

Housing Hurdles Carver County: Addressing Barriers to Development of Affordable Housing



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HOUSING HURDLES

CARVER
COUNTY

Addressing Barriers to Development of Affordable Housing

May 2016

University of Minnesota–Carver County

Karina Martin, Karl Schuettler, Jacquelyn Kramer

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Purpose



This report presents an overview of regulatory tools and policy choices that can help create or preserve affordable housing in Carver County, Minnesota. Designed for use by the Carver County Community Development Agency and its partners, it compiles a list of options ranging from well-established affordable housing practices to innovative ideas that may be unfamiliar to policymakers. It evaluates these tools for their relevance and presents stakeholders with a range of options for advancing affordable housing in their communities. It offers a menu that practitioners can use to address their own needs.



Carver County in Context



Regional forecasts indicate that existing and emerging Suburban Edge communities will account for the largest percentage of household growth in the Minneapolis-St. Paul metropolitan area from 2010 to 2040.¹ Carver County communities largely fall under a suburban edge designation, and are expected to grow substantially over the next 25 years.

Community Designations
Carver County

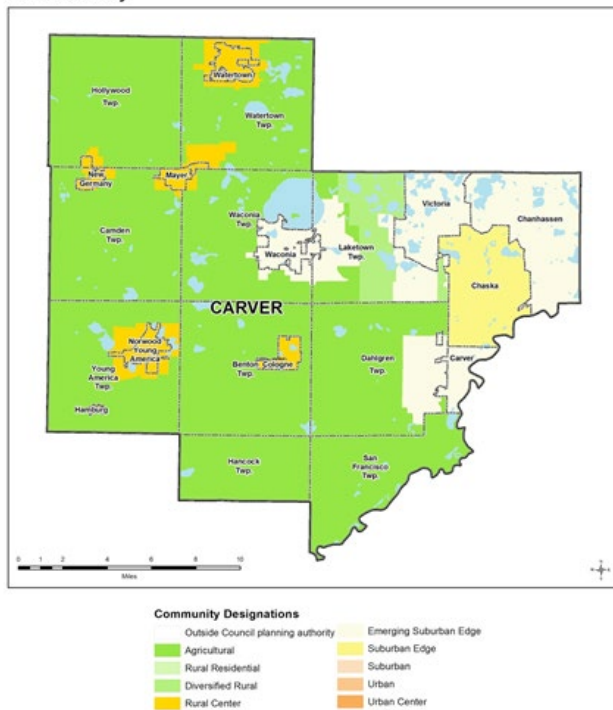


Figure 1 The Metropolitan Council indicates that Carver County is a mix suburban edge and rural center communities surrounded by agricultural land. Map source: Met Council Community Pages (2015), Carver County

A 2014 study projects that by 2040, there will be a need to accommodate more than 35,000 new households in Carver County.² Metropolitan Council forecasts from 2010 to 2040 similarly predict an increase of nearly

30,000 households over the 30 year period (see Table 1).

Forecast Year	Population	Households	Employment
2010	91,042	32,891	31,836
2020	108,520	40,940	42,190
2030	135,960	52,180	46,900
2040	161,240	62,590	52,240

Table 1: Carver County Overall Forecast
Source: Metropolitan Council, 2015

By any measure, Carver County can expect demand for housing to increase considerably over the next 25 years. While Carver County communities are not among the top ten with the largest forecasted growth in the seven-county metro area, Carver County as a whole is expected to experience as much as 90 percent growth of households from 2010 to 2040. The cities of Chanhassen, Waconia, Chaska, Carver, and Victoria together account for around 82 percent of the expected growth in households (see table 2).

1. Metrostats, July 2015. "Development patterns will change across the Twin Cities region".
2. Maxfield Research, Inc. June 2014. Carver County Comprehensive Housing Needs Assessment.

Table 2: Forecasted Growth in Households, 2010-2040 by Carver County community (city or township)

	2010	2020	2030	2040	Overall change 2010 - 2040	Percent change from 2010 - 2040
Chanhassen	8,352	10,000	11,900	14,000	5,648	68%
Waconia	3,909	5,400	8,000	9,500	5,591	143%
Chaska	8,816	10,400	12,300	14,200	5,384	61%
Carver	1,182	2,120	3,630	5,600	4,418	374%
Victoria	2,435	3,500	4,570	5,700	3,265	134%
Norwood Young America	1,389	1,900	3,030	3,900	2,511	181%
Watertown	1,564	1,900	2,500	2,900	1,336	85%
Cologne	539	800	1,170	1,600	1,061	197%
Mayer	589	750	980	1,200	611	104%
New Germany	146	190	270	330	184	126%
Waconia Twp	434	490	560	600	166	38%
Hollywood Twp	387	410	470	500	113	29%
San Francisco Twp	307	340	370	400	93	30%
Hamburg	201	210	230	250	49	24%
Hancock Twp	127	140	160	170	43	34%
Young America Twp	266	270	280	300	34	13%
Watertown Twp	468	490	500	500	32	7%
Camden Twp	329	340	340	340	11	3%
Benton Twp	297	300	300	300	3	1%
Dahlgren Twp	494	460	360	300	-194	-39%
Laketown Twp	660	530	260	-	-660	-100%
Total Carver County	32,891	40,940	52,180	62,590	29,699	90%

Source: Metropolitan Council Community Profiles data

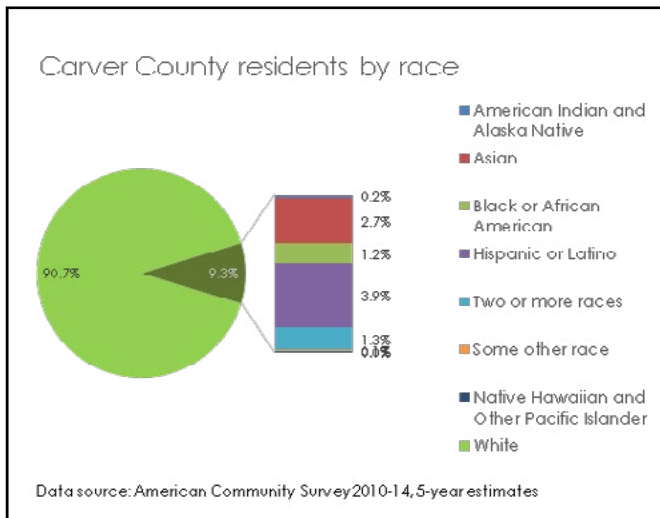
What Changes Might a Growing Population Bring?

Currently, Carver County is characterized by a wealthier, more racially homogenous population than the Minneapolis-St. Paul metro area overall. The median household income of Carver County is 26 percent higher

than the metro average, and the poverty rate, at 4.4 percent, is almost 7 percentage points lower than the seven-county metro area rate.³ In Carver County, 81 percent of households are owner-occupied.⁴ More than 90 percent of Carver County residents are white.

3. ACS 2010-14 via Metropolitan Council Community Pages.

4. American Community Survey 2010-2014



At Or Below 30 AMI	2,016
From 31 to 50 AMI	870
From 51 to 80 AMI	889
Total Units	3,775

Table 3: Carver County Affordable Housing Need Allocation 2010-2030
 AMI = Area Median Income
 Source: Metropolitan Council Community Pages

In 25 years, who will be the residents of Carver County, and what will their housing needs and preferences be? Answers to these questions are difficult to predict. If regional forecasts are any guide, the Twin Cities metro area population of 2040 will include significantly older adults and people of color than it does today. Concurrent with regional demographic changes, the traditional dominance of the single-family home is likely to be challenged by a strong need for more affordable housing choices and lifestyles for a changing population.⁵ The Metropolitan Council, in calculating fair share affordable housing allocations for all of the communities across the Twin Cities metro area, has determined that Carver

County communities should plan for a total of 3,775 new affordable housing units at varying income thresholds between 2010 and 2030 (see Table 3).

Carver County has an obligation to provide sufficient affordable housing options not only by virtue of its position as a growing area of the Twin Cities metropolitan region, but also because there are existing or imminent affordable housing needs within its own communities. In 2014, nearly 28 percent of all Carver County households were cost-burdened, or paying more than 30 percent of their income toward housing expenses.⁶ The need for affordable housing in Carver County far outstrips affordable housing availability. In 2015, Minnesota Housing Partnership estimated that for every 100 extremely low-income renters in Carver County, there are only 39 affordable and available units.⁷ Of the 3,002 new residential building permits issued from 2009 to 2014, only 10 percent were in multifamily buildings,⁸ the housing type most likely to be affordable to renters.

Embracing Opportunity

With both a growing and a changing population comes an opportunity for regional communities to examine how they can effectively meet the affordable housing needs of their low-to-moderate income populations. Maintaining sufficient affordable housing to serve the needs of the population often requires careful planning and foresight from local staff, elected officials, developers, and community residents. Historically, the development of affordable housing in suburban communities has faced many obstacles, not least of which include land use decisions and regulations that,

5. Metropolitan Council Area Trends, Preferences, and Opportunities: 2010 to 2020, 2030 and 2040
 6. Carver County web map: <https://www.arcgis.com/home/item.html?id=2991c-32622ce4b4b9370dba23a89a36f>.

7. Minnesota Housing Partnership, 2015. "A Place to Call Home: Carver County."
 8. From Metropolitan Council residential building permit data for 2009-2014 in Carver County.

whether consciously or unintentionally, favor traditional single-family home uses that are unattainable for lower-income households.

The provision of affordable housing requires active policies and programs that make such endeavors attractive to developers and palatable to communities. This document is devoted to exploring a wide array of local-level affordable housing tools that are commonly invoked within the context of reducing barriers to affordable housing development. There are many strategies, both financial and policy-oriented, that local jurisdictions within Carver County can adopt to encourage the development and maintenance of adequate affordable housing options.



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Methodology

Rating Methods

This report aims to give policymakers a clear understanding of the many listed policy tools so that they may understand the benefits and potential pitfalls of each. In order to provide a clear introduction to each, this report rates each tool on three counts using an A-F grading scale. The three factors are as follows:

1. Contextual Relevance

This factor speaks to how applicable a tool is to Carver County. It considers practical factors that may affect its usefulness (such as availability of land, target populations, and existing development patterns), and weighs the success of the tool in other counties with similar geographic and demographic makeups. It also speaks to any known past or existing efforts in Carver County. If a tool earns an 'A' in contextual relevance, it has likely proven highly successful in similar communities, and may already be in use in the County. If the tool is already in place, this factor weighs the merits of continuing or expanding the program.

2. Ease of Implementation

Funding issues, political pressure, and bureaucratic obstacles can all derail an affordable housing project, and this metric aims to capture the likelihood that the tool in question will encounter these obstacles. A tool with an 'A' grade is unlikely to stir up significant controversy among current residents or local politicians, does not need to clear a large number of hurdles to be enacted, and is either free or highly cost-efficient.

3. Direct Effect

This factor judges the ease and magnitude of affordable housing creation using the tool in question. To earn an 'A' grade, a tool must lead directly to affordable housing and create or preserve a significant number of housing opportunities. Tools that can be used for other means and prove more limited in scope score lower on the scale. While these methods may lay the groundwork for future affordable housing efforts, they require greater follow-through from policymakers.

How to Use This Report

This report seeks to give policymakers an introduction to a broad range of regulatory tools for affordable housing. It separates these tools into four categories:

Land Use Tools
Comprehensive Plan Tools
Financial Tools
Developer Tools

These categories can overlap at times; the groupings aim to focus on the primary subject under which each tool fits. It is not an exhaustive list of policies, but most other potential affordable housing innovations are related in some way, and it provides a wide

variety of options. It serves as a starting point for discussions on affordable housing tools.

Additional Considerations

The contextual notes focus directly on Carver County.

Tools that may be useful in Carver County may be of minimal use elsewhere, and vice versa. Local planners should apply their own expertise when considering the potential effects of a tool. Even within Carver County, contexts vary widely. When possible, this report attempts to name strategies better suited for the distinct communities within it.

A political strategy must accompany each new policy.

While some tools are clearly more controversial or difficult to implement than others, there is a political element to all of them, and each one requires some level of coordination with community members or elected officials. For further direction on negotiating these sometimes complicated dynamics, see this report's companion: *Housing Hurdles: Carver County- Strategies for Public Opposition of Affordable Housing*.

'Affordable Housing' has a very broad definition.

The phrase "affordable housing" often conjures images of high-rise towers in inner cities, and this negative connotation can cause problems for even the smallest projects. While this report recognizes these limitations, it uses the language of "affordable housing" for the sake of

consistency and to avoid an endless cycle of new names every time a word takes on a particular connotation. The fundamental concern of this report is the creation of housing for families and individuals from all income brackets, particularly those for whom the market does not present many options. It involves not only housing for the most impoverished people in Carver County, but also senior citizens, the disabled, and local residents who provide essential services while working for low wages. Affordable housing is incredibly diverse in its design and target audience, and this variety demands a wide range of policy solutions in order to provide the best options for residents. Any comprehensive understanding of affordable housing must understand the full breadth of the issue.

The Community Development Agency is a key leader in affordable housing development.

Community Development Agencies (CDAs) aspire to a holistic view of community development, and housing is perhaps the most important part of these efforts. While they do not have direct jurisdiction over any communities, county-wide CDAs can influence policy and regulations in wide-reaching ways, and their development strategies and policy choices can shape housing debates across wide areas. Even when a CDA does not directly employ a particular tool, it can still influence other stakeholders to adopt them or advocate for their implementation.

Overview of Affordable Housing Tool Assessment

Pg.	Affordable Housing Tool	Grading Criteria		
		Contextual relevance	Easy to implement	Direct effect
Land Use Tools				
11	Inclusionary Housing	A	B	B
12	Sufficient Areas Zoned for Multifamily Residential	A	C	C
13	Reduced Parking Requirements	B	C	C
14	Lot Size Requirement	B	A	C
15	Flexible Holding Zones	B	C	D
16	Accessory Dwelling Units (ADUs)	A	C	B
17	Tax Forfeited Property	B	C	B
18	City-Owned Property	C	C	C
19	Infill Development	C	C	D
Comprehensive Plan Tools				
20	Affordable Housing as Explicit Component of MU or TOD	D	B	B
21	One-for-One Replacement of Lost Affordable Housing	C	B	B
22	City Comp Plan includes Regional Affordable Housing Obligation	A	C	B
23	Direct Link between Economic Forecast & Affordable Housing Need	A	B	B
Financing Tools				
24	Minnesota Housing Finance Consolidated Request for Proposals	C	B	A
25	Low-Income Housing Tax Credit	B	B	B
26	Tax-Increment Financing	C	B	C
27	Mortgage Revenue Bonds	A	B	B
28	Land Trusts	A	B	B
29	City/County Affordable Housing Trust Fund	A	C	B
30	Active Partnerships with Affordable Housing Nonprofits	A	B	A
31	Community Development Block Grant Funds	A	A	B
Developer Tools				
32	Manufactured Homes	C	C	C
33	Relaxed Building Materials Requirements	D	C	B
34	Density Bonus	A	B	B
35	Expedited Zoning and Approval Process	D	B	A
36	Adjusted Fees for Developers	A	D	A
37	Local Tax Abatement	A	C	B

Grading Scale



Regulatory Tools for Affordable Housing

Land Use Tools - **Inclusionary Housing**

Cities may elect to link affordable housing development to the construction of new market rate unit projects through adoption of inclusionary housing policy at the local level. Used interchangeably with term “inclusionary zoning,” this wide-ranging affordable housing tactic is often referenced as the opposite of exclusionary zoning, or the practice of limiting housing options through zoning policy that produces a homogenous stock of low-density options that are out of reach for most low-income individuals and families. In response to a need for more low-to-moderately priced housing, a local jurisdiction can negotiate developer incentives in exchange for the allotment of below-market rate units in new developments. Developers that comply may see reduced administrative costs or loosened density restrictions.

As of 2014, an estimated 500 jurisdictions had adopted inclusionary housing policies.⁹ The details of inclusionary housing implementation can vary widely between

jurisdictions. Often the implementation strategy is applied within the zoning code. Mandatory inclusionary housing policies dictate requirements for affordable unit development in projects of a particular size, specifically regarding set-aside percentages, total affordability term, and affordability thresholds. An option to pay a fee toward a housing fund instead of building affordable units is at the discretion of the municipality, who may direct such funds toward an affordable housing fund. Cities may opt to use a voluntary or incentive-based approach to inclusionary housing, wherein developers are encouraged to build affordable units through fee waivers, density bonuses or expedited processes. While a voluntary program may be more politically palatable, evidence suggests that mandatory policies are more directly linked to production of affordable housing than voluntary programs,¹⁰ and are not associated with an overall decline in housing production.¹¹

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	Although relatively new to the Twin Cities region, ¹² inclusionary housing policies are being effectively applied in suburban communities. Chaska is often a model for flexible inclusionary housing policy. Other jurisdictions may look to Chaska as model.
<i>Ease of Implementation</i>	B	Requires an update to city ordinance. Likely to be supported by developers who want the opportunity to maximize their returns by building at greater density. May face community pushback, especially when policies are not voluntary.
<i>Direct Effect</i>	B	Affordable housing units are a direct result. Variable length of time remaining affordable. Mandatory more direct than voluntary policy.

9. Robert Hickey, Lisa Sturtevant, and Emily Thaden. 2014. “Achieving Lasting Affordability through Inclusionary Housing.” Lincoln Institute of Land Policy.

10. Lerman, Brian R. Mandatory Inclusionary Zoning—The Answer to Affordable Housing Problem. 33 B.C. Envtl. Aff. L. Rev. 383 (2006), <http://lawdigitalcommons.bc.edu/ealr/vol33/iss2/5>

11. Brunick, Nicholas. The Inclusionary Housing Debate: The Effectiveness of Mandatory

Programs over Voluntary Programs; Zoning Practice, American Planning Association; September 2004

12. “Best Practices to Reduce the Cost of Affordable Housing.” October 2015. CURA, Housing Justice Center, and Becker Consulting.

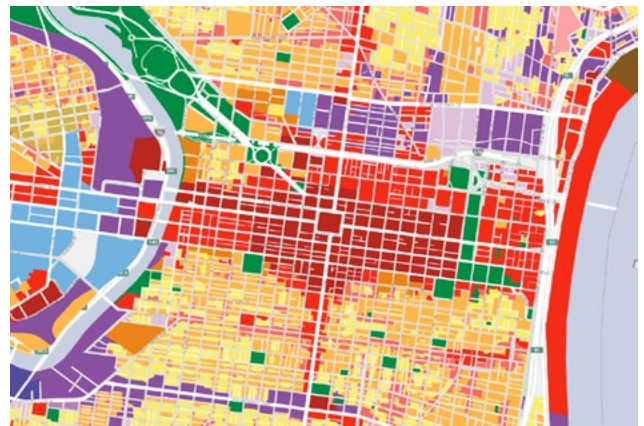
Land Use Tools

Sufficient Area Zoned for Multifamily Residential

The implication of high-density housing development is that units developed will be both more prevalent and less expensive than their low-density counterparts. Frequently, multifamily housing zones are purposefully situated in close proximity to commercial centers and transit options, and are a critical segment of an area’s housing stock for low-to-moderate income households.

Urban fringe communities experiencing accelerated growth face sincere challenges, both logistical and political, when attempting to incorporate high-density or multifamily housing planning into an area traditionally dominated by single family homes. Rezoning an existing developed area for higher density may result in community pushback, when residents imagine the neighborhood character will change in significant and

negative ways with the increase in housing density. Yet providing sufficient high-density housing to accommodate current and future community housing needs remains a critical function of local comprehensive planning, especially under a regional planning authority where the affordable housing share is divided and allocated across jurisdictions.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	Generally, Carver County communities commit a small proportion of their total land acreage to multifamily (high density residential) uses. The upcoming round of comprehensive planning updates, due in 2018, represents an opportunity to revisit planned community land uses in the context of the needs for affordable housing and determine whether more total acreage can be dedicated to multifamily housing.
<i>Ease of Implementation</i>	C	As with all affordable housing commitments related to changing density, allocating more land for multifamily housing may invite community pushback. Elected officials and city staff may be reluctant to support these changes as well, given that denser housing results in lesser captured property tax revenue per-person.
<i>Direct Effect</i>	C	While zoning land for multifamily housing is a necessary step to achieving multifamily housing, merely allowing this use through zoning does not guarantee the construction of this type of housing development.

Land Use Tools

Reduced Parking Requirements

Stipulations imposed by cities for minimum parking requirements can greatly increase the cost of a housing development. When these costs are passed along to residents, it can undermine housing affordability. Wherever minimum parking ratios can be relaxed for a housing project, or parking costs can be reduced, resulting housing prices are more likely to decrease. Cities and developers may find the most success with this strategy in existing or targeted transit-oriented development areas. The relaxation of parking minimums may be less palatable when a development is located adjacent to residential neighborhoods.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	B	Although sometimes more successful when paired with high density development in transit corridors, reduced parking minimums are an option with any new housing development, whether suburban or urban. Some affordable developments in Carver County have employed a flexible parking minimum reduction resulting in reduced costs.
<i>Ease of Implementation</i>	C	It is very difficult to get parking calculations “correct”, so an approach that allows for parking flexibility may be best. Reduced parking allowances may upset residents who fear that constrained parking will affect them in negative ways.
<i>Direct Effect</i>	C	Reductions in parking requirements are not a direct pathway to affordable housing. Rather, they are a cost reduction tool that, when paired with other financial strategies, may result in affordable housing units.

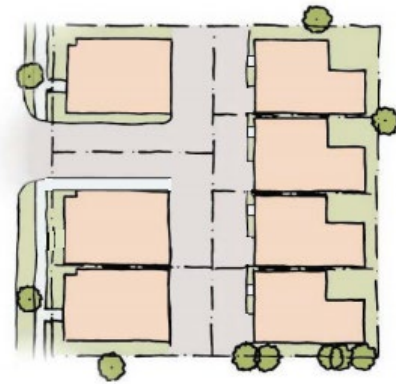
Land Use Tools

Lot Size Requirement

Zoning regulations that require a large minimum lot size for single-family home development can both constrain housing supply and produce prohibitively high priced housing. Reducing lot size requirements tends to lower the price of land and the housing on it, and effectively increases the overall density of housing units. Some municipalities accomplish lot size reduction through “small lot zones” for single family housing. Defining what constitutes “smaller” lot sizes and how to modify zoning code or subdivision regulations to accommodate them is per the discretion of the jurisdiction, and may be dependent upon the buildable land that is available.

In some cases it may be appropriate to promote smaller lot sizes through a Planned Unit Development (PUD) ordinance for a specific development project. PUDs can operate much like a floating overlay district with purposeful guidance that overrides

existing area regulations. Often created with very specific intended goals such as diversifying housing options, PUDs are given maximum flexibility when it comes to maneuvering around zoning standards for a particular end. Other routes to lot size reduction may include relaxation of setback length standards that ultimately encourage smaller lot size delineations, or allowances for more than one unit to be built on the same lot. Akin to reducing minimum lot size is reduction of minimum unit size requirements to increase density and affordability.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	B	Most communities in Carver County have land available for new single family home development. ¹³ Traditional larger lot sizes have dominated residential development in Carver County cities, but a recent shift toward “neo-traditional neighborhood development” ¹⁴ in Chaska and a resolution to incorporate smaller lot sizes into Chanhassen’s Housing Action Plan in 2015 are indicators that priorities may be shifting.
<i>Ease of Implementation</i>	A	Requires amendments to city code, but is not likely to face the same level of community pushback as rental housing or more explicit density increases.
<i>Direct Effect</i>	C	Smaller lot sizes will lead directly to more affordable single family homes, but these homes may still be inaccessible to low-income residents.

13. Maxfield Research, Inc. June 2014. Carver County Comprehensive Housing Needs Assessment.

14. Chaska 2030 Comprehensive Plan, Page 82 of 115, Chapter 4

Land Use Tools

Flexible Holding Zones

In urban fringe communities where some land still remains undeveloped, one strategy to inject flexibility into zoning regulation is the application of “Open Development” districts. Instead of being overtly prescriptive of future land use, the advantage of Open zoning is that land in this “holding zone” awaits delineation until a particular project is proposed, at which times the area will be

rezoned if the proposed project is deemed appropriate. Flexible holding zones may aid in the development of affordable housing by avoiding low density prescriptions and ultimately removing barriers to a rezoning effort, making it more likely that denser or mixed-use projects or Planned Unit Developments will ultimately be the beneficiaries of the Open zoned area.

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	B	As urban fringe communities, Carver County cities are still planning for undeveloped land and regulating future development within their communities. Open holding zones are a sensible zoning option to maintain flexibility for future uses, especially mixed-use or higher-density development. Chaska used this strategy overtly in its last comprehensive plan update. ¹⁵ Other Carver County cities have utilized Agricultural districts as holding zones, for the same end of delaying development until a proposed project and need comes along, but without the same degree of flexibility.
<i>Ease of Implementation</i>	C	Enacting a flexible holding zone or Open Development zone may not in and of itself be controversial, but ultimate development in these areas still requires a successful rezoning and project approval process.
<i>Direct Effect</i>	D	Land held in an Open Development Zone area is not guaranteed to generate affordable housing; it is simply more likely to be used for denser housing unit developments that it would if it were zoned for rural or low-density residential development. Also, Open Zoned land must still be rezoned before it can be developed.

15. Chaska 2030 Comprehensive Plan (2010)

Land Use Tools

Accessory Dwelling Units (ADUs)

Independent living quarters located on the same lot as a primary single-family residence are known as accessory dwelling units (ADUs). Whether attached to an existing structure as in an above-garage unit or as a standalone structure, an ADU will be distinguished by having its own kitchen and bathroom facilities. While once a commonplace feature in early 20th century American communities, ADUs began to disappear from the housing landscape with the rising demand for low-density single family housing.¹⁶ Prohibitive zoning policies in single-family districts often discourage ADU development.

As the need for affordable housing opportunities in many American cities

becomes more evident, interest in ADUs has been renewed. Allowing for ADUs on single family lots increases the supply of affordable housing in a community without radical transformation of existing structures or character. ADUs also provide life-cycle housing options for aging or ill individuals desiring to stay in close proximity to family. Obstacles to ADU development are typically found within the nuances of zoning regulation which stop accessory housing units from being an outright permitted use within a single family zoned area, sometimes requiring ADU development to be vetted through conditional use or variance processes or banning ADU development altogether.

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	A review of city codes indicates that development of accessory dwelling units in larger Carver County municipalities currently require either special permit, conditional use permit or a variance. With affordable housing demands projected to increase within the scope of 2040 comprehensive planning, the time is right to consider zoning code revisions and updates that will allow for ADU development to meet some of the impending affordable housing demand.
<i>Ease of Implementation</i>	C	Would require zoning code revisions that may be viewed unfavorably by residents who prefer to maintain current low density development standards. Visual or aesthetic standards may be a point of contention.
<i>Direct Effect</i>	B	ADUs increase the supply of affordable housing in a community. May be more targeted to family members or family friends in need of affordable units than the broad spectrum of affordable housing seekers.

16. Accessory Dwelling Units: Case Study Prepared for: U.S. Department of Housing and Urban Development Office of Policy Development and Research Prepared by: Sage Computing, Inc. Reston, VA June 2008

Land Use Tools

Tax Forfeited Property

Tax forfeited properties offer a convenient source of land or existing housing that a county can convert into affordable units. Instead of auctioning off property to the highest bidder, the county can hold specific properties for rehabilitation or construction of new affordable housing. As with city-owned property, tax forfeited properties create opportunities for land banking, or the short-term acquisition of property by a government-created nonprofit for eventual development. It does not require the longer-term commitment of a land trust, but runs the risk of reverting to a market-rate price if the agreement does not include any safeguards.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	B	County holds semi-regular sales of tax delinquent property that could otherwise be held for affordable housing development. Scale not as dramatic as in some other locations, but still relevant.
<i>Ease of Implementation</i>	C	Property may not be in convenient locations and may require significant investment to develop, particularly at scale. Requires creation of land bank or other entity to hold property for housing. Political barriers may vary based on location. Potential for perverse incentives, as it relies on financial struggles of county residents.
<i>Direct Effect</i>	B	Effective use of available property and creates housing directly once program is implemented. Location concerns and number of available properties could constrain effectiveness.

Land Use Tools

City-Owned Property

Developing affordable housing on city-owned property eliminates the need to purchase property, and can put vacant or underused parcels to use. In addition, cities can also use strategic property acquisition as a way to bank land for future affordable housing. Land banking involves the short-term acquisition of property by a government-created nonprofit for eventual development.¹⁷ Once a land bank is in place, the nonprofit can develop and sell housing with affordability guarantees in place.



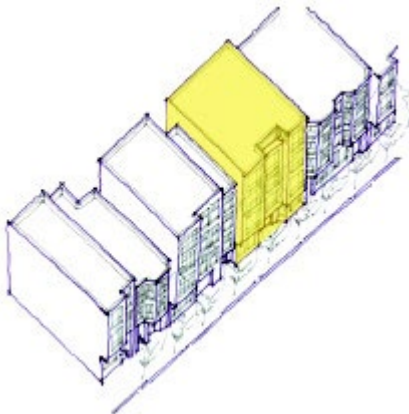
INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	C	More applicable in places with large stocks of undeveloped or blighted city property.
<i>Ease of Implementation</i>	C	Requires existing stock of developable city-owned land or city acquisition of land, and creation of land bank or other entity to hold affordable housing. Normal political obstacles to subsequent development apply.
<i>Direct Effect</i>	C	Limited to city-owned property, which can vary wildly by community, and requires further efforts to develop the land in question.

17. Stringer, Scott M. Building an Affordable Future: The Promise of a New York City Land Bank. City of New York, Office of the Comptroller. New York: Bureau of Policy and Research, 2016.

Land Use Tools

Infill Development

Infill development is a broad category that refers to construction in currently unoccupied or underused parcels surrounded by existing development. It often operates as part of a broader strategy aimed at producing greater density, which can in turn feed into broader goals of accessibility and provide affordability benefits for residents in areas beyond housing. By definition, infill occurs next to existing development, when placed on sites near existing schools or job centers, it can save on transportation costs and open up greater opportunities for residents of the affordable housing.



Example of common infill project, San Francisco Planning Department

While infill development theoretically has huge potential, large-lot zoning limits its effectiveness, particularly in suburban environments, where zoning changes are likely necessary to fill in land that may otherwise appear perfectly suitable for development. Barring the presence of large property easily repurposed for development such as a former industrial site, its use may prove limited in suburban communities. While filling gaps between subdivisions may help meet other local planning goals, it hardly amounts to a direct tool for affordable housing.



Infill projects are harder to implement in areas zoned for large lot sizes, such as suburban or rural areas.

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	C	Most relevant in areas that development has "leapfrogged" past. There are some opportunities in Chaska and Chanhasen or on other sites primed for redevelopment.
<i>Ease of Implementation</i>	C	May face political opposition in suburban or exurban communities or require zoning changes. Unlikely to make a huge impact without radical changes.
<i>Direct Effect</i>	D	Can take any number of forms; not limited to affordable housing

Comprehensive Plan Tools

Affordable Housing as Explicit Component of Mixed-Use or TOD Development

According to the Carver County Comprehensive Plan, the county population is expected to double by 2030.¹⁸ The Plan calls for keeping this growth in the cities through mixed-use and transit-oriented development that allows for growth while preserving rural agricultural areas. Including affordable housing as one component in mixed use and transit-oriented developments in the early planning stages greatly increases the likelihood of the integration of affordable housing in the final development.



Example - Forest Lake Comprehensive Plan: Forest Lake uses a downtown development zone (overlay district) to encourage mixed-use and higher-density development. These developments include provisions for rental units, which are potential affordable housing units.

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	D	Much of mixed use and transit oriented development is determined at the city level, so contextual relevance varies throughout the region. Township land uses in greater Carver County are projected to decrease from 2008 to 2030, and Thrive 2040 ¹⁹ shows no urban or urban center designations in Carver County; these categories are the designations most likely to see mixed use and transit oriented development in the future.
<i>Ease of Implementation</i>	B	Mixed-use and TOD projects must be planned for affordable housing to piggy-back on. This is a passive, rather than assertive, strategy for affordable housing implementation.
<i>Direct Effect</i>	B	Including affordable housing in the early planning stages of projects greatly increases the likelihood of implementation. Does not create a mandate or strict requirement for increasing affordable housing.

18. Carver County 2030 Comprehensive Plan, Page 3.3, Chapter 3

19. Carver County 2030 Comprehensive Plan, Table 3.1, Page 3.3, Chapter 3

Comprehensive Plan Tools

One-for-One Replacement for Lost Affordable Housing

A one-for-one replacement policy at the city level ensures that any demolished affordable housing units will be replaced. The responsibility to replace the demolished affordable housing would fall to whatever entity was financing the development, including municipalities, non-profits, or private developers. This replacement could occur in the same site, or in other developments throughout the city. Building permit approval of the development would depend in part on plans for replacing all demolished affordable housing units.



However, the policy is not effective if there are not already affordable housing units in the area. While this policy helps municipalities maintain existing affordable housing, it does not address an affordable housing shortage or create additional units.

This policy could be an addition to a larger affordable housing strategy, to ensure that existing housing stock is replaced as the units filter down the market while new housing units are created through other programs and policies.

Example Language:

Forest Lake Comprehensive Plan
In Chapter 4: Housing, under *Regulatory Goals to Increase Affordable Housing*:

“A one-for-one replacement policy that addresses the loss of existing affordable housing units.” (p. 4-18)

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	C	Policy ineffective in areas of Carver County with little or no affordable housing.
<i>Ease of Implementation</i>	B	Easier to replace existing affordable housing units than create additional units.
<i>Direct Effect</i>	B	Excellent policy for maintaining existing numbers of affordable housing, but does not address an affordable housing shortage or create additional units.

Comprehensive Plan Tools

City Comprehensive Plan Language Includes Regional Affordable Housing Obligation

The Metropolitan Land Planning Act requires that all communities to include a housing element in their Comprehensive Plan. The plan must include official controls, goals, and policies to promote the availability of land for the development of low- and moderate-income housing (see excerpt of Land Planning Act at right). Cities have a great deal of leeway in what language they use to meet this requirement. There is an opportunity for cities to lay out a clear vision for the planning and implementation of affordable housing in their communities with the backing of the Met Council mandate. However, city comprehensive plans rarely go into the details of implementation, so it can be difficult to transform comprehensive plan vision language into concrete projects.

State Requirements: State Law requires that the Comprehensive Plan contain a housing element that includes “standards, plans and programs for providing adequate housing opportunities to meet existing and projected local and regional housing needs, including but not limited to the use of official controls and land use planning to promote the availability of land for the development of low and moderate income housing” (Minnesota Statutes, Section 473.859, Subd. 2c).

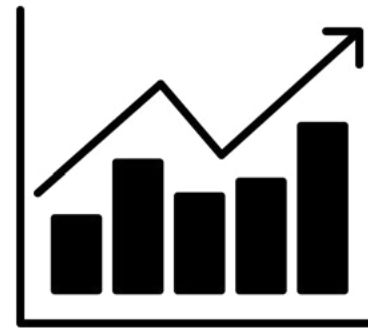
The Comprehensive Plan must also include a housing implementation program that describes “official controls to implement the housing element of the land use plan, which will provide sufficient existing and new housing to meet the local unit’s share of the metropolitan area need for low and moderate income housing” (Minnesota Statutes, Section 473.859, Subd. 4).

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	This policy goal can be applied to any municipality.
<i>Ease of Implementation</i>	C	Rewriting the comprehensive plan to reflect the Metropolitan Council’s housing requirements is relatively straightforward. Gaining support and approval from steering committees, elected officials, and the public can be difficult, and this difficulty varies from year to year, making the process unpredictable.
<i>Direct Effect</i>	B	Policy that directly addresses affordable housing, but does not go into implementation.

Comprehensive Plan Tools

Direct Link between Economic Forecast and Need for Affordable Housing

Carver County Community Development Agency commissioned Maxfield to conduct a Comprehensive Housing Needs Assessment for Carver County. Using projections for the years 2014-2020, 2020-2030, and 2030-2040, the county will need an additional 3,335 rental units for low and moderate income families. Since the county has already demonstrated a need for affordable housing in its economic forecasts, it should use this data when engaging the public on affordable housing. Empirical data can be a strong tool in favor of affordable housing, and if presented in a way that is easily understood by non-planners may be an asset during public meetings and discussions.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	Empirical evidence showing increasing affordable housing needs with projected Carver County growth.
<i>Ease of Implementation</i>	B	Carver County has already conducted some analysis. Careful consideration must be given as to how to present the data to the public so that it can be understood by non-policy makers.
<i>Direct Effect</i>	B	Policy doesn't lead directly to affordable housing implementation, but a good first step for justifying affordable housing projects.

Financing Tools

Minnesota Housing Finance Consolidated Request for Proposals

The Minnesota Housing Finance Agency (MHFA), the leading affordable housing lender in the state, releases an annual Consolidated Request for Proposals (RFP) that streamlines housing finance requests into one application pool. Funding opportunities include special term loans and low income housing tax credits. RFP applications are prioritized based on their adherence to furthering specific affordable housing strategies (see Sec. 3 of MHFA “Multifamily Request for Proposal Guide” for full list of

selection priorities).

From Metropolitan Council guidance, city governments may themselves apply for Consolidated RFP funding. More likely, they may support local affordable housing efforts by either partnering with prospective developments, adding their own funds to a project, or by serving as an educational resource to direct local development efforts to put together successful applications for particular project funding.²⁰



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	C	While MHFA Consolidated RFP funding may be a critical source of financing for affordable housing projects across the state, it is more likely that city or township governing officials will play a supporting role in acquiring this funding rather than being the primary developers.
<i>Ease of Implementation</i>	B	Coordinating a project to the point of putting together a MHFA application may be quite a challenge. A single consolidated application for funding does remove a great deal of burden from the applicant with regards to streamlining the complex financing options for affordable housing.
<i>Direct Effect</i>	A	If MHFA funding is approved, it will be directly tied to a particular affordable housing project.

20. THE CONSOLIDATED REQUEST FOR PROPOSALS (RFP): THE PRIMARY VEHICLE FOR AFFORDABLE HOUSING FINANCE. Metropolitan Council, March 2016.

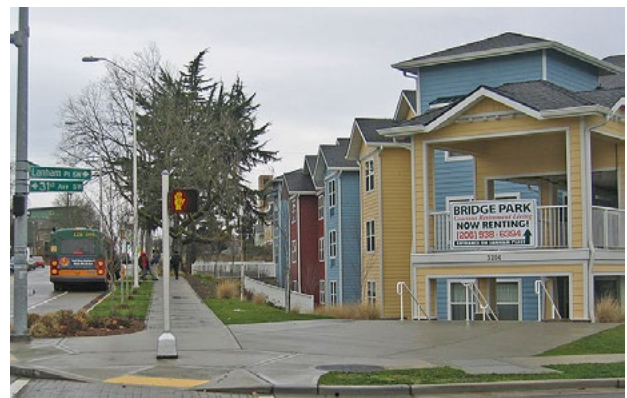
Financing Tools

Low-Income Housing Tax Credit

The Low-Income Housing Tax Credit (LIHTC) is the most common form of unit-based assistance in U.S. housing policy.²¹ It compensates developers for the smaller profit margins and otherwise limited tax breaks available for those who develop multi-family affordable housing. Because it is run by the Department of the Treasury, standards for its use are less stringent than those imposed on programs run by the Department of Housing and Urban Development. The Minnesota State Housing Finance agency allocates LIHTC dollars in Minnesota using the Qualified Allocation Plan, which assesses projects according to their relative merits and ability to meet housing demand.²²

While LIHTC is a relatively common form of housing assistance and is accessible to communities everywhere, it is usually less cost-effective than a voucher system, particularly in communities where housing

is not at a premium.²³ In general, the vast majority of LIHTC projects in suburban areas are senior housing. Mixed-use senior housing projects alone will not satisfy Carver County's affordable housing needs in the coming decades, but will prove an important part of a broad affordable housing portfolio. The tax credit expires after 15 years, making it difficult to keep properties affordable in perpetuity without additional commitments from a local government.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	B	Most useful for large-scale, 100% affordable projects targeting seniors. Has produced millions of units of affordable housing since its inception in the 1980s in all types of communities. ²⁴
<i>Ease of Implementation</i>	B	Project-based developments can face more community opposition than programs tied to greater mobility or developer incentives.
<i>Direct Effect</i>	B	LIHTC is a direct investment in affordable housing, and can subsidize projects at scale. The affordability guarantee eventually expires, which can create problems for residents unless local governments take mitigating steps.

21. Office of the Comptroller of the Currency. Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks. Community Developments, March 2014, p. 1.
 22. Minnesota Housing Finance Agency. Housing Tax Credits. 2016. Retrieved from www.mnhousing.gov.

23. Deng, Lan. The Cost-Effectiveness of the Low-Income Housing Tax Credit Relative to Vouchers: Evidence from Six Metropolitan Areas. Housing Policy Debate 16:3-4, 2005, p. 505.
 24. Office of the Comptroller of the Currency, p. 1.

Financing Tools

Tax-Increment Financing

Tax-Increment Financing (TIF) is a method of paying for developments that are projected to increase property tax revenue. The municipality issues bonds to cover the gap, or increment, between the current tax value and the projected future value. In order to receive TIF, projects must pass a “but-for test” that shows the project could not proceed without the additional injection of funding. TIF money is often used to cover costs of infrastructure related to the project, and in remediation efforts on contaminated sites or sites with substandard existing buildings. There are several varieties of TIF district, including one that directly aims to develop affordable housing, and others can improve environmental conditions so as to make development of all types possible.

TIF is most effective on large-scale projects on previously developed sites, and is likely of limited use in the more rural areas of Carver County. Still, it offers considerable potential on sites that would benefit from additional infrastructure to make the project

cost-effective, and pairing TIF with other affordable housing tools such as LIHTC can help ensure a positive return on the TIF district. Portland, Oregon uses TIF in a unique manner by dedicating 45 percent of revenue from all TIF districts to an affordable housing fund.²⁵



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	C	Must raise property values in order to make back projected property tax increases, which can be a challenge for affordable housing. Most applicable to large-scale investments that are only of some use in Carver County.
<i>Ease of Implementation</i>	B	Prompts some political opposition from other levels of government due to concerns over lost revenue.
<i>Direct Effect</i>	C	Can be used for other purposes, and only useful under particular circumstances.

25. Portland Housing Bureau, Tax Increment Financing Affordable Housing Set Aside. 2015.

Financing Tools

Mortgage Revenue Bonds

Mortgage Revenue Bonds (MRBs) are interest-free bonds issued by housing finance agencies. They are funded by state and municipal governments, and, under IRS standards, target first time homebuyers with less than 115 percent of median family incomes.²⁶ Home prices may not exceed 90 percent of the local median home price, though there are some exceptions based on the location of the home and the demographics of the family in question. The savings from the lower interest rates associated with the bonds covers the mortgage payments on the home.²⁷

Given the fairly high median income ceiling, MRBs may have minimal effect on low income residents. They could, however, prove highly useful for a number of Carver County residents who work middle-income jobs but find its communities unaffordable. Pursuit of additional MRB funding could provide a politically palatable source of “workforce housing” in Carver County

communities, and while the program is likely difficult to operate at scale, it does provide potential homeowners with considerable flexibility. These constraints, while perhaps limiting the effectiveness of MRBs, do make them more feasible in communities where opposition to affordable housing runs strong.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	Helpful for first time homebuyers, a common demographic in Carver County.
<i>Ease of Implementation</i>	B	Requires competition for state funds or funding from local governments. Fairly politically palatable given emphasis on helping first-time homebuyers. Once in place, unlikely to encounter much opposition.
<i>Direct Effect</i>	B	Housing created by MRBs provide a direct benefit for anyone who obtains them, but the income allowance above the median extends benefits beyond simply “affordable” units.

26. Dietz, Robert B. Mortgage Revenue Bonds and Mortgage Revenue Certificates. National Association of Homebuilders, 2006.

27. Dietz, 2006.

Financing Tools

Land Trusts

Land trusts are entities that purchase homes and repurpose them for long-term housing affordability in order to facilitate homeownership. Properties are available at different levels of area median income (AMI), and the land trust provides 99-year leases to eligible residents, allowing homeowners and their families to hold properties in perpetuity. Land trusts confer the benefits of homeownership upon residents who use their housing, and are an unobtrusive form of affordable housing that are unlikely to cause strong community reactions. While they occasionally acquire vacant parcels and construct new homes, most land trusts simply work with the existing housing stock and seek out opportunities to build their portfolios. Some land trusts have also begun developing multi-family housing, though this is more relevant in cities with high land costs and few affordable units even with AMI adjustments. In order to succeed,

they usually require the presence of pre-existing affordable housing (with or without government subsidies) that the land trust can buy and hold against future speculation, though some land trusts that are well-funded or operate in very tight housing markets proactively work as developers.

Carver County's existing land trust, the Carver County Community Land Trust, already achieves the basic objectives of the tool. However, the land trust has potential to expand beyond its current scope. The TRUST South LA land trust in Los Angeles, for example, also serves as an advocacy organization, and has worked to expand bicycle and pedestrian planning in the communities in which it works.²⁸ It has also allied with other nonprofits and political groups to push legislation more favorable to its aims.

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	Particularly relevant for suburban areas that primarily consist of single-family housing
<i>Ease of Implementation</i>	B	Encourages homeownership (politically palatable) but faces funding and property acquisition obstacles
<i>Direct Effect</i>	B	Very successful, but requires funds and only affects individual units at a time; hard to do at scale

28. TRUST South LA Executive Director Sandra McNeill, phone interview, April 11, 2016.

Financing Tools

City/County Affordable Housing Trust Fund

Affordable housing trust funds are operated by state or local governments, and collect both public and private funding for the creation or preservation of rental or owner-occupied affordable housing. Trust funds can be more flexible than public funding, and are more nimble than a traditional land trust in the scope of their operations, though they may require ballot measures or alterations to existing statutes to access public dollars. Ann Arbor, Michigan raises funds by allowing developers to build at higher densities if they contribute to the trust fund; other potential funding mechanisms include fines for blighted properties, rental inspection fees, or public property sales.²⁹



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	Trust funds can function in nearly any environment, and Carver County's growth projections mean future developments could provide one with a steady stream of income.
<i>Ease of Implementation</i>	C	While relatively easy to launch, trust funds can suffer from neglect if they do not have clearly established public funding streams or strong foundational support. Developer density bonuses may prove the most effective funding tool and will not draw anti-tax criticism.
<i>Direct Effect</i>	B	Success dependent on funding. If well-funded, a trust fund can be leveraged in a variety of ways and directly create affordable housing.

29. Housing Trust Funds: Barriers and Opportunities. Citizens Research Council of Michigan. December 2009, p. vii.

Financing Tools

Active Partnerships with Affordable Housing Nonprofits

Partnerships with non-governmental entities offer many benefits to those implementing affordable housing in Carver County. Partnerships decrease costs for the city and offer a variety of program types to meet affordable housing needs. Other municipalities in the metro region have successfully partnered with nonprofits to increase their affordable housing stock. For example, Woodbury has partnered with Habitat for Humanity to build and sell homes, offering a way for low and moderate income families to buy rather than rent. Partnering with prominent nonprofits in the community could also help with mitigating political opposition from residents. Finally, this policy directly leads to built affordable housing units in the short and medium term.

Woodbury Comprehensive Plan Language:

“Woodbury actively seeks partnerships with other stakeholders in affordable housing. The City of Woodbury has a unique partnership with Twin Cities Habitat for Humanity. Woodbury is Habitat’s largest municipal partner outside of Minneapolis and St. Paul. They have built and sold 48 homes in Woodbury with plans for more units in the future. Woodbury also has a strong working relationship with the Washington County Housing and Redevelopment Authority. Lastly, the Two Rivers Community Land Trust has renovated its first home in Woodbury and hopes to expand its presence in Woodbury in the future.”

2030 Comprehensive Plan, Housing 5-7, July 2010

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	Other municipalities in the metro region have successfully partnered with nonprofits to increase their affordable housing stock.
<i>Ease of Implementation</i>	B	Carver County can establish strong relationships with these agencies, and this policy will be financially viable, offer political cover, and promote cost-sharing. May help with political or local opposition.
<i>Direct Effect</i>	A	This policy directly leads to building affordable housing units, with reduced cost to the cities.

Financing Tools

Community Development Block Grant Funds

State-administered CDBG awards, also known as the Small Cities CDBG program, awards grants to smaller units of general local government that carry out community development activities. These funds must be used for a population of no less than 70 percent low-to-moderate income persons. In addition, each activity must meet one of the following national objectives for the program: (1) benefits to low- and moderate-income persons, (2) prevention or elimination of slums or blight, or (3) address urgent community development needs due to existing conditions that pose a serious and

immediate threat to the health or welfare of the community for which other funding is not available.³⁰

The creation of affordable housing can meet all three objectives, depending on the existing conditions in the local community. In fact, many communities in the metro area call out CDBG funds specifically in the housing sections of their comprehensive plans. While housing is not explicitly included under eligible activities, CDBG funds offer a great degree of local control as to how the funds are used.

Examples of Successful Implementation:

Andover, Anoka County: City uses CDBG funds for townhouse development, which could be a building type more amenable to community members of Carver County.³¹

Woodbury, Washington County: City is a HUD direct grantee, which means they have their own CDBG allocation and thus more control over how they use the funds.³²

INDICATOR	Grade	Rationale
Contextual Relevance	A	Carver County has utilized CDBG funds in the past.
Ease of Implementation	A	Flexible program, allocated by formula rather than competitive award process.
Direct Effect	B	Minimum of 70 percent of CDBG funds must be used for low & moderate income persons; grants and loans can fund capital projects like housing, but are not required to. This does not create a <i>requirement</i> for an increase in affordable housing.

³⁰ U.S. Department of Housing and Urban Development: Community Development Block Grant Program website, May 2016.

³¹ 2008 Andover Comprehensive Plan, Ch. 1, p. 7.

³² 2030 Woodbury Comprehensive Plan, Ch. 5 - Housing, p. 5-8.

Developer Tools

Manufactured Homes

The Carver County CDA supports manufactured housing neighborhoods as an option for affordable home ownership.³³ Manufactured homes (or mobile homes) have some qualities that make them appealing as an alternative to traditional affordable or subsidized housing. They can be manufactured quickly and placed on site in a short amount of time, leading to a short time frame for implementation. The short term costs to produce the units are theoretically cheaper than multi-family residential units, assuming land has already been purchased. Since they are not permanent structures, the manufactured units could be moved to different sites as needed; for example, if the residents need to relocate for a new job. Manufactured homes are cheaper per square foot than traditional homes, so these units are one way to increase homeownership among lower income families. Their construction can also be more environmentally friendly than traditional homes, depending on the practices of the manufacturer.³⁴

Manufactured homes are classified as personal property like cars, and thus traditional prime mortgages are

generally not available to help finance the purchase of these homes. This usually results in less desirable loan terms for families that are more vulnerable to higher interest rates and other features of subprime mortgages. Manufactured homes also do not accrue equity like traditional homes, but rather depreciate in value like vehicles.³⁵

Ultimately, the biggest negative to using manufactured housing for affordable residential units is the political non-viability. The placement of units could be especially problematic, since manufactured housing is traditionally located in low-income trailer parks. Community residents already hesitant about new affordable housing may also be reluctant to approve of this type of development.

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	C	In spite of county-level support, new manufactured housing neighborhoods likely to face political pushback due to neighborhood character concerns. In areas of Carver County where community members have already pushed back against affordable housing, it will be very difficult to convince residents to allow not only affordable housing units, but units in what are traditionally viewed as trailers.
<i>Ease of Implementation</i>	C	Cities will either have to buy land to place the manufactured housing stock, or find landowners will to have these units on their property.
<i>Direct Effect</i>	C	Manufactured home units can be built more quickly than traditional housing buildings. However this building type: <ul style="list-style-type: none"> • Does not lead to increase in family or household equity. • Does not increase land ownership rates for low-income individuals. • Loans for these units often less consumer friendly than traditional mortgages.

33. 2030 Carver County Comprehensive Plan, Housing Section, p. 3.38.
 34. For a summary of the benefits of manufactured housing, see: Semuels, Alana, "The Case for Trailer Parks," *The Atlantic*, October 24, 2014.
 35. Prevost, Lisa. "Financing Manufactured Homes," *The New York Times*, Oct. 16 2014.

Developer Tools

Relaxed Building Materials Requirements

Relaxing building materials requirements addresses the high costs associated with stylistic construction, from facade finishes to architectural and window styles to landscaping and sidewalk material. If the main barrier to implementing affordable housing is cost to the developer, reducing the cost of building materials will lead to more affordable housing units.

Relaxing building materials requirements may offer short term savings, but greater long-term costs due to using materials with less durability. Cheaper materials are often less environmentally friendly. These cost-cutting measures can result in extra costs for municipalities in the long run, as housing units filter down, become obsolete and necessitate demolition.

Finally, one of the possible issues residents have with subsidized housing is the poor construction and inferior materials, leading to residential units that are obviously

subsidized and consequently stigmatized. Reducing quality standards for affordable housing sends the message that poor people “deserve” poor quality housing. This presents particular political problems in a community that is concerned with potential subsidized housing that will not meet the architectural standards of the neighborhood.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	D	Likely to cause political pushback due to neighborhood character concerns, which have been a barrier to affordable housing development in the past.
<i>Ease of Implementation</i>	C	Requires changing city design guidelines, which could face opposition from community members and city staff concerned about building character standards.
<i>Direct Effect</i>	B	Helps developers concerned with building costs of affordable housing. Does not address political or community opposition to affordable housing.

Developer Tools

Density Bonus

A density bonus allows developers to build a greater number of units per area than zoning regulations would typically permit, in exchange for providing affordable housing units. Density bonuses may be allowed in designated areas where a jurisdiction has deemed it most desirable to diversify the housing stock. Developers are incentivized to build at greater densities because increasing the number of units they can build increases their cash returns. Higher margins may in turn be used to offset the provision of affordable housing. Density bonuses are often paired as an incentive within general inclusionary housing policy.³⁶ In addition to its function as an affordable housing policy, a density bonus is also a tool used in conjunction with preservation of open space with density increases as the bargaining chip for developers.



Example of different residential densities

INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	An opportune moment for growing cities in Carver County to address affordability through density incentives. Nominally, past density bonus efforts, where existing, have been oriented toward function of open space preservation. Language shift to affordable housing in recent years.
<i>Ease of Implementation</i>	B	Requires an update to city ordinance. Will likely be supported by developers. May face community pushback.
<i>Direct Effect</i>	B	Affordable housing units are a direct result, unless language orients the public benefit outcome toward open space development and not housing affordability.

36. HUD. "Inclusionary Zoning and Mixed-Income Communities." Evidence Matters, Spring 2013.

Developer Tools

Expedited Zoning and Approval Process

Developers who incorporate affordable housing units into their project may respond positively to a “fast track” incentive that advances an inclusionary housing project through administrative procedure more quickly than is typically allowed. While this incentive may attract developers, it will only be effective if the administrative approval demands are high enough such that expediting the process will create a financial or competitive advantage for the developer. Thus, this incentive may be best suited for larger cities or very fast-growing municipalities.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	D	Not compatible with smaller communities because of lack of development review demand, except in cases where municipality is growing and developing at a very rapid pace. Expedited approval procedure in exchange for provision of affordable housing has not been a commonly-used or effective tool in Carver County jurisdictions.
<i>Ease of Implementation</i>	B	Requires support and capacity for administrative procedural adjustments.
<i>Direct Effect</i>	A	Directly incentivizes the development of affordable housing units.

Developer Tools

Adjusted Fees for Developers

Costs to connect to sewer and water lines in new developments typically fall on the developer on a per-unit basis, as well as park or open space land dedication charges. For larger developments, these fees can aggregate quickly. Fee waivers for developers that commit to provide affordable units under stipulations provided may induce the provision of affordable housing, especially in communities where administrative fees tend to be high and prohibitive. As with expedited approval, developer fee adjustment or elimination can be one in a suite of incentives provided through inclusionary housing policy to induce the provision of affordable housing within the context of naturally-occurring development.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	Because projected household growth in is relatively high over the coming decades, this is an opportune moment for expanding cities in Carver County to induce affordable development through fee waivers associated with the permitting process.
<i>Ease of Implementation</i>	D	Metro-wide SAC fees and other necessary connection and development charges must be absorbed elsewhere if they are waived for affordable housing developments..
<i>Direct Effect</i>	A	Directly incentivizes the development of affordable housing units.

Developer Tools

Local Tax Abatement

Tax abatement tools involve a wide range of perks for developers to create or set aside affordable units in new developments by eliminating taxes or waiving fees. Abatements enjoy support from developers and can therefore be easier to implement if structured properly. The programs can be voluntary or mandatory; voluntary programs produce fewer units but encounter little opposition, while mandatory programs

can remain palatable to developers if the financial benefits of the abatement outweigh the costs of producing affordable units. Use of a tax abatement program requires careful monitoring of implementation, as developers have made promises but failed to deliver in some instances.³⁷ While similar to inclusionary zoning in their effects, tax abatement focuses on a particular financial subset of this broader category.



INDICATOR	Grade	Rationale
<i>Contextual Relevance</i>	A	Tax abatements are applicable in most any community and have proven highly successful in suburban contexts such as Montgomery County, Maryland.
<i>Ease of Implementation</i>	C	Legislation allowing abatement faces mild obstacles, and project approval may remain a contentious issue. Reductions in tax revenue may be a barrier in some cities. There are also some challenges in securing financing mixed-income development.
<i>Direct Effect</i>	B	Creates affordable housing, but requires developer buy-in and enforcement by city or county.

37. Blackmer, Gary. City of Portland, Housing Tax Abatements: Oversight Inadequate to Ensure Program Goals. Portland, Oregon: Office of the City Auditor, 2008.

Conclusions



Development in Carver County will be central to the Twin Cities' growth in coming decades. With a projected need for over 35,000 more housing units by 2040,³⁸ the County will become an even more important regional stakeholder, and with this newfound growth comes the potential to be a leader in creating model towns for all residents. While this dramatic growth may appear to pose a challenge for Carver County, it also provides an opportunity for well-planned communities that anticipate future demands and avoid the pitfalls encountered by areas developed in earlier years. By catering to the full range of its future population, Carver County can ensure a comprehensive vision that avoids simply chasing obvious market trends and leads to enduring vitality.

Forward-thinking communities have choices on how to meet the needs of these future populations. With a wide array of options for the provision of affordable housing, Carver County can experiment with a variety of tools and seek out a package that best fits the existing political, financial, and regulatory environment. Moreover, Carver County and its cities need not take a one-size-fits-all approach. Communities can adopt tools that accurately reflect their own dynamics and respond to affordable housing demand. With access to a full range of options, these communities can meet a variety of needs and ensure that no residents are left behind.

This report provides an overview of the available slate of options. It provides a starting point for future research and discussions, and offers a quick snapshot of many potential

methods for advancing affordable housing. While these tools alone cannot guarantee housing options for all present and future residents of Carver County, they provide a straightforward roadmap for the County to produce its necessary stock of affordable housing at the required scale. It is up to Carver County policymakers and residents to make this future a reality.

38. Maxfield Research, Inc. (2014). Comprehensive housing needs assessment for Carver County, Minnesota. Minneapolis.