-targeted housing financing	Target existing programs to neighborhoods around light rail.	Political sensitivity in directing funds away from other communities.	YES. Minneapolis (Higher-Density Corridor Housing Fund [aquisition funds] and other funding programs privatize TOD.)

CASE STUDY: DENVER, COLORADO

The Denver Housing Authority has been a major player in creating affordable housing along Denver's Central Corridor. DHA is highly aware of the advantages that light rail can bring to their low income residents and has been proactive in revamping the properties it owns that are near existing or future light rail. Along the Central Corridor in the Curtis Park neighborhood, DHA invested $132.1 million to demolish 286 units and replace them with 550 mixed-income units, 345 rental and 205 owner-occupied. In the Park Avenue/Benedict Park Place development, DHA invested $205.4 million to demolish 249 units and replace them with 873 mixed-income units, including 598 rental units.

Envisioning the Central Corridor along Dale Street in Saint Paul

Design Principles: The Big Picture Project

By Tim Griffin AIA, Director, Saint Paul Design Center

ADDENDUM 4

Printers' Square Apartments, Baltimore
Architectural Plan/Brough Schamp, photographer

Introduction

This chapter connects the design process with the delivery of affordable housing in the Central Corridor. It explores the importance of design in placemaking, key design considerations in transit-oriented locations, effective ways to inform design, and resources available to strengthen design elements.

In the broadest sense, the community design conversation is about sustainably aligning the dynamics of people, business, and technology. Their intersection creates opportunities for innovation and, ultimately, a new community design process where community expectations can be incorporated into community investments in real-time, on real projects. This is a much more dynamic process than previous development processes, and community interests must be sharpened to effectively participate in it.

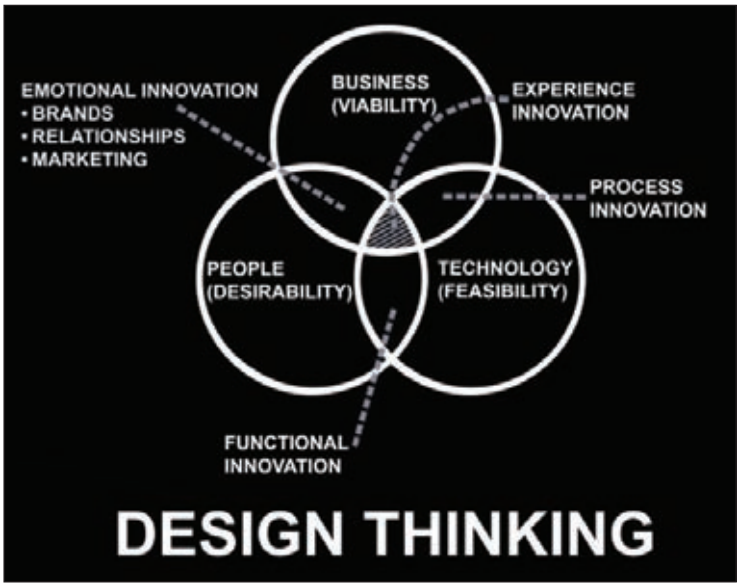
Importance of design in placemaking

Placemaking is the way we create and sustain our community as a nurturing place to live, work, learn, and celebrate. The design conversation happens at three levels:

- A community held vision or framework based on a set of commonly held principles.
- The ability to advance projects in a complementary and cumulative fashion; and
- Universal experience and enjoyment of place for personal recreation and reflection, and community celebration.

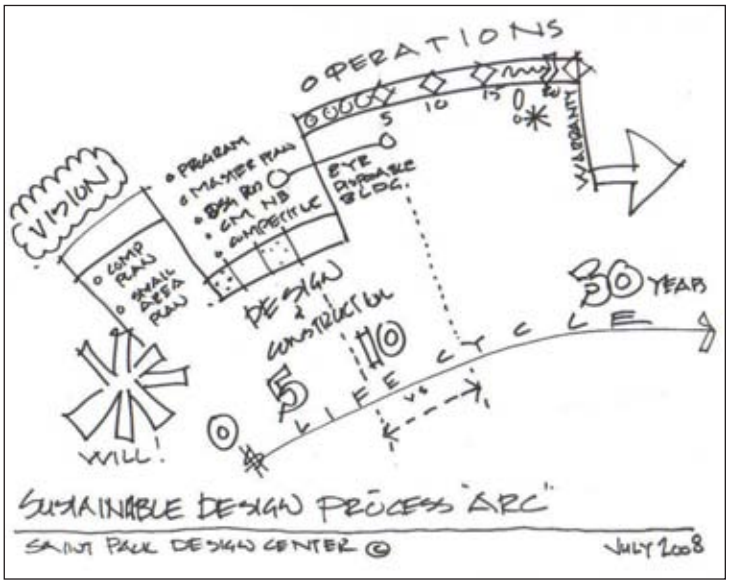
Fred Kent of Partners for Public Spaces, a placemaking consulting practice, compares placemaking to architectural programming for urban design. It defines the principles and problems to be addressed, but doesn't propose the actual design solution. That's left to the designers who design the buildings and the places between the buildings; parks, streets, bridges, and infrastructure. It is also left to "community" designers to provide direction.

The architectural design process itself is fairly straightforward and logical when it's explained, but frequently that explanation is missing. That makes it difficult to have the right community design conversation at the right time in the process. So, here's a list of steps in the process that explains the types of items being considered and the key decision points. *Community input opportunities are noted in italics.*



Design Thinking diagram shows overlapping community building process and innovation opportunities.

Resource Access Center, Portland, Helst Architecture, is a dramatic piece of contemporary architecture that celebrates its affordable housing mission.



Life-cycle of sustainable development from planning through occupancy.

Programming

Deals with the form, function, budget, and life expectancy of a building by organizing project goals, facts about the site and activities, organizing concepts and the resulting space needs. This serves as the problem statement or assignment for the designer. *While early in the process, community interests should be discussed and reflected in the program sections, including an understanding of related urban design plans.*

Schematic Design

Multiple, quickly drawn and modeled concepts that address the program and precedent study. Deals with building form, placement, organization, general budget, and circulation. *Critical point to establish mass, placement, and form. Ideal point for community to express alternative preference, if possible.*

Design Development

Preferred scheme developed in more detail to include materials, structural and mechanical system concepts, and operating calculations. Drawings used for preliminary, then final site plan review. *Opportunity for community open house or neighborhood visit to discuss design direction before starting construction documents.*

Construction Documents

Detailed drawings and specifications to construct the building. Includes site plan, landscaping, civil, architectural, structural, HVAC and life safety elements. Also final cost estimate and value engineering if there are budget issues, which may change or eliminate some elements of the design. *Point where community sees what the developer intends to bid and build.*

Bidding and Construction Observation

Portion of the process when the builder is fully engaged and the architect periodically checks that the building is being constructed according to plans and specifications. *Neighbors watch progress and construction site; tours may occur as project nears completion.*

Commissioning

Activity to complete building and make sure all systems are functioning as planned. Move-in coordination and final landscaping occur concurrently. *Grand opening and receptions.*

Post Occupancy Evaluation

Optional activity to check with neighbors, residents, and other building users to survey how well the original program goals were met, changes that should be made, and lessons learned for future projects. *Community organizations could participate in the evaluation.*

Building placement, corner treatment, and material choice should be discussed early enough to be optimized.

Elness Swenson Graham Architects incorporates a residential entry lobby in the commercial street façade at Oxford Hill Condominiums, Saint Paul.

Key design principles in transit-oriented development affordable housing

Based on all of the visioning, framework planning, and station area plans prepared along the Central Corridor—a set of principles to guide TOD affordable housing has emerged. These principles can be used as performance criteria for the affordable housing developer to suggest how the project contributes to the community vision. They also serve as a general checklist of themes that are codified as design guidelines in the new Saint Paul transit-oriented zoning ordinances.

1. Sense of place. Create a physical setting that has a neighborhood, Central Corridor, and Saint Paul or Minneapolis identity.

2. Hierarchy. Express relative importance of the building to surrounding buildings, and of building elements' relationship among themselves in the project's composition, e.g., the location and emphasis on the building's entrance.

3. Scale. Transition from Central Corridor to neighborhood with progressive building massing and attention to shading and light.

4. Quality materials. Use the highest quality materials possible to demonstrate permanence and community commitment.

5. Ecology. Restore and establish the corridor's urban ecology. Incorporate storm water management in public realm design financing and maintenance and green building technology in new development.

6. Public investment. Projects may be used to leverage new street segments and parks, and called for in station area plans.

7. Mix of uses. Create a corridor community where people of all income levels live, work, and play. Affordable housing projects should also contribute to street life and activity on their ground floor.

8. Improved connectivity. Ensure that the Mobility Enhancement Zones are well developed, and that projects maximize their relationship to this amenity.

9. Goal integration. Ensure that buildings support broader city building goals. Design new buildings to fit into their surroundings, and help make adjacent public spaces, especially platform areas, active.

10. Existing strengths. Start with what we already treasure—our historic buildings, parks, tree-lined streets, and our new LRT corridor and streetscape.

11. Preservation. Preserve and enhance historic buildings and public spaces.

12. Balanced movement network. Design any related city streets near the LRT to accommodate pedestrians, cars, bikes, on-street parking, landscaping, lighting, and signs.

13. Public safety. Increase the number of people in our public spaces near the LRT stations and in our neighborhoods.

14. Community involvement. People should be involved willingly from the beginning in the improvements of their own surroundings, including the opportunity to weigh-in on alternative project plans if possible.

Effective ways to inform design

There are several effective ways to make sure than community intent and expectations inform the affordable housing design process along the corridor. These include: 1) increasing developer awareness, 2) participating in the voluntary design review process, 3) working with the Central Corridor Design Center, and 4) engaging a community trusted advocate.

1. *Developer awareness* of community intent and expectations is crucial early in the process. This can be enhanced in several ways. The City of Saint Paul has prepared a development guidebook that ties together the various plans, resources, and design standards for developers. Professional organizations such as ULI, AIA, and Sensible Land Use Coalition are beginning to hold programs for the development community featuring these ideas. There's also an effort to create or revive a design and development awards program, like the UNI

awards conducted by University United for many years, in order to draw attention to this topic.

2. The City of Saint Paul has developed a voluntary project design review process that begins a multi-disciplinary urban design review at concept stage, and ties into the existing site plan review requirement. The process includes: project identification, concept review, issue identification, and community outreach and design workshops (if necessary) leading to preliminary and final site plan review.

3. In addition to project design review, the Central Corridor Design Center is a steward of the Central Corridor Development Strategy and can provide technical assistance to developers who want to design and coordinate public realm improvements in conjunction with their own (and neighboring) projects. Arrangements could be made to collaborate on Minneapolis projects as well.

4. *The trusted advocate program* is just beginning with the District Councils Collaborative and Metro Transit, which should better reflect community opinion in the development of post-LRT bus service. These individuals are well known to specific neighborhoods along the corridor, and are trusted to communicate information and represent neighborhood interests to the planning process. This program could be expanded to have similar engagement with affordable housing developers during each project.

Resources

One challenge made clear in The McKnight Foundation's "Innovation Beyond the Façade" report on affordable housing was that lower fees for architectural services allowed under different affordable housing funding sources do not leave enough hours for the significant amount of time required to carry out the community input process described here. The Enterprise offers grants to help cover the costs of planning and implementing green components of affordable housing developments, as well as tracking their costs and benefits. Charrette grants for up to $5,000 help housing developers integrate green building systems into their developments, and engage in a serious discussion of green design possibilities. Enterprise will award planning grants to affordable housing developers to coordinate a green design charrette, which could embody much of the content of the design review process.

Scene from a sidewalk cafe along Grand Avenue in Saint Paul.

Another challenge is the apparent tendency of Minnesota designs to be much more conservative and less exciting than affordable housing projects elsewhere. There may be a number of reasons for this, but there is a case against deferring to the perceived least offensive, bland design solution or minimum change to heritage structures. Affordable housing design should reflect our time and our community investment, not mimic some other era.

Conclusion

The ideas presented here rely on a few key adjustments to deliver better designed affordable housing projects to the Central Corridor.

1. An understanding of the community vision.

2. Early concept level discussions to insure a project fits with the neighborhood's character and expectations.

3. Meaningful community involvement by community members and their trusted advocates to reflect their aspirations and preferences, ideally including an opportunity to choose between design alternatives.

4. Additional financial resources to permit design professionals to spend additional time this process requires.

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Quality Manual. *Improving the Water Quality of the Mississippi River in Saint Paul*. 2007. Saint Paul Design Center

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Summary of listening sessions and roundtable discussions

From Minneapolis Neighborhood Associations and Saint Paul District Councils

Community engagement is the key for successful planning.

Introduction

In both Minneapolis and Saint Paul, community planning organizations participate in and lead planning processes that consider housing as well as review and comment on development proposals, many of which have housing components. In the winter of 2011, the District Councils Collaborative of Saint Paul and Minneapolis (DCC) and the Higher Education Consortium for Urban Affairs (HECUA) identified the need to expand community engagement activities surrounding the Big Picture Project to align housing plans in the Central Corridor. With support from the Central Corridor Funders Collaborative and Twin Cities Local Initiatives Support Corporation (Twin Cities LISC), HECUA secured two interns to assist with community engagement activities.

On June 30th, the DCC and University District Alliance (UDA) convened a corridor-wide meeting of district councils and neighborhood associations to talk about participation in the Big Picture Project. Out of this meeting came two community engagement activities: 1) a series of listening sessions designed to engage people who might be less likely to attend the Big Picture forums; and 2) two roundtable discussions designed to highlight district council and neighborhood association perspectives, plans, and projects that address affordable housing and Big Picture Project recommendations.

This summary provides a snapshot of these two activities, common themes heard in each activity, and implications for development of Big Picture Project recommendations. It should be noted that information from listening sessions has been flowing to Big Picture Project leaders and Project Team as it has been gathered, and that members of community planning organizations have been participating in Big Picture forums. Also, Gretchen Nicholls, Twin Cities LISC program officer, participated in both roundtable discussions. As a result, community members and organizations have been influencing discussion and thinking throughout the process.

The Big Picture Project Listening Sessions Summary

Over 92 people from nine neighborhoods participated in eight listening sessions. They represented a cross-section of residents living in the corridor. Nine major themes emerged from these conversations.

1. Different housing priorities in different neighborhoods. Opinions about the need for affordable housing in the future varied from neighborhood to neighborhood, and even within neighborhood or district council borders. Factors influencing opinions included: the current mix of owner-occupied and rental single-family housing, the need for more housing for seniors or larger families, the predominance of single-family housing, and positive or negative experiences with residents and/or property owners of higher density housing.

2. Lack of a commonly understood definition of "affordable housing" hinders community discussion. "Affordable housing" is a relative term that conjures up a wide range of images and issues, making it difficult to focus discussions and find common ground. While housing professionals may accept the necessity to use Metropolitan Area Median Income as the standard for calculating affordability, community members often measure affordability based on personal experiences and much smaller geographic areas such as their city or neighborhood.

3. Neighborhood pride and fear of displacement. Across all listening sessions, participants expressed pride in their neighborhoods. The sources of pride were often evidenced in reference to longtime connections to people and place or the options and choices their neighborhoods offered them. Those who lived in "naturally" affordable housing and/or had lived in their neighborhood for a long time most frequently voiced fears of displacement. Past personal experiences with the construction of I-94 and the loss of a loved home and neighborhood has led to the belief that if displacement could happen once, it could happen again.

4. Housing density and amenities, especially parks, go hand-in-hand. Within this theme were two streams of discussion. One stream focused on the absolute need within the corridor for an increase in the number of parks with recreation areas and communal open space, such as public gardens irrespective of construction of new housing. The other centered on a willingness to accept higher densities, providing that quality of life and daily life needs are attended to. While the list of what would satisfy those needs was often influenced by what is currently missing in a neighborhood, it included things such as quality schools, affordable childcare centers, community centers, laundromats, and libraries.

5. Meeting specific housing needs. Listening session participants frequently identified the need to provide affordable housing for seniors and large families, and housing with universal design to accommodate persons with disabilities.

6. Preservation and restoration of existing homes and historic buildings. The word "preservation" took on a double meaning in listening sessions. In one case, it was used to refer to the physical structures, and in another it referred to retaining the affordability of properties, thus encouraging diversity among households. In both cases, residents associated preservation with retaining neighborhood character and identity and expressed a value of stewardship and caring for the places we live in.

7. Attention to process: communication and engagement should occur early and often. Listening sessions surfaced frustrations with Central Corridor light rail planning processes that did not provide adequate time and formats for meaningful community engagement. The consequence is that subsequent corridor-wide engagement processes that are accelerated or compressed—including the Big Picture Project—are seen in a similar light, whether or not the criticism is deserved. On a different front, for those on waiting lists for public housing, planning for light rail before planning for affordable housing is backwards. In both instances, residents expressed a desire for more attention to communication and engagement, especially when the plans affect the lives of thousands of people.

8. Need for quality property management, oversight, and accountability. Both renters and owners talked about property management practices. Renters experience poor and unhealthy living conditions, and neighboring single-family housing residents can suffer problems ranging from social to maintenance problems when properties are not managed properly. Rightly or wrongly, poor management leading to problem properties does not help make the case to build more multi-family buildings.

9. Support for local hiring and small business. Concern that housing developments and transit be mutually beneficial for residents, business owners, and all transit riders, was the final theme that emerged in many listening sessions. Participants felt that small business support and equitable hiring practices were important to building wealth in all communities.

Creating destinations and strengthening access is a priority.

The Big Picture Project Roundtable Discussions Summary

Both roundtables were open to the public; however, they focused on the viewpoint of Saint Paul district councils and Minneapolis neighborhood associations. Approximately 65 people attended and shared the following perspectives on affordable housing issues and planning activities in their communities.

The West Bank has a number of small-scale affordable housing projects in addition to the better known Riverside Plaza and the Cedars. Smaller projects are threatened by increasing development pressure, which is expected to become even more intense when the Central Corridor line is completed. Another challenge for residents of affordable housing is the continued loss of affordable parking to development. West Bank organizations would like to explore the use of Tax Increment Financing and other strategies to maintain and increase affordable housing on the West Bank.





District Councils and Neighborhood Associations fill an important role in shaping places so they serve people.

Glendale Townhomes in Prospect Park is an often overlooked public housing project a few blocks off University Avenue. Residents value its location and proximity to transit, amenities, education, and jobs, but struggle with maintenance issues and the lack of park and open space for outdoor activities. Glendale residents are working with Prospect Park community planners to explore options for enhancing connections with the LRT station and improving the public realm, and for holding the Minneapolis Public Housing Authority accountable for maintenance problems.

In Saint Anthony Park, nearly all the affordable housing along Central Corridor is located in multi-family buildings, and tenure is both rental and ownership. Affordable housing types include an aging high-rise, several four- to five-story new or renovated historic buildings, and a complex of three-story walk-ups. In some cases, residents fear that affordability requirements due to expire in the next few years will not be extended, and that many existing families and community will be uprooted because of increased rents.

Union Park and Hamline Midway have similar types of affordable multi-family housing, including "naturally" affordable single-family homes, duplexes, triplexes, and fourplexes. Stabilization of naturally affordable single-family housing stock and public realm improvements to reknit the residential fabric is important for these district councils. Equally important, however, is the challenge of infill development: how to design it so it is compatible with the existing neighborhood character, what is the best mix of uses, and how to reduce visual and parking impacts on adjacent single-family housing.

Summit-University and Frogtown both confirmed the concentration of foreclosed and vacant properties—largely single family or 2- to 4-unit multifamily housing—and significant efforts by coalitions of community organizations to address the foreclosure crisis through several intervention strategies. Both organizations reported that developers, including neighborhood CDCs, are interested in several sites on or near University Avenue, which are prime opportunities for mixed-income housing. Gentrification and involuntary displacement are common concerns of many residents.

Both organizations observed that use of the Regional Area Median Income as the baseline for determining affordability is problematic in their neighborhoods. Housing that is affordable by regional standards is beyond the grasp of a large percentage of their residents. This disparity makes it difficult to engage in Big Picture Project discussion about affordable housing in a meaningful way. Also, residents in the community have a wide range of perspectives on how much more affordable housing should be built when so much of the existing housing is "naturally" affordable due to physical condition, long-term neighborhood disinvestment, the high number of vacant lots, and safety issues.

There is widespread community agreement on the need for more parks and green space, public realm improvements

and enhancements, and more affordable housing options for seniors and larger households.

CapitolRiver Council shared that downtown Saint Paul already has a fair amount of affordable housing. Those who live in affordable housing fall into four general categories:

- **Artists** There is a substantial amount of affordable housing for artists in Lowertown. This community feels threatened by the possibility of gentrification because of increased housing costs brought on by LRT. Also, some older housing projects occupied by artists are pushing up against financing deadlines.
- **Service Workers** There is a substantial number of service jobs in downtown Saint Paul and, thus, a need for housing affordable to workers holding low-wage positions.
- **Persons with Disabilities** The disabilities community is attracted to the downtown because of the skyway, which provides access to jobs, services, and goods. LRT construction has been a major issue for this community.
- **Seniors** Finally, there is the senior (age 65+) population and individuals who are about to become seniors. Population statistics don't show a lot of residents in the 65+ category, but there is a substantial cohort on the verge of turning 65.

There is a growing need for rental housing in downtown, and growing concern that affordable housing developers are "cherry-picking" sites and financing opportunities in the corridor, leaving only small sites for other uses such as the green space that Frogtown would like to see.

Representatives from Advocating Change Together (ACT) joined both roundtable discussions and brought to light affordable housing concerns of persons of different abilities, many of whom are entirely reliant on transit and live in the Central Corridor because of access to public transit. Several points were raised.

- It is important to preserve and increase the number of units with universal design; units may need to be larger to accommodate family members.
- Consideration should be given to building a greater percentage of universal design units close to the stations to increase access and minimize barriers.
- Resources are needed to retrofit housing units in buildings constructed prior to the ADA law.

Cultural districts offer a unique experience.

- There are programmatic as well as design needs when it comes to housing, e.g. many persons with disabilities live in group homes, and this type of housing is needed in station areas.

Observations about Community Development Review Processes

Neighborhood associations and district councils review and comment on proposed site plans when development projects go through the city development approval process. They are engage in discussions with developers about project proposals, track approval processes, develop and approve organizational positions about projects and zoning variances, testify at public hearings, and, occasionally, appeal development decisions. The following observations are based on comments from both roundtable sessions.

- Neighborhoods and district councils would like to be proactive in implementing their neighborhood plans, marketing their vision for their neighborhoods and attracting developers who share their values. The objective would be to guide development opportunities rather than react to them.
- Building multi-family housing—market-rate, affordable or mixed-income—affects neighborhoods in many ways, such

as increased demand for parking and nearby parks or play spaces and changes in demographic data that can influence the locational decisions of retailers, service providers and other business owners. Including these factors in early development review processes provides opportunities for information sharing and creative problem solving to address neighborhood concerns.

- Station areas are excellent starting points for integrating neighborhood interests and needs into corridor redevelopment. A priority for discussion is how to transition between single family housing and higher intensity development (e.g. design, buffers, etc.).

In general, neighborhoods share these common values:

- Agreement that all neighborhoods must share responsibility for providing affordable housing.
- Maintaining and protecting existing affordable housing is as important as building new affordable housing.
- Community members should be able to influence how their neighborhood changes and develops.
- Neighborhoods and affordable housing must be approached holistically. Affordable housing residents are not just living in a unit, they are living in a home and a neighborhood that should offer access to green space, transit, goods, healthy food, services and education.
- Diversity and difference within and among neighborhoods is good and desirable, but all communities must benefit from the investments along the Central Corridor.
- Affordable housing should be aligned with a range of wealth building strategies for low-income individuals and families.

Conclusion

There is a great deal of congruency among the values that surfaced during the community listening sessions, the district council/neighborhood association roundtable discussions, and the Big Picture Project. This level of agreement is a strong foundation for future for cross-collaboration between neighborhoods/district councils and Big Picture Project partners, especially in the areas of:

- Stepping up existing and new strategies to keep residents in their homes, improving existing housing stock, and addressing vacant lots;
- Accessing information so that neighborhoods and district councils can effectively participate in planning activities at the city, county and regional levels;
- Working toward improved development review processes among neighborhood associations/district councils, developers, and cities;
- Developing strategies and coordinating funding sources to accelerate neighborhood improvements and support wealth building in neighborhoods; and
- Pursuing demonstration projects to model ways to achieve community benefits.

The DCC and UDA, with the assistance of HECUA, welcome further discussion to clarify opportunities and actions that could be pursued in Phase II of the Big Picture Project.

Prepared by Carol Swenson (District Councils Collaborative of Saint Paul and Minneapolis) with assistance from Alysa Friedrich (intern), Erin Scott (intern), and Emily Seru (Higher Education Consortium on Urban Affairs HECUA)

Please go to: www.dcc-stpaul-mpls.org or call the District Councils Collaborative at 651-528-8165 for copies of the DCC's full report of Big Picture Project community roundtable discussions and listening sessions.

Working together for a better tomorrow, place-making happens from the ground up.

THE BIG PICTURE PROJECT

Aligning housing plans along Central Corridor

OVERVIEW

ADDENDUM 6

JULY 2011

Something big kicks off this summer—a community effort to focus all the various affordable housing efforts along the Central Corridor into a single plan. We're calling it **The Big Picture Project**.

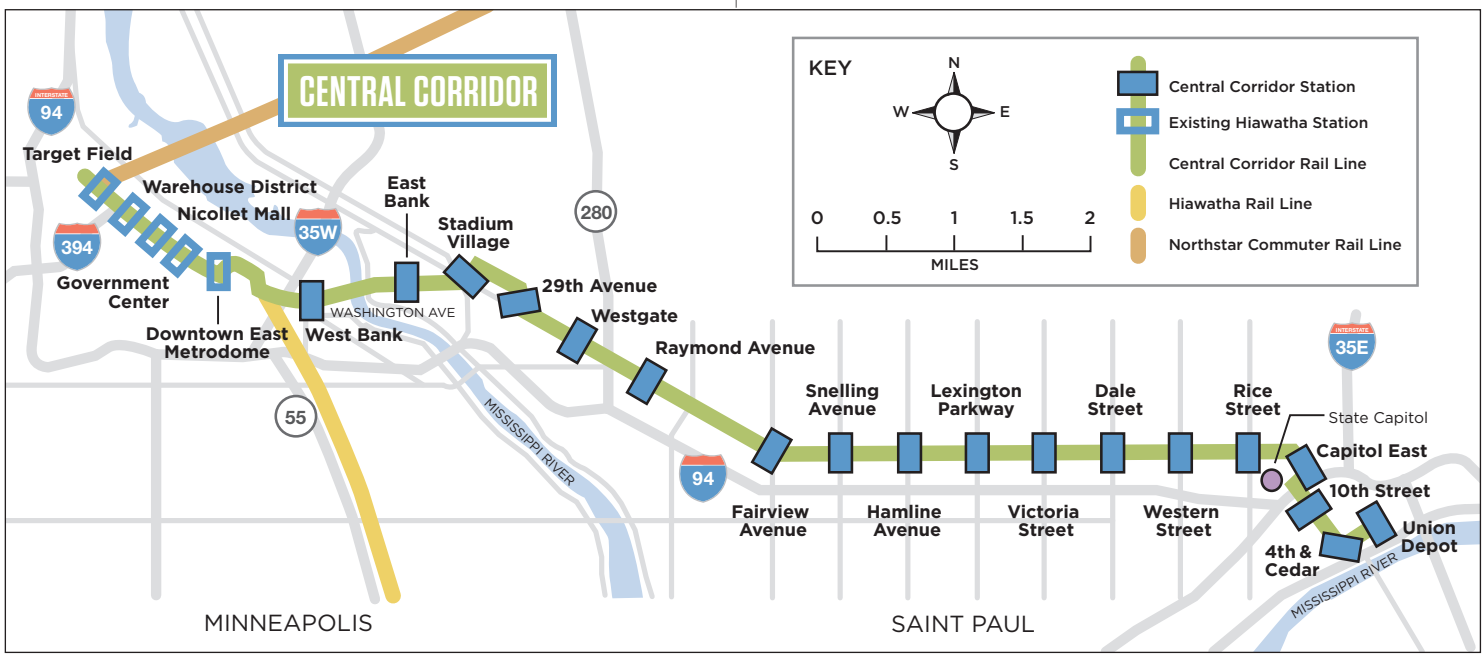
The arrival of light rail transit along University Avenue is a game-changer. This billion dollar infrastructure investment will bring many other investments, providing both opportunities and challenges.

Since the light rail line was announced, there's been plenty of visioning about the future of the Central Corridor. Now, we need to roll up our sleeves and get something done. It's time to align individual affordable housing projects in a way that creates a whole greater than the sum of its parts. We need to move beyond projects to placemaking.

If we continue scattershot planning—housing project by project— without looking at the big picture, we're going to miss crucial opportunities to strengthen the community and create a sense of place along the corridor. We're also going to miss the chance to hear the ideas and opinions of those who live there, the very people we all want development to benefit.

The Big Picture Project will consider dozens of existing plans, maps, and data banks related to affordable housing along the entire 11 miles of the Central Corridor and offer a set of recommendations that focus investments and policies to make the area a better place to live, work, and raise a family. Those recommendations should be final by November.

A unified housing strategy for the whole corridor can not only attract millions of investment dollars to this stretch of the Twin Cities, it can stabilize existing housing stock, preserve affordable rentals, and make sure new development projects improve the quality of life for residents in the surrounding neighborhoods.



The Big Picture Project will integrate preservation and stabilization strategies along with new construction to meet affordable housing goals along the Corridor

Who's on the project team?

We've pulled together a cross-disciplinary Project Team representing the government, community, finance, and development sectors. Team members, listed in this overview, will review and synthesize a wide array of background information, and draft strategies for better coordination.

These recommendations will be vetted with the public through a series of three community-wide forums held each month, July through September, 2011. At the same time, there will be smaller, Neighborhood Workshops that encourage additional participation by residents in the neighborhoods adjacent to the Central Corridor.

"To realize the full potential of the Central Corridor as a place of opportunity for all, we need to bring public and private partners together to make our common goals around housing affordability a reality."

—Saint Paul City Council Member Russ Stark

These forums and workshops are invitations for you to express your thoughts early in the process. Help the Project Team sort through the competing values, goals, and policies that are driving development in order to come up with a housing plan that contributes to more livable, affordable neighborhoods.

The Big Picture Project is supported by the Central Corridor Funders Collaborative and hosted by Twin Cities LISC and the Cities of Minneapolis and Saint Paul, but it will involve a wide range of participants. It has to in order to come up with the best recommendations.

PROJECT TEAM

GOVERNMENT

Denise Beigbeder, Ramsey County, Community and Economic Development

Wes Butler, Minneapolis, Community Planning and Economic Development

Al Carlson, St. Paul, Planning and Economic Development

Cam Gordon, Minneapolis City Council

Katy Lindblad, Minnesota Housing

Beth Reetz, Metropolitan Council

Russ Stark, St. Paul City Council

Carol Stinar, Hennepin County, Housing, Community Works, and Transit

FINANCE

Margo Geffen, Twin Cities Community Land Bank

Eric Muschler, The McKnight Foundation, Central Corridor Funders Collaborative

Ron Price, Twin Cities LISC

Elizabeth Ryan, Family Housing Fund

Vicky Shipley, US Bank

Dan Smith, Wells Fargo

DEVELOPMENT/NONPROFIT

Brenda Bailey, Model Cities

John Errigo, MetroPlains

Barb McCormick, Project for Pride in Living

Brian McMahon, University United

George Sherman, Sherman Associates

COMMUNITY

Veronica Burt, Preserve and Benefit Historic Rondo

Karen Inman, District Councils Collaborative of Saint Paul and Minneapolis

Bill Lerman, Community Agreements Coordinating Committee

Kate Hess Pace, Health Impact Assessment

Tim Thompson, Central Corridor Affordable Housing Partnership

Doris Wickstrom, University District Alliance

The Big Picture Project Process

STAGE 1: Gather Background Information

Beginning in July, during the first stage of the process we'll review background information—aggregating existing plans and policies for affordable housing along the Corridor, a series of data-rich maps, and case studies of similar transit corridors from across the country. A summary of that information will be shared at the first Community Forum, where participants will discuss priorities and the potential for overarching policies. The Project Team will meet twice during this stage.

Community Forum 1
GATHERING WHAT WE KNOW
National speaker: Ryan Curren, City of Seattle Office of Housing, Community Development Specialist
Wednesday, July 20, 2011 • 6 to 8 p.m.
Profile Event Center • 2630 University Ave SE, Minneapolis

STAGE 2: Review Scenario Options

The Project Team, which will meet twice in stage two, will provide a series of scenarios for affordable housing along the Corridor. These scenarios will be vetted at the second Community Forum and Neighborhood Workshops in August and September. These gatherings will provide a shared learning environment for community stakeholders, neighborhood residents and will help the Project Team to consider various options.

Community Forum 2
REVIEWING THE OPTIONS
National speaker: TBD
Wednesday, August 24, 2011 • 6 to 8 p.m.
Wilder Foundation • 450 University Ave W, St. Paul
Also occurring in August and September is a series of Neighborhood Workshops coordinated by the District Councils Collaborative and University District Alliance. More information will be provided soon.

STAGE 3: Frame Recommendations

Using insights from these meetings, the Project Team will draft a set of recommendations that will be shared at the third Community Forum in late September. Community groups, developers, and other investors will be able to "sign on" to strategies that they would like to support and implement. The Project Team will meet twice during this stage.

Community Forum 3
FRAMING THE RECOMMENDATIONS
Wednesday, September 21, 2011 • 6 to 8 p.m.
Goodwill/Easter Seals • 553 Fairview Ave N, St. Paul

STAGE 4: Reviewing the Recommendations

Participants will provide input on draft recommendations, to be considered by Project Team for final report and recommendations.Once the recommendations have been finalized, a report of the Central Corridor Affordable Housing Coordinated Plan will be published and submitted to the Central Corridor Funders Collaborative, the Cities of Minneapolis and St. Paul, Hennepin and Ramsey Counties, The Metropolitan Council, Minnesota Housing, and other key partners for their consideration.

Community Forum 4
DRAFT RECOMMENDATIONS
Tuesday, November 15, 2011 • 6 to 8 p.m.
Ewald Consulting • 1000 Westgate Drive, Suite 252, St. Paul

ADDENDUM 6

SAVE THE DATES

COMMUNITY FORUM 1

Gathering What We Know
Wednesday, July 20, 2011
6–8 p.m.
Profile Event Center
2630 University Ave SE
Minneapolis

COMMUNITY FORUM 2

Reviewing the Options
Wednesday, August 24, 2011
6–8 p.m.
Wilder Foundation
450 University Ave W
St. Paul

COMMUNITY FORUM 3

Framing the Recommendations
Wednesday, Sept. 21, 2011
6–8 p.m.
Goodwill/Easter Seals
553 Fairview Ave N
St. Paul

COMMUNITY FORUM 4

Draft Recommendations
Tuesday, Nov. 15, 2011
6–8 p.m.
Ewald Consulting
1000 Westgate Drive
Suite 252, St. Paul

The Big Picture is hosted by the Cities of Minneapolis and Saint Paul and Twin Cities LISC, and supported by the Central Corridor Funders Collaborative.

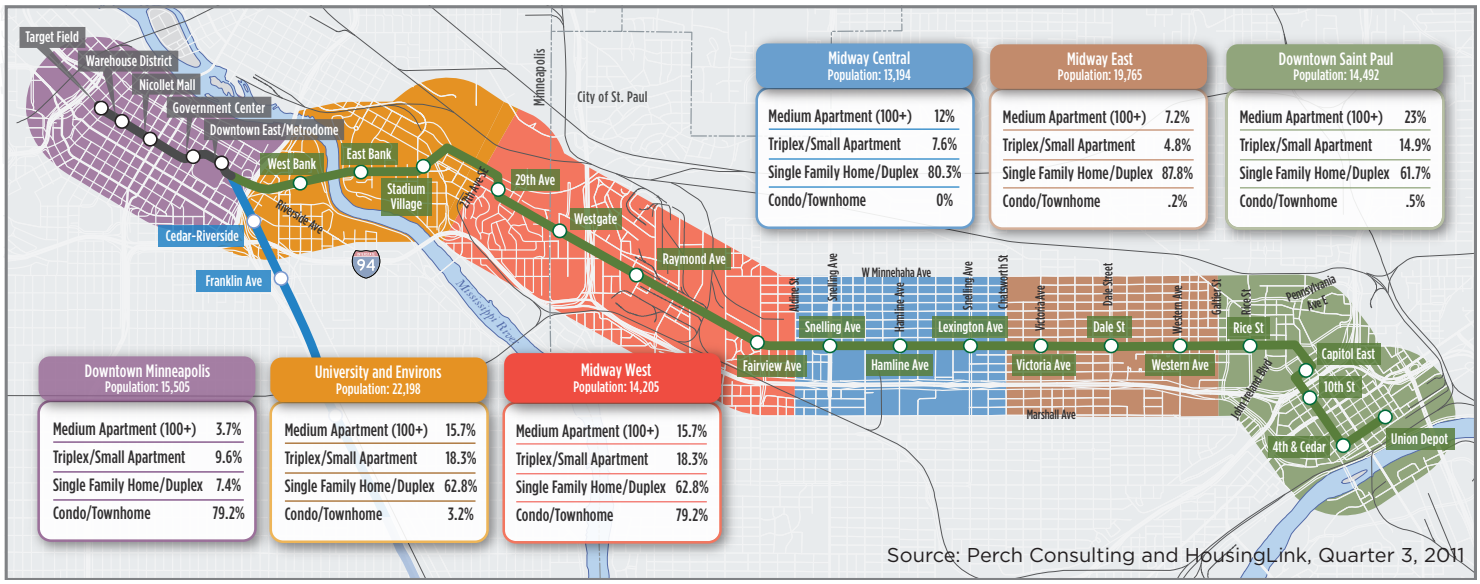
Minneapolis City of Lakes
SAINT PAUL
LISC Twin Cities Helping people and places prosper

For more information, contact Gretchen Nicholls, Twin Cities LISC, 651-265-2280 or gnicholls@lisc.org

The Central Corridor Rental Inventory Project

By Name of Person and/or Organization Here to be Consistent with other chapters

Central Corridor's rental housing: Percent of properties by type



Introduction

How do we ensure the continued affordability of Central Corridor neighborhoods so current residents can remain and enjoy the benefits of the light rail investment? Will property values and rents begin rising—if so, where and when and how much? Can we figure out how to target rental properties for acquisition by nonprofits to preserve affordability? How can we analyze various housing strategies for their real world impact on these neighborhoods?

These were the questions that prompted the Central Corridor Rental Inventory Project. The idea was that having as complete a picture as possible of the nature of the rental housing supply along the Corridor would be valuable for a number of reasons. The real estate industry already has extensive data on for-sale housing. In addition, a fairly complete database on subsidized rental housing along the Corridor also exists. But the part of the housing market whose residents are probably the most vulnerable to economic change is the private unsubsidized rental market, where tenants are at the mercy of conditions which create rising values and rising rents. There, the cities of Saint Paul and Minneapolis have extensive databases of registered rental properties, but lack information on the single most important thing for purposes of this project: rents.

Design and Implementation of the Project

The Housing Preservation Project, working with HousingLink, LISC, the Family Housing Fund, and the Twin Cities Land Bank, submitted a proposal, funded by Central Corridor Funders Collaborative, to create a rental housing inventory/database for the Corridor, stretching from downtown Minneapolis to downtown Saint Paul. By combining data from the two cities, data from HousingLink, plus a survey, a complete and rich a picture of the private rental market as possible was created. At least three purposes would be served. First, it would enable the Land Bank and other nonprofits to identify individual rental properties for possible acquisition for preservation purposes. Second, it would provide a database of information, sortable in a variety of ways, to evaluate various housing strategies and their likely impact on local neighborhoods. Third, it would provide a baseline to measure neighborhood change. The inventory provides an extensive look at a snapshot in time during 2011, in terms of rent levels in various geographic sectors and various building types along the Corridor. To the extent this exercise can be repeated in coming years, we can create a fairly complete answer to the questions, are rents rising along the LRT line, how much, and where?

Using data from the two cities, the project started by applying the rent data HousingLink possessed to the list of properties

in the city databases. Since this still covered a relatively small share of units and properties, it was necessary to supplement this information with other means of gathering data—a phone survey of rental owners and managers. The project hired PERCH consulting to oversee the survey and gather results. Since the goal was to obtain a meaningful level of data for various subgeographic sectors of the Corridor, as well as various size building types, careful planning was necessary to ensure sufficient data was gathered to cover each subcategory.

The survey was completed in late 2011 and the initial results compiled in January 2012. Data is broken down into six geographic subsectors that are now becoming widely used: Downtown Minneapolis, University and Environs, Midway West, Midway Central, Midway East, and Downtown Saint Paul. Building types were divided into four categories: Medium to Large apartment buildings, triplexes to small apartment buildings, single family homes and duplexes, and condos/townhomes. Thus, within each geographic sector, rents can be subdivided within these building categories.

One of the project's key goals is to center on the most affordable housing within the corridor. Because there are pro's and cons to the various ways to measure affordability, the Project gets at that in two ways: rents are categorized as affordable to households at various median income levels (initially, 60% AMI, lower income levels will also be reflected), and are pegged to the fair market rent levels (FMR) as a percentage.

Initial Results

The initial table and maps produced from this database produce some striking results. While it is generally understood that types of housing vary by location, the breakdown of building type by geographic sector is a deeper and more precise look that we've had before. Dramatic differences in terms of the share of rental units under 60% AMI exist both between geographic sectors, but also between building types—even within the same geographic sector. This by itself confirms the value of this more fine-grained look at the market. Finally, certain parts of this inventory leap out as the most affordable. While the average rents in many of these subcategories run well over 100% of FMR, two subcategories are particularly affordable: medium to large buildings in Midway Central (85% of FMR), and triplex to small buildings in Midway East (82% of FMR).

Tracking neighborhood change through the rental housing inventory.

The surveyors took advantage of the survey opportunity to ask landlords one other question of great interest: do they anticipate the construction of the Light Rail line will lead to higher rents at their properties? Respondents split on this question, which may reflect both the uncertainty but which may also reflect the degree of proximity to the line.

At this point the Project team members are eager to get input from various stakeholders, in order to determine what additional information should be mined and organized from this database. Then key questions need to be answered: should a public report be produced or just share the data with interested parties? Which organization houses the database and responds to data requests? Should any limitations be placed on the sharing of this information? What suggestions should we note for future efforts to create a new data set to compare to this baseline data?

Results for the Central Corridor Rental Housing Inventory will be available June 2012 at **www.funderscollaborative.org/partners/affordable-housing-group/resources**.

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