Key Housing Trends

June 28, 2018
Our Mission:

*Housing is the foundation for success,*
*so we collaborate*
*with individuals, communities and partners*
*to create, preserve and finance*
*affordable housing.*
Strategic Priorities

- Address specific and critical local housing needs
- Prevent and end homelessness
- Preserve housing with federal rent assistance
- Reduce homeownership disparities
- Finance housing responsive to changing demographics
Trend #1

Minnesota Needs More Affordable Housing with a Large Share of Households Cost Burdened by Their Housing
MN: Share of Households Spending 30% or More of Income on Housing – A Growing Challenge

2000-16: Number of Cost Burdened Households Increased from 350,000 to 550,000

Source: Census Bureau, 2000 Decennial Census and American Community Survey (2001-2016)
MN: Median Renter Incomes and Rents – Widening Gap, but Recently Narrowed a Bit

NOTE: Adjusted for inflation – 2016 $

Source: Census Bureau, 2000 Decennial Census and American Community Survey (2001-2016)
Trend #2

Home Prices Will Likely Continue to Increase with a Limited Supply
Minnesota Home Sale Prices – Increasing Since 2011

Historical Median Sales Price by Month

Note: Not adjusted for inflation
Source: Minnesota REALTORS®, Local Market Update for October 2017.
MN: Months Supply of Homes for Sale – Well Below 5 Months in Recent Years

Historical Months Supply of Inventory by Month

Source: Minnesota REALTORS®, Local Market Update for October 2017.
Trend #3

Rents Will Likely Continue to Increase with a Limited Supply
Twin Cities Metro: Rents Rising with Vacancy Rate Below 5%

Source: Minnesota Housing analysis of data from Marquette Advisors.
Trend #4

Millennials’ Decision to Own or Rent Will be a Key Driver of the Housing Market
Millennials: Owning vs. Renting

• More Owning:
  • Generation Y (Millennials) is larger than Generation X and moving into the home buying phase of life and express an interest in eventually owning
  • Homeownership is more affordable than in 2006 (home prices are increasing but interest rates are near historic lows)

• More Renting:
  • People may be more cautious about homeownership after the housing crisis
  • Generation Y is likely to change jobs and locations – and not be tied down by homeownership (for now)
  • Tighter credit standards
  • Increasing levels of student debt
Trend #5

Minnesota is Becoming More Diverse, and Disparities in Homeownership are Significant
Minnesota Population Growth 2015-2035 – Becoming Much More Diverse


<table>
<thead>
<tr>
<th>Ethnicity Category</th>
<th>Projected Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Population</td>
<td>12.9%</td>
</tr>
<tr>
<td>White / Non-Hispanic</td>
<td>4.3%</td>
</tr>
<tr>
<td>Of Color or Hispanic Ethnicity</td>
<td>50.3%</td>
</tr>
<tr>
<td>Hispanic / All Races</td>
<td>70.0%</td>
</tr>
<tr>
<td>Asian or Pac. Islander / Non-Hisp.</td>
<td>47.6%</td>
</tr>
<tr>
<td>African American / Non-Hispanic</td>
<td>44.7%</td>
</tr>
<tr>
<td>Two or More Races</td>
<td>42.8%</td>
</tr>
<tr>
<td>American Indian / Non-Hispanic</td>
<td>-0.2%</td>
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</table>
MN: Homeownership Rates by Race and Ethnicity – One of the Largest Disparities in the Country

Source: Census Bureau, 2000 Census and American Community Survey (2001-2015)
Trend #6

The Aging Baby Boom Generation will Create New Housing Needs and Challenges
MN: Change in Population from 2016 Levels by Age – Significantly More Seniors in Future

Source: Minnesota Housing analysis of data from Minnesota Demographer’s Office.
MN: Homeownership Rates by Age, 2016 – Most Seniors Stay Homeowners Until 85+

Source: Census Bureau, American Community Survey, 2016
Trend #7

Minnesota Has A Large Stock of Affordable Rental Housing that Needs to be Preserved
Preserving Other Affordable Housing is Also Important

• In total, Minnesota has roughly 335,000 rental units that are affordable to households with incomes at or below 50% of AMI

• Of those:
  o About 36,000 have federal project-based rent assistance
  o About 23,000 are public housing
  o Another 50,000 are affordable through other income or rent restrictions (including Low-Income Housing Tax Credits)
  o Roughly 225,000 are naturally affordable, which are often affordable because they are dated, lack modern amenities, and/or need repairs or rehabilitation

  - Based on preliminary data, Minnesota Housing estimates that the state is losing nearly 2,000 of these units each year when properties are purchased, updated, and have their rents increased.

  - At best with current resources, Minnesota may be able to just offset the loss of those units with the construction of new affordable rental units.
Trend #8

Many Minnesotans Struggle with Housing Stability, Most Notably People Experiencing Homelessness
Improvement Since the Launch of Plan to Prevent and End Homelessness in 2014

Total Homeless = 7,668

Source: Point-in-Time Counts for the U.S. Department of Housing and Urban Development.
Share of Recent Rental Movers in U.S. Who Were Evicted or Face the Threat of Eviction

- **All Recent Rental Movers**: 8.8%
- **Hispanic**: 16.6%
- **African American / non-Hispanic**: 12.4%
- **White/non-Hispanic**: 7.6%

**NOTE**: Applies to renters who moved in the previous two years.

Trend #9

Housing that is Affordable to the Local Workforce is Essential for a Thriving Economy
Median Hourly Wage

Data Source: Mn DEED Quarterly Employment Demographics (Quarter 1: 2017)
Job centers are defined by total jobs in 2016.

Job growth is a measure of change in total jobs between 2011 and 2016.

To be eligible as a job growth community, a community must have 2,000 or more jobs in 2016.

Long Commute Communities have 15% or more of the workforce traveling 30+ miles to work.
For More Information

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Community Development Director
Minnesota Housing
Margaret.Kaplan@state.mn.us
(651) 296-3617
Mission & Vision

With a vision that every person has a Home and is interconnected within community, Aeon’s mission is to create and sustain quality affordable homes that strengthen lives and communities.
Where we were:

- Aeon was originally founded in 1986 as Central Community Housing Trust.
- After 30 years, in 2016, Aeon owned and managed 2,700 apartment homes, serving 5,119 residents.
- Our 3 year strategic plan was implemented, setting a goal of 500 units per year.
- In 2017, Aeon added 1,206 units, serving nearly 8,000 residents, and was named Developer of the Year by Minnesota Real Estate Journal.

Where we are going:

- In 2018, Aeon has/will:
  - Purchased Provinces (118 units, Little Canada)
  - Open Greenway Terrace (54 units, Ramsey)
  - Begin construction of The Louis (70 units, MPLS)
  - Begin rehab of Como By the Lake (99 units, St. Paul)
  - Continue renovations of the 1190 units purchased last year
  - Continue purchase of NOAH properties (currently looking at over 2000 units across the Twin Cities)
Capital Stack Comparison

Market rate developments traditionally have two funding sources – a first mortgage and owner equity.

Affordable developments require a combination of sources including a first mortgage, LIHTC equity, soft funds from local jurisdictions, and owner equity.
What are we looking for?

- Local Participation
  - Support
  - City Owned Land
  - TIF/Tax Abatement
  - Other funding availability
  - Land Use/Plans
- Economic/Rental Market
- High Performing Schools
- Job Availability
- Location Efficiency
  - Access to transit
  - Connected community – roadways and trails
  - Walkability
  - Parks and Trails
What we found in Ramsey:

- Local Participation
  - Support ✔
  - City Owned Land ✔
  - TIF/Tax Abatement
  - Other funding availability
  - Land Use/Plans ✔
- Economic/Rental Market ✔
- High Performing Schools
- Job Availability ✔
- Location Efficiency
  - Access to transit ✔
  - Connected community – roadways and trails ✔
  - Walkability
  - Parks and Trails ✔
RAMSEY HOUSING AND RETAIL BALANCE

EDAM 2018
Our Vision

- A Balance of Rural Character and Urban Development
- An Active Community
- A Connected Community
- Smart, Citizen Focused Government
- Financial Stability
The COR – Downtown Ramsey

• Mix of Uses
• Proximity to Transit
• Walkable
PUBLIC ENGAGEMENT
500 Workforce Units by 2040

Housing Affordability
When determining housing affordability, developers target income ranges of future residents. The most commonly targeted income ranges are 0–30%, 31–60%, and 61–80% of average median income (AMI). In actual dollars, this breaks down to:

City of Ramsey (2015) Average Annual Median Income

- 100% of AMI = $86,800
- 61–80% of AMI = $52,081–69,440
- 31–60% of AMI = $26,041–52,080
- 0–30% of AMI = $0–26,040

Housing Costs
There is a general rule in finance that people should spend no more than 30% of their income on housing costs. Based on Ramsey’s AMI, the following represents what people in different income ranges should be spending on housing (including mortgage and rent) per month:

Monthly Housing Cost Based on AMI

- 100% of AMI = $2,170
- 61–80% of AMI = $1,303–1,736
- 31–60% of AMI = $652–1,302
- 0–30% of AMI = $0–651
Can I Be Your Neighbor?

Can I be your neighbor?

Age: 88
Occupation: Retired, Ramsey native
Annual Income: $16,320 (Social Security)
30% of Income: $408 per month

[Source for Minnesota Social Security income data: Social Security Administration]

Can I be your neighbor?

Age: 28
Occupation: Firefighter
Annual Income: $34,770
30% of Income: $869 per month

[Source for Minnesota Firefighter income data: Bureau of Labor Statistics]

Can I be your neighbor?

Age: 37
Occupation: Middle-School Teacher
Annual Income: $62,300
30% of Income: $1,557 per month

[Source for Anoka County income data: The Tribune http://tribune.com/2021/11]

City of Ramsey
Population Growth Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Households</th>
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</thead>
<tbody>
<tr>
<td>1970</td>
<td>647</td>
<td>2,360</td>
</tr>
<tr>
<td>1980</td>
<td>10,093</td>
<td>2,660</td>
</tr>
<tr>
<td>1990</td>
<td>12,408</td>
<td>3,620</td>
</tr>
<tr>
<td>2000</td>
<td>18,510</td>
<td>5,906</td>
</tr>
<tr>
<td>2010</td>
<td>23,668</td>
<td>8,033</td>
</tr>
<tr>
<td>2016</td>
<td>26,251</td>
<td>8,973</td>
</tr>
<tr>
<td>2020</td>
<td>27,550</td>
<td>9,600</td>
</tr>
<tr>
<td>2030</td>
<td>33,350</td>
<td>11,500</td>
</tr>
<tr>
<td>2040</td>
<td>39,150</td>
<td>13,500</td>
</tr>
</tbody>
</table>

City of Ramsey
EMPLOYMENT GROWTH TRENDS

- 1970: 90
- 1980: 399
- 1990: 1,941
- 2000: 4,008
- 2010: 4,779
- 2016: 6,334
- 2020: 6,900
- 2030: 7,800
- 2040: 8,400
COMMUNITY PROFILE

RESIDENTIAL
The City of Ramsey was the second fastest growing community in Anoka County from 2001-2010. This trend is anticipated to continue from 2011-2020. Residents find the wide variety of housing options, the long list of local amenities, access to the Twin Cities, and connection to Minnesota’s natural assets an attractive offering.

RESIDENTIAL DEVELOPMENT PATTERNS
Average: Roughly 100 new housing units annually

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Housing Units</th>
</tr>
</thead>
</table>
| 2012 | 295  
  Single Family 57, Townhomes 8, APT 230 |
| 2013 | 334  
  Single Family 96, Townhomes 66, APT 72 |
| 2014 | 66  
  Single Family 66, Townhomes 0, APT 0 |
| 2015 | 290  
  Single Family 83, Townhomes 39, APT 168 |
| 2016 | 86  
  Single Family 67, Townhomes 19, APT 0 |
| 2017 | 200  
  Single Family 78, Townhomes 68, APT 54 |

MAJOR ACTIVITY OF DEVELOPMENTS
- Single-Family Construction – Brookfield (70 lots) by Capstone Homes
- Single-Family Construction – Harvest Estates (44 lots) developed by G & S Land, LLC.
- Single-Family Construction – Woodlands (85 lots) developed by Jarmur Homes.
- Single-Family Construction – Riverstone (297 lots) developed by Capstone Homes.

NOTE: Various other multi-family projects are outlined in the COR section of this document.

THE COR
The COR (Center of Ramsey) is the City of Ramsey’s downtown development. This 300+ acre development is a true, transit-oriented and walkable, urban development. The COR is centered on U.S. Highway 10, U.S. Highway 169 and the Ramsey NorthStar Commuter Rail Station. This development with a mix of uses is home to a long list of successful projects including residential, retail, office, recreation, government facilities, and much more.

The COR, known formerly as the Ramsey Town Center, was purchased by the City of Ramsey in 2009. About 130 acres of land is available for development in the COR today. About 30 acres is City-owned. Located directly adjacent to the COR is 90 acres of additional land available for commercial (retail) development.

RECENT MAJOR ACTIVITY
- Stone Bridge Children’s Academy & Childcare Center—9,200 sf 144 student slots, located on Sunwood Drive just east of Coborn’s. Construction completed in 2018.
- Rental apartments—121 units of market rate apartments developed by PJS LLC in The COR near The Draw park and amphitheater. Construction completed in 2016.
- Convenience Store—6,000 sf convenience retail store completed by Casey’s Retail Company, near Ramsey Boulevard and Sunwood Drive. Construction completed in 2016.
- Townhomes—77 additional units planned and under construction by D.R. Horton near The Draw park and amphitheater.
- Renovation—Coborn’s completed a half million dollar renovation and upgrade to their convenience and liquor spaces in 2016.
- Single-Family Residential—25 total units. 12 One-level, maintenance-free single-family homes developed by Manning Sun Homes is under construction. 13-unit single-family home subdivision by Parmenter Homes under construction.

RFP 2016 PROJECTS
- 65,000 sf Coborn’s anchored multi-tenant retail center
- PACT Charvar School (K-12)
- Ramsey Municipal Center (60,000 sf)
- VA Medical Outpatient Clinic (40,000 sf)
- Ramsey Office Plaza (50,000 sf)
- Midwest Medical Examiner’s Office
- NAMI County Insurance Office (4,000 sf)
- Northgate Church & Comm. Performance Center (500 seats)
- Allina Medical Clinic (25,000 sf)
- 260-unit luxury apartment complex (Residence at The COR)
- 47-unit workforce housing by Common Bond (Sunwood Village)
- 395-unit The Draw park & amphitheater
- Ramsey Rail Station connected to 800-stall covered parking ramp by skyway with service to Minneapolis
- Various single-family and townhome developments totaling over 3,000 households
WE NEED MORE RESTAURANTS!

- Housing and Economic Development
- Rooftops and Traffic Counts
- Proximity to Adjacent Retail Centers
- Duplication of Trade Areas
- Physical Barriers
- Current Retail Market
SYNERGY – HOLDING THE VISION

- Places to Live
- Places to Shop
- Places to Work
**MARKET THE APPROVAL PROCESS**

**Step 1: Submit Application**
You submit an application, plans, and any additional submittals required by the application packet. Application is reviewed by Staff and outside agencies (if required).
Applications are due at least 30 days prior to the next available Planning Commission Meeting. The City has 15 days to determine if the application is complete.

**Step 2: Staff Review**
Once the application is complete, the application is reviewed by the Development Review Team (DRT). Applicants are encouraged to schedule an in-person meeting to review DRT comments.
The Planning Division compiles all DRT comments into a single report for the Planning Commission.
DRT review takes approximately two (2) weeks.

**Step 3: Planning Commission Review**
The Planning Commission holds public hearings as required for land use applications.
The Planning Commission recommends approval or denial of the application.
The Planning Commission forwards the application to the City Council for consideration for final adoption.

**Step 4: City Council Review**
The Planning Commission recommends approval or denial of the application.
The Planning Commission forwards the application to the City Council for final adoption.

**Step 5: Post Approval**
All resolutions, agreements, contracts, sureties, additional permits, etc., must be executed before the City can issue a Building Permit.

**Step 6: Submit Permit Application**
You submit a formal application for a Building Permit. Please contact the Building Division for specific submittal requirements.

**Step 7: Plan Review**
Plans are reviewed by various City divisions for compliance with City standards and regulations.

**Steps 1-4 typically take 45-60 days. Major Plats can be 60-120 days+.**
IMPLEMENTING THE PLAN

• Housing Tax Credits (Section 42)
• Livable Communities – Metropolitan Council
• Anoka County HRA
• Land Sale Price Negotiation
RECENT PROJECTS

• Sunwood Village
• Seasons of Ramsey
• Greenway Terrace
• Affinity at Ramsey