



SENT VIA EMAIL

January 11, 2019

Saint Paul Planning Commission
15 Kellogg Blvd. West
Saint Paul, MN 55102

RE: Saint Paul 2040 Comprehensive Plan Housing Chapter

Dear Saint Paul Planning Commissioners:

The Housing Justice Center (HJC) is a Twin Cities based public interest law firm focused on preserving and expanding the supply of affordable housing. We write to offer comments on the Housing Chapter of Saint Paul's Comprehensive Plan.

Under the Metropolitan Land Planning Act and the Metropolitan Council's 2040 Housing Policy Plan, the housing elements of comprehensive plans must include the following elements which are lacking in substantial ways in the current draft Plan:

1. Standards, plans, programs, fiscal devices, and other specific actions to be undertaken in a stated sequence which "will" meet existing local and regional affordable housing needs.
2. A description of the tools the City will employ to address housing needs and the sequence for their implementation.

The council's Planning Handbook adds the following requirements:

1. A clear and direct linkage between needs identified and tools to be employed, focusing on different levels of affordability. Plans consistent with Council policy will consider all widely accepted tools to address their housing needs.

While the current housing chapter of the 2040 Comprehensive Plan addresses some of our previous concerns about the prior draft of the 2040 Comprehensive Plan, it does not adequately address the requirements of the Minnesota Land Use Planning Act related to affordable housing, nor does it take advantage of the opportunity to make meaningful progress toward addresses the serious and persistent shortage of affordable housing in Saint Paul.

Addressing housing needs over the next decade

According to the Metropolitan Council, there will be 6,700 new households in Saint Paul in the coming decade, requiring 1,972 new units of affordable housing. Of this, 832 units must be affordable to people at or below 30% of AMI. This means that 12% of all new housing units in the city must be affordable to extremely low-income households in order for Saint Paul to meet the need as determined by the Met Council. Additionally, the Met Council determined that the city needs an additional 128 units of housing at 31-50% AMI and 1013 units at 51-80% AMI.

Policy H-32 on page 117 proposes that all new projects that receive financial assistance from the city need to be at least 30% affordable with 10% of the units at 30% AMI, 10% at 50% AMI and 10% at 60% AMI. Overall the distribution of affordable units is consistent with or better than the Met Council guidance on housing need. However, the policy is very limited in scope, will apply to very few developments, and does not take sufficient advantage of city leverage to create affordable housing opportunities. As opposed to limiting affordable housing requirements to direct project financial assistance, the city should require affordable units in all multifamily developments where the city has financial or political leverage including changes in land use. At a minimum, the requirements should be triggered when the city is asked to contribute financially to development in indirect ways such as the creation of new infrastructure supportive of a housing development.

Housing for extremely low-income households

The current iteration of the Housing Chapter acknowledges on page 164 that the most pressing need for housing is for households with incomes below 30% AMI and the failure of Low-Income Housing Tax Credit developments to address housing needs for people at or below 30% AMI. People at or below 30% AMI are also identified as the households most likely to be housing cost burdened. Currently, there are over 15,000 households with incomes at or below 30% AMI pay more than 50% of their income on housing costs. The overwhelming majority of housing cost burdened households in Saint Paul, about 77%, are households at or below 30% AMI.

A critical fact that the City's analysis fails to add is that provision of housing affordable to households with such extremely low incomes absolutely requires annual operating subsidies because 30% of these incomes generally won't be sufficient to cover rental housing operating costs. Therefore, even deep capital subsidies that eliminate the need for any amortizing debt are not sufficient. The proposed solution, as articulated on page 169 of the plan, is to lobby the state and federal government for more resources to meet this need and to "explore ways to get deeper affordability for extremely low-income households that may not need supportive services."

This does not adequately address the requirements of the Minnesota Land Use Planning Act of the Met Council's planning guide. A key legal requirement of Minnesota Statutes § 473.859 Subd. 4 is that the Comprehensive Plan must include an implementation plan setting out standards, plans, programs, fiscal devices, and other specific actions which "will" meet existing and projected local and regional affordable housing needs. The Plan fails to articulate any city actions that will even address the problem, let alone address it in a meaningful way. Asking for more money from the state and federal governments is not a city plan, program or fiscal device which will produce any units at 30% of AMI, let alone the number allocated to the city by the council.

While it is laudable that the city intends to "explore ways" this does not rise to the level of a strategy to meet the needs that will produce any number of units of housing that is affordable to households at 30%

AMI or below. The plan should include the specific strategy of creating a funding source for that creates housing opportunities for households at 30% and below AMI.

The Met Council's handbook requires a narrative analysis of existing housing needs clearly identifying existing needs and priorities and addressing potential barriers to meeting those needs. While the plan indicates that standard affordable housing tools fail to meet this need, it does not sufficiently explore the barriers or mention the main barrier – the need for operating subsidies - nor does it indicate what tools are available that are under the purview of the city that could be used to meet at least some of the need for deeply affordable housing. The comprehensive plan fails to indicate that rent and operating subsidies are required to make units affordable to households at 30% and below AMI. This is both a key barrier to meeting the need for more housing at 30% and below AMI, it is also an area where the city could create actual strategies, including creating specific funding sources, to meet the need as required under the Land Use Planning Act.

The Plan's failure to meaningfully address the desperate need for housing affordable to extremely low-income households has obvious fair housing consequences. HUD's 2010-2014 CHAS data indicates that households of color are more than twice as likely as white, non-Hispanic households to be severely cost-burdened renters (more than 50% of income for rent).

Strategies, Tools, and Implementation

The implementation steps outlined in the current iteration of the plan are in many cases too vague, general, or tentative to meet the standards set out in the Land Use Planning Act. Not only does the current plan fail to meet the legal standard of creating a set of specific strategies with sequenced implementation steps to carry out those strategies, but it also fails to take advantage of the opportunity to develop new ways to address the growing need for more affordable housing. This should include new local revenue sources and new policies that support the development and preservation of affordable housing opportunities, with a focus on meeting the needs of households at or below 30% AMI.

Overall the plan includes a long list of strategies, including some that have the potential to address some of the most important housing issues faced by the city, but many of these policies are not tied to specific strategies or implementation plans that would make the proposed policies meaningful. For example, while it is good to know that there are continuing discussions about the preservation of unsubsidized affordable housing, the comprehensive plan should do more than vaguely reference that there might be a plan at some future point in time.

There are a variety of other important issues that the plan mentions but does so in a manner that is too vague to be meaningful. Among these are:

1. H-15 does not include sufficient detail or analysis to be understandable or actionable.
2. H-16 mentions policies and practices to create housing choice but describes neither the practices nor the policies
3. H-20 states that the city will collaborate to address steering, but does not mention any specific ideas, policies, or strategies to address intentional steering
4. H-28 states that the city will do research about best practices and policies to address housing barriers in the tenant selection and screening process. The city should do the research as part of the comp planning process and set out specific plans for adoption of those best practices in the comp plan itself.

5. H-35 says that the city will “explore” mechanisms to ensure long term affordability of HRA developed homeownership opportunities. The city should instead “develop and implement” strategies to this end.
6. H-41 should be changed to include the adoption controls and the policies consistent with the analysis of IZ feasibility in the implementation toolkit on page 177.

A final issue that is not addressed in the Housing Chapter of the Comprehensive Plan is the substantial capital needs backlog of St. Paul PHA properties. An analysis of this issue should include discussion of the PHA’s proposed conversion of its entire stock under the HUD RAD program, and what effect if any RAD conversion will have on both the quality and affordability of this important source of deeply affordable housing.

Saint Paul has the opportunity to create new strategies, develop new resources, and enhance its ability to leverage state and federal dollars. Saint Paul is projected to continue to grow, but without more dedicated local funding sources for affordable housing development, it will remain at a competitive disadvantage in accessing state resources and will continue to fall behind in meeting its housing needs.

We greatly appreciate the time and effort that went into creating the comprehensive plan and the commitment to a just and equitable community that is apparent throughout this document. Thank you for your time and consideration.

Truly,



Margaret Kaplan
Housing Justice Center

CC:

Mayor Melvin Carter
Councilmember Dai Thao
Councilmember Rebecca Noecker
Councilmember Chris Tolbert
Councilmember Mitra Jalali Nelson
Councilmember Amy Brendmoen
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