



Affordable Housing Supply Work Group

February 20, 2024
Housing Finance & Policy Committee

Cristen Incitti, President & CEO
Habitat for Humanity of Minnesota

Work Group Findings & Recommendations

Minnesota Housing Partnership & Habitat for Humanity of Minnesota convened a set of stakeholders to evaluate and consider potential land use reforms. These are the key learnings.



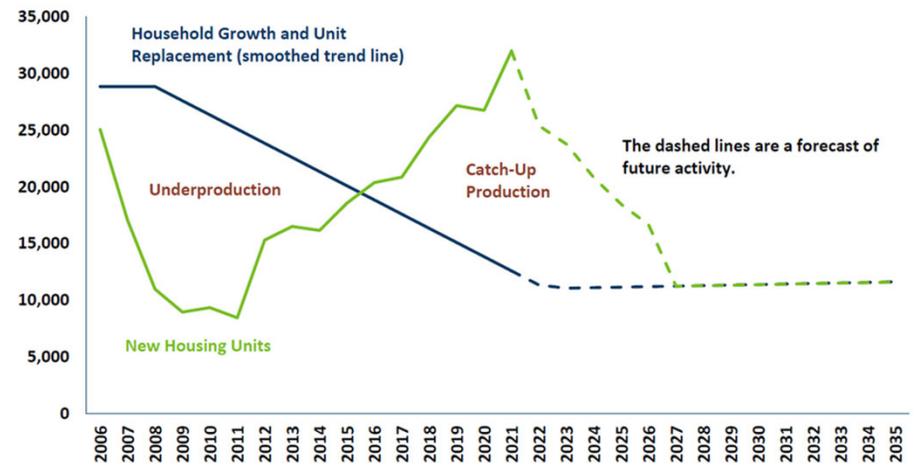
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Minnesota Needs More Housing

Up for Growth, a national housing advocacy group, estimates that the state of Minnesota needs an additional **95,000 units** to reach an adequate housing supply

New Housing Needed vs. New Housing Produced, 2006 to 2035



Source: Minnesota Housing modeling based on data from a wide range of sources, including the Minnesota Demographers Office, the U.S. Census Bureau's American Community Survey, Marquette Advisors, CoStar, and HUD.

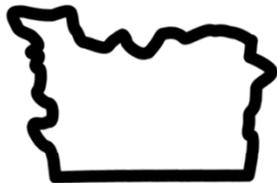
How do we make it easier and cheaper to build?

- Public processes that enable NIMBY
- Time-consuming permitting processes
- Complex stormwater regulations
- Time-consuming environmental reviews
- Land costs
- Construction costs (lumber, labor, et al.)
- Parking mandates
- Requirements for specific materials (e.g., piping, exterior materials)
- Needed infrastructure (water / sewer connections)
- Zoning that limits housing options

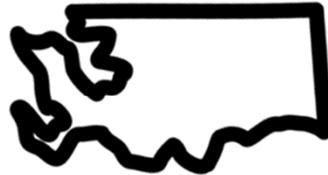
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Several States with New Policies



Oregon



Washington



California



Maine



Montana



Massachusetts

Others discussing policies



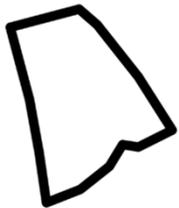
Colorado



Georgia



New York



Rhode Island



Texas



Virginia

Key Lessons from the Federal Reserve

- Minnesota lags in housing supply
- Building new housing benefits households at all price points
- Minnesota can't only subsidize affordable housing to get us out of this housing affordability crisis
- Unleashing the private market to build more housing can help mitigate our housing challenges
- Other states are taking action to address housing supply

Work Group Recommendations

a call for statewide land-use and zoning reform to address housing affordability and equity



A Statewide Approach

Setting a floor for base zoning and land-use requirements will help builders and communities provide the range of housing types needed to sustain Minnesota's families, communities, and workforce.

It will lift the burden of cumbersome or costly requirements that have historically restricted moderate housing and impacted economic opportunities.



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Recommendations to Create the Homes Minnesota Needs

Increasing Minnesota's housing supply and diversifying the housing stock is imperative to expanding housing access and opportunity in Minnesota. To support the construction of more homes, Minnesota must:

- Make significant and sustained financial investments through direct appropriations and tax policies
- Enable, incentivize, expedite, and increase the production of more homes, especially affordable homes, by enacting and enforcing statewide modernized land-use and zoning laws.

More Homes, of Every Type, in Every Corner of MN

- Enable & incentivize diverse housing types and densities across neighborhoods
- Expedite and increase production and affordability of housing through land use reform
- Incentivize affordable housing and direct local governments to proactively support affordable housing.

Enable & incentivize diverse housing types and densities across neighborhoods

- Expand zoning of housing across Minnesota to allow for the construction of middle housing.
- Allow for larger lots to be subdivided to accommodate multiple single-family homes.
- Allow attached and detached accessory dwelling units (ADUs), either constructed or converted, as of right in all predominantly residential zoning districts.
- Administrative Design Review Process.

Expedite and increase production and affordability of housing through land use reform

- Allow for multi-family housing as an as-of-right conditional use in all commercial zoning districts.
- Simplify off-street parking requirements.
- Reduce aesthetic, material, shape, bulk, size, floor area, and other massing requirements that go beyond statewide building code requirements.
- Allow for flexible unit design and configuration by eliminating restrictions on the size or configuration of units.

Incentivize local governments to proactively support affordable housing.

- Allow an as-of-right density bonus to developments meeting the affordability requirements.
- Allow staff-level design approval and limit the use of Planned Unit Developments (PUDs) for developments meeting the affordability requirements.
- Create and track a statewide standard that all cities and townships should have at least 10% of their units (single-family or multi-family, rented or owned) protected as affordable housing.
- Develop enforcement mechanisms that balance statewide accountability for meeting the housing needs of Minnesotans with the ability of jurisdictions that exceed affordability minimums to retain and maintain local zoning control.
- Develop an implementation grant program for local jurisdictions to implement and enforce zoning reform.



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Habitat Minnesota Support

Minnesotans for More Homes Initiative

Specific Bill Components

- Inclusion of single-family homes in the definition of missing middle
- Streamlines what is often a drawn-out approval process
- A statewide, locally responsive approach
- Affordable housing preservation requirement
- Incentives for climate friendly housing
- Incentives for affordable housing



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Continued Priorities Moving Forward

- Prioritization of racial equity
- Mechanisms to ensure that affordable homes produced remain affordable long-term
- Priority access to affordable homes for families previously displaced or at risk of displacement
- Land acquisition assistance for affordable homeownership
- Continued investments for affordable homeownership preservation
- “Builders’ remedies” that automatically allow more flexible zoning in places that have not met affordable home production targets



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Thank you!

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Minnesota Housing Partnership

Libby Murphy, Director of Policy
libby.murphy@mhponline.org

Habitat for Humanity of Minnesota

Jeru Gobeze, Advocacy Director
jeru.gobeze@habitatminnesota.org