



Chapter 4

Housing & Residential Areas Plan

Throughout the planning process, community members emphasized the need for increasing Eden Prairie’s affordable housing stock and providing diverse, safe, high-quality affordable housing options to residents of all income levels. Developing and maintaining a healthy mix of affordable housing options can foster a diverse, resilient local economy by bringing workers and residents closer to their jobs, schools, and necessary services. This chapter provides an overview of Eden Prairie’s existing and projected housing needs, as well as several strategies the City can take to increase the quantity, accessibility, and variety of its affordable, attainable, and life-cycle housing.

“Housing is the foundation of any community. It helps to determine the health and vibrancy of a community.”

*Participants, Aspire Eden Prairie
2040 Housing Focus Group*

Goals, Objectives & Strategies

The goals and objectives outlined below were developed based on the City's 2008 Comprehensive Plan, 2017 Local Housing Study, Economic Development & Housing Strategic Plan, community engagement efforts, and other applicable documents. Those, and corresponding strategies to implement and achieve those goals and objectives regarding housing are listed below.

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

Objective 1a

Encourage new low-to-moderate-income housing developments to provide affordable housing options to meet local and regional need while preserving and promoting existing attainable housing options.

Strategies

1. Explore opportunities to appropriately increase housing density in established residential neighborhoods.
2. Encourage the development of cooperative owner-occupied housing as an alternative ownership option.
3. Maintain the community's existing attainable housing stock, while providing incentives to facilitate the development of new affordable housing.
4. Continue to provide information and resources to the community to access attainable and affordable housing through the Office of Housing and Community Services (OHCS).

Objective 1b

Increase affordable housing development as necessary as the City continues to grow.

Strategies:

1. Identify strategies to increase the options for affordable, owner-occupied housing and starter homes, such as townhomes.
2. Use financing mechanisms such as Tax Increment Financing (TIF) and Community Development Block Grants (CDBG) where possible to help low-income renters obtain affordable housing in market-rate and mixed-income properties.

Goal 2: *Work in partnership with private and public sectors, regional, state, and federal agencies, and citizens, community groups and others to help envision and finance innovative housing demonstration projects and housing development.*

Objective 2a

Utilize multiple agencies and financing mechanisms to develop these housing projects.

Strategies

1. Continue to work with developers, Minnesota Housing, Metropolitan Council, Hennepin County and others to create unique housing opportunities through use of low-income housing tax credits, housing revenue bonds, TIF, and other tools.
2. Prioritize infill residential development through outreach to surrounding single family residential neighborhoods, and through development incentives such as alternative parking requirements and tax incentives, as appropriate.
3. Continue to seek out citizen input that represents varied city interest groups to help inform local housing policy, including neighborhood/homeowner associations, school groups, commissions, committees, the business community, and social services agencies.

Objective 2b

Focus innovation on sustainable housing techniques to help further the City's commitment to environmental resiliency.

Strategies

1. Support new development and rehabilitation that utilizes materials, construction techniques, and infrastructure systems that reduce negative environmental impacts of residential development.
2. Encourage solar energy systems, either active or passive, to help supply a significant portion of the heating and cooling requirements to a residence.
3. Continue to actively promote energy, water, and resource conservation through the City's Sustainable Eden Prairie initiative by promoting rebate and financial assistance information for homeowners and multifamily property owners.

Goal 3: *Promote senior housing opportunities that increase housing choices and enable seniors who choose to downsize their homes to age in community.*

Objective 3a

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

Strategies

1. Develop facilities such as multiunit housing with dining options, indoor/outdoor community areas, and transportation that encourage inclusion and avoid isolation.
2. Encourage small-lot home development for seniors to provide housing stock for empty-nesters wishing to downsize their homes.
3. Work with assisted living facilities and other senior care communities to ensure appropriate housing is available for the growing senior population.
4. Provide referrals to local social service agencies to help seniors understand and navigate their housing options.

Goal 4: *Address aging housing stock to preserve and prevent the decline of naturally occurring affordable housing (NOAH).*

Objective 4a

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

Strategies

1. Create an inventory of private, unsubsidized NOAH properties that might be under the threat of "upscaling" and converting to higher market rate rents.
2. Use tools such as housing revenue bonds to improve naturally affordable multifamily properties in exchange for long-term affordability.
3. Explore the potential for mission-oriented buyers to purchase and manage NOAH properties long term to preserve affordability and prevent displacement.
4. Encourage the maintenance and improvement of existing older housing through applicable programs such as the OHCS Housing Rehabilitation Deferred Loan Program and Senior Community Service's Household Outside Maintenance for Elderly (HOME) Program.
5. Explore the creation of retrofitting guidelines and retrofit aging housing with sustainable materials and systems to reduce environmental impacts and lower long-term operating costs.

Goal 5: *Prioritize housing around public transit with convenient access to basic services including places of employment, shopping, restaurants, services, and parks.*

Objective 5a

Coordinate with the development community to guide residential densities around Transit-Oriented Developments (TODs) and the Major Center Area (MCA).

Strategies

1. Utilize housing in these areas to complement the City's denser, commercial development and more closely connect residents, including seniors, with jobs, transit, and resources.
2. Support the provision of critical pedestrian amenities for walkable, mixed use, and mixed-income housing areas including transit access, crosswalks, medians, and more.

Objective 5b

When outside of TODs, concentrate new residential development around necessary services to improve resident access.

Strategies

1. Encourage the development of neighborhoods using neo-traditional planning techniques that are pedestrian- and transit-friendly, create a sense of community, and discourage isolation and automobile dependence.
2. Promote and support new mixed use development that accommodates housing, particularly senior housing, within walking distance of shops and services that cater to local residents' needs.

Defining Affordable Housing (Affordable, Market Rate, Attainable)

When discussing affordable housing, it is important to note the difference between affordable housing and market-rate housing. For the purposes of Aspire Eden Prairie 2040, "affordable housing" is defined as properties that provide below-market rates for households. Naturally occurring affordable housing (NOAH) is comprised of market-rate housing that is affordable to all households within their income means. This has recently been referred to as attainable housing.

Community Engagement

The extensive community outreach process for Aspire Eden Prairie 2040 included do-it-yourself (DIY) meetings, map.social, city surveys, as well as specific surveys for millennials and empty-nesters, and several focus groups specific to housing and development as part of the 2017 Housing Study. Community engagement identified several issues and opportunities related to housing and neighborhood development. Feedback helped determine deficiencies in the City's housing stock as well as possibilities to leverage new development. Being largely built out and the need for additional mixed-income housing were the key housing topics generated from public engagement. Another key issue was the need for more attainable housing options to help lower-income households find quality housing the cost of which does not impede their ability to obtain other physiological needs such as food, water, or clothing. As part of a detailed focus group, attendees discussed areas in the City that would benefit from additional affordable housing units. They noted a need for single-family housing on the eastern and western edges of the City and multifamily housing in the northeastern portion of Eden Prairie. A similar exercise was conducted to analyze downsizing opportunities for seniors. For-sale units, both single-family and condominium, were the most desired type of unit. A need was identified for these units across Eden Prairie. The need for senior living rental units was identified primarily in the western portion of the City.

The millennial and empty-nester groups are growing rapidly across the country and as a suburban community in a major metropolitan area, Eden Prairie is no exception. While these groups are in different stages of their lives, they do share many similarities when identifying their preferred housing types. Both groups within Eden Prairie were surveyed to determine their existing housing conditions and ideal future housing situations. The majority of millennial respondents currently live in a single-family dwelling that they own and project that they will continue to do so in the future. Empty-nesters responded the exact same as they currently live in an owner-occupied, single-family unit. However, instead of living in a single-family home, the majority said they would be living in a multifamily residence of some sort such as a condominium, senior living facility, or townhome.

Existing Inventory

There are approximately 24,442 housing units in Eden Prairie, of which 73 percent are single-family and 27 percent are multifamily. By occupancy, 73 percent are owner-occupied homes and 27 percent are renter-occupied. A detailed tenure analysis was conducted as part of the 2017 Housing Study that determined how the supply and demand needs for owner and renter housing play out across Eden Prairie. The City's vacancy rate is quite low at 3.5 percent, indicating that it has a desirable housing market. The vacant residential properties throughout Eden Prairie are fairly evenly distributed among for-rent, for-sale, seasonal, and migrant worker housing. The age of Eden Prairie's housing stock is also fairly new with only eight percent of all units built before 1970 and more than a third built since 1989. The most common housing type in Eden Prairie is newer, single-family, owner-occupied home. However, the City does also have appropriate rental stock for its current population. The addition of affordable rental units should be reviewed as Eden Prairie continues to grow. Projections for each of these housing types is discussed in more detail in this chapter.

Housing

Type	Units	Percentage
Owner-Occupied	17,799	73%
Renter	6,643	27%
Total	24,442	100%
Single-Family Detached	13,547	55%
Single-Family Attached	5,059	20%
2 Unit	156	1%
Multifamily	5,680	24%
Total	24,442	100%

Housing

Year Built	Unit	Percent
2010 and Newer	311	1%
2000-2009	4,100	16%
1990-1999	6,190	24%
1980-1989	8,869	35%
1970-1979	3,976	16%
1960-1969	976	4%
1950-1959	516	2%
1940 and Older	390	2%
Total	25,328	100%

Current Need

For owner-occupied housing, there is a need for over 2,300 high-value homes for households earning over \$150,000 a year. For these households, lack of housing options is not a significant issue as they can afford a lower-value home, such as those affordable households earning from \$75,000-\$149,999 where there is a surplus of over 3,000 units. However, lower-income households do not have this option, especially when home values below their affordability threshold are undersupplied. The undersupply of housing options for lower-income, owner-occupied households in Eden Prairie is a key issue for the City.

Renter-occupied housing is experiencing the same issue but at an even greater scale, particularly for lower-income households. Households earning less than \$25,000 a year need over 1,100 units across the City. This issue is more critical for renters because the City's overall housing stock is weighted more heavily toward owner-occupied units than renter-occupied. Overall, there is a significant need for lower-income housing units.

Unmet Housing Demand for Owner Households

AMI Level	Units
Units at 30% AMI	971
Units at 50% AMI	3,056
Units at 80% AMI	8,022

Unmet Housing Demand for Renter Households

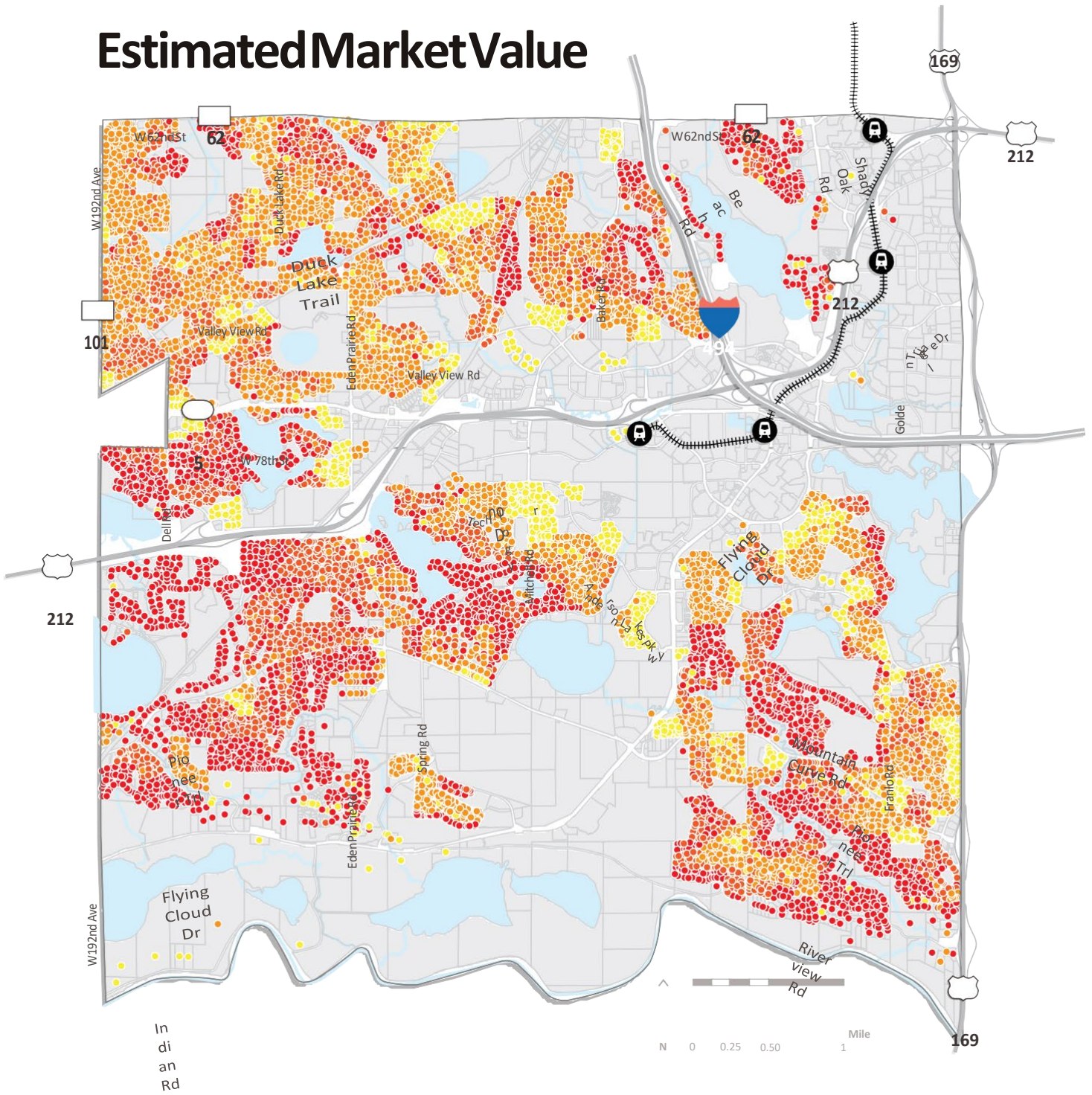
AMI Level	Units
Units at 30% AMI	165
Units at 50% AMI	620
Units at 80% AMI	3,204

Housing Vacancy

Type	Units	Percent
For-Rent	304	34%
For-Sale	243	27%
Other	339	38%
Total Vacant	886	100%

Source (all tables): American Community Survey

Estimated Market Value



Owner-Occupied Housing Estimated Market Value

- \$243,500 or Less
- \$243,501 - \$350,000
- \$350,001 - \$450,000
- Over \$450,001

Sustainable Resilience

Net-Zero Standards

As fossil-fuel dependence declines the need and desire for alternative energy sources will rise. Codes and standards supporting alternative energy sources can apply to all buildings in a municipality or to only certain types of buildings as a basis for incentives. By developing a set of standards that are applicable only in certain districts or to certain developments for net-zero energy development, and by providing incentives for meeting those standards, Eden Prairie can encourage net-zero energy development.

Projected Need

Housing projections were analyzed several different ways to help identify specific needs by both tenure and type through 2040. The Metropolitan Council projects Eden Prairie to have 33,300 households by 2040. The projections utilize this number in calculating future needs. Since its establishment, the majority of the City’s housing units have been owner-occupied, with significant upticks since the turn of the century. This trend is expected to continue and the City is projected to need an additional 5,727 owner-occupied units through 2040. For each decade (2020, 2030, and 2040), owner-occupied households comprise more than 70 percent of future needs estimates. Thirty percent of the total projected increase could be accommodated by existing vacant housing stock while the remaining 70 percent would have to be addressed with new units by converting nonresidential or through new construction. The City’s current household average size is 2.54 and is projected to increase to 2.55 in five years. Even with this continuing trend, Eden Prairie’s average household size will still be less than three persons per household indicating that this change is negligible to housing needs.

Housing Need Projections

Type	2020	2030	2040
Owner	2,900	1,926	2,117
Renter	710	815	788

Owner Housing Need

AMI Level	Units
Units at 30% AMI	470
Units at 50% AMI	-317
Units at 80% AMI	-1,753

MET Council Projections

Forecast Year	Households
2010	23,930
2020	27,400
2030	30,400
2040	33,300

Renter Housing Need

AMI Level	Units
Units at 30% AMI	627
Units at 50% AMI	245
Units at 80% AMI	1,569

Source (all tables): American Community Survey

Community Health

Aging & Integrating

As a community's residents age, it must consider how it will best keep this population integrated in the community. New ideas for ensuring residents can age in community include:

- *Creating design guidelines for modifying your home to accommodate a wheelchair or other accessible features*
- *Promoting service-based multifamily development*
- *Continuing to partner with local service organizations and nonprofits*
- *Encouraging construction of housing types that meet the needs of the changing community*

Renter households are projected to comprise, at most, 30 percent of future household estimates. Eden Prairie is estimated to need 2,313 renter units through 2040. Existing vacant renter-occupied housing units were subtracted from the existing inventory analysis to calculate the final, total number of additional housing needed to accommodate the new households. To accommodate the influx of new households, Eden Prairie will have to develop over 1,800 rental units.

Affordability

Affordable housing is a key issue for both Eden Prairie and the Twin Cities Metropolitan Region. To appropriately address it, the Metropolitan Council identifies the affordable housing need for the Minneapolis–Saint Paul Metro area and allocates a certain amount to each community in the region. By 2030, Eden Prairie's allocation is 1,408 affordable units. The accompanying table breaks this down into area median income (AMI) categories. While the City acknowledges the Metropolitan Council's allotment of the affordable housing need, it also recognizes its need to provide affordable housing that matches the realized need of its community. Eden Prairie will strive to provide affordable housing units in a manner that matches its actual population growth and subsequent need through 2030.

Housing Affordability

AMI Level	Units
Units at 30% AMI	802
Units at 50% AMI	386
Units at 80% AMI	220
Total	1,408

Source: Metropolitan Council

Social Equity & Diversity

Aging in Community

The housing preferences of the 45-and-older population are increasingly to remain in their communities and to age in place. Although nearly 80 percent express a desire to remain in their current home, less than 50 percent have the home features that will allow them to do so (AARP Home and Community Preferences Survey, 2014). Providing rehab and retro-fit resource guides, and financial resources to make these upgrades can help retain this population in the community. Adequate senior multifamily options with services also promote retention.



Publicly Subsidized Housing

The City currently has 1,325 publicly subsidized affordable housing units, each with subsidies set to expire before 2040. It is critical that the City works in innovative ways to preserve these existing units. In addition, to meet its suggested need by the Metropolitan Council, the City can work with developers to identify the type and need for additional subsidized housing and encourage its construction through alternative parking requirements, tax incentives, or other means.

Community	Units	Built	Subsidy or Inclusionary	Expiration
Section 8 Project Based				
Briar Hill	126	1975	HUD Section 8	2035
Prairie Meadows	168	1978	HUD Section 8/Housing Revenue Bonds	2037
Edendale Apartments*	60	1983	HUD Section 8/Age Restricted at 62 and older	2026
Tax Credit - 100% Affordable				
Columbine Townhomes	32	1996	Tax Credit/TIF	2026
Purgatory Creek Townhomes	32	1998	Tax Credit/TIF	2026
Mixed Occupancy				
Elevate	53	2019	TIF/HOME	2045
Lincoln Parc	37	2001	TIF	2027
Bluffs at Nine Mile Creek	63	2004	Tax Credit/TIF	2033
Senior Housing				
Summit Place	43	2002	TIF	2028
The Colony	28	2002	TIF	2028
Sterling Ponds	56	1990	TIF/Housing Revenue Bonds	2020
Bluffs Senior Living	14	2019	Inclusionary Housing	Perpetuity
Southview Senior Living	12	2019	Inclusionary Housing	Perpetuity

Sources: HousingLink Streams, 2016

Allocation of Affordable Units

To capture the 1,408 affordable housing units, Eden Prairie expects that these units will be primarily provided in TOD areas. Proximity and access to transit is critical for affordable housing units to best serve its intended households. TOD includes the necessary services and desired amenities a household needs to thrive in a community. TOD areas include a density range of

25-75 units with a use breakdown of 65-70 percent residential, 20-25 percent commercial, and 5-15 percent office. The City has also been utilizing an inclusionary housing practice to provide necessary affordable units throughout Eden Prairie. This practice will also serve as an additional strategy to provide more affordable units as the City continues to grow. More detail about this inclusionary housing strategy is provided further in the Implementation Strategies section of this chapter.

Housing Implementation Strategies

Many residents would like to see the City expand its safe and affordable housing stock while maintaining existing high-quality residential areas. The following strategies are intended to build upon public feedback while utilizing projected housing needs to provide a solid framework for developing quality housing for all Eden Prairie residents—both existing and new—moving forward.

Affordable Housing Development (Affordability Levels: All Three)

High-quality affordable housing options, such as senior housing, workforce housing, and assisted living facilities allow residents of all ages and abilities to enjoy a high-quality life in Eden Prairie. To support the community in providing such amenities, Hennepin County administers the Affordable Housing Incentive Fund (AHIF) program, which provides loans for the rehabilitation or construction of affordable housing, and the Met Council administers the Local Housing Incentives Account (LHIA), the Livable Communities Demonstration Account (LCDA), the Tax Base Revitalization Account (TBRA), and the Livable Communities Demonstration Account – Transit-Oriented Development (LCDA-TOD), for the purchase and construction of affordable, mixed-income, and market rate housing. These programs often supplement project funding awarded by the state’s housing finance agency, the Minnesota Housing Finance Agency (Minnesota Housing). The City should continue coordinating with Hennepin County, the Met Council, and Minnesota Housing to provide programs and funds to promote the development of affordable housing.

Sustainable Resilience

Expedite Infill

Development review and permitting is an essential tool for ensuring that development meets all necessary codes and policies. Municipalities often set time limits on each step of the process including plan review, approval, and permitting. One strategy used to encourage infill is to expedite this process for all potential infill developments. Establishing priority infill districts then decide which projects are eligible for expedited review. Criteria might include new retail or housing, density, and floor area ratios. Once established, this incentive can be marketed to developers.

Social Equity & Diversity

Addressing Affordability

Private developers are more inclined to build market-rate housing options unless properly incentivized. Incentives should be prioritized based on factors such as proximity to transit and the number and mix of affordable units. Incentives for the development of affordable housing can include:

- *Residential density increases*
- *Floor area ratio increases*
- *Parking minimum decreases*

Inclusionary Housing Policy (Affordability Levels: 31-50% of AMI & 51-80% of AMI)

The City has begun to implement an inclusionary housing practice and is actively researching best practices on both the national and local level with an eye toward eventual adoption of a formalized policy. Under the current practice, the City has aimed to secure five percent of units affordable to households earning 50 percent or less of Area Median Income (AMI) and five percent of units affordable to households earning 80 percent or less of the AMI. It is the current intention that these units be guaranteed as affordable in perpetuity. This strategy has been successfully used with two senior projects in the pipeline—Prairie Bluffs Senior Living and Southview Senior Living—with 14 units designated as inclusionary units at the 138-unit Prairie Bluffs and 12 units at the 112-unit Southview. The City has also secured six inclusionary units at Cascade at Town Center, where the property owner plans to convert commercial space into 16 new apartment units. All inclusionary units in these developments require affordability in perpetuity.

Recent presentations to the City’s Planning Commission and City Council have helped give direction toward establishing a more formalized policy, and City staff continues to evaluate key decision points, looking to craft a policy that is practical and feasible for the development community, that is manageable from the point of view of staff capacity, but that most importantly helps address current and projected housing need going forward. Broadly, the City desires to address current and future affordability needs throughout the community by establishing an inclusionary housing policy.

Specifically, the guidance and direction provided by the Planning Commission and City Council points the policy draft to include:

- Applicability of the policy to ownership housing in addition to multifamily rental housing for new construction;
- Applicability of the policy to major rehabilitation of existing buildings where they are likely to cause substantial rent increases;
- How to offer flexibility related to the number of units provided at targeted income levels to incentivize the mixed-income scattered site affordability desired throughout the community and in connection with waivers requested through the Planned Unit Development (PUD) process;
- Provision of affordable units within each qualifying housing project rather than pursuing affordability in specific locations or accepting a “payment in lieu” of providing affordable units; and

Inclusionary Housing Policy

The purpose of this Inclusionary Housing Policy ("Policy") is to further the goal of the City of Eden Prairie ("City") of promoting diversity in its housing stock such that households of various income levels, ages, and sizes have choice in the place they call home. This Policy is adopted pursuant to Chapter 4 of the City's Comprehensive Plan, Aspire Eden Prairie 2040, which emphasizes the need for increasing the City's affordable housing stock and providing diverse, safe, high-quality affordable housing options to residents of all income levels. Developing and maintaining a healthy mix of affordable housing options fosters a diverse, resilient local economy by bringing workers and residents closer to their jobs, schools, and necessary services. This Policy is further adopted pursuant to the authority and direction provided by Minnesota Statutes Section 462.358, subdivisions 1a and 11 and Section 473.859 subdivision 4.

Official controls implementing this Policy are set forth in Eden Prairie City Code Chapter 13, which contains additional detail regarding the City's inclusionary housing requirements. The definitions contained in Chapter 13 apply to the terms used in this Policy.

I. Applicability and Minimum Project Size

The City's inclusionary housing requirements apply to any new or existing residential project that meets one or more of the following criteria:

1. A market-rate residential rental or multi-family ownership project that adds or creates fifteen (15) or more units and (i) requires approval from the City for a comprehensive plan amendment, zoning amendment, planned unit development, or site plan review, or (ii) receives financial assistance from the City;
2. Any residential project that adds or creates fifteen (15) or more dwelling units and receives or will receive Tax Increments Financing (TIF) from the City;
3. Any partially or fully affordable residential project that adds or creates fifteen (15) or more dwelling units and already meets the affordability requirements of this Policy; and
4. Any other residential project for which the developer or owner voluntarily chooses to provide inclusionary dwelling units pursuant to this Policy.

II. Inclusionary Dwelling Units

General Requirement

A development that is subject to this Policy must include inclusionary dwelling units. The minimum number of inclusionary dwelling units required will be determined based on the affordability standard chosen by the developer according to the following criteria:

Residential Rental Projects

Choose A, B, or C

- A. 5% of units at or below 30% of AMI
- B. 10% of units at or below 50% of AMI
- C. 15% of units at or below 60% of AMI

Residential Ownership Projects

Choose A or B

- A. 10% of Units at or below 115% of AMI
- B. Payment to the City in lieu of providing inclusionary dwelling units

Calculation of Units Required

The number of inclusionary dwelling units required will be based on the total number of dwelling units approved by the City. If an occupied property with existing dwelling units is expanded by at least 15 units, the number of required inclusionary dwelling units will be based on the total number of units following completion of expansion.

Calculations of Rent and Sales Prices

The number of inclusionary dwelling units required will be based on the total number of dwelling units approved by the City. If an occupied property with existing dwelling units is expanded by at least 15 units, the number of required inclusionary dwelling units will be based on the total number of units following completion of expansion.

Period of Affordability

All inclusionary units in rental developments must remain affordable in perpetuity. For owner-occupied developments, inclusionary units must remain affordable for a minimum of ten years.

Location of Inclusionary Dwelling Units

All inclusionary dwelling units must be located within the development that is seeking City approvals, and must be reasonably spread among market-rate dwelling units throughout the property. For rental developments, inclusionary dwelling units may "float" within the property provided that the minimum number of units per bedroom size is maintained and the units are reasonably spread throughout the property.

III. Standards for Inclusionary Dwelling Units Size and Design

The size and design of inclusionary dwelling units must at all times be consistent with and comparable to market rate units in the same development and must be approved by the City.

Exterior/Interior Appearance of Inclusionary Units

The exterior and interior materials and design of inclusionary dwelling units must be indistinguishable in style and quality from comparably priced or valued market-rate units in the same development.

Tenants and Buyers

Inclusionary dwelling units in rental projects may be rented only to income eligible families. For-sale inclusionary dwelling units may be sold only to income-eligible families at time of initial sale and for the 10-year affordability period.

IV. Non-Discrimination Based on Rent Subsidies

The owner or operator of the residential project must not decline to rent to or otherwise discriminate against potential tenants of inclusionary dwelling units who would pay their rent with federal, state, or local public assistance, or tenant-based federal, state, or local subsidies, including, but not limited to rental assistance, rent supplements, and housing choice vouchers.

V. Development Agreement, Conditions and Restrictions

The requirements of this Policy as applicable to a particular residential project will be incorporated into a Development Agreement or other agreement between the City and the developer, which agreement must be recorded against the property prior to issuance of a building permit or prior to the sale of any unit, whichever occurs first.

VI. Exemptions

The City acknowledges that not every development is alike and that in some circumstances it may prove difficult for an owner or developer to meet the standards set forth in this Policy. In cases where a developer can demonstrate, in the sole judgment of the City Council, that the requirements represent an undue burden, the City Council may, in its sole discretion, grant a full or partial exemption from or otherwise alter the requirements of this Policy.

*The Inclusionary Housing policy was approved by CC resolution 2021-63.

Low-Income Housing Tax Credits (LIHTC) (Affordability Levels: All Three)

Low-Income Housing Tax Credits are subsidies used for the creation and rehabilitation of affordable housing units. A developer receives either a four or nine percent credit to cover the costs of constructing or renovating a multifamily rental development. Overseen and awarded by Minnesota Housing, the credit helps to increase the housing stock of high-quality affordable rental homes in neighborhoods. In addition, it provides affordable options for low-income families and helps them access better neighborhoods and schools.

Naturally Occurring Affordable Housing (NOAH) Levels: 31-50% AMI & 51-80% AMI)

NOAH is comprised of market-rate housing that is affordable without public subsidy. It is imperative that the City invests in NOAH to maintain attainability across the City. Creating a framework that provides developers with more flexibility in preserving affordable housing is crucial to maintaining the supply of this kind of housing. This can be done through the following strategies:

- Create incentives for multifamily property owners to designate a percentage of their total units as affordable for a predetermined number of years.
- Require, as part of the permitting process, that multifamily properties undergoing significant renovations designate a similar percentage of their total units as affordable.
- Provide housing rehabilitation loans/grants for homeowners.

Historic Rehabilitation Tax Credits

(HTC) (Affordability Levels: All Three)

HTCs are subsidies used for the preservation of historically significant buildings and/or neighborhoods. A developer can receive up to a 40 percent tax credit—20 percent each for federal and state tax liabilities—for the rehabilitation and maintenance of a historic property. Qualifying housing could be saved and properties of significance preserved through these state and federal tax benefits.

Affordable & Attainable Housing Education (Affordability Levels: All Three)

Providing education about affordable and attainable housing is a crucial component of increasing the development of affordable housing throughout the City and ensuring that affordable housing is integrated within residential areas as opposed to segregated. The City uses an integrated approach to promoting affordable housing through the “scattered-site” model. This model aims to spread affordable housing throughout the City to actively avoid the concentration of only affordable housing units. Similarly, the City aims to ensure affordable units are interspersed within individual mixed-income developments to reduce any stigmatization and encourage social interaction.

By enforcing its urban design guidelines and working with developers to enhance their understanding of local goals, the City can ensure that the character of affordable housing is compatible with existing residential areas. Ensuring that newly constructed and redeveloped affordable housing is aesthetically pleasing and of quality architecture and materials helps affordable housing fit seamlessly into residential areas. In addition, the City could establish more campaigns and programs, like the 2016 Tapestry Project, that encourage people of various cultures and ethnicities to interact and get to know each other. Encouraging residents to build relationships with their neighbors will help to keep Eden Prairie’s residential areas safe and happy, increase access to resources, and strengthen the City’s community.

Sustainable Resilience

Housing Preservation (Affordability Levels: All Three)

Maintaining and updating the City's aging housing stock and ensuring that property owners and landlords are adequately caring for their housing is an important element of destigmatizing affordable and attainable housing and gaining community support for its expansion and preservation. The City encourages the upkeep and retention of existing housing through a variety of incentives, CDBG/TIF-funded programs, and non-profit partnerships.

- Housing Revenue Bonds help property owners finance improvements to multifamily developments with low-to-moderate-income families and seniors.
- The OHCS' Housing Rehabilitation Loan Program uses CDBG and TIF funds to assist homeowners in maintaining their properties and also makes grants to seniors for needed home repairs.
- Senior Community Services established Households & Outside Maintenance for Elderly (HOME), a program which helps elderly residents continue living independently through the provision of maintenance services.
- Home Line established a tenant service to help tenants save money in preventable fines and legal fees and prevent eviction.
- People Reaching Out to Other People (PROP) provides aid to low- and moderate-income households by providing emergency financial assistance for rent and mortgage payments and financial assistance with car repairs to help residents remain independently living in their homes.

The City should continue offering and promoting these programs and incentives and ensure that housing codes are strictly enforced to reduce instances of deteriorating housing, foreclosure, and eviction. In addition, the City should continue to seek out public and private partnerships to create similar programs and expand funding for housing available to low-income individuals.

Renewable Energy Regulations

Solar policy plays an important role in the development of solar energy in a community. Minnesota state legislation enables local governments to address solar resources. Solar development is not addressed in existing policies and is therefore difficult to regulate. This issue can be addressed through a zoning ordinance update. The update should address protection and development of access to direct sunlight, enabling solar easements, allowance for solar variances, solar access in subdivision regulations, and power plant siting.



Tool	Need	Use
<p>Low-Income Housing Tax Credits (LIHTC) are subsidies used for the creation and rehabilitation of affordable housing units. Overseen and awarded by Minnesota Housing, the credit helps to increase the housing stock of high-quality affordable rental homes in neighborhoods.</p>	<p>LIHTC provides affordable options for low-income families, particularly those earning less than 30 percent AMI and more commonly 50 or 60% AMI, and helps them access better neighborhoods and schools across the City.</p>	<p>LIHTC can be utilized in Eden Prairie to include affordable units in new-construction or rehabilitation multifamily projects when developers seek City support via resolution and commitment of financial subsidy. The City will support developers' use of LIHTC to fund mixed-income developments, TOD projects, preservation projects, and projects with a variety of bedroom sizes but in particular large bedrooms.</p>
<p>Support for the Consolidated RFP is usually shown in two ways: by providing a resolution or other indication of City approval for potential projects, and through gap support for RFP-eligible projects via financial assistance.</p>	<p>Most projects for which the City interacts with the Super RFP are LIHTC projects that stipulate, at minimum, that 20% of units be affordable at or below 50% of AMI or 40% of units affordable at or below 60% AMI.</p>	<p>The City's interaction with the Super RFP is typically driven by developers that approach the City concerning potential single- or multi-family development projects. The City does not act as a developer and therefore will not typically make direct application to the RFP, but will support applications for a variety of project types including TOD, mixed-income housing, and projects with large bedroom sizes.</p>
<p>Livable Communities programs provide needed capital for cleaning up polluted land and developing a variety of housing types.</p>	<p>While not all LCA projects include affordable housing, many do. These projects help meet need at a variety of income levels.</p>	<p>The City has made direct application for LCA funds on behalf of affordable & mixed-income developments over the years and continues to do so. The City will look for opportunities to support developments that are mixed-income, are transit-oriented, or that provide life-cycle housing options using LCA funding.</p>
<p>Tax Increment Financing (TIF) uses the increase in tax base generated by new development to create affordable housing units.</p>	<p>TIF rules stipulate that at least 20% of units be affordable at or below 50% of AMI, meeting a critical need for housing affordable to very low-income households.</p>	<p>TIF is available across Eden Prairie to developments of various types where there is a demonstrated financial gap and a developer has attempted to seek financial resources from other potential funders. TIF will be used to support TOD, life-cycle housing, mixed-income housing, housing with deep income targeting and housing with family-oriented bedroom sizes.</p>
<p>TIF Pooling allows for the spending of tax increment outside of a given TIF district for certain items including affordable housing. The City has through its TIF practices accumulated a significant amount of Pooled TIF resources.</p>	<p>Pooled TIF is to be spent, among other potential uses, to the benefit of low and moderate income persons, which can help address need for households at or below 80% of AMI</p>	<p>The City has not yet deployed its Pooled TIF outside of its first-time homebuyer program, with its primary intention being to support transit-oriented developments that come online in conjunction with the SWLRT.</p>
<p>Community Development Blocks Grants (CDBG) funds can be used for a wide range of community needs, including providing first-time homebuyer and rehab loans to homeowners, and for acquisition of property that leads to low-income rental opportunities.</p>	<p>CDBG generally benefits households earning 80% or less of Area Median Income, an area of need in the community.</p>	<p>The City uses its limited CDBG dollars to support local first-time homebuyer, rehab loan, community land trust, and emergency grants for seniors programs. Over the next 1-2 years, the City will review its success in using these funds and include any alternative uses its Consolidated & Annual Action plans.</p>
<p>Housing Revenue Bonds (HRBs) can be used in conjunction with 4% tax credits for LIHTC projects or can be used to rehabilitate or refinance existing affordable & mixed-income housing.</p>	<p>HRBs generally require that at least 20% of units be affordable to households at or below 50% of AMI, meeting a critical need for housing affordable to very low-income households.</p>	<p>Because interest rates are low, the City has not received many requests in recent years as the difference between tax exempt and taxable bonds has been negligible. The City is open to issuing bonds for purposes as stated, however, and recently provided bonds to improve a property, securing affordability & a promise to accept Housing Choice Vouchers for a percentage of units. This use of bonds may be used by the City to protect NOAH properties.</p>
<p>Tax Abatement is a tool to reduce the amount of local taxes due for projects including affordable developments--either temporarily or permanently.</p>	<p>Tax abatement could be used in Eden Prairie to improve the financial feasibility and cash flow of projects and to secure affordability in return.</p>	<p>The City does not currently use tax abatement as a finance tool, generally preferring the use of TIF. It may study the practice and evaluate financial implications within the next two years, however.</p>
<p>HOME Investment Opportunities Program Funds are available on a limited basis through the Hennepin County HOME consortium. HOME funds can be used for a variety of activities including new construction, rehabilitation, and rental assistance.</p>	<p>The HOME Program typically requires 'HOME units' at the 50% of AMI level for a portion while the balance can be up to 80% of AMI. These levels can help address identified need in Eden Prairie.</p>	<p>Like LIHTC, HOME funds are typically applied for by particular developers and often as gap financing. Going forward, however, the City will review the county's eligible uses to see if direct application makes sense in addressing needs. This review will occur within the next 1-2 years.</p>
<p>The Hennepin County Affordable Housing Incentive Fund (AHIF) is an important gap financing tool that is often used with other financing such as the LIHTC and provides for a wide range of activities.</p>	<p>AHIF serves very low-income households, or households earning 50% or less of the AMI, a key income target in addressing current & future City need.</p>	<p>In the City's experience, AHIF is typically accessed by prospective developers of affordable or mixed-income housing. As such, the City has not made direct application. The City will, however, review whether direct application may make sense for one or more eligible activities in the next 1-2 years.</p>

Tool	Need	Use
Engagement with Community Land Trusts is a means to provide an ownership opportunity to a low to moderate income household as well as to provide long-term affordability.	The West Hennepin Affordable Housing Land Trust provides homes to households earning 80% or less of the Area Median Income, a level of need in the community.	The City uses scarce CDBG dollars to pursue one WHAHLT home on an annual basis. Its positive relationship with WHAHLT will be one the City looks to continue going forward.
Inclusionary Housing holds the potential to integrate affordability into all city developments seeking discretionary approvals or financing or other benefits from the city.	Inclusionary housing in Eden Prairie to date has produced units at 50, 60, 80, and 100% of AMI, all levels of need in the community.	The City will be considering approval of an inclusionary housing policy in the first quarter of 2019, and will likely feature a developer's option of doing fewer units at a lower AMI or more units at a higher AMI. This would include hard-to-produce 30% AMI units. Inclusionary units are in addition to any required by other funding sources.
Preservation of Naturally Occurring Affordable Housing (NOAH) is an important task in maintaining the existing stock of affordable and moderate income housing.	Preserving NOAH housing is an important venture into preserving the existing housing stock and therefore addressing the current and future need for affordable housing.	The City will look to inventory its NOAH stock within the next 12 months, and based on findings, develop an action plan for reaching out to property owners, engaging with mission-oriented fund buyers, reviewing MHFA tools and potentially using its own resources to help preserve NOAH.
Preservation of Publicly Subsidized Properties (e.g. Project-Based Section 8, LIHTC) is critical to preserving existing affordable assets and can be a cost-effective way to maintain affordability	These properties serve households at crucial levels of the need such as 50%, 60% and occasionally 30%. In addition, LIHTC properties often have a range of incomes.	The City will use available tools to monitor expiration dates for Housing Assistance Payment contracts and LIHTC compliance periods so that it can proactively engage property owners as to their ongoing intentions and seek mission-oriented continued uses of the properties using city financial assistance where warranted and available.
Site Assembly is a tool to acquire and/or prepare a site for development.	Site Assembly could help make development opportunities more attractive to developers of affordable or mixed-income housing.	The City typically leaves Site Assembly to the development community but might consider its use in and around TOD station areas. The City does not prefer to hold land for development, however.
The Twin Cities Land Bank serves developers, nonprofit service providers, and government through brokering, land banking, and lending.	Land Bank activities can benefit all levels of the need.	The City has not to date reached out to the Land Bank nor been contacted regarding any parcels. With development activity picking up in and around SWLRT stations in Eden Prairie, however, the City will reach out to the Land Bank to explore opportunities.
Use of a local HRA can help municipalities generate funds through a tax levy to be used for specified purposes.	Levy-generated funds could be used to provide gap financing to projects involving low and moderate income housing.	The City's HRA levy has been stable over the years and has been used in part to pay salaries for housing staff. The City may review its protocols and use of its HRA over the next 1-2 years.
A Rental Licensing & Inspection Program helps the City ensure its housing stock, including affordable housing, is decent, safe and sanitary.	The need to keep housing stock in good condition is important in any community and benefits all of a community's citizens, including those living in lower-income housing.	The City has an active rental licensing and inspections program. It also offers city liaisons from its Fire and Housing & Community Services divisions to help mitigate disputes between tenants & landlords.
Property Maintenance is essential in maintaining the City's high quality housing stock.	Property maintenance concerns can affect housing at all levels of the need	Eden Prairie supports property maintenance in several ways: through enforcement of its building code and rental licensing program; through home improvement loans for low- and moderate-income homeowners and emergency grants for seniors; and through housing bonds used to rehabilitate naturally occurring or other affordable housing.
A Fair Housing Policy helps articulate a City's commitment toward fair housing, designate a fair housing officer, and explain procedures for handling complaints, among other potential purposes.	Having a clear policy on fair housing helps meet the need of existing and potential residents to be treated fairly under the law in owning or renting housing.	As a participating LCDA community the City will be looking to develop and adopt a fair housing policy per LCDA requirements. This is expected to occur in the first quarter of 2018.
A Housing Improvement Area (HIA) is a defined area in a city in which housing improvements in condominium or townhome complexes may be financed with the assistance of the city.	While HIAs do not have strict income limitations, it is presumed that they benefit a number of low and moderate income households given the housing typology which tends toward starter homes.	The City is open to continuing to work with HIAs and provide financing where practicable. It currently is working on one HIA and would entertain others where a majority of residents indicate approval of the concept.
Local zoning & subdivision ordinances can inadvertently conflict with, rather than support, the production and maintenance of low-income housing.	This item can affect the entire spectrum of affordable housing need in the community.	The City routinely considers the impacts its zoning and ordinances have on the production of affordable housing and will continue to review its policies periodically to ensure that they do not unintentionally inhibit production of affordable and life-cycle housing.



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