Housing Task Force Meeting

June 12, 2019

Current Housing Policy Documents

Strategic Plan for Housing & Economic Development 2017-2020

- Prioritizes Projects & Programs
- Identifies Needed Regulatory Changes and Potential Financing Sources
- Provides Goals for Implementation Timing

Aspire 2040 Comprehensive Plan

- Housing Chapter (includes framework for Inclusionary Housing)
- Land Use Chapter (identifies new densities, districts and infill opportunities)
- Implementation Chapter (includes matrix of housing tools)

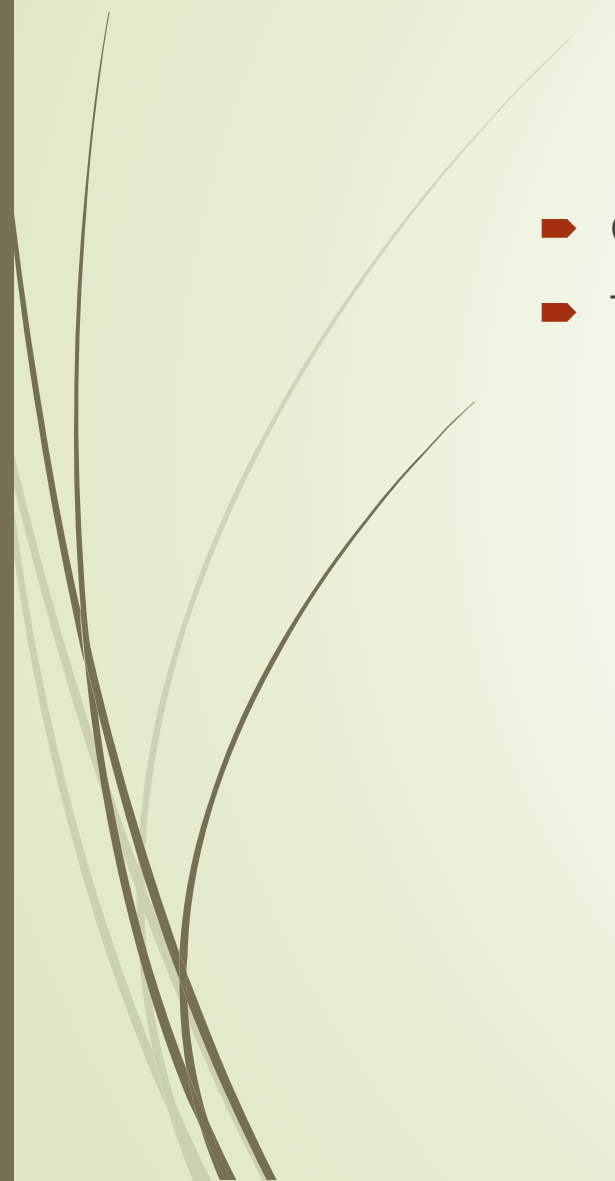# Community Engagement

60+ Events Conducted

- Pop Ups at Arts in the Park, Ribfest, Hometown Celebration

- Focus Groups – Housing, Transportation, Land Use, Social Equity, Economic Competitiveness

- City Connect – Targeted Questions

- S-maps – online & community locations

- DIY Meetings – Chamber, Senior Center, Noon Rotary, High School, Professional Organizations, Neighborhood Groups, etc.
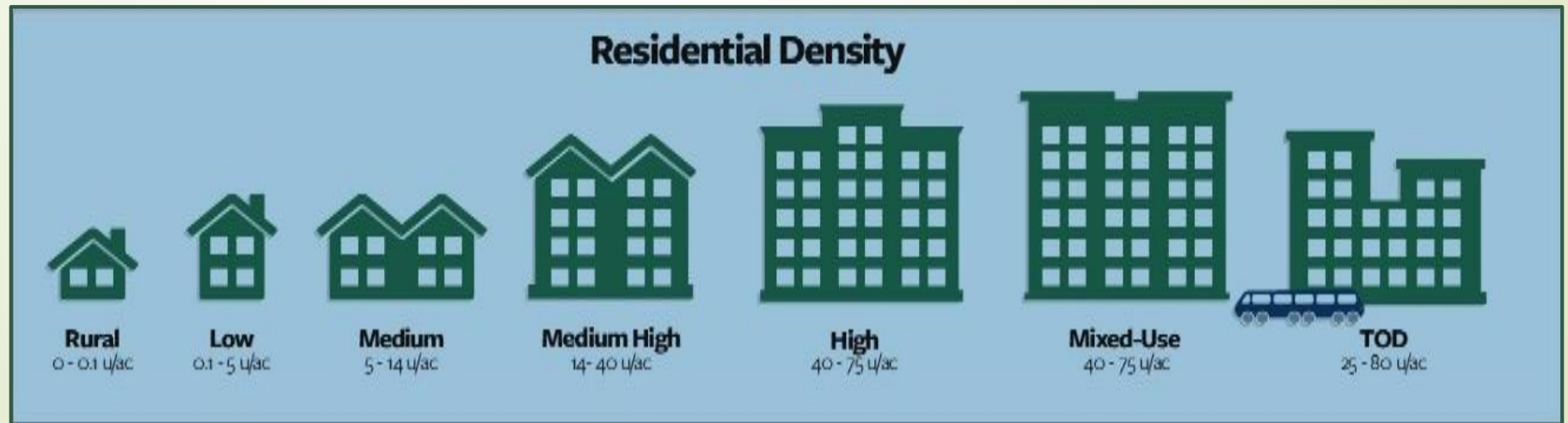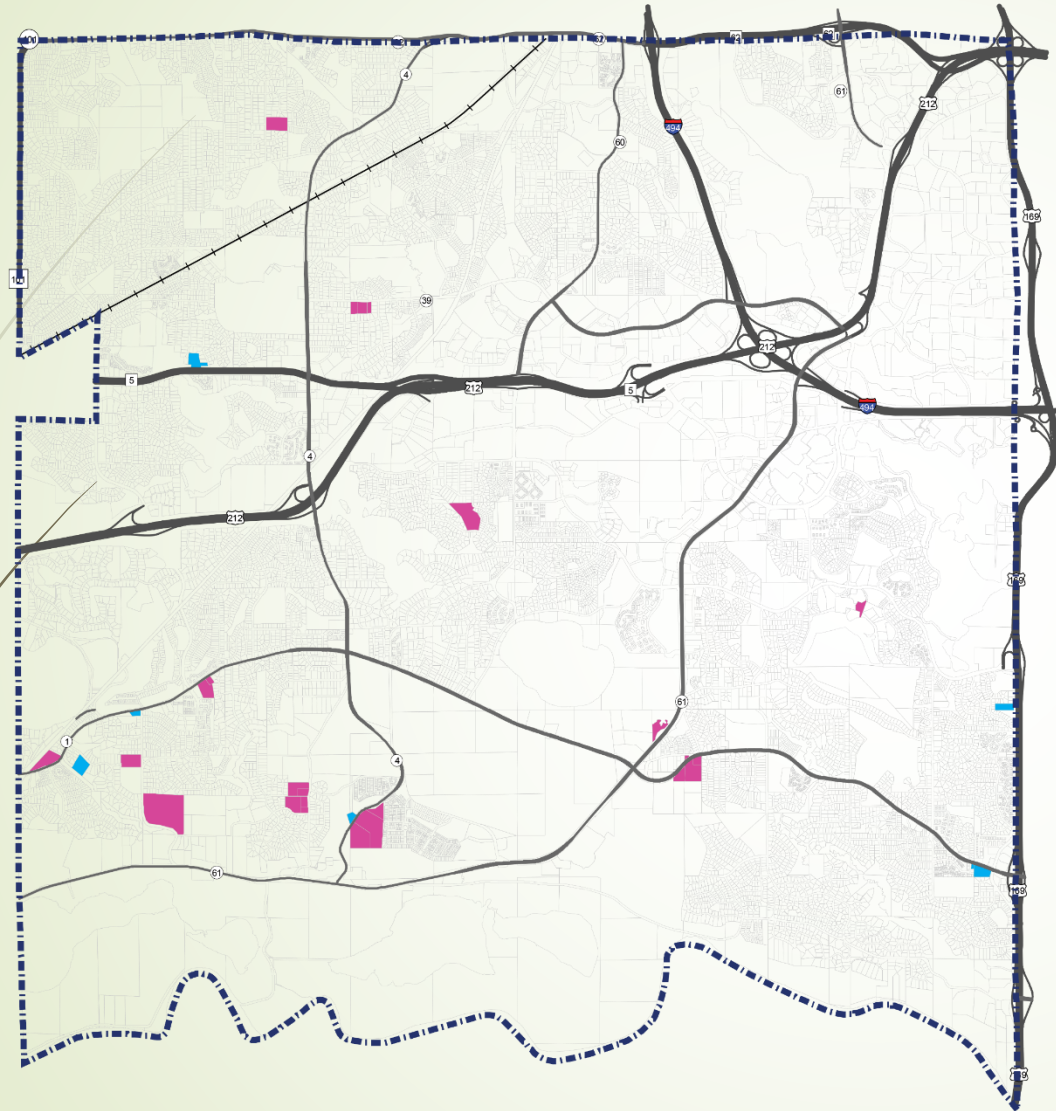
Housing Study

- Community Engagement
- Targeted Surveys
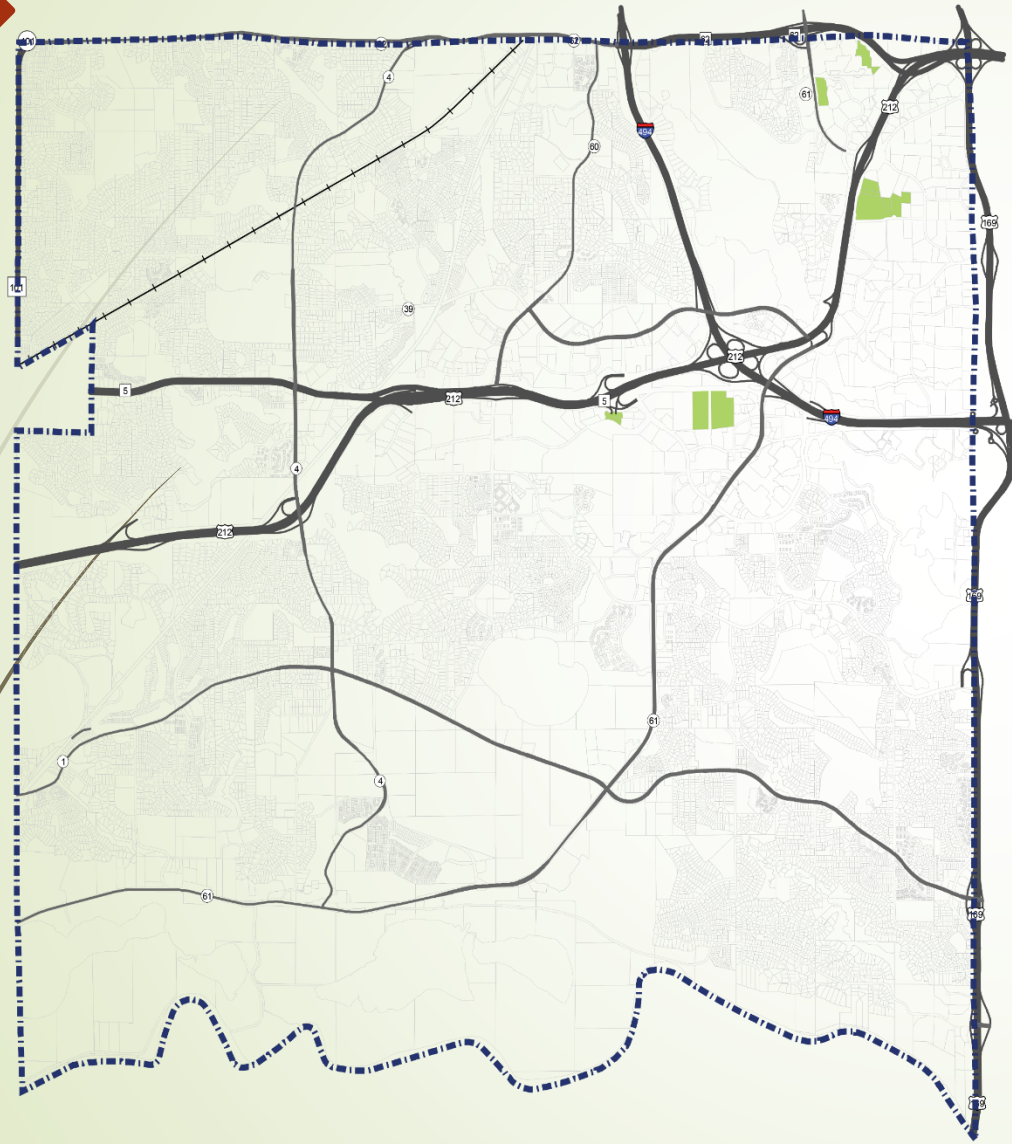
Land Use Categories - Residential

- Rural (.1 du/a)
- Low Density Residential (up to 5 du/a)
- Medium Density Residential (5-14 du/a)
- Medium High Density Residential (14-40 du/a)
- High Density Residential (40-75 du/a)
- Mixed Use(40-75 du/a)
- TOD (25-80 du/a)

Residential Density

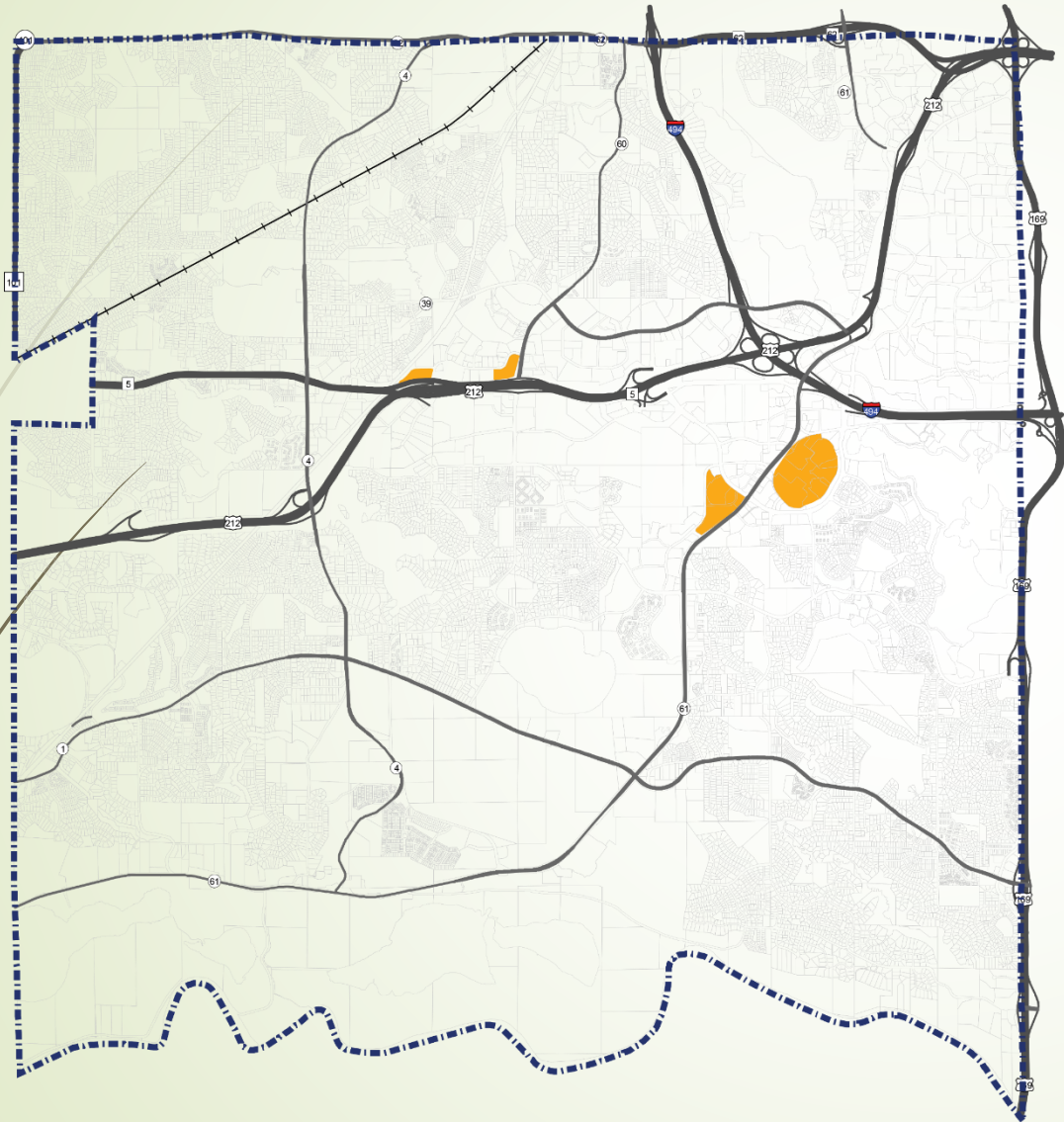| Rural | Low | Medium | Medium High | High | Mixed-Use | TOD |
| 0 - 0.1 u/ac | 0.1 - 5 u/ac | 5 - 14 u/ac | 14 - 40 u/ac | 40 - 75 u/ac | 40 - 75 u/ac | 25 - 80 u/ac |

Proposed Guiding Changes Map

Infill

Infill (Priority)

Proposed Guiding Changes Map

TOD

Proposed Guiding Changes Map

Mixed-Use

draft map revised 02/26/2018

Housing & Demographics

	2015 (Estimate)	2020 (Forecast)	2030 (Forecast)	2040 (Forecast)
Population	63,187	67,900	75,200	82,400
Households	24,755	27,400	30,400	33,300
Employment	57,217	57,700	62,100	66,600

8,545 new housing units by 2040

Affordable Housing Need Allocation (2021-2030)		
AMI Levels	**New Units**	**Share of New Units Needed**
30% AMI	802	9.4%
50% AMI	386	4.5%
80% AMI	220	2.8%
Total New Units	**1,408**	**16.5%**

Source: Metropolitan Council

Age Makeup

Source: Metropolitan Council, Transportation Analysis Zones
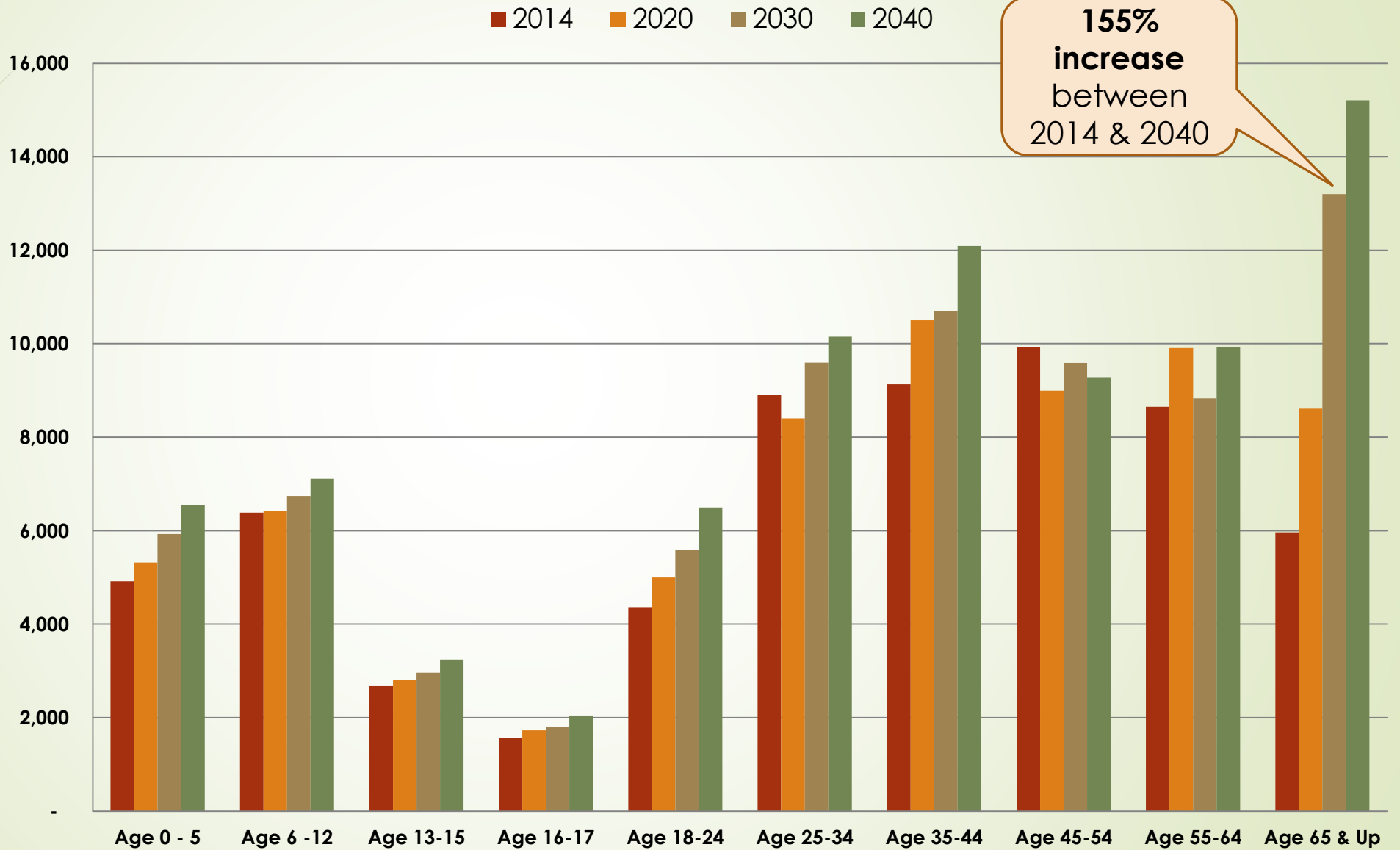
Total Housing Units

Dwelling Type	Total	Unit Count
Apartment	76	5,585
Condo/Townhome	6,184	6,184
Coop	2	140
Duplex/Triplex	55	118
Single Family	13,089	13,089
Twinhome	600	600
Total	**20,006**	**25,716**

*2016 Eden Prairie Assessing Data

Four Generational Groups to House

Millennials (18-34)

- 42% home buyers
- 56% of millennial buyers are first time buyers
- "Leapfrog" traditional starter home and move into larger properties with higher prices
- Most likely exceed their budget when purchasing a home
- Housing flexible: Most likely to look at townhouses (23%) or duplex/triplex (13%)
- 50% considered brand-new homes
- 71% consider renting rather than buying

Generation X (35-49)

- 31% home buyers
- Today's sellers – 38% of all sellers
- Consider single family homes (85%) and townhouses (17%) when buying
- 54% consider brand-new homes when buy
- Upgrade their home when moving
- When renting, they typically live in Single Family Homes (33%)

Source: Consumer Housing Trends Report 2016, Zillow Group

Four Generational Groups to House

Baby Boomers (50-64)

- 17% of home buyers
- 38% considered brand-new homes
- Don't care much for shared amenities Typically stay in same size home
- Most do not consider renting an option (68%), but are more likely when compared with the Silent Generation
- When renting, Baby Boomers live in Duplex/Triplex unit or income-restricted properties

Silent Generation (65+)

- 10% of home buyers
- Most receptive to yard-free living in condo/co-op or townhouses
- Typically not interested in Single Family homes
- Downsize when purchasing a home (14% smaller) but spend more
- Do not consider renting as an option 72% of Silent Generation renters are living on a household income below $50,000

Source: Consumer Housing Trends Report 2016, Zillow Group

2017 Housing Study Key Findings

- Ownership--Unmet Housing Demand by Income
  - Undersupply of housing options for:
    - Lower-income, owner-occupied households
    - Upper-income, owner-occupied households
- Renter--Unmet Housing Demand by Income
  - Pronounced Undersupply of housing options for:
    - Lower-income, renter-occupied households
    - Upper-income, renter-occupied households
    - Need for more attached owner-occupied housing (due to scarcity of land) & multifamily rental

Housing Goals, Objectives, and Strategies

1. **Incentivize attainable & affordable housing options for lower-income households so they can move to and remain in Eden Prairie**

<u>Objectives:</u>

- Encourage new lower-to moderate-income housing developments while preserving existing attainable housing options

- Increase affordable housing development as city continues to grow

<u>Strategies:</u>

- Explore opportunities to increase housing density on appropriate infill sites

- Encourage cooperative owner-occupied housing as an alternative ownership option

- Maintain the existing attainable housing stock while providing incentives for new affordable housing

- Increase options for affordable, owner-occupied housing and starter homes

- Help low-income renters access affordable housing in market rate & mixed-income properties

Housing Goals, Objectives, and Strategies

2. Work with public & private sectors, other government entities & the community to envision & finance innovative demonstration projects & developments

Objectives:

- Work with Minnesota Housing Finance Agency, Met Council, & Hennepin County to create unique housing opportunities

- Focus innovation on sustainable techniques to further City's commitment to environmental resiliency

Strategies:

- Continue working with developers to close funding gaps & secure external leverage

- Prioritize infill development using tools such as alternative parking requirements

- Continue to seek citizen and community input to inform local housing policy

- Support new construction & rehab that utilizes materials, construction and site design techniques which minimize negative environment impacts

- Encourage solar energy systems to help supply a significant portion of residential heating & cooling needs

- Actively promote resource conservation through City's Sustainable Eden Prairie initiative

Housing Goals, Objectives, and Strategies

3. Promote senior housing opportunities that increase choice & enable seniors who choose to downsize to age in the community

<u>**Objective:**</u>

➧ Work with developers to provide life-cycle housing options that meet the changing needs of the senior community

<u>**Strategies:**</u>

➧ Develop facilities that are transportation accessible & encourage inclusion & avoid isolation

➧ Encourage small lot home development to provide stock for those wishing to downsize

➧ Work with assisted living facilities & other senior communities to ensure appropriate housing is available for growing population

➧ Provide referrals to social service agencies to help seniors understand & navigate their options

Housing Goals, Objectives, and Strategies

4. **Address aging housing stock to prevent loss of naturally occurring affordable housing (NOAH)**

Objective:

- Support reinvestment in older housing stock and neighborhoods that are approaching the life spans for utilities, equipment, and structural elements

Strategies:

- Create an inventory of NOAH properties that might be under threat of "upscaling"

- Use tools such as housing revenue bonds to improve properties & secure long-term affordability

- Explore the potential of mission-oriented buyers to purchase & manage NOAH properties

- Use existing rehabilitation loan and grant programs to preserve & maintain older affordable housing

- Explore creation of retrofitting guidelines using sustainable materials & systems which reduce environmental impact & lead to lower operating costs

Housing Goals, Objectives, and Strategies

5. **Prioritize housing around public transit with access to services, jobs, parks & more**

Objective:

- Coordinate with development community to guide residential densities around Transit-Oriented Development (TOD) areas & in the Major Center Area

Strategies:

- Encourage development which uses neo-traditional techniques that are pedestrian friendly, create a sense of community, and discourage isolation & automobile dependence

- Support mixed-use development which accommodates housing (including senior housing) within walking distance to shops & services catering to residents needs

- Utilize the City's evolving Inclusionary Housing practice to guarantee affordability in these key areas

- Look for opportunities to include mostly or fully affordable properties in or near station areas

Eden Prairie Current Affordable Housing Policies, Programs & Practices

- Affordable Homeownership (generally single-family homes)
  - 1ST-Time Homebuyers Program (supported by CDBG and pooled TIF)
  - Homes Within Reach Program with West Hennepin Affordable Housing Land Trust (CDBG)
- Maintenance of Owner-Occupied Houses via Rehab Program (CDBG; Pooled TIF)
- Maintenance of Townhomes via Housing Improvement Areas (Bonding & Special Assessments)
- Maintenance of Rental Units via License & Inspection Program (supported by HRA Levy)
- Education/Collaboration via Property Manager's Group (being reactivated by Megan Yerks)
- Preservation of Affordable Rental Housing via:
  - TIF District Extensions (Colony, Lincoln Parc/Cascade, etc.)
  - Pooled TIF for Naturally Occurring Affordable Housing (make affordability legally binding; new CIP item)
  - Requiring Acceptance of (Sec. 8) Housing Choice Vouchers (Prairie Meadows, Lincoln Parc/Cascade)

Eden Prairie Current Affordable Housing Policies, Programs & Practices (continued)

Affordable Rental Housing Development Financing via:

- New TIF Districts (Elevate, Trail Pointe Ridge)
- Pooled TIF for Transit-Oriented Development (Elevate loan)
- Grants such as Livable Communities (Elevate, Trail Pointe Ridge/Smith Village)
- Resolutions of support for other financing (Elevate and Trail Pointe Ridge)

Affordable Inclusionary Housing (secured with no subsidy) for:

- New Multifamily Rental (Prairie Bluffs, Southview, Trail Pointe Ridge)
- New Multifamily For-Sale Housing (Applewood Point/Smith Village)
- Multifamily Rehab/Conversions (Cascade for added units)
- Multifamily after TIF or other restrictions expire (Cascade, Trail Pointe Ridge)

Housing Implementation Strategies

- Tax Increment Financing (TIF) – Provides much needed gap financing in many instances

- Pooled TIF – Flexible pool of funds that can be deployed in creative ways

- Tax Abatement- Not used to date on Multifamily but may be worth exploring

- Consolidated or "Super RFP" & Low-Income Housing Tax Credits (LIHTC) – Developer driven but key tool

- Utilize Hennepin County & Met Council resources – City can actively support & make applications for these resources

- Preserve existing publicly subsidized housing – Can use bond resources to extend affordability & improve assets

- Housing Revenue Bonds – can be used for preservation or paired with 4% LIHTCs

- Effective referrals & partnerships – Low cost way of matching needs with resources

Housing Implementation Strategies

- Housing Improvement Areas (HIAs) – Special assessments for upkeep or common interest communities (CICs)

- Requiring acceptance of Housing Choice Vouchers – Beginning to integrate into development agreements

- Requiring Affirmative Fair Housing Marketing Plans – Can consider in support of Fair Housing

- Maintaining/Preserving NOAH housing – Inventorying, reaching out, & identifying assistance that can ensure long-term feasibility

- Capitalize on TOD areas – Key opportunity for additional density & integration of affordable housing

- CDBG funding – Supports Rehabilitation Loans, Senior Grants, Community Land Trusts, First-Time Homebuyer assistance & more

- Inclusionary Housing – One key item for the Task Force!

Inclusionary Housing Policy

- Policy that requires that a given share of new construction be affordable by people with low to moderate incomes, regardless of City subsidy

- Increasingly adopted or in development around metro, particularly in SW

- Eden Prairie already seeing success since mid-2017 in integrating into development agreements (e.g. Smith Village, Lincoln Parc/Cascade, Prairie Bluffs Senior Living)

- Incorporated as a useful tool into *Aspire 2040*

Common Terms in Affordable Housing

Area Median Income (AMI)

- Figure published annually by U.S. Department of Housing & Urban Development (HUD)

- For our region, published for the Minneapolis—St. Paul—Bloomington Metropolitan Statistical Area

- Designates the point where 50% of households in the region earn more than the median and 50% of households earn less than the median

- In 2019, for a household of 4, the AMI for the region is $100,000

- Adjusted up or down for various household sizes

- Different affordable housing programs use different AMI levels, for example:

  - Section 8 / Housing Choice Voucher uses 30% of AMI & 50% of AMI

  - Low Income Housing Tax Credit uses 40% of AMI or 60% of AMI

  - First-Time Homebuyer programs can go up from 80% of AMI to 115%

So What is Considered Low or Mod Income?

- HUD Definitions are as follow (for a family of four):
  - 80% of AMI to 115% of AMI is Moderate Income ($75,500-115,000)
  - 80% of AMI is considered Low Income ($75,500)
  - 50% of AMI is considered Very Low Income ($50,000)
  - 30% of AMI is considered Extremely Low Income ($30,000)

30% of Income Rule / Cost Burdens

- Rule of thumb is no household should pay more than 30% of income on housing expenses

- When they do, they are considered to be 'cost burdened'

- Those paying more than 50% of household income are considered 'extremely cost burdened'

- Of course it is very different to pay more than 30% on housing for a household earning $200,000 a year than a household earning $20,000

- So in programmatic or policy sense, when we say '20% of the housing units should be affordable to households earning 60% or less of the area median income' it is presumed that those households are paying no more than 30% of their income on rent / mortgage costs

Word Soup

- "Affordable," "Subsidized," "Section 8," "Public Housing," "NOAH," "Workforce"

- Affordable—the broadest blanket term for housing that is attainable at a reasonable price by low or moderate income households; may or may not have been supported by government grants or loans

- Subsidized—means the development has or does receive support from at least one level of government for its construction, ongoing operation or capital upkeep

- Section 8 / Housing Choice Voucher, Project-Based Section 8, Public Housing—these are specific affordable housing programs funded through HUD but administered by local agencies or property owners

- Naturally Occurring Affordable Housing (NOAH)—this is privately owned, currently unsubsidized housing that is 'naturally' affordable; this resource is abundant across the region and the country but is under great threat particularly in hot markets like the Twin Cities

- Workforce Housing—A stand-in term for 'affordable' that some find more attractive and saleable to skeptical "NIMBY" or "BANANA" audiences