

# HOUSING COUNTS

Measuring Affordable Housing Production and Preservation in the Twin Cities



## INTRODUCTION PAGE 1



In recent years, a growing number of people have become interested in the affordable housing issue as housing advocates, community leaders, and politicians have all raised the public profile of the problem. Understanding of the underlying issues has improved, and in some jurisdictions numerical goals have been set to address the critical shortage of affordable housing units.



Until now, there has been no systematic and consistent way of measuring progress, and no historical record of results. For this reason, HousingLink and the Family Housing Fund present this data on the production of new affordable housing units and the preservation/stabilization of existing affordable housing units so that all stakeholders can have common data with which to track progress over time.

Starting with 2002, the Housing Counts report includes an annual accounting of Minneapolis and Saint Paul affordable housing projects for which funding closed in the given year. Starting in 2004, the balance of the seven-county metropolitan area is included, and, starting in 2006, the production of new affordable ownership units in suburban communities is tracked as well. Please note that developments that are designed specifically to serve seniors are indicated with an asterisk.



### Counting Affordable Housing Production and Reinvestment

It is important to recognize that when tracking new production and/or preservation activities, there are several points in time when a unit could be “counted.” HousingLink and the Family Housing Fund have chosen to count units in the year their funding first closes for two primary reasons.

First, when the financing closes, one can be reasonably assured that the project will come to fruition. If we counted units when the funding was first committed, projects are still at relatively high risk for unforeseen circumstances, cancellation, or significant changes to the scope of a deal. Second, counting at funding closing “gives credit when credit is due,” since it is the closest point in time to when decision-makers commit to the project moving forward. If we waited to count the units when construction of the project is completed or the building is occupied, it could be a year, two years, or even more after closing.

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Each year, the list of projects identifies how many affordable units are planned/preserved at three levels of affordability—30 percent, 50 percent, and 60 percent of the area median income (AMI). This corresponds with affordability restrictions required by certain funding streams and allows for a more detailed tracking of who is being served by the units. Limiting the report to projects targeted at these AMI levels provides the clearest sense of the housing options available to households at the lowest levels of income. As a result, units targeted at households earning 80 percent of AMI have not been included, although we recognize that units—particularly ownership units—at this level are generally considered affordable.

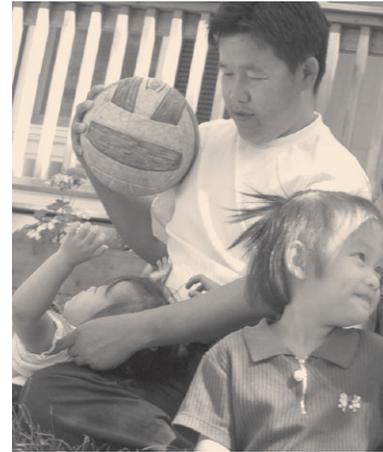
The report tables also divide the projects into three main categories: new production of rental units, new production of homeownership units, and preservation/stabilization of existing rental units. Properties included on the preservation/stabilization list are those that were especially at risk of being lost due to major deterioration, financial crisis, or conversion to market-rate rents. It is important to note that this list does not include the essential routine capital improvements that also contribute to the ongoing viability of properties. For example, local public housing authorities conduct highly successful modernization programs that invest millions of federal dollars for capital improvements into existing public housing units every year.

Furthermore, readers should bear in mind that the need for preservation of existing properties varies considerably from year to year. Factors that affect the timing of resources needed for this purpose include the age and condition of properties, the expiration date of use restrictions, the assembly of stabilization packages by multiple funders, etc. Any given year's preservation activity is no indication of past or future commitments.

Only developments with public and/or private capital funding that includes affordability obligations are listed. It is important to note that rental assistance to renters and financial assistance to home buyers are not tracked. Furthermore, ownership units are counted only when there is capital and/or value gap financing involved rather than as a result of affordability gap financing.

Please note that shelter beds are not included in the charts and tables. While providing emergency shelter is an important part of addressing homelessness in our community, shelter beds are neither “units” nor a lasting housing solution for low-income individuals and families.

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Finally, to provide a sense of the overall state of affordable housing throughout the seven-county metropolitan area, Housing Counts also includes the following two statistics:

- The number of demolition permits issued each year in Saint Paul and Minneapolis

This number is included to give some context to the production numbers because real progress can only be tracked in relation to the number of units lost. However, it is vital to note that the demolition number comes from demolition permit issues only; because of this, the actual number of units lost, the affordability level, and the condition of these lost units is unknown. While some of the units lost to demolition are affordable units, some may have been substandard or vacant, and others market-rate. It is an imperfect measure, but we felt it was important to report demolitions in order to maintain the visibility of this important counterforce to affordable housing development.

- A summary of the units converted to market-rate in the suburbs

As with the demolition permit count, this number gives context to the current state of affordable housing. The conversion of these units from affordable to market-rate has a significant effect on the overall supply of affordable units in the metropolitan area.

Each year, a new Housing Counts report will be produced. We have designed the pages to fit easily into a three-ring binder for easy access and updates. Please note that the reports are updated as new information becomes available. Current information is always available for download from HousingLink's website at [www.housinglink.org/Counts.htm](http://www.housinglink.org/Counts.htm) or from the Family Housing Fund's website at [www.fhfund.org/educational\\_materials\\_reports.asp](http://www.fhfund.org/educational_materials_reports.asp).

HousingLink and the Family Housing Fund hope that you will find this report useful in your work and that, going forward, it will provide the Twin Cities community with a more accurate and consistent way of measuring affordable housing production and preservation.

To order additional copies of *Housing Counts*, please call HousingLink at **612-522-2500** or visit [www.housinglink.org](http://www.housinglink.org) or call the Family Housing Fund at **612-375-9644** or visit [www.fhfund.org](http://www.fhfund.org).



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