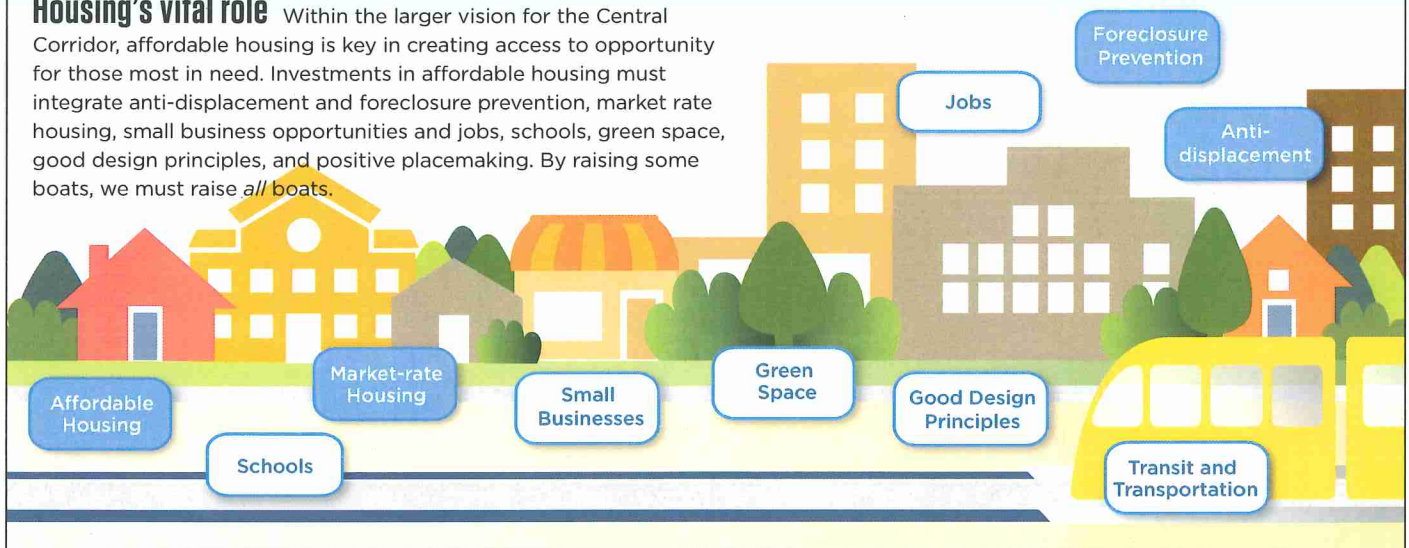


# The Big Picture Project: Aligning housing plans along the Central Corridor Summary Report

**Housing's vital role** Within the larger vision for the Central Corridor, affordable housing is key in creating access to opportunity for those most in need. Investments in affordable housing must integrate anti-displacement and foreclosure prevention, market rate housing, small business opportunities and jobs, schools, green space, good design principles, and positive placemaking. By raising some boats, we must raise *all* boats.



## 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

"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."

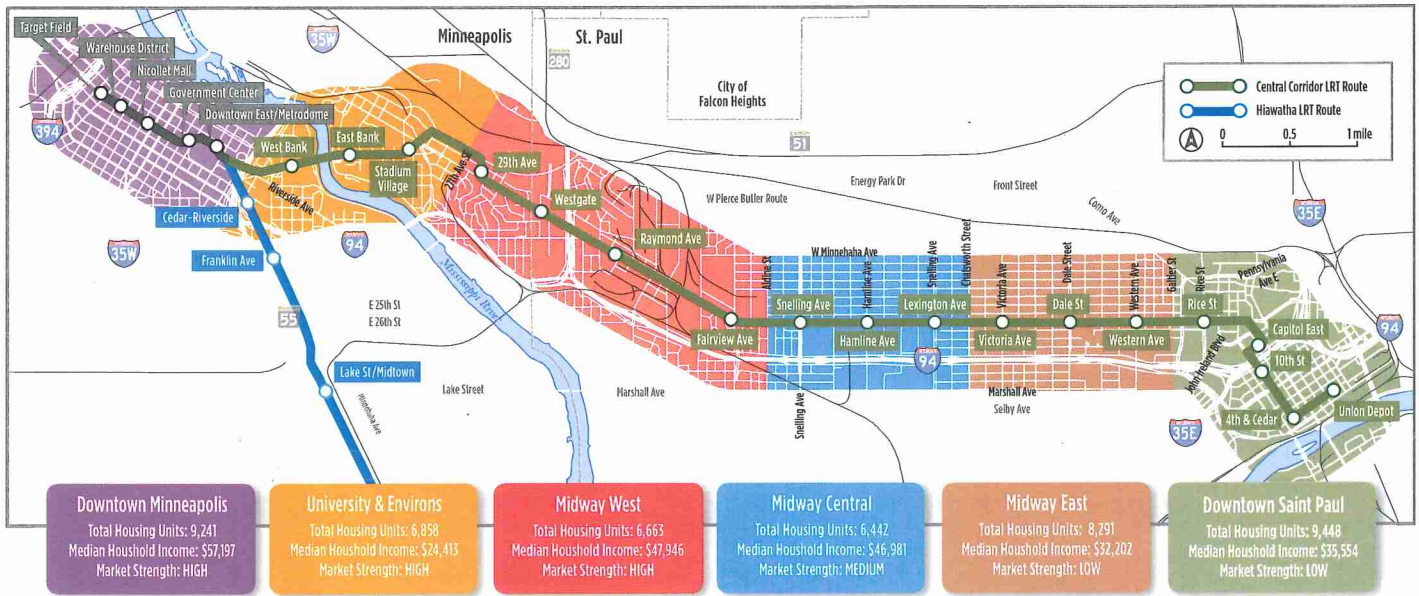
Corridors of Opportunity Vision Statement  
Approved by the Policy Board, July 27, 2011

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.*"

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*, *West Midway*, *Midway*, *East Midway*, and *Downtown Saint Paul*. These market areas have unique strengths and identities that influence the types of housing needed and the strategic investment focus.

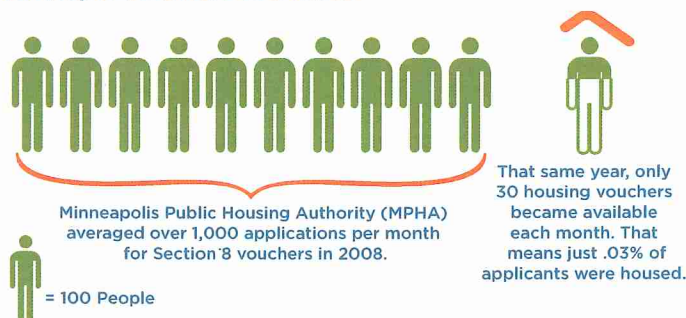


## Defining the need

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 Minnesotan's 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 Transit-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.

Multiple strategies will be needed to achieve our goals



## 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