Agenda
Housing Strategy Task Force
City of Edina, Minnesota
City Hall, Community Room

Wednesday, July 17, 2019
7:30 AM

I.   Call To Order

II.   Attendance

III.   Approval Of Meeting Agenda

IV.   Approval Of Meeting Minutes

    a.   July 2 Meeting Minutes

V.   Discussion Items

    a.   Discuss 2006 Housing Succession Plan's Prevailing Themes

VI.   Adjournment

The City of Edina wants all residents to be comfortable being part of the public process. If you need assistance in the way of hearing amplification, an interpreter, large-print documents or something else, please call 952-927-8861 72 hours in advance of the meeting.

CITY OF EDINA

4801 West 50th Street

Edina, MN 55424

www.edinamn.gov

Date:	July 17, 2019	**Agenda Item #**: IV.a.	
To:	Members	**Item Type:**	
		Minutes	
From:	Stephanie Hawkinson, Affordable Housing Task Force	**Item Activity:**	
Subject:	July 2 Meeting Minutes	Action	

ACTION REQUESTED:

Approve July 2, 2019 Meeting Minutes.

INTRODUCTION:

None

ATTACHMENTS:

July 2 Meeting Minutes

Minutes
Housing Strategy Task Force
City Of Edina, Minnesota

Community Room
July 2, 2019 8:30

I. Call To Order
Chair Hunt called the meeting to order at 8:35 AM

II. Roll Call
Present: Co-Chairs Hornig and Hunt; Members Burke, Kitui, Koon, Mehta and Siekman; Staff Liaison Hawkinson

III. Approval Of Meeting Agenda
Agenda was accepted as presented.

IV. Approval Of Meeting Minutes
None.

V. Discussion Items
- The Task Force discussed the purpose of the Task Force and direction for moving forward. Each Member discussed personal motivations for wanting to serve on the Task Force.
- Members agreed to read and annotate the 2006 Housing Succession Plan and the Housing Chapter of the Comprehensive Plan in preparation for the July 17th meeting. .
- Members agreed to send common themes to be compiled by the staff liaison for the July 17 meeting.

VI. Adjournment
Meeting concluded at 9:40 AM

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Date:	July 17, 2019	**Agenda Item #**: V.a.
To:	Members	**Item Type:** Other
From:	Stephanie Hawkinson, Affordable Housing Development Manager	**Item Activity:**
Subject:	Discuss 2006 Housing Succession Plan's Prevailing Themes	Discussion

ACTION REQUESTED:

None

INTRODUCTION:

Discuss 2006 Housing Succession Plan and highlight prevailing themes to determine area of focus.

ATTACHMENTS:

Housing Chapter of the Comprehensive Plan

Housing Succession Plan

CHAPTER 4
HOUSING

4. Housing

Chapter Highlights

-
- Changing needs and preferences in Edina regarding housing type, size, style, and location will have implications both in areas of change and areas of stability citywide.
- Affordability will remain a central issue and challenge for Edina in the coming years, as it seeks to provide a range of housing options to meet the needs of Edina residents at all life stages and income levels.
- There is a need to provide affordable housing to a broad range of people who wish to live, work, and attend school in Edina. The city will preserve, create, and maintain an equitable community that promotes racial, ethnic, and socioeconomic diversity.
- The City of Edina has taken proactive steps regarding affordability via its Housing Succession Plan and the subsequent adoption of its Affordable Housing Policy, but evaluation is needed to determine if this is sufficient.

Chapter Content

This chapter focuses on the following aspects of housing:

- Housing supply and community growth
- Housing affordability
- Housing quality and design
- Housing choice

The chapter provides an overview of existing housing conditions, existing and future needs, goals and policies, and an implementation plan to meet identified goals.

Introduction

Housing and residential neighborhoods provide a core part of the identity of Edina for its residents, in terms of its role in providing basic shelter, community character, livability, a means of wealth creation, and proximity to jobs, services, and amenities. Likewise, housing policy for the city has shaped how housing has grown, what it looks like, how property is valued, and even who lives here.

Although the housing patterns throughout Edina have been largely established for decades, they are not static. The high land values that characterize this community have attracted continued investment in properties – from extensive renovation to teardowns to larger scale infill development. This reflects the changing needs and preferences of residents, as well as the need for thoughtful guidance for change. The housing vision for Edina guides policies related to housing affordability, choice, quality, and community context.

This chapter provides an overview of (1) current housing conditions, (2) trends and challenges related to housing, (3) future housing needs including the need for affordability, (4) goals and policies, and (5) an implementation plan.

Current Conditions

Past and Future Growth

Population and housing growth trends in the City of Edina help define both the current housing stock and future growth opportunities. Forecasts included here were produced by the Metropolitan Council

through the regional planning process and with input from the City of Edina Planning Division. Forecasts continue to be revised as needed.

Beginning in the late 1800's, Edina developed east to west. Since the early 1980's, it has been largely built out, with new housing primarily being constructed as infill projects within existing neighborhoods and in redevelopment areas. Population trend data shows this. Over the 50-year period from 1960 to 2010, the population of Edina increased approximately 68%. The vast majority of this growth was within the first two decades. Between 1980 to 2010, it only grew 4%.

The Great Recession (2007-2009) impacted Edina's housing market, as it did in other communities throughout the nation. The rate of adding new housing units slowed, and housing values declined. Due to historically strong demand for its housing, Edina was impacted less severely than many other communities and recovered faster. Since then, there has a significant increase in growth, responding to both the city's strong market position and pent-up demand. The population is expected to grow by 24% or 5,800 between 2020 and 2040.

In contrast to population, the number of households and housing units have grown much faster. From 1960 to 2010 they increased 168%. They are expected to grow by 24% or 5,800 from 2020 to 2040. Household size declined from 3.69 people per household in 1960 to 2.31 in 2010. This reflects a national trend toward smaller family size and fewer children per household. It now takes more housing units to house the same number of people as it did in the past.
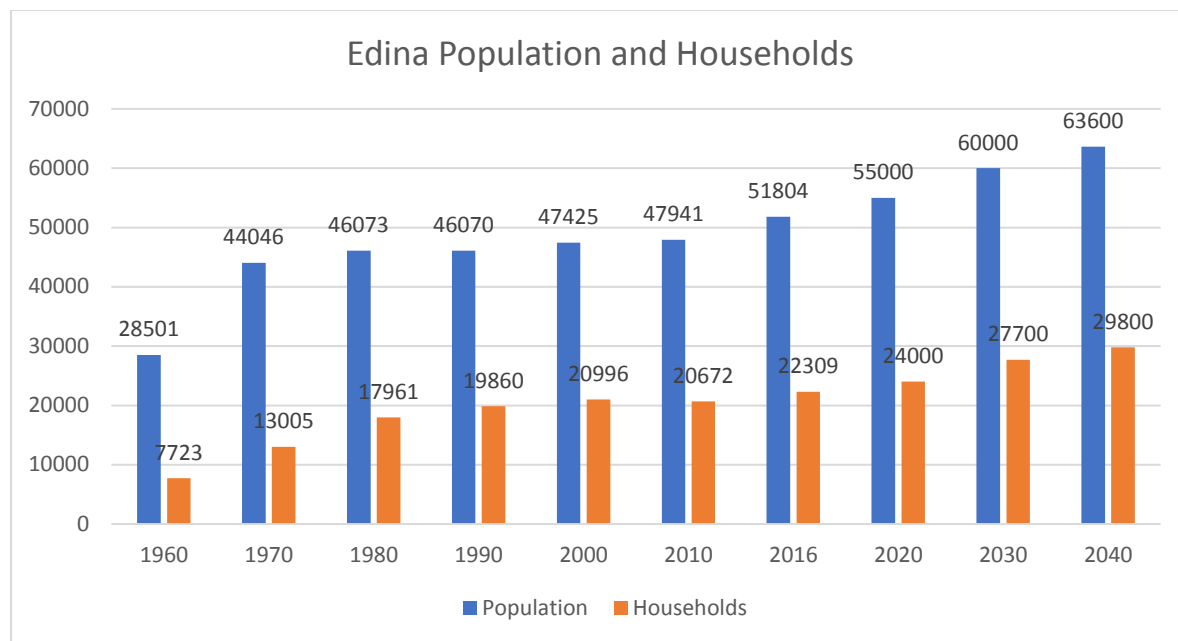
Source: US Census and Metropolitan Council

Factors Contributing to Housing Growth

See Chapter 2 Community Profile for a full overview of demographic and economic factors contributing to growth and change in Edina. Implications for housing are summarized below:

Demographic Changes

Demographic change in Edina in recent years has been characterized by:
- Aging population
- Families with school-aged children
- Increasing racial and ethnic diversity

The median age in Edina is older than in surrounding communities, and the percentage of residents over 65 has been increasing for decades, particularly relative to the percentage under 20. Currently, the percent of 65+ residents is more than 20% of the population, and the median age is 46.7. With a growing percentage of residents in the 45-64 age cohort, this is only expected to increase over time. However, a limiting factor for the growth of the 65+ population could be the availability of appropriate and affordable options for seniors seeking to transition from single family housing to other housing types.

The appeal of the area to families with school-aged children is tied closely to the strength of the Edina Public Schools which draws its student body not only from residents, but also from the surrounding communities via open enrollment. As a result, while the median age of the population continues to increase, the number of children has as well. The population under 20 has increased since 2000, both in absolute terms and as a percentage of the population, and currently is around 25% of the population. While not above statewide averages, it is notable for Edina, particularly considering the strong growth at the other end of the age range. Compared to other communities, married couples are a large and growing percentage of overall households. A limiting factor in accommodating this demand is the availability of affordable housing options for young families wishing to move to Edina.

Not all growth in enrollment is due to the resident population. Edina has seen an increase in open enrollment as well. The following chart shows the relationship between the resident population of students and overall district enrollment. Steady upward trends have influenced strong growth in home values in the city.
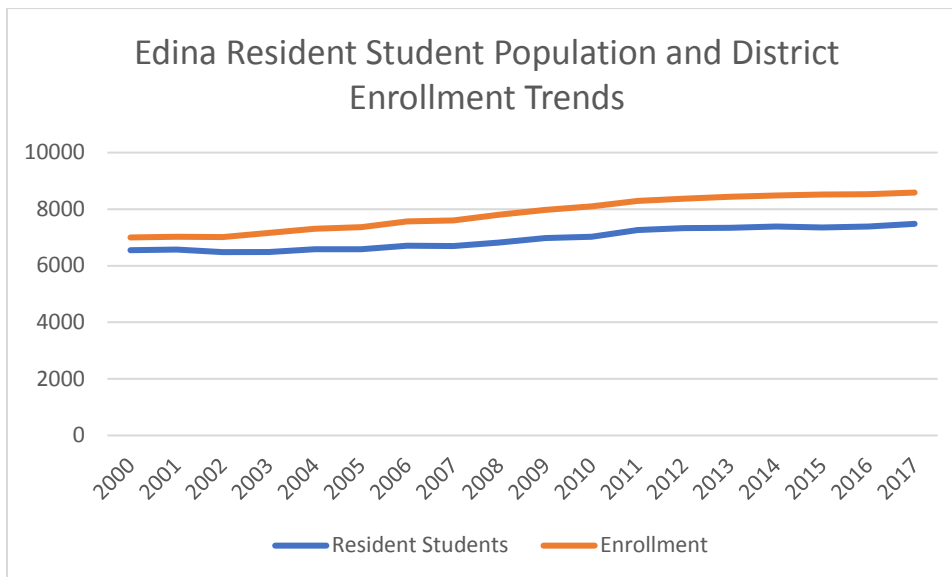
Source: Star Tribune, Minnesota Department of Education

Racial and ethnic diversity has increased gradually but steadily for decades. While still a fairly small percentage of the population, it is growing and is likely to continue to grow, given regional forecasts for demographic change. Evidence suggests that the youngest generations are typically more diverse than

older ones. While the overall percentage of people reporting minority status in Edina is 13.5%, it is 24% of Edina Public Schools students, an increase of over 10% in the last ten years. International immigrants moving to Edina are also more likely to be both young and diverse, compared to the native born population.

Housing Stock

The city has a diverse housing mix that appeals to a variety of household types. The majority of the housing stock (57%) are single family detached units, with the remainder being single family attached and duplex (7%), multifamily with 3-19 units (6%), and multifamily with 20+ units (31%). The substantial percentage of the multifamily housing stock in larger buildings reflects the fact that most multifamily is concentrated in a few higher density locations, such as the Greater Southdale area, where guidance and land values support larger scale development.

Over half of the housing stock (55%) was built in the 1960s and earlier, so is approaching 50 years old. As housing stock ages, continued investment is needed to address maintenance needs as well as changing tastes and preferences. Housing condition and building permit data suggests that this is happening. The vast majority of housing in the city is of average or better condition, and many properties have been substantially upgraded over the years.

Housing Market

The housing market in Edina has been consistently strong over the years. The housing stock is higher valued compared to the rest of the region, and has retained that value over time. In 2016, the median home value in Edina was over $424,000, compared to $220,000 regionally. Like the rest of the regional and national housing market, Edina saw declines in sales prices and volumes during the recent recession (2007-2009). However, median housing sales prices in Edina recovered and exceeded pre-recession levels by 2015, a year earlier than the Twin Cities region. This points to the fact that the impact was less, and the recovery quicker, than the market overall.
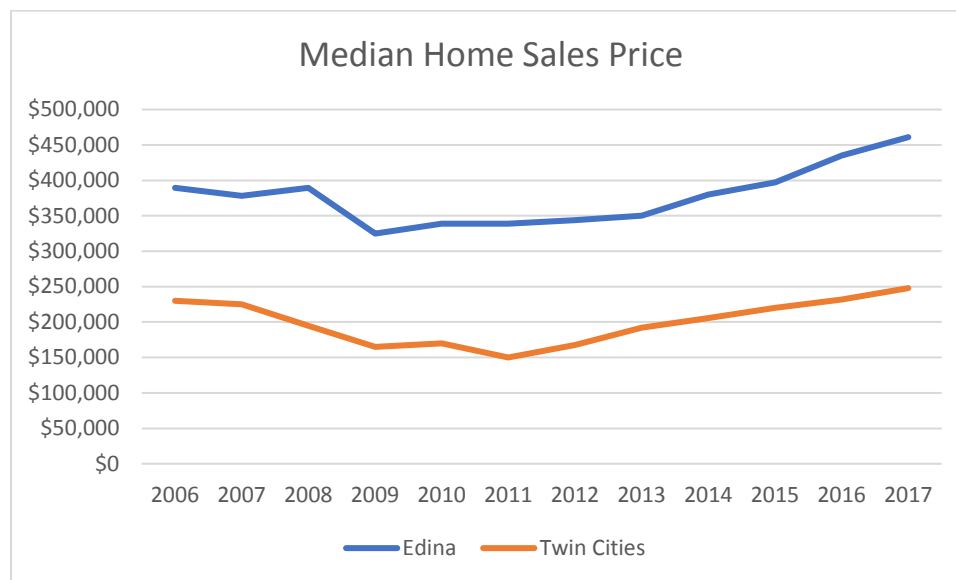
Source: Minneapolis Area Association of Realtors

The rental market is similarly strong. Particularly post-recession, there has been pent up demand for new rental properties, resulting in a wave of new construction of multifamily rentals. Median rents in Edina are above regional medians: $1,280/month compared to $980/month, based on 2016 numbers. Current rents are significantly higher, as much as $2,500 or more, and reflect the newest units which tend to be higher priced. Like much of the market, rental vacancy rates are low, in the 1-3% range, though this will likely change as more units are constructed.

Housing Units and Affordability

Housing affordability is one of the most important factors related to the housing stock. Broadly defined, affordability means that the intended residents are able to pay for the cost of housing without expending a disproportionate share of their income (generally greater than 30%). In practice, the City focuses on policies and interventions regarding affordability for low income households, as they typically have the most challenges in finding affordable options. The definition of affordability for low income households can be found in the box on this page.

The main categories focus on rental property, where there is a desire to also include affordable ownership in the plan. Therefore, there are several main categories of affordable housing, detailed below:

- **Subsidized housing**. These units received some sort of subsidy for construction and/or renovation, with the criteria that rents are limited to be affordable to households with incomes at or below 80% of Area Median Income and home mortgages are affordable to households with incomes at or below 120% Area Median Income. Properties meeting these criteria are included in the count of units in **Table 4.1**.
- **Naturally Occurring Affordable Housing (NOAH)**. These are units with rents typically below market, but not due to any policy or regulation. They are a substantial percentage of the affordable housing stock in the Twin Cities. However, as they are not protected, their values and rents can rise depending on property and market conditions. There is no official tally of these in the area.
- **Senior housing**. While most affordable housing cannot be restricted based on demographics of residents, senior housing is an exception. This housing has age guidelines for residents, and often features appropriate supporting services – ranging from optional programs to full service.
- **Supportive housing**. Supportive housing integrates services with housing. It is typically targeted at vulnerable groups, such as people with disabilities, people experiencing homelessness, or people dealing with addictions or having other specialized medical needs.

Definition: Affordability

The Metropolitan Council measures affordability using Area Median Income (AMI), the midpoint of the Twin Cities region income distribution. Low income affordability is defined at three levels:

- Extremely low income (30% of AMI)
- Very low income (50% of AMI)
- Low income (80% of AMI)

This is further broken down by household size. The US Department of Housing and Urban Development has calculated levels of affordability based on these criteria. In 2018, a four-person household is considered extremely low income if its household income is below $28,300 per year.

Edina's median household income is significantly higher than the regional AMI, which compounds issues with the availability of affordable housing.

Table 4.1 summarizes current housing data. As of 2016, Edina had about 23,510 housing units, 60% of which were single family and 40% of which are multifamily. Most homes in the city are owner occupied (72%). The percentage of multifamily and rental units have been increasing gradually, whereas the number of single family homes as remained fairly static.

According to Metropolitan Council housing data, about 32% of housing units in Edina are affordable to households with incomes at or below 80% of area median income (AMI). While this is a substantial number, it is significantly below the countywide average of 63%. Additionally, according to the US Census, around 29% of all households in Edina are cost burdened, meaning they spend more than 30% of their income on housing costs. There are 560 publicly subsidized affordable housing units currently in Edina, most of which are for seniors. **Table 4.2** provides additional detail as to the specific developments which include these units.

Table 4.1: Housing Conditions in 2016		
Housing Units	**Number**	**% of Total Housing Units**
Total	23,510	100%
– Owner Occupied	16,880	72%
– Rental	6,630	28%
– Single Family Homes	14,177	60%
– Multifamily Homes	9,333	40%
Publicly Subsidized		
Total Subsidized	560	2.4%
– Senior Housing	393	1.7%
– Housing for People with Disabilities	0	0.0%
– All Other Publicly Subsidized Units	167	0.7%
Affordable Units		
Housing Units affordable to households with incomes at or below 30% Area Median Income (AMI)	1,351	6%
Housing Units affordable to households with incomes between 31 and 50% Area Median Income (AMI)	2,254	10%
Housing Units affordable to households with incomes between 51 and 80% Area Median Income (AMI)	3,920	17%
Total Affordable Housing Units at 80% AMI and below	7,525	32%

Source: Metropolitan Council and Housing Link

Table 4.2: Subsidized Affordable Housing in Edina, 2016			
Name and Location	**Description**	**Eligibility**	**Funding**
66 West 3330 W 66th Street	39 affordable units supportive housing facility – 39 studio apartments	Young adults experiencing homelessness at or below 30% AMI	City, County, MHFA, MEF, FHF
Crossroads of Edina (formerly Oak Glen) 5515 Oak Glen Road	26 affordable units in 64 unit apartment building – 4 1-bedroom and 22 3-bedroom	Families at or below 30% AMI	HUD Section 8 (PBA); MHFA
Edina Lodge 6312 to 6314 France Ave S	6 affordable units in duplexes and triplexes	60% AMI	MHFA
Interlodge 5141 William Ave	6 affordable units in duplexes	30% AMI	County and MHFA
South Haven 3400 Parklawn Ave	100 affordable apartments, 1-bedroom	Seniors at or below 30% AMI	LIHTC, HUD Section 202
Summit Point/Woodhaven 5010 Summit Ave	29 affordable apartments, 1-bedroom	Seniors at or below 30% AMI	LIHTC, HUD Section 202
Yorkdale Townhomes W 76th St & York Ave S	90 affordable units: 10 1-bedroom, 56 2-bedroom, 20 3-bedroom, 4 4-bedroom	Families at or below 30% AMI	LIHTC, County, MHFA
Yorktown Continental 7151 York Ave S	264 affordable units, 262 1-bedroom, 2 2-bedroom	Seniors at or below 30% AMI	LIHTC, MHFA

Source: Housing Link - https://www.housinglink.org/

In addition to the affordable housing developments in **Table 4,2**, some primarily market rate developments contain affordable units. These include Aurora on France (4005 W 65th/6500 France), Aria (3200 Southdale Circle), and Yorktown Gardens (7151 York). The total anticipated units between these projects is around 26.

As shown in **Table 4.3** and the following chart, the percentage of households that are experiencing cost burden has gradually risen since 1990, reaching the greatest proportion in 2010. The trend is mixed: the percentage of renters experiencing cost burden has been slowly decreasing since 1990 while the percentage of owners experiencing cost burden has fluctuated over the past 3 decades. Of all cost burdened households in Edina, about 10% of households spend 50% or more of their household income on housing, which is qualifies as severe housing cost burden.
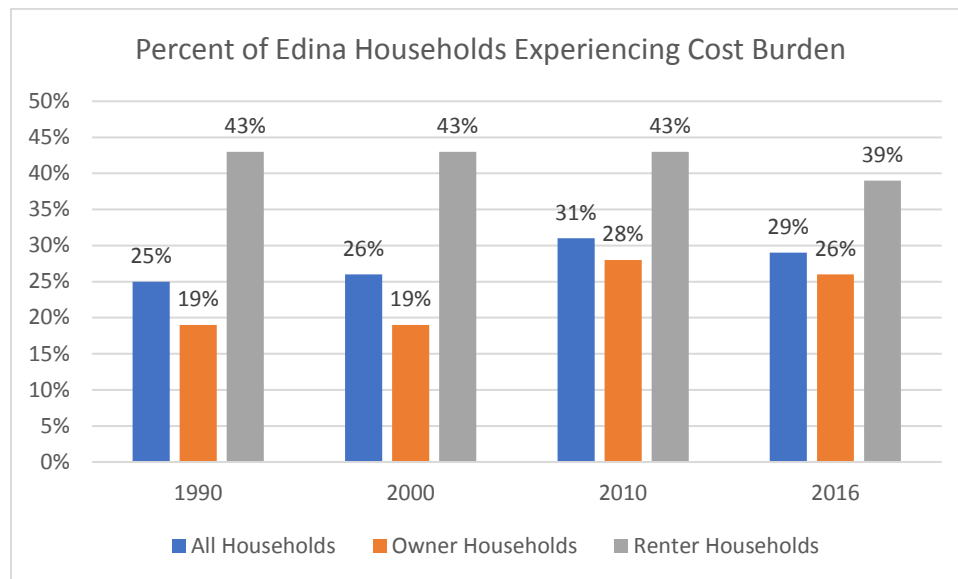
It is important to note that cost burden is also present in households making greater than Area Median Income, which explains the gap between percentages presented in **Table 4.3** (for cost burdened

households making 80% or less of AMI) and the following graph. Roughly 9% of households making at least 80% AMI ($75,000 or more) experience cost burden.

Table 4.3: Edina Households Experiencing Cost Burden, 2016		
Category	**Households in Bracket**	**Percent of Total Households**
Existing households experiencing housing cost burden with incomes below 30% AMI	1,328	6%
Existing households experiencing housing cost burden with incomes between 31 and 50% AMI	1,228	5%
Existing households experiencing housing cost burden with incomes between 51 and 80% AMI	1,341	6%

Source: Metropolitan Council, US Census

Source: Metropolitan Council, US Census

Edina 2040 Comprehensive Plan — **Owner-Occupied Housing Estimated Market Value, 2017**

Edina, Minnesota — September 2018

Legend

$243,500 or Less — Roadways

$243,501 to $350,000 — City Limits

$350,001 to $450,000

Over $450,000

0   3,600 Feet

Source: City of Edina, Hennepin County, MetCouncil, MnDOT
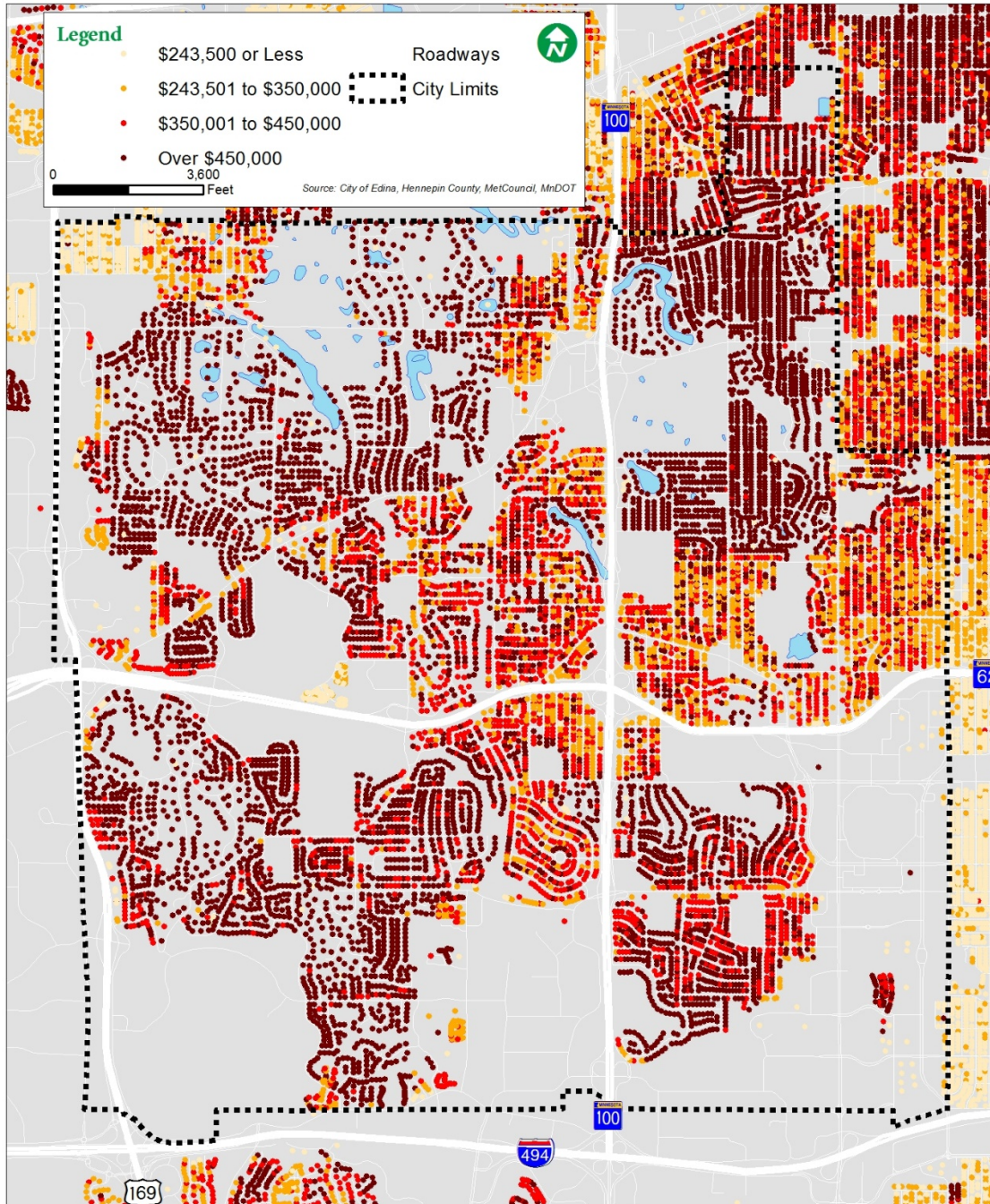
Figure 4.1: Owner Occupied Housing Estimated Market Value

> **Edina: A Community of Learning.** Edina has a prized education system of high-quality public schools. The Housing chapter of the Comprehensive Plan recognizes the importance of extending the benefits of education to the entire community.
>
> Particularly in the case where there are housing projects with public participation, due to partnerships and subsidy, there is an opportunity to educate about the important role of housing to a community, and how they related to other features. The close relationship between education and housing is a unique opportunity to highlight how they reinforce and work together in the community.

Trends and Challenges

- **Affordability across a range of household types**. As a desirable community with high land values, affordability is a challenge for Edina. This includes low income households, first time homeowners, young families, seniors seeking to downsize, and many other groups. Lack of affordable housing prevents new people from moving into the community, and may force existing households to relocate when they face a lifestyle change. This is further emphasized by demographic changes, in particular the aging of the population, and the fact that wages have not kept up with inflation and the rising cost of housing.

- **Designing walkability as part of new development**. Especially in developed communities like Edina, residents are frequently looking for a location where they can easily access what they need on a daily basis. This includes proximity to retail and services, walkable and bikeable routes, connections to parks and community services, access to transit, and other amenities. In Edina in particular, there is an exceptionally strong relationship between housing and the school district, which attracts many residents to the city. Post-recession housing patterns show that particularly in the case of multifamily development, residents are often looking for these amenities within walking distance of their home. Additionally, walkable development patterns can help reduce the traffic impact of denser housing patterns by accommodating at least some trips through walking, biking, or transit rather than automobile.

- **Accommodating affordability in a high property value community**. The high values of land in Edina complicate the provision of affordable housing in several ways. There is limited supply of NOAH, since most unsubsidized housing in Edina does not qualify as affordable. Also, acquiring land to preserve or construct housing is so expensive, that even dedicated resources (such as funds from the inclusionary zoning policy proceeds) are not sufficient to create impact. Additionally, the factors that contribute to the maintenance of high values are not accidental. Edina has worked for decades to protect and grow value, sometimes to the extent of excluding types of development or even people. Now is time to change course, to be more welcoming and inclusive by seeking to provide housing for households with a broader range of incomes.

- **Mitigate impacts of new development on existing neighborhoods**. As a fully developed community, any new development will occur within an area with existing character and context. Particularly when new or different housing types are introduced to meet needs, there is an interest to ensure it is an asset to the community, and any impacts to surrounding properties are adequately mitigated. For instance, there has been increased interest in higher intensity mixed use development in recent years. This has provided residents with easy access to transit, retail, and services, as well as opportunities to live and work in spaces with close proximity. High density developments are already present in Edina (formally and informally), but more are likely to occur. Managing these uses to mitigate any potential conflicts is important.

- **Maintaining community character**. With the changing ways people are living, working, and using spaces, there will be changes in how land uses function – both in new and renovated spaces. Edina is frequently on the forefront of innovative practices, particularly related to sustainability and technology. However, this will require some flexibility in development standards. One of the goals of innovating may be to find ways to accommodate missing housing types or to let housing be produced more affordably.

Examples of housing types may include "missing middle" housing options – a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living. These housing options may include co-housing, duplexes, triplexes, fourplexes, and other smaller scale multifamily types. Ways to reduce housing costs could include modular building styles that take advantage of efficiencies in the construction process.

- **Combatting social isolation**. While not a housing issue per se, the way people live their lives now has become more isolated and disconnected than in the past. This has contributed to any number of societal problems, from political polarization to a rise in the suicide rate. How do we help connect communities back together through shared spaces and functions, including accommodating diversity in various forms? This can be addressed through how residential areas are designed and built, to support social interaction and community connectivity.

- **Planning for housing in strong markets.** Many traditional public sector interventions in the housing market were originally designed to work in areas where the private sector is absent or underperforming. However, these same tools can be effective in a place like Edina, though they may require creative approaches and partnerships. In general, Edina needs approaches that are focused on value capture of current and forecasted growth. The city's inclusionary housing policy is a key example of this, but will need to be supported by addressing the barriers to creating affordable housing such as zoning restrictions.

- **Accommodating housing needs of a changing population**. The City of Edina is
seeing changes in its demographics, particularly in terms of increased racial and ethnic diversity, and overall aging on the population. In particular, there are specific needs related to a growing senior population. This includes options for residents to safely age in place, including receiving in-home medical care and other supportive services. Special housing types that accommodate health and mobility limitations, including congregate housing and memory care, will be needed.

Housing Needs Analysis

Between 2020 and 2040, it is anticipated that around 5,800 new households will be added to the City of Edina. What type of units will be constructed will depend on housing needs, community preferences, and market realities. This section provides an overview of recent housing studies for Edina, and summarizes existing and project housing needs within the city.

Future Housing Needs

Edina's *Cities of the Future* (2015) report described trends that are shaping the demand for housing in the city. It envisions a future where housing is integrated into mixed use neighborhoods, better meeting the needs of smaller households with fewer children, and an aging population. Characteristics of new housing may include:

- New housing options primarily are provided as attached (multifamily) apartments and townhouses and small detached lots, with a variety of sizes, uses, and resident types.
- Low rise, high density buildings with smaller apartments that are adaptable to provide opportunities to work at home, and to meet the needs of people with disabilities.
- Neighborhoods providing walking access to residents, retail, office, culture, entertainment, restaurants, schools, community centers, and green space.
- Smart buildings and sites ensuring wise resource use with low energy and water consumption, and integrated recycling and composting systems.
- Outdoor spaces integrating pedestrians, cyclists, playgrounds and ecology.
- Recognition that cars are guests in the streets and are respectful of other users.

The study notes that mixed use neighborhoods are becoming a better match with current and expected future housing needs than traditional suburban neighborhoods. However, investing in Edina's single family housing stock remains popular, as evidenced by the teardown trend. Demographic changes are driving demand for different housing types, including smaller units which are more affordable, and have lower costs for maintenance, energy and water. As population density increases, and citizens are using their neighborhoods more intensely, there will be a transformation of streets to spaces shared by automobiles and other uses, more areas will become car free, and there will be other initiatives that improve safety on the streets. The shift in desired housing, combined with changes in working modes,

means that more people are self-employed and/or work remotely, this may be from home, a local co-working space or even a coffee shop. People are more often mixing work and leisure time, and therefore want to work within their community, where they also recreate and engage in social activities.

Outside of this report, a couple other housing concepts that have been identified during the planning process include:

- *"Missing middle" housing*. This encompasses housing between the scale of low and high densities, providing both an option to meet needs, and a built form type that can transition between adjacent districts of different levels of scale and intensity.
- *Lifecycle housing*. Ensuring there is a full range of housing options for all stages of life, from starter homes through continuum of care, so people can live their whole lives in Edina as they choose.
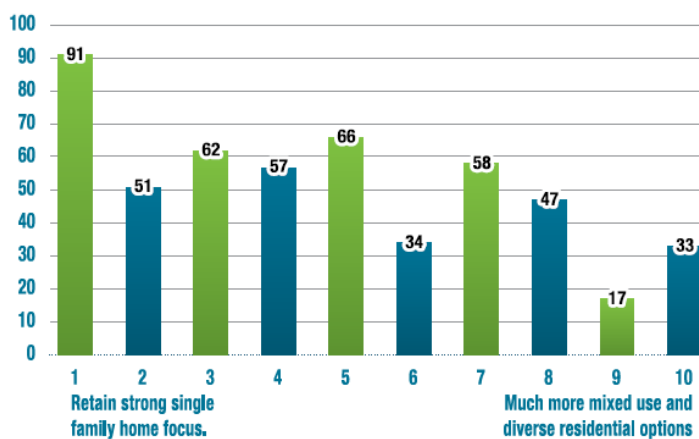
Community Priorities for Housing

Vision Edina Strategic Vision and Framework and *Vision Edina Community Engagement Report* (both 2015) outlines directions for housing from the City's community visioning process, reflecting community input. Results are summarized below.

Residential Development Mix

The issue of residential property development was repeatedly raised throughout the Vision Edina process. The City has been faced with a number of redevelopment pressures and challenges across numerous areas. Residents strongly favor a continued focus on the single-family housing nature of the majority of the city neighborhoods, but there is increasing concern about the trend and impact of so-called 'teardowns' on the community. There is also recognition of some need for additional multifamily options to create more diversity in housing affordability. This would provide increased options at all stages of life and attract younger residents.

In terms of residential property type and density, how would you like Edina to be 20 years in the future?

Bar chart values:
1 – 91 (Retain strong single family home focus)
2 – 51
3 – 62
4 – 57
5 – 66
6 – 34
7 – 58
8 – 47
9 – 17
10 – 33 (Much more mixed use and diverse residential options)

Issues

- Residential neighborhoods continue to serve as the defining characteristic of the city, and there is a high desire to protect and enhance such neighborhoods.
- Residents take a great deal of pride in their homes, and express concern about the escalating redevelopment pressures facing some neighborhood areas.
- Edina continues to face competition from neighboring communities that claim to offer a similar quality of life while also offering more available land for development.
- The community must balance the needs of the families that have defined its character, with an aging population that desires to 'age in place.'

Strategic Actions

- Further encourage the development of neighborhood associations and the overall neighborhood concept. Define the unique character and brand of each of the well-established neighborhoods, and explore innovative planning guidelines to allow preservation and enhancement of the desired neighborhood visual appeal.
- Pursue further planning and development options that protect and locate key amenities, such as parks and community facilities, within the neighborhood framework to allow neighborhood centers and focus points to further evolve.
- Continue to explore options for new multifamily housing throughout the city in mixed-use areas and near public spaces, including areas such as Southdale, Pentagon Park and Grandview.
- Work to create affordable housing options close to transit, shopping and employment centers.

Big Ideas for Housing

Bridging between the Vision Edina process and the City's comprehensive plan update, the Big Ideas initiative in 2017 looked to draw out some of the major areas of focus that needed to be addressed in the comprehensive plan.

From the major strategic focus areas identified in the Vision Edina process, Residential Development and Live and Work (two of the most housing-related ones) were ranked about in the middle of the pack. Participants were asked to identify Big Ideas associated with each of these focus areas. Those with the most votes for these two focus areas included:

Residential Development Mix

- Affordable housing that is really life cycle housing; supports the values of equity, balance, and diversity
- Neighborhoods all need a node. Nodes should all be different.
- Cooperative housing; separate living space that include communal areas such as gardens, kitchens, gathering spaces
- Affordable single family homes

Live and Work

- Campus grouping jobs and housing with environmental amenities and attention to beauty (low-scale residential and business)
- Enable live and work nodes attractive to emerging technology and medical device companies

Edina Affordable Housing Policy

As of November 2015, the City of Edina has adopted an Affordable Housing Policy. The focus of this policy is on a proactive and inclusionary approach to providing affordable housing in the city. This was in response to the City's recognition of the need to provide affordable housing in order to maintain a diverse population and to provide housing for those who live or work in the city. The policy will be reviewed and adjusted from time to time to better align with the City's affordable housing goals and current housing market conditions. Additionally, the Edina HRA has adopted guidelines for affordable housing development that apply to projects that are supported by tax increment financing.

Existing and Projected Housing Needs

Based on an analysis of existing conditions and the studies summarized above, it is anticipated that the following housing types likely will be the most needed in the coming years:

- **Affordable housing**. As of 2016, around 29% of households in Edina experienced cost burden, paying more than 30% of their incomes on housing costs. The percentage for renters was even higher, at around 39%. With an aging population and an influx of young families with children, it the need for affordable housing will increase. Addressing the affordable housing needs of current and future residents will continue to be a priority.
- **Housing for young families, including first-time homebuyers**. The strength of the school district in Edina attracts families with school aged children. There will be a continued need for housing options that work for families, including affordably priced ones. This may be in the form of maintenance of existing single-family residences, or newer options, including "missing middle" type multifamily housing developments.
- **Lifecycle and senior housing**. With an aging population, Edina will see continued and expanded need for housing options that work at all life stages. This may include senior and assisted living housing options, so that residents are able to stay in Edina throughout their lives.
- **Housing in walkable and livable communities**. In metropolitan areas, there is a growing interest in housing that is located within walking distance of retail, services, parks, and other destinations. Particularly in areas like Greater Southdale, there is the opportunity to add housing into a mixed-use community, which in turn can help reduce dependence on automobile travel.

While housing constructed in Edina will largely be driven by market forces, the City of Edina has an opportunity to influence developers through policy, regulatory guidance, partnerships, and strategic investments. The implementation section later in this chapter provides more detail on how these housing needs will be addressed.

Affordable Housing Goals

Affordable housing is a primary concern in Edina, particularly given the high property values that tend to push housing prices out of the reach of many households. The Metropolitan Council has recognized that affordable housing is a regional issue, and has allocated forecasted affordable housing needs to each community. One of the primary factors used in assigning these forecasts was the presence of low wage jobs, a primary source of employment for residents of lower cost affordable housing. Edina's allocation was influenced by the fact that it has a high ratio of jobs to affordable units currently. This suggests that employers in this area may have trouble finding all the workers they need for these jobs, and workers may have trouble finding housing near where they work.

Being cost burdened is not uniquely associated with low income households. Cost burden can affect households at virtually all income levels, depending on the relative cost of housing. And all housing has been subsidized at some point through public investment in community building, services, and infrastructure – not to mention mortgage programs and terms that making homeownership more accessible.

Edina has had relatively few units affordable to low income households added over the past decade. However, some were added in 2015 and 2016.

Affordable New Units Added by Year
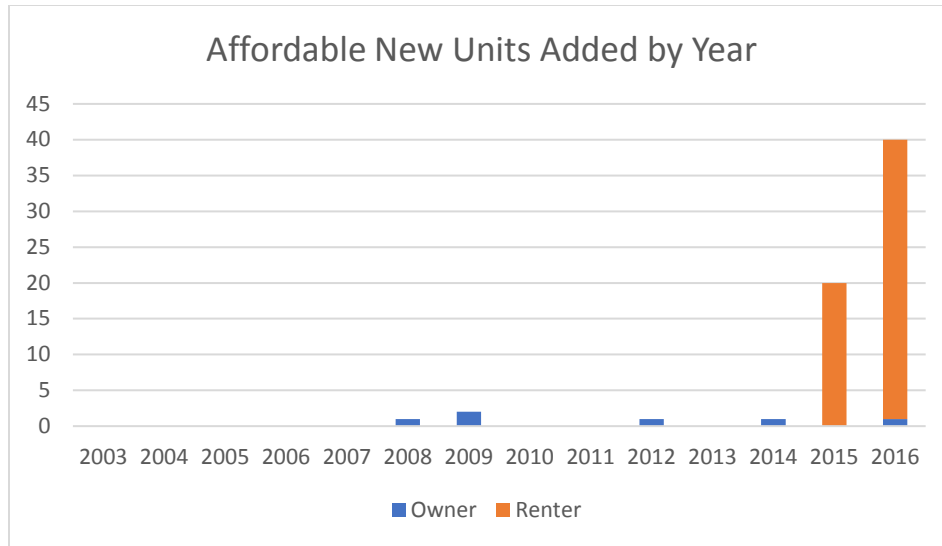
Source: Metropolitan Council, US Census

Housing Performance Scores are a measure of how a community is progressing toward its affordable housing goals. It reflects the amount of affordable housing constructed over the previous decade, as well as preservation and rehabilitation of existing affordable housing, housing policies and ordinances, and characteristics of the existing housing stock. Edina's 2017 score is 91 out of 100, reflecting both recent housing development and its affordable housing policy approach.

The Metropolitan Council prioritized housing affordability in Thrive MSP 2040, and the 2021-2030 Allocation of Affordable Housing Need for Edina reflects the city's share of the region's forecasted population that will need affordable housing. Housing is considered "affordable" when no more than 30% of household income goes to housing, so households with different income levels have different thresholds of "affordable."

Edina's share of affordable housing need is 1,220 units by 2030, as shown in **Table 4.4**. This represents a significant increase from the target in the previous comprehensive plan, which, it must be acknowledged, was not achieved. As the total expected housing growth for Edina is around 7,500 units, this represents a substantial share of overall net new housing as well.

The total is further allocated by three tiers of affordability. These are based on how much households at certain percentages of Area Median Income (AMI) can pay for housing without becoming cost burdened by spending more than a third of their income on housing costs. For instance, as of 2018, the income limits for a four-person household were $28,300 (30% AMI), $47,150 (50% AMI), and $71,900 (80% AMI). These amounts will continue to be adjusted over time as median income changes.

Table 4.4: Affordable Housing Allocation Goals	
Income Range	**New Unit Goal**
At or below 30 AMI	508
From 31 to 50 AMI	325
From 51 to 80 AMI	387
Total Number	**1,220**

Source: Metropolitan Council

The corresponding affordable purchase price for a household at 80% AMI is approximately $236,000, as of 2018. It is anticipated that new units will be acquired through construction of new subsidized housing units, participation in land trusts, subsidized acquisition of existing units, and other strategies.

To meet Metropolitan Council housing plan requirements, Edina must demonstrate it has sufficient land guided for development at minimum densities (units/acre) high enough to make affordable housing a viable option. The cost to build per unit typically decreases as the number of units per acre increases. Lower per unit costs make development an option for affordable housing developers as well as market-rate developers.

According to the Metropolitan Council, any residential future land use designation that has a minimum density of eight units per acre or more will count towards affordable housing allocation calculations. **Table 4.5** includes the future land use designations for Edina and the minimum units per acre.

Table 4.5: Residential Future Land Use Designations		
Land Use	**Minimum Density (units/acre)**	**Qualify for Affordable Housing**
Low Density Residential	1	No
Low Density Attached Residential	4	No
Medium Density Residential	5	No
High Density Residential	20	**Yes**
Greater Southdale District Residential	50	**Yes**
Neighborhood Node*	10	**Yes**
Office Residential*	20	**Yes**
Mixed-use Center*	20	**Yes**
Community Activity Center*	90	Yes
Regional Medical Center*	50	Yes

*Mixed use

Table 4.6 demonstrates that Edina has well beyond the necessary minimum land guided for residential development to meet the affordable housing allocation.

Table 4.6: Development Capacity for Affordable Housing Allocation				
Land Use	**Net Acres**	**Min Units/Acre**	**Min % Residential**	**Potential Units**
Low Density Residential	0	1	100%	0
Low Density Attached Residential	0	4	100%	0
Medium Density Residential	0	5	100%	0
High Density Residential	86	20	100%	1,720
Greater Southdale District Residential	68	50	100%	3,400
Neighborhood Node*	7	10	50%	105
Office Residential*	116	20	50%	1,160
Mixed-use Center*	21	20	50%	210

Community Activity Center*	114	90	50%	5,130
Regional Medical Center*	22	50	50%	550
Total	**435**	-	-	12,275

*Mixed use

This does not mean that all the allocated land will be used for affordable housing redevelopment, nor that the market would necessarily support the creation of these units. However, it does demonstrate that Edina may have capacity for development beyond the 2040 forecasts. This may inform future policy decisions if the rate of is faster than anticipated.

Goals and Policies

Housing Supply and Community Growth

Goal 1: Accommodate all planned residential growth in the city based on planned infrastructure investments and other community goals and assets.

1. Seek to accommodate the total new households projected to locate in the city by the year 2040.
2. Acknowledge the interrelationship between land use, transportation, and public school enrollments, and support development of housing in areas accessible to a range of transportation options, including bicycle, pedestrian, and transit.
3. Recognize that successfully reaching affordable housing goals assists the city in achieving related community goals, including:
   a. Accommodating housing for young families with children in Edina schools;
   b. Maintaining community character and supporting a strong tax base;
   c. Fostering diversity by addressing disparities;
   d. Supporting Edina businesses' ability to remain competitive in regional and global markets and attract quality employees;
   e. Providing lifecycle housing opportunities for community renewal

Housing Affordability

The City of Edina is committed to aid and secure affordable lifecycle housing for a diverse community. Safe, secure, and affordable housing is essential to the healthy development of individuals, families, businesses, and communities.

Goal 2: Encourage the development and maintenance of a range of housing options affordable to residents at all income levels and life stages.

1. Encourage the production of additional affordable housing units and retention of existing affordable housing units to meet the city's housing needs and its Metropolitan Council affordable housing need allocation of 1,220 units.
2. Encourage the preservation and maintenance of, and improvements to, existing subsidized and naturally occurring affordable housing.
3. Support tenant rights to ensure that renters are treated fairly and equitably by landlords.
4. Revisit height and density zoning requirements if needed to make the development of affordable housing financially feasible in areas guided for redevelopment.

5. Promote the preservation and production of affordable housing through the areas of Edina accessible to transit by addressing financial and zoning barriers.
6. Increase housing stability and security of residents living in affordable housing.
7. Engage Edina residents, through Edina Neighborhood Associations, faith institutions, the Senior Center, and other community organizations, in a dialogue about the city's commitment to affordable housing, with the intention to educate and engage all Edina residents about this issue and public policies to address it.
8. Engage the Planning Commission and the Human Rights and Relations Commission to annually review with staff and report to the City Council the City's progress in meeting affordable housing and diversity goals as set out in this Chapter, in order to measure the success of the Affordable Housing Plan and recommend changes required to better advance those goals.
9. Promote owner-occupied units over rental units when providing affordable housing.
10. Recognize that housing is a long term investment and promote housing policies that offer enduring opportunities for medium and low income residents to house themselves, emphasizing home ownership.

Housing Quality and Design

Goal 3: Continue to support high quality design of residences and residential neighborhoods in a way that furthers sustainability, character, and livability, and maintains long term investment.

1. Provide an attractive living environment and promote housing that is compatible in quality, design, and intensity within neighborhoods in order to ensure the vitality and health of single-family and multifamily/mixed-use neighborhoods.
2. Where appropriate and guided by city policy, encourage the development of walkable neighborhoods that provide a range of daily needs within walking distance, potentially reducing reliance on cars.
3. Housing should support and be supported by surrounding land uses, traffic capacity and patterns, public facilities, and connections to open space and natural resource features.
4. Maintain Edina's lower square footage housing stock in order to attract new residents and retain current residents, including providing affordable options.
5. Encourage the use of green and sustainable building materials and methods, to reduce the environmental impact of residential construction and maintenance.
6. Support healthy housing options through missing middle planning, neighborhood community, and building design and maintenance, as well as walkable and livable neighborhoods that encourage active living.

Housing Choice

Goal 4: Support the development of a wide range of housing options to meet the diverse needs and preferences of the current and future Edina community.

1. Promote increased housing opportunities and a diversity of housing types by promoting the creative and innovative use of land guided for residential/commercial mixed-use while promoting transit use and other mobility alternatives.
2. Promote a vision of community that is inclusive of a range of ages, incomes, abilities, and other demographics, and offers a range of housing options.
3. Promote affordable and workforce housing that includes a range of housing prices and options, based on the principle that those who contribute to the community should have the opportunity

to live here. Also, this housing vision strengthens and reinvigorates community institutions and makes the city an attractive destination for young families.

4. Promote lifecycle housing to support a range of housing options that meet people's preferences and circumstances in all stages of life.
5. Protect and maintain lifecycle housing that is important for attracting young families.
6. Retain and expand housing ownership options, while also supporting a balance between ownership and rental households.
7. Support the development of both mixed income and 100% affordable housing throughout Edina where there is access to transit.

Implementation Plan

Housing Strategies

Housing Supply and Community Growth

1. Assign responsibility for implementing all of the housing plan policies. Provide an annual progress report.
2. Create a financing plan for implementing all of the housing plan policies.
3. Develop a housing implementation strategy to guide future housing priorities and actions.

Housing Affordability

1. Provide active leadership to meet affordable housing needs for residents and workforce through land use and fiscal policies, and to manage funds accordingly.
2. Collaborate with the public, nonprofit, and private sectors in planning and developing housing, especially focused on the provision of mixed income, affordable, and other housing types the marketplace does not sufficiently provide.
3. Encourage long-term management strategies for affordable housing, in cooperation with affordable housing organizations, to ensure the continuation of its affordability features to successive households.
4. Continue to fund and expand financial and technical support of community land trusts that provide affordable housing within the city.
5. Expand educational outreach to the larger metropolitan community about programs that are available in Edina to foster affordability and maintenance.
6. Address any regulatory barriers that unnecessarily decrease housing affordability without a counterbalancing benefit to the community.
7. Continue to implement the City's inclusionary affordable housing policy, and ensure that any accumulated funds are invested appropriately in expanding affordable housing options.
8. Within appropriate areas, support flexibility in official controls to allow densities that are compatible with providing affordable housing options for residents.
9. Investigate the need for, and implement as deemed appropriate and practicable, tenant protections, including rental licensure and tracking, tenant notification requirements, or other approaches.
10. Identify additional creative funding approaches, such as socially oriented investing models, use of tax credits, modified forms of tax increment financing, and other alternative financing structures.
11. Review existing subsidized housing affordability agreements and use of housing vouchers to determine status.

12. Provide a mortgage assistance program to specifically target income-eligible workers employed within the city to enable them to live in the city. The City may choose to collaborate with other organizations to develop this program.
13. Support the use of rental assistance programs for income-eligible households within the city. Ensure race and equity are addressed in the dissemination and publicizing of information on affordable units. Develop marketing plans for subsidized affordable rental and ownership units targeted geographic areas or groups in the metropolitan area who may be unlikely to consider renting or purchasing housing in Edina due to inaccessibility of information or concerns about discrimination. Expand awareness and understanding of affordable housing. Engage the Edina community through neighborhood associations, faith institutions, Early Childhood, Senior Center, and other community resident and business organizations in regularly scheduled dialogues, education, and presentations on the city's need and commitment to provide affordable housing.

Housing Quality and Design
1. Maintain and update a citywide survey of housing conditions, to determine where additional investment may be needed.
2. Encourage repairs and improvements to existing single-family homes that avoid tear-downs, extend their useful life, and ensure that they are designed and maintained in a manner that complements the dwelling's character and is compatible with adjacent homes and the character of the surrounding neighborhood.
3. Consider program of assisting income eligible property owners with rehabilitating their homes to extend their useful life in a manner that also complements the dwelling's character and is compatible with the character of the surrounding neighborhood.

Housing Choice
1. Support the development of a program that will assist workers employed within the city to live in the city and attract new residents to the area.
2. Offer resources to support senior residents seeking to age-in-place.
3. Assist neighborhoods in retaining starter housing stock that can accommodate young families. City programs and policies can promote such features as housing affordability, sidewalks, and proximity to recreational amenities such as parks (including pocket parks), playgrounds and community gardens that act as magnets to encourage young families to settle in the city.
4. Develop and implement fair housing policy.

Partners and Programs

The City has many current and potential partners to collaborate in the effort to create affordable housing in the city. Some of these partners are:

Edina Housing Foundation. Edina Housing Foundation (EHF) is a nonprofit corporation founded in 1984 under the auspices of the Edina City Council. It has five members all residents of Edina and appointed by the Edina City Council. The EHF provides a variety of financial and policy support to promote affordable housing in the city of Edina. Current actions and programs include Come Home 2 Edina; a second mortgage program for home ownership; investments in property to potentially create affordable single and multi-family housing in the city and grants/loans to build new affordable housing. The Foundation supports with yearly grants Home

Senior Services for elderly residents that need help keeping up their homes. The EHF also recommends policy changes on affordable housing to the city council. The full time position in the city of Edina of Affordable Housing Manager is financially supported by the EHF.

- **West Hennepin Affordable Housing Land Trust** (WHAHLT) WHAHLT is a nonprofit community land trust organization originally established by the City of Minnetonka to sustain and preserve affordable homeownership opportunities for working households. This program provides affordable homeownership opportunities using the community land trust model, which removes the market value of the land from the mortgage equation, thereby reducing the cost of a home significantly. Since 2007, the City of Edina provided annual funding to the organization to purchase three properties within the city to create perpetually affordable housing through WHAHLT's Homes Within Reach program. Between 2007 and 2017, 12 homes in Edina have been acquired through this program.

  The West Hennepin Affordable Housing Land Trust has a program known as Homes Within Reach (HWR) in the western suburbs of Hennepin County. HWR offers the opportunity for people to live in communities in which they work and or reside, creating stable communities and households, through the advantages of homeownership. By preserving and recycling available resources, the program maximizes the public and private investment being made in workforce housing.

- **Metropolitan Council**. The Metropolitan Council provides access to a number of housing assistance programs, including those using federal funds.

  The Metropolitan Council's Livable Communities Act (LCA) is a voluntary, incentive-based approach to help the Twin Cities metropolitan area address affordable and lifecycle housing needs while providing funds to communities to assist them in carrying out their development plans. Through funds provided by the Livable Communities Act (LCA), the Metropolitan Council awards grants to participating communities in the seven-county area to help them remediate polluted sites, promote compact and connected development and redevelopment and increase the supply of affordable housing. Funds are distributed through four LCA accounts: Tax Base Revitalization Account, Livable Communities Demonstration Account, Local Housing Incentives Account, and Transit Oriented Development.

  Through the Metro Housing and Redevelopment Authority (HRA), the Metropolitan Council also administers a range of housing assistance programs. Edina participates in several Metro HRA programs, including:
  - Housing Choice Voucher Rent Assistance Program, also known as Section 8, which is federally funded and provides rental assistance for low income households through direct payments to landlords.
  - Family Affordable Housing Program (FAHP), which provides scattered site affordable housing in suburban communities.
  - Additional specialized programs are available for people with disabilities and special needs to fund supportive housing options, such as Shelter + Care, Bridges Rental Assistance, Housing Opportunities for People with AIDS (HOPWA) Rental Assistance, and others.

- **Hennepin County**. Hennepin County provides emergency/short-term support for residents "in a financial crisis that poses a direct threat to their physical health or safety." This assistance can provide emergency or temporary shelter; housing costs like rent payments, damage

deposits, home repairs and utility bills; and foreclosure prevention, moving expenses and transportation to relocate, and extra food support for people on special diets.

- **Minnesota Housing**. Minnesota Housing, the state's housing finance agency, provides a range of programs to support affordable housing ownership options. These programs, which typically have income limit eligibility requirements for participants, include:

    o Start Up is a first-time homebuyer program meant to promote affordable interest rates and help homeowners cover their down payments and closing costs.
    o Step Up is a loan program meant to promote affordable interest rates, with assistance for home purchases and rehabilitation.
    o Deferred Payment Loan is meant for first-time homebuyers to help reduce the cost of homeownership.
    o Monthly Payment Loan is a supplementary program to provide additional home purchase assistance, in addition to other Minnesota Housing programs.
    o Mortgage Credit Certificate reduces the cost of mortgages by allowing homeowners to claim a mortgage tax credit.

- **Real Estate Developers.** As addressed in the City's affordable housing policy, affordable units are required to be addressed as part of mixed income developments, or to pay into a fund to pay for the construction of units elsewhere. Examples of this are already in existence in the Greater Southdale area. Nonprofit developers who specialize in affordable housing may be more equipped to navigate the various state and federal funding sources that are used to fund permanently affordable units.

- **Land Bank Twin Cities**. Land Bank Twin Cities works with developers, nonprofit service providers, and local governments to assist with real estate related transactions designed to benefit low income people and other disadvantaged groups. They offer support via brokering and negotiating property purchases, land banking and holding property, and financing/lending for a property or project.

- **Private Foundations and Funds.** Minnesota has a strong tradition of local and regional philanthropy. Opportunities may exist to partner with private foundations and funds to advance mission-driven, innovative approaches to meeting housing needs.

- **Alternative Ownership Structures**. Community land trusts, cohousing communities, cooperative housing, and other alternative ownership models can help control costs and lock in affordability over the long term – in part by separating out the value of the land from that of the housing, and by introducing a structure to manage values over the long term. There are limitations to how much these can be used in high value areas like Edina, but they certainly should be considerations when the city is considering its affordable housing strategy.

- **Housing Justice Center**. Founded in 1999, the Housing Justice Center (HJC, formerly known as the Housing Preservation Project, or HPP) is a nonprofit public interest advocacy and legal organization whose primary mission is to preserve and expand affordable housing for low income individuals and families. HJC seeks to prevent the loss of affordable rental housing by conversion to market rate, demolition, foreclosure, and other causes. HJC also seeks to foster expanded affordable housing opportunities.

Additional housing tools and strategies that may be used by the City of Edina are included in the following Additional Housing Tools section.

Additional Housing Tools

In the following table are a number of additional housing tools and strategies, divided up by the type housing goal or need they may help fulfill. This is meant as a resource to supplement the main ones provided in the Housing chapter.

Table 4.7: Housing Implementation Tools		
Housing Goal/Need	**Implementation Opportunity/Available Tool**	**Circumstance and Sequence of Use**
Development of affordable housing (up to 80% AMI)	Planned Unit Development (PUD)	The City may consider a PUD application for project that includes affordable housing at or below 80% AMI, in locations guided at appropriate densities and land use categories as shown on the future land use map.
	Tax Abatement	The City may consider tax abatement for development proposals including housing affordable at or below 80% AMI, in locations guided at appropriate densities and land use categories as shown on the future land use map.
	Tax-Increment Financing (TIF)	The City may consider TIF for proposals for housing affordable at or below 80% AMI, in locations guided at appropriate densities and land use categories as shown on the future land use map.
	Housing Bonds	It is unlikely the City will consider issuing housing bonds to support affordable housing development, as it is not regularly used here. However, this is still a potential tool that may be considered for projects meeting multiple city goals.
	Site Assembly	The City may consider assembling a site for affordable housing at or below 80% AMI. This could include acquiring and holding land as well as sub-allocating such monies to a qualified developer approved by the City Council.
	Consolidated Request for Proposals (RFP)	The City may consider supporting an application to RFP programs for housing affordable at or below 80% AMI in locations guided at appropriate densities and land use categories as shown on the future land use map.
	Community Development Block Grant (CDBG)	The City has supported the use of CDBG funds to develop affordable housing opportunities at or below 60% AMI in the past, and may consider using for future projects which are consistent with city policy and meet program criteria.
	HOME Investment Partnerships Program (HOME)	The City may consider supporting an application to HOME to fund activities to build, buy, or rehabilitate affordable housing at or below 60% AMI for locations guided at appropriate densities and land use categories as shown on the future land use map.
	Livable Communities Demonstration Account (LCDA)	The City has supported the use of LCDA funds to develop affordable housing opportunities in the past, and will consider using it for future projects affordable at or below 80% AMI which are consistent with city policy and meet program criteria.

	Inclusionary Zoning Policy	The City has already adopted an inclusionary zoning policy supporting the construction of affordable housing at or below 60% AMI and will continue to use and modify this tool as needed to support the development of affordable housing.
	Affordable Housing Incentive Fund (AHIF)	The City has supported the use of AHIF to develop very low income affordable housing opportunities at or below 30% AMI, and will consider using it for future housing projects which are consistent with city policy and meet program criteria.
Preserving existing affordable housing stock	4d Tax Program	The City currently has a 4d pilot program with an affordable housing rehabilitation component that will be reviewed and possibly expanded. This program may be used to provide reduced tax rates for properties with housing affordable at or below 60% AMI.
	Landlord Education for Inclusive Housing Policies	Landlord education can provide information for how to maintain and manage affordable housing. The City may partner with other agencies to offer educational resources to landlords of existing affordable rental properties at 80% AMI or lower.
	Land Bank Twin Cities and Community Land Trusts	Land banks and land trusts can be used to maintain existing affordable housing stock at or below 80% AMI, including naturally occurring affordable housing. The City may consider working with the Land Bank Twin Cities or other land trusts on affordable housing preservation.
	Project Based Rental Assistance	The City may consider supporting the use of project based rental assistance programs, such as Section 8, to maintain affordable options at or below 80% AMI in the city.
	Rental Rehabilitation Grants and Loans	The City may partner with other agencies to offer resources to landlords for rehabilitation grants and/or loans for existing affordable rental properties at or below 80% AMI, when consistent with city goals and policies.
	Low Income Housing Tax Credit Properties (LIHTC)	The City has supported the use of LIHTC to develop affordable housing opportunities, and will consider using it for future projects affordable at or below 60% AMI.
	Single Family Rehabilitation Grants and Loans	The City may partner with other agencies to offer resources to homeowners for home rehabilitation grants/loans, when consistent with city goals and policies. Income may be a criterion used to determine eligibility.
Supporting young/first-time homeowners	Start-Up Loan Program	Minnesota Housing provides this program to assist first-time homebuyers with financing a home purchase and down payment through a dedicated loan program. The City may partner to offer education about the availability of this program.
	Single Family Rehabilitation Grants and Loans	The City may partner with other agencies to offer resources to homeowners for home rehabilitation grants/loans when consistent with city goals and policies.
Maintaining homeownership	Foreclosure Prevention Counseling	The City may partner with other agencies to offer foreclosure prevention resources to homeowners and educate homeowners about opportunities for assistance.
	Step-Up Loan Program	Minnesota Housing provides this program to assist non first-time homebuyers to purchase or refinance a home through a dedicated loan program. The City may partner to offer education about this program to potential applicants.

Senior housing	Planned Unit Development (PUD)	The City may consider a PUD application for senior housing in locations guided at appropriate densities and land use categories as shown on the future land use map.
	Expedited Pre-application Process	The City may consider creating a pre-application process to identify ways to minimize unnecessary delay for senior housing and affordable projects prior to formal application process.
	Site Assembly	The City may consider assembling a site for senior housing. This could include acquiring and holding land as well as sub-allocating such monies to a qualified developer approved by the City Council.
	Zoning Ordinance	The City may review the zoning ordinance and identify policies or regulations that may inhibit senior housing development.
	Tax Abatement	The City may consider tax abatement for a senior housing project with units affordable at or below 80% AMI.
	Tax-Increment Financing (TIF)	The City may consider using TIF to finance this housing type, when the project is consistent with other city goals and policies, particularly for affordable housing at or below 80% AMI.
	Housing Bonds	It is unlikely the City will consider issuing housing bonds to support senior housing development. However, this may be an option for projects meeting multiple city goals and policies.
	Consolidated RFP	The City may consider supporting an application to RFP programs for senior housing affordable at or below 80% AMI in locations guided at appropriate densities and land use categories as shown on the future land use map.
	Community Development Block Grant (CDBG)	The City has supported the use of CDBG funds to develop affordable housing opportunities at or below 60% AMI in the past, and may consider using it for future affordable senior housing projects which are consistent with city policy and meet program criteria.
	Livable Communities Demonstration Account	The City may consider supporting or sponsoring an application to Livable Communities Account programs for affordable senior housing at or below 60% AMI to address above housing needs and goals.
Increasing the livability of the city	Home Improvement Loans	Minnesota Housing offers this program to assist homeowners in financing home maintenance projects to accommodating a physical disability or select energy efficiency improvement projects. The City may partner to educate about this program.
	ADU Ordinance	The City may consider developing an ordinance permitting the construction of accessory dwelling units or guest homes in specific zoning districts, if consistent with overall city goals and policies
	Program or Framework	The City may consider working with stakeholders to develop guiding principles, frameworks, and action plans to consider and incorporate the needs of existing and potential residents into development decisions.
	Fair Housing Policy	The City has an adopted Fair Housing Policy and will continue to use it in the future and modify as needed.

Housing Succession Plan

for

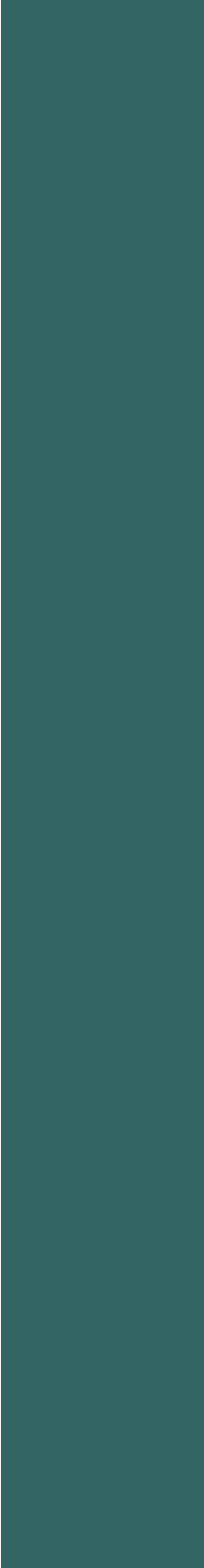# Edina's Future

Edina Housing Task Force

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October 2006

Dear Fellow Edina Citizens,

In November 2004 the City of Edina assembled a Task Force to study housing and its affordability in our community. The Task Force is comprised of 19 individuals, most of whom live in Edina.

This report is the result of the Task Force's work and contains a plethora of information. This is not the final word, but we do seek to spur action. The Task Force believes that housing problems exist and will only grow unless some action is taken by the City.

This report represents a consensus of the Task Force members. Most of the recommendations enumerated here are endorsed by a super majority of the group. We ask that you keep an open mind when reading and studying this report. We, like you, are committed to Edina's future. It's our legacy.

Douglas Mayo
Chair, on Behalf of the Edina Housing Task Force

EXECUTIVE SUMMARY

After months of research, intense discussions, and input from around the community, the Edina Housing Task Force (the Task Force) recommends that Edina implement a Housing Succession Plan to help sustain our community and serve as a strong force for our region. The Plan puts forth a goal of making 500 units of housing available to households of lower and moderate income by the year 2020 and suggests five primary strategies to accomplish this goal:

1. Adopt a mandatory inclusionary zoning policy;
2. Update the Comprehensive Plan to convert appropriate areas to mixed use and provide for greater density in appropriate areas;
3. Use the greater Southdale area as a demonstration of a cutting-edge, livable, pedestrian-friendly urban redevelopment;
4. Create long-term opportunities to make a portion of Edina's existing housing stock affordable to more people and families; and
5. Leverage existing housing programs to create more opportunities for moderate- and lower-income families.

Edina's housing market is very healthy. So why does Edina need to bother with a Housing Succession Plan? For most people in Edina, market forces work sufficiently to provide the housing they need and desire. However, some segments of the population are not well served by the market. The Housing Succession Plan focuses on the areas where the market functions less well. Housing options in this context mean that Edina has lifecycle housing opportunities for people of a broad range of incomes and ages who will contribute to making it a great place to live.

The Housing Succession Plan is built on the idea that continuous renewal is essential to vital communities. We are a city with a variety of people across age and economic spectrums: young families, seniors, teachers, professionals, life-long residents and newcomers. Because of rising housing costs, it is likely that this diversity will diminish. With average home sale prices increasing by $185,000, from about $215,000 to over $400,000 between 1997 and 2004, living in Edina is becoming unaffordable for many.

Of the over 21,000 households in Edina, more than 7,700 have incomes of less than $50,000 per year; nearly 3,300 have incomes of $25,000 or less. Of these 7,700 households, approximately 3,500 pay 30% or more of their income for housing, a standard measure of affordability. Lower- and moderate-income workers in Edina are often priced out of its housing market. As housing values outpace the incomes of those who have helped create higher property values (such as teachers, police officers, firefighters, retail/service workers, hospital staff, office workers, nurses, etc.), it becomes difficult for Edina to be their home.

This Plan aims to protect and enhance Edina as a community of character, openness, and foresight by creating and maintaining a diversity of housing options. The Task Force believes that deliberate attention to Edina's housing is necessary to:

- Preserve and enhance the strength of our schools;
- Maintain community character;
- Foster diversity;
- Support Edina businesses' ability to remain competitive in regional and global markets and attract quality employees; and
- Provide lifecycle opportunities for community renewal (provide opportunities for people to live and work in Edina throughout their lives, continually renewing Edina's residential base).

Before finalizing this report, the Task Force consulted heavily with people throughout Edina. The primary response was one of tremendous support: Edina must take action to ensure that the type of families who have always lived in Edina can continue to afford to live in Edina. This report also outlines the next steps for each housing strategy. It sets clear lines of accountability for achieving the goal of providing 500 units of affordable housing by 2020.

> **"Edina will be the preeminent place for living, learning, raising families and doing business..."**
>
> **— Edina Vision 20/20 Plan**

I. A VISION FOR EDINA'S FUTURE

People choose Edina. Edina is primarily a residential community, but is also home to nearly 50,000 jobs. Edina offers outstanding public schools, beautiful parks and abundant recreational opportunities, civically engaged citizens, quality medical facilities, numerous employment opportunities, and a convenient location. The people of Edina, both its residents and its workforce, contribute to making Edina an outstanding place to live, raise a family, work, and retire.

Successful communities create an environment that allows them to continually renew and reinvigorate themselves despite economic upheavals and demographic changes. They take the long view and rise to challenges. They recognize that in this fast-paced, globally competitive world a successful past does not guarantee a successful future. The imperative to look ahead was the impetus for Edina's Vision 20/20 plan (20/20 plan) as well as the Edina Housing Task Force (the Task Force).

Edina's 20/20 plan sees Edina as the "preeminent place for living, learning, raising families and doing business." This cannot be accomplished without balanced housing options. In particular, Edina must continue to offer housing opportunities to people who have always been a part of Edina – hard-working people, and families and seniors of modest means. Some of the 20/20 plan strategies, such as a high-quality, livable environment and a balance of land uses, speak directly to the importance of housing in Edina. Yet achieving the 20/20 plan's vision will be complicated and challenging in a fully developed suburb where over 60% of its housing was built before 1970 and more than 80% before 1980.

Edina's Vision 20/20 plan calls for a balance of land uses, characterized by lifecycle housing, outstanding neighborhoods, and an extensive network of parks, all arranged in pedestrian- and transit-

Edina Public Works Employee, 1972
Edina Millstone relocation to Grange Hall

friendly ways. This will, according to the 20/20 plan, address changing housing and business needs while sustaining Edina's enormous investment in its housing stock and neighborhoods. The first objective in the 20/20 plan is to "maintain strong residential neighborhoods." Not only is affordable housing cited as a key component of this, but the 2003 update of the 20/20 plan calls for Edina to "take a leadership role in encouraging affordable, lifecycle housing opportunities."

Edina's past teaches us that its attention to planning and redevelopment has kept Edina strong. Looking to the future, the Housing Task Force recommends that the City of Edina implement a Housing Succession Plan (the Plan) built on the idea that continuous renewal is an essential quality of successful communities.

The Housing Succession Plan aims to sustain and enhance Edina as a community of character, openness, and foresight by creating and maintaining a diversity of housing options. The Task Force believes that deliberate attention to Edina's housing is necessary to:

- Preserve and enhance the strength of our schools;
- Maintain community character;
- Foster diversity;
- Support Edina businesses' ability to remain competitive in regional and global markets and attract quality employees; and
- Provide lifecycle opportunities for community renewal (provide opportunities for people to live and work in Edina throughout their lives, continually renewing Edina's residential base).

The Edina Housing Task Force was convened by the Research, Planning and Coordination for Human Services Ad Hoc Committee of the Edina Human Rights and Relations Commission (see Appendix A for a list of Task Force members). The Task Force was charged with identifying how and why affordable housing matters to Edina's future and to make practical recommendations that can help Edina meet its 20/20 plan vision of being the "preeminent place for living, learning, raising families and doing business." This report addresses why housing matters and delivers a call to action, including specific housing strategies and a three-point action plan.

Before releasing this final report, the Task Force presented its draft work in various forums throughout Edina. The Task Force wishes to thank the many people who took time to learn about the need for affordable housing and provide their perspective. The Task Force was pleased, and somewhat surprised, at the support it found in the community. Edina residents see that their community is changing and rapidly becoming unaffordable to the type of people who have always called Edina home. They urged the Task Force to put forth specific goals and ideas for making housing more affordable in Edina. A list of these community meetings and a summary of the discussions can be found in Appendix B.

If Edina's past has taught us anything, it is that Edina's attention to planning and redevelopment has kept it strong.

II. WHY HOUSING MATTERS

Housing is easy to take for granted. Yet the physical asset becomes *homes* for families and individuals, *opportuniti*es for those working hard to get ahead, *community* for cities, and *resources* for the economy.

A mix of housing types and values is necessary to ensure that those who contribute to the community can live in the community if they desire.   The same mix enables new-comers and young families to join the community, renewing it with fresh talents and ideas.   A mix of housing respects the desires of older citizens to remain in the community that is the seat of their life's work and dreams.   Housing is increasingly a factor in business' ability to recruit and retain workers.

Economic and land-use pressures are creating strains that threaten Edina's ability to offer a mix of housing opportunities.   Housing prices in Edina are escalating well beyond the reach of many who work and even currently live in Edina.   Throughout the metropolitan area, workers and young families are "driving to affordability," housing made affordable by relatively inexpensive rural land and accessible by good freeways, but which leaves traffic congestion, air pollution, and water quality problems in its wake.   These factors contribute to the increasing land values in Edina.

If housing prices explode beyond the means of all but the wealthy, Edina will not attract young families, it may struggle to attract the workers it needs, and seniors on fixed incomes may be forced to relocate.   These scenarios are not farfetched.   Indeed, there are signs that these problems are beginning to happen, just as they have emerged in other communities around the country.

Morningside Constable Weber,
Sunnyside Rd. & France Ave, 1956
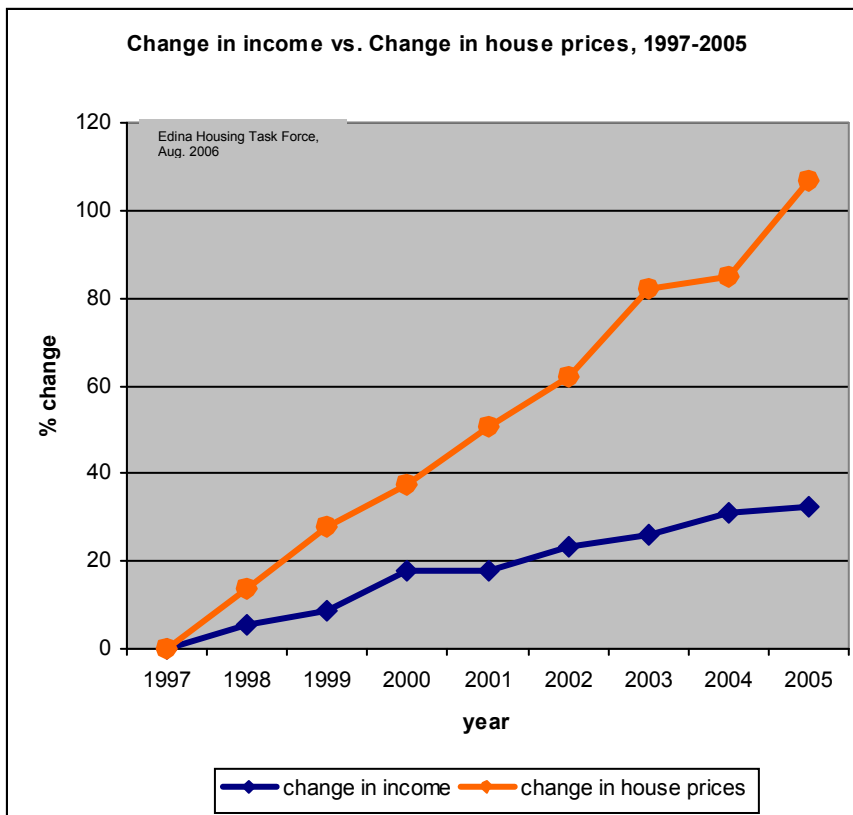
Chart A. Shows the percentage by which average incomes (blue diamonds) and average house prices (orange circles) increased from 1997. Incomes rose by just over 30% over the period, while house prices rose by more than 100%.

Change in income vs. Change in house prices, 1997-2005

Edina Housing Task Force, Aug. 2006

(Chart: Y-axis "% change" from 0 to 120; X-axis "year" from 1997 to 2005; two series — "change in income" (blue diamonds) rising to about 32% by 2005, and "change in house prices" (orange circles) rising to about 107% by 2005.)

Housing in Edina

Housing is expensive and getting more expensive as land becomes more valuable. Home prices in Edina have typically been among the highest in the Twin Cites metropolitan area. The recent surge in home prices was particularly strong in Edina: between 1997 and 2005, the average sale price of a home in Edina *increased* by $235,000, from about $215,000 to over $450,000 or approximately 15% a year[1]. (See Appendix C.) At the same time, the average income for households in Edina has increased much more slowly, rising by 4.4% per year from $33,000 in 1997 to $44,000 in 2005[2]. Chart A shows this increase in home prices compared to incomes. This means that housing in Edina is less affordable today than in 1997. (See Appendix E for the definition of affordable housing.)
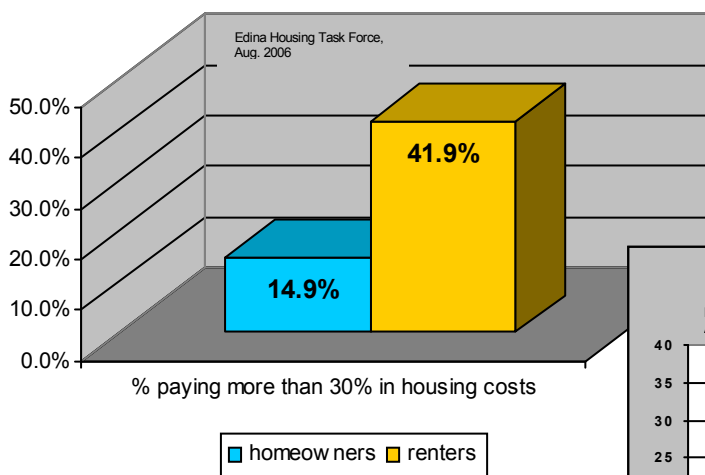
[1] 2000 U.S. Census.
[2] Minnesota Department of Employment and Economic Development.

Another sign of the market strength and declining affordability of Edina's housing is the growing trend of "tear downs" (buying smaller single-family homes, tearing them down, and building significantly larger homes on those lots). Chart B shows that the number of tear downs jumped sharply from about 8 a year from 2000 to 2003 to 20 in 2004 and 37 in 2005[3]. The number of major construction projects for renovation and additions rose steeply as well, further contributing to the rise in Edina home values. The estimated value of new construction for remodeling, additions, and tear downs increased by more than 60% between 2000 and 2005.

Edina's residents have a wide range of incomes. Of the more than 21,000 households in Edina, more than 7,700 have incomes of less than $50,000 per year; nearly 3,300 have incomes of $25,000 or less. Of these 7,700 households, 3,300 are renters, 60% of whom pay more than 30% of their income for housing, a standard measure of affordability. When looking at single-family homeowners who earn less than $50,000, approximately 1,300 households, about one in two, pay more than 30% of their income for housing[4]. (Data for condominium and townhome owners are not available.) Chart C shows the proportion of all homeowners and renters who pay more than 30% of their income in housing costs. Teachers, police officers, firefighters, retail/service workers, hospital staff, office workers, nurses, etc. who work in Edina often cannot afford to live in Edina.

% All Homeowners & Renters Paying More Than 30% of Income for Housing

Edina Housing Task Force, Aug. 2006

- 50.0%
- 40.0%
- 30.0%
- 20.0%
- 10.0%
- 0.0%

41.9%

14.9%

% paying more than 30% in housing costs

☐ homeowners ☐ renters

Below. Chart B. Using permit information for demolitions, this chart shows the number of "tear downs" in Edina per year.

Left. Chart C. While both homeowners and renters often pay more than 30% of their income for housing costs, renters do so much more often. While just more than one in seven homeowners pay 30% or more of income for housing, more than three in seven renters do.

 # Edina Tear Downs by Year

Edina Housing Task Force, Aug. 2006

- 40
- 35
- 30
- 25
- 20
- 15
- 10
- 5
- 0

9   8   8   8   20   37

2000   2001   2002   2003   2004   2005
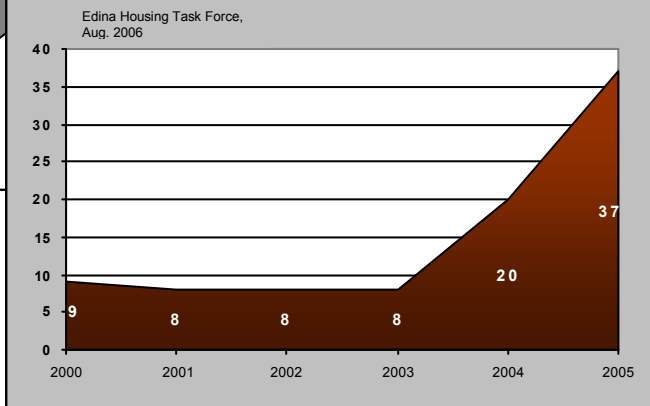
[3]   City of Edina, Office of the Assessor.
[4]   2000 U.S. Census.

Edina Housing Task Force, Aug. 2006 Position	Salary	Affordable Monthly Mortgage Payment		% income required for $200,000 home		% income required for $350,000 home	
		1 earner	2 earners	1 earner	2 earners	1 earner	2 earners
Teacher, starting	$32,000	$800	$1,600	65%	32%	114%	57%
Teacher, median	$49,000	$1,225	$2,450	42%	21%	74%	37%
Police officer, starting	$38,000	$950	$1,900	55%	27%	96%	48%
Healthcare worker, median	$54,000	$1,350	$2,700	38%	19%	67%	34%
Food Service worker	$15,000	$375	$750	138%	69%	242%	121%
Administrative Assistant	$29,000	$725	$1,450	72%	36%	125%	63%

Chart D. This chart shows an affordable monthly payment for one and two earners in a household. For two earner households, the same income for each household was assumed (i.e. two teachers or two police officers). Using Fannie Mae's mortgage payment calculator, the monthly payment for a $200,000 and $350,000 home was calculated assuming a 30-year fixed mortgage with 7.0% interest rate. Assuming no other debts and enough cash to cover closing costs, the chart shows the percentage of income required for a $200,000 and $350,000 home at each income level. This figure includes tax and insurance.

Of the approximately 47,500 residents in Edina, nearly 10% work in jobs earning less than $14.40 per hour[5]. Many of these are our service providers, including retail clerks and day-care workers. It is especially hard for these households to find affordable housing in Edina. Chart D compares local wages for various jobs with the amount of monthly housing payments these workers can afford[6,7]. It also shows the percentage of income they would need to spend to buy a $200,000 or $350,000 home—homes that are not affordable to them.

Housing Affordability:
 # Households vs. # Affordable Homes

Edina Housing Task Force, Aug. 2006

	<$25,000	$25,000-$50,000	$50,000-$75,000	$75,000-$100,000
# Rentals	793	2923	4503	4857
Single Family				975
Townhouses			52 / 103	201
Condos	11	682	2544	3097
# Households	3276	4469	3910	2573

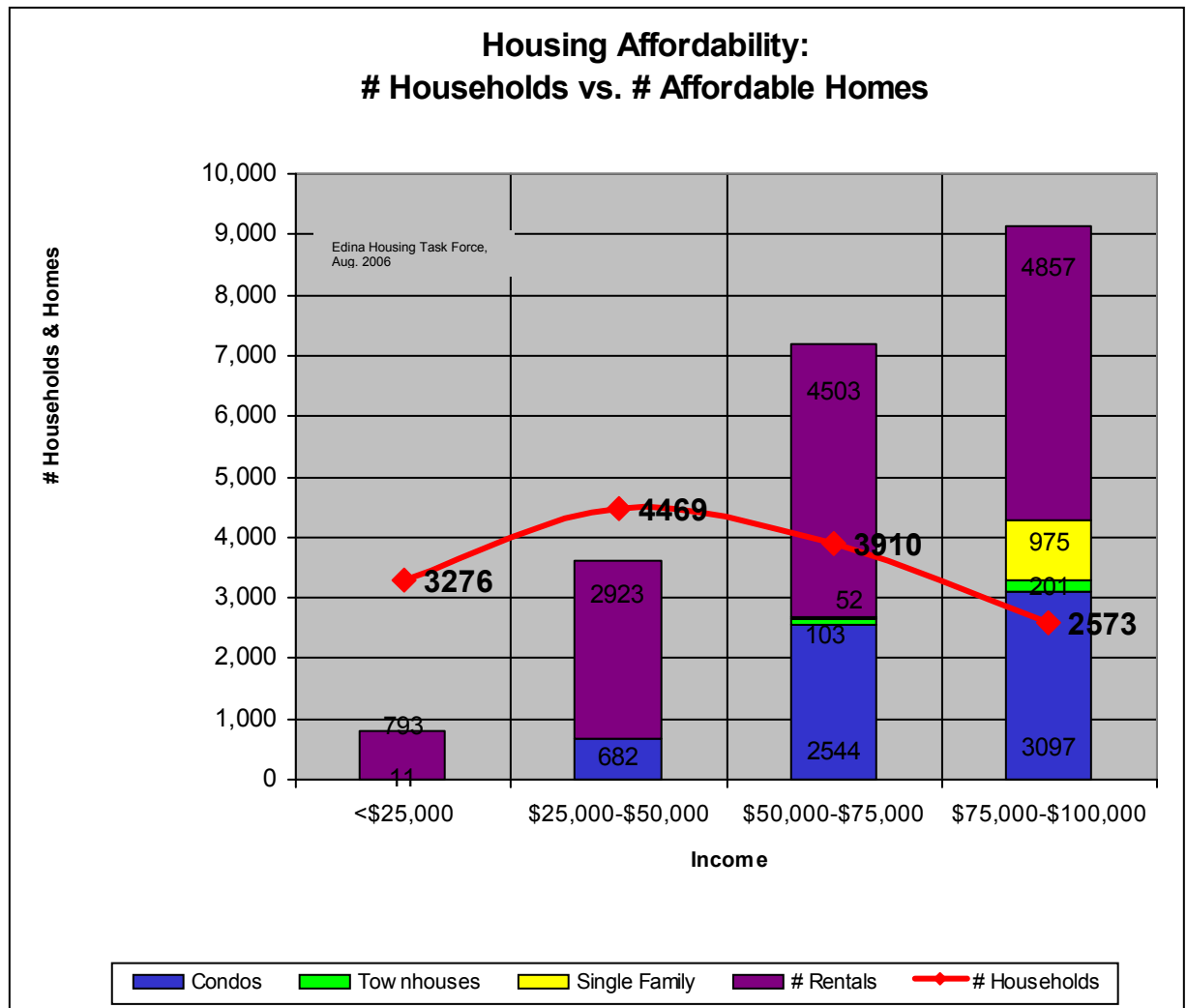Legend: Condos, Townhouses, Single Family, # Rentals, # Households

Income

Chart E. The red line on this chart indicates the number of Edina households earning an income within the specified range. The bars show how many homes are affordable for a household* in that income range, color-coded by type (rental, single family home, etc.). The number of available affordable homes is cumulative up the income bands, because if a home is affordable to a household earning $20,000, it is still affordable to a household earning $40,000. There is a deficit of homes available for households earning less than $50,000, and limited homeownership** opportunities for those earning less than $75,000. Even for those 2,124 households earning $100,000, there are fewer than 1000 single-family homes affordable for purchase in Edina. The number of homes available by type are listed in the table on the right.

*All households within an income range have been calculated at the average income for that range, because distribution is unknown (e.g. for the income band $25,000—$50,000, $37,5000 was used to calculate affordability).
**Assumptions for homeownership include: 30-year mortgage at 7.0% interest and enough cash on hand to cover closing costs.
[5] 2000 U.S. Census.
[6] Minnesota Department of Employment and Economic Development.
[7] Fannie Mae's "How Much Can You Afford with a Specific Monthly Payment" calculator.

Charts E and F show that there is an absolute deficit of affordable housing in Edina for households under $50,000; the shortage is especially severe for households with incomes of $25,000 or less. The red line on the chart shows the number of households at each income level. The bars show how many total homes are available to households at that income level (color coded by type of housing). The graph shows very clearly that there is a large deficit of housing for families earning less than $25,000, and a smaller but still sizable deficit for households earning between $25,000 and $50,000.[8]

# Households vs. # Affordable Homes			Edina Housing Task Force, Aug. 2006	
Annual Household Income	< $25,000	$25,000 - $50,000	$50,000 - $75,000	$75,000 - $100,000
Affordable owner-ship price	$43,000	$120,000	$200,000	$275,000
# Households	3,276	4,469	3,910	2,573
# available homes at each income level				
Annual Household Income	< $25,000	$25,000 - $50,000	$50,000 - $75,000	$75,000 - $100,000
# Single-Family Homes	0	0	52	975
# Townhomes	0	0	103	201
# Condos	11	682	2544	3097
# Rental	793	2923	4503	4857
Surplus/Deficit	-2,472	-864	3,292	6,557

Chart F. This chart depicts the number and price of units affordable to households earning incomes within each band, as well as how many homes are available within this band. The last row contains the surplus or deficit of affordable homes to each income band. Chart D shows this deficit on a graph.

[8] 2000 U.S. Census

Housing's Role in Edina's Future

The Task Force talked about why housing matters and especially why affordable housing matters. Members of the Task Force differed about which reasons were most important, but all agreed there are many legitimate reasons. We invite you to think about which of the following reasons resonates most strongly with you.

Preserving Strong Schools. The Edina public schools are among the best in the state and the nation. Real estate agents say the number one reason that people, whether or not they have children, move to Edina is the schools, because strong schools are a significant factor in maintaining strong property values. Between 2000 and 2004, school enrollment fell in 68% of Minnesota's school districts, yet enrollment in Edina's schools grew, due to the largest net gain of open enrollment in the state at more than 800 students[9]. As the school-age population of Edina declines, open enrollment helps maintain funding levels which keeps class sizes low and provides more choices for students.

It is good that the quality of public school education in Edina attracts students from around the metropolitan area. Yet, Edina and its schools would benefit from serving more local families. Parental involvement in the community often occurs through children's activities and children's activities often occur through the schools. If more young families with children lived in Edina, Edina would benefit from their active involvement. The Task Force heard repeatedly in its community meetings that Edina schools are a number one priority.

Edina's recent building trends usually result in high-cost housing developments (such as condominiums starting around $500,000) that typically do not attract families with school-age children. They may, in fact, attract voters less likely to support school referenda. Facilitating housing opportunities to encourage more young families to move into Edina will help the Edina schools remain strong.

[9] Edina Public Schools.

Edina schoolchildren.

Left: Edina, Richfield and Airport police.

Right: Officer Rofidal with dog Kodiak upon graduation from training Academy, May 2002.

Maintaining Community Character. Edina's neighborhoods are the pieces of this successful community. Each neighborhood has its own character and charm. Neighborhoods provide the starting point for residents' involvement in the community at large. Edina's citizens are active and engaged in the schools, city government, and parks and recreation programs. Edina is a well-run city, often upheld as a model of leadership within the region. It is a safe community with the fifth lowest crime rate in Hennepin County. Edina's location as a first-tier suburb is a positive asset, with easy access to parks and other recreational activities, neighborhood and regional shopping areas, high-quality medical facilities, and other businesses.

To maintain its strong community character, Edina needs the people who make a community strong and these people need a place to live. Increasingly, the workers who directly support the quality of life in our city—such as school, government, and health workers—cannot afford to live in Edina. According to a recent survey conducted for the Task Force, only 29% of school, city, and hospital employees live in Edina, while an additional 51% would like to live in Edina if housing options were available. The quality of life for all Edina citizens is compromised when these workers must commute, diminishing their opportunities to be part of the broader fabric of our community. When teachers, for example, live further and further away, it becomes difficult for them to assist students after school or attend extracurricular activities.

Foster Diversity. A diverse community makes for a healthy community. It is important to maintain housing that accommodates such diversity. Former Edina leaders have embraced projects that have fostered diversity. Just as early immigrants established roots and became "Edinans", immigrants today desire the opportunity to do the same. Early frontier settlers in the 1800's were young, mostly under 40, with varying ethnic backgrounds (Swedes, Germans, Scots and Irish). By 1889, Edina had become a prosperous farm community of diverse origins. A hundred years later a gravel pit was transformed into a cutting-edge, mixed-use development providing affordable housing alternatives for the area. All of these actions were the result of strong leadership and foresight.

Diversity in a community is positive. Diversity should not be achieved at the expense of existing stakeholders, but it can be accomplished through innovative techniques that involve a variety of funding sources, public and private. Minnesota is projected to grow by 1.4 million people by 2030, a million of whom will live in the greater metropolitan area. This growth is greater than any other Midwestern or Northeastern state but New Hampshire. Currently, Minnesota's minority population totals 12%. A portion of these new community members will be minority and immigrant populations. It is anticipated that minorities may comprise one-quarter of the metropolitan area's next generation of workers.

Forced Out of Edina

"A parent of four children in the Edina Public Schools lost her Section 8 home when the lease was not renewed in January of last year. Because there is little Section 8 housing in Edina—and what's available has a two-year waiting list—the family was forced to relocate four school-age children in the middle of the school year. This is not an isolated incident. When an affordable housing option is lost, we do not have other options available, for families in particular."

— *Valerie Burke, Edina Resource Center*

Edina public school primary room, May 15, 1911. The teacher on the right is Miss Callie Dixon.

Edina Public School Primary Room, May 15, 1911.

Diversity embraces people at all stages of life: youth, young families, hard workers, active retirees, frail elderly, civic employees and the like. Currently, 23% of Edina residents are seniors, 12% are disabled, 6% are foreign born and one in three live alone[10]. Diversity also embraces people in a broad range of income levels. To facilitate diverse housing options, the City can help redevelop the community in a way that prepares our children and residents for the realities of society's future.

Regional realities also point to the need to facilitate diversity in our community. The Metropolitan Council has defined the current and future need for low- to moderate-income housing. As part of the metropolitan area, Edina can contribute to the region's housing solution while benefiting from both governmental support and a strengthened community. By doing so, Edina will position itself as a responsible and forward-thinking community within the region.

Housing diversity is not only about the current residents of Edina. It is also about meeting the responsibility bequeathed to us by Edina's previous leaders: the responsibility of helping our regional community in a way that reduces housing burdens on other communities. Diversity is about more than just helping Edina; it also involves helping our community neighbors and others who work and travel in our community.

[10] 2000 U.S. Census.

Supporting Edina Businesses. Edina is a strong employment center. Although the city's population remained stable between 1990 and 2000 at approximately 47,000, the number of jobs in Edina increased almost 40%, from around 37,000 to over 51,000[11]. However, only about one in eight workers now lives in Edina.

The link between housing and economic competitiveness is typically a regional issue. At the regional level, the high cost and limited availability of housing can limit future growth. For example, Massachusetts and California have experienced workers leaving to regions of more affordable housing. Portland, Maine, has found that its lack of moderately priced housing makes it difficult for businesses to attract workers in the $8 to $15 an hour range.

Businesses in Minnesota are beginning to experience this phenomenon as well. The Minnesota Chamber of Commerce reports that 18% of businesses involved in their 2004-2005 Grow Minnesota program rated their communities unfavorable with respect to housing availability. Despite Minnesota's growing population, its labor force growth will slow in the years ahead, from 1.5% annually this decade to 0.3% in the 2020s. Workers will be able to be more selective and choose employment closer to home. So in the years ahead, the availability and price of housing could begin to figure as a prominent factor in economic competitiveness.

[11] 2000 U.S. Census.

Isn't someone who works in Edina good enough to live in Edina?

Gas station employee, 1950.

Minneapolis Gas Company dinner at Southdale Center, 1957.

Even if economic competitiveness is primarily a metropolitan-wide issue, there are three reasons why Edina should care. First, we are part of the region. Housing is built, zoned and permitted at the city level, not the regional level. If all cities chose to defer to the region on affordable housing, there would simply be no affordable housing. Second, as the price of gasoline soars, it may become more difficult for local businesses to attract workers to lower paying jobs. Finally, businesses provide jobs to local residents, make important contributions to local leadership, and add to the local tax base. It is important to note that a strong commercial/industrial base in Edina helps keep property taxes reasonable. Edina's tax base has 23% more market value per resident than the next highest city, Eden Prairie. Beside Minneapolis and St. Paul, Edina's total market value is surpassed only by Bloomington and slightly edged out by Plymouth and Eden Prairie. One consequence is that Edina's property tax rates are relatively low: 8% less than the metropolitan average for total tax rates and only 67% of the metropolitan average of taxes levied for city services.

Affordable, lifecycle housing is important to Edina's senior population.
Photos courtesy of worldofstock.com and Lutheran Social Services.

Providing Lifecycle Opportunities for Community Renewal. Housing for people at different places in the lifecycle plays an integral role in creating a healthy community. Lifecycle housing creates housing opportunities for all points in the lifecycle: young adults, families (young, mature, or non-traditional), empty nesters, and seniors. Today, Edina residents with unaffordable housing costs are disproportionately seniors. Edina will need to ensure that the community has the social and physical infrastructures that allow seniors to thrive. Edina should assist seniors to find desirable housing, to help first-time home buyers into seniors' homes when they wish to sell, and to ensure that any new housing can be recycled using the emerging principles of universal design. In the future, lack of affordable housing will impact other segments of our community, especially young families. Edina will need affordable housing to better compete with other regional communities for young families seeking affordable housing so that we can maintain our vibrant community, fill schools and jobs with Edina residents, and ensure a diversity of ages within the city.

America and Minnesota are growing older. In roughly ten years, the number of Minnesotans aged 65 or older will surpass the number of school-aged children—an unprecedented reversal of the population-age pyramid. Edina is already at the leading edge of this trend. In 2000 the number of residents 65 or older surpassed the number of school-aged children by nearly 2,000 people. Edina has one of the highest concentrations of senior citizens in the metropolitan area and, conversely, a relatively small population of young families[12]. (See Appendix D.)

With such a high population of seniors, Edina can expect a fair amount of turnover in its housing stock in the coming years. Indeed, housing statistics show an Edina in transition. One in three Edina residents was born outside Minnesota, and 6% were foreign born[13]. As of the 2000 census, more than a third of residents lived in a different home five years before. As a community, we have a stake in how our housing transitions.

[12] U.S. Census.
[13] Ibid.

III. CALL TO ACTION

Edina has a tradition of taking action to meet its community ideals. Edina's population more than doubled in the 1920's, forcing village government to adapt to new conditions. Edina led the way in using zoning ordinances to control growth long before any other suburb and was the first Minnesota city to employ a full-time planner. Consequently, Edina addressed early on what it was and should be and established the political and social tools to facilitate its ideals. When most municipalities struggled in the postwar period, Edina created a structure that allowed it to adapt to rapid changes more efficiently than most suburban communities, laying the groundwork for "successful suburbanization."

Unlike many similar communities during the postwar boom, Edina retained its upper-middle-class residential character. By 1970, Edina held some of the highest median home values ($38,100) in the metropolitan area. In response, the Edina Housing and Redevelopment Authority (Edina HRA) was established in 1974 to undertake urban redevelopment projects and assist with the development of affordable housing. The Edina HRA served as the driving force behind many development projects, including the 50th and France commercial area renewal, the Edinborough and Centennial Lakes mixed development projects (where the City offered second mortgages), and low- and moderate-income housing at Yorkdale Townhomes, Oak Glen, Summit Point, and South Haven

Who will live in affordable housing?
The answer is the key to Edina's future—
our sons and daughters,
hard-working families, teachers, police officers,
your local bank teller or hospice nurse.

(see Appendix D for map locations). In January 2000 the Metropolitan Council established the Family Affordable Housing Program (FAHP), which provided scattered-site rental units and partnered with Edina and other suburbs to help provide affordable housing. Some of these housing developments and initiatives were originally put in place largely to help attract young families to Edina and serve as an important source of affordable housing in the community. By all accounts, these efforts have been enormously successful and have served as a model for the region.

The City of Edina has a history of creating housing that is affordable to people of various incomes. Edina has thrived for the past 100-plus years because each generation sought to leave a legacy of inclusiveness, opportunity, and hard work based on a calculated vision for the future.

The Housing Task Force believes that it is important for Edina to continue to build its legacy of action in housing. We have developed a Housing Succession Plan based on eight values, four principles and centered on five key strategies. During the course of our research, we looked at best practices around the country (see bibliography in Appendix K) and engaged both experts and community representatives in conversations about housing (see Appendix G).

Mrs. Keobounpheng pulling her two children in a wagon to go grocery shopping near her house at 66th Street and Xerxes Avenue, Edina, 1980.

> *Housing is the face of a community.*
> What do we want Edina's face to project to the world?

Values:

Our values served as a litmus test for our work. We required of ourselves that our housing strategies:

- Preserve and enhance the character of the neighborhoods and property values;

- Maintain high-quality neighborhood standards;

- Support and maintain Edina's quality schools;

- Aim for the long-term good of Edina and not rely on temporary fixes;

- Maintain Edina's strength in the region by being a regional leader, seeking unique and innovative approaches;

- Respect market forces;

- Promote lifecycle housing stock that supports a range of housing options that meet people's preferences and circumstances at all life's stages; and

- Make affordability sustainable.

Principles:

Edina's housing efforts will be most successful if it follows these principles for action:

- *Collaboration*: Collaboration allows communities to leverage strengths and resources. Edina collaborates well with other communities and should continue this approach for housing.

- *Communication*: Structured, inclusive communication is central to engaging the community and building support for the Housing Succession Plan.

- *Existing Resources*: To ensure the greatest effectiveness and efficiency, Edina should tap existing resources, both institutional structures as well as funding sources.

- *Accountability*: For the Housing Succession Plan to succeed there must be clear accountability and shared responsibility.

The Housing Succession Plan incorporates these principles.

IV. HOUSING SUCCESSION PLAN

We recommend that Edina implement the Housing Succession Plan. The objective of the Plan is to sustain Edina's character while enhancing housing options. For most people in Edina, market forces[14] provide the housing they need and desire. However, some segments of the population are not well served by the market. The Housing Succession Plan focuses on the areas where the market functions less well. Housing options in this context mean that Edina has lifecycle housing opportunities for people within a broad range of incomes and ages who will contribute to making it a great place to live. The purpose of the Edina Housing Succession Plan is to create and take advantage of opportunities over the next 15 years to ensure that a portion of Edina's housing remains affordable to seniors, young families and working families. The Plan's overall goal is to:

Make 500 units of housing available to
lower- and moderate-income families by the year 2020.

There are two ways to make housing more affordable: subsidize the cost of a dwelling unit or offer income assistance to a household. Given the limited opportunity for development in Edina and the large subsidies needed to make certain types of housing affordable, the Plan includes both approaches and suggests a mix of housing opportunities—new construction, preserving existing affordable housing, homebuyer and rental incentives, second mortgages, and accessory apartments.

The Plan uses as its base the Metropolitan Council's affordable housing allocation for Edina. This allocation represents Edina's share of the regional need for affordable housing for households at 60% of area median income or less (approximately $46,000 in 2005). The regional need has been projected to total 51,000 units. Edina's share of 212 new units represents four-tenths of one percent of the regional need and one percent of the housing stock in Edina.

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[14] Market forces refer to where a willing buyer and a willing seller, having all of the facts, determine a price based on the principles of supply and demand. This means that if there is an excess supply (for example, an oversupply of available houses in an area) and low demand (few buyers), the price will be relatively low. Conversely, if there is little supply (only a few houses available for purchase), and high demand (more buyers than available houses), the price will rise. In the case of Edina, buyers who wish to purchase a home may be priced out of the market because there are fewer homes than prospective buyers.

To achieve its vision of a diverse, self-renewing community, the Task Force believes that there is a need to assist higher-income families as well. The Plan calls for making an additional 288 units affordable to families earning 60% to 115% of area median income ($46,000 to $88,000). For reference, in 2000, Edina had incomes mirroring the greater Twin Cities, with more than half of its households at 115% or below the Twin Cities median income ($66,000).

The Plan breaks this allocation into three goals in order to take advantage of existing programs; these are: (1) programs that provide tax credits and other resources to assist families with up to 60% of area median income; (2) home-ownership assistance programs available for families with up to 80% of area median income; and (3) loan assistance for rehabilitation for families with incomes up to 115% of median area income.

Parent helping children with homework.

Goal One: 212 units for families with up to 60% ($46,200 in 2005) of area median income

The units at this income level will be rental. The cost of housing in Edina is too high to provide ownership opportunities for these families without providing exorbitant subsidies and/or asking families to assume mortgage debt where they risk losing their homes and investments. Edina's greatest need is for affordable rental housing. Approximately 5,500 households in Edina rent their homes and 60% of these spend more than 30% of their income on housing. In other words, about three in five Edina rental households are burdened by high housing costs.

Rental housing could include townhomes for families with children, housing with services for the disabled or elderly, or apartment buildings with elevators. Most proposed rental housing would be privately owned and made affordable through the sale of federal housing tax credits. Federal assistance is also available to make senior rental housing affordable. In addition, Edina should consider permitting existing homeowners to add accessory or "in-law" apartments to their homes, which would provide very reasonably priced rental housing for adult children or parents.

More rental opportunities could be made available in Edina for very limited cost if more landlords were willing to accept Section 8 or other rental incentives. One study estimates that nearly 45% of rental units in suburban Hennepin, Dakota and Anoka counties are off limits to families with Section 8 vouchers because landlords will not accept them. Yet, Lutheran Social Services, for example, offers a highly successful service working with landlords to accept Section 8 tenants and ensure the relationship is mutually beneficial.

Private market rental housing	90 units
Senior federally assisted housing	52 units
Accessory apartments	30 units
Lower-income rental incentives	40 units
Total at 60% area median income	212 units

Goal Two: 175 units for families with up to 80% ($61,600 in 2005) of area median income

In this income range, the Plan focuses on ownership housing and preserving Edina's existing stock of more affordable single-family homes. As mentioned earlier, Edina has the largest concentration of senior citizens in the metropolitan area. The Plan recommends constructing suitable downsized housing for seniors who wish to stay in Edina. The options could include new senior-oriented townhouse developments or providing incentives for accessory units built into existing housing. The homes vacated by seniors can then be made available for sale to young families utilizing a community land trust, second mortgages and/or first-time homebuyer programs.

As Edina considers how to provide housing options so that its seniors can stay in Edina, it has the opportunity to lead on creating new types of senior housing opportunities. Perhaps there are designs that could be adapted to young families once seniors leave. Or packages of economical services could be created, perhaps through homeowners associations, so that seniors can stay in their homes as long as possible.

There are many programs that assist moderate-income home buyers, including down-payment assistance, closing costs assistance, and deferred/forgivable rehabilitation loans. Edina should develop expertise in these programs, package them, and work with realtors and banks to attract moderate-income households to Edina. The East Edina Housing Foundation has been providing some of these programs, but, clearly, these are among the most economical routes for attracting new families into Edina and should be given top priority.

New senior downsized housing	50 units
Land trust	50 units
Second Mortgage	30 units
Existing programs/homebuyer assistance	<u>45 units</u>
Total	175 units

Goal Three: 113 units for families with up to 115% ($88,500 in 2005) of area median income

At this income level, some of Edina's lower-priced condominiums units and bungalows become affordable. Often, however, the homes are small and/or need rehabilitation. Housing can be made affordable at these income levels with reasonable subsidies. Other new homeowners can be assisted through low-interest rehabilitation loan programs.

New construction – inclusionary zoning	75 units
Existing programs/rehabilitation loans	38 units
Total	113 units

Edina's Housing Succession Plan – 20/20 Goals

	60% ami or below	up to 80% ami	up to 115% ami	total	Edina subsidy per unit*	total cost	strategy
Affordability levels							
2005 income limit	$46,200	$61,600	$88,550				
Aff. Purchase**	$134,000	$178,000	$256,000				
Affordable monthly housing payment	$1,155	$1,540	$2,214				
Unit # goal	212	175	113	500			
Programs/funding	tax credit rental housing; subsidized senior housing; Sect. 8	homebuyer assistance	rehab loans				
Ownership							
New Construction							
family housing			75	75	$50,000	$3,750,000	incl. zoning.; comp plan; Southdale
senior downsize housing		50		50	$75,000	$3,750,000	incl. zoning.; comp plan; Southdale
Existing Housing							
land trust		50		50	$90,000	$4,500,000	land trust
2nd mortgage		30		30	$40,000	$1,200,000	2nd mortgage
existing programs		45	38	83			existing programs
subtotal ownership	**0**	**175**	**113**	**288**		**$12,000,000**	
Rental							
New Construction						$0	
tax credit housing	90			90	$20,000	$1,800,000	incl. zoning; low income programs
senior housing	52			52	$20,000	$1,040,000	incl. zoning; low income programs
accessory units	30			30	$5,000	$150,000	Incl. zoning
Existing programs	40			40	minimal	$0	existing programs
subtotal rental	**212**	**0**	**0**	**212**		**$2,990,000**	
Total	**212**	**175**	**113**	**500**		**$14,990,000**	

* funds exclusive of federal, MHFA and County programs

**using Fannie Mae calculator with assumptions: 7.0% interest, 30-year mortgage, enough cash to cover closing costs, no points, closing costs = 5% of purchase price, and no other debt obligations. PMI, home insurance, and taxes at 0.2% included in affordability calculation.

Housing Strategies

The Housing Succession Plan proposes five primary strategies for achieving these goals. Note that these are strategies. They do not produce affordable housing or create stronger schools or attract young families in and of themselves. But they do create a structure for allowing the market, partnerships and existing resources to maximize opportunities as they arise and provide clear direction for the future. The strategies are:

1. Adopt a mandatory inclusionary zoning policy;

2. Update the Comprehensive Plan to convert appropriate areas to mixed-use development and provide for greater density in appropriate areas;

3. Use the greater Southdale area as a demonstration of a cutting-edge, livable, pedestrian-friendly urban redevelopment;

4. Create long-term opportunities to make a portion of Edina's existing housing stock affordable to more people and families; and

5. Leverage existing housing programs to create more opportunities for moderate- and lower- income households.

The Task Force explored a variety of other strategies (See Appendix H). Many of these could prove highly effective, but we believe setting clear priorities creates greater focus and resolve and uses limited resources to maximum effect. Therefore, we offer the strategies we believe will have the biggest payback for Edina.

1. **Adopt Mandatory Inclusionary Zoning.** Developers often use a general rule that the value of a house must be four times the price of the land it's on for the economics of the development to work. As land prices increase, it becomes ever more difficult to build lower-priced housing. Throughout the country, 135 cities, towns and counties have responded to this market condition with inclusionary zoning policies. Most simply, inclusionary zoning requires any new housing development to include a percentage of affordable units.

Inclusionary zoning relies on private industry to produce housing. Local governments tailor their ordinances to their housing needs and market conditions, including setting income and price limits for the inclusionary units. Developers are provided incentives, such as density bonuses, that offset the cost of developing affordable units. The goal of inclusionary zoning is to ensure a portion of all new housing is affordable and becomes a seamless part of the fabric of the community.

Edina has few new development opportunities. However, there are a number of redevelopment opportunities, and these provide opportunities to create affordable housing through inclusionary zoning. The Task Force believes Edina cannot afford to miss these opportunities. For instance, if Edina had adopted an inclusionary zoning ordinance that required 15% of all multifamily units constructed to be affordable beginning in the year 2000, 72 units of affordable housing would have already been produced. Additionally, had 15% of single-family units been produced as affordable during the same time frame, Edina would have produced another 25 affordable units. Not a single multifamily or single-family home produced since the year 2000 in Edina was affordable to a household at or below 80% of area median income.

Example of an inclusionary zoning development in the state of New York.

The Task Force recognizes that building affordable housing can be very time consuming and costly for developers, often requiring the piecing together of multiple funding sources. Affordable housing may also entail greater political and financial risk than market-rate projects. The Task Force's research suggests that the fairest inclusionary zoning policies provide incentives that offset the cost and serve as carrots, enticing developers to include affordable units in their housing plans. Some possible incentives include density bonuses (used in 95% of all inclusionary zoning ordinances), low-interest loans funded through a housing and redevelopment authority levy, tax increment financing, building fee waivers, fast-track processing, and even cash subsidies. Any inclusionary zoning policy in Edina should be based on a thorough understanding of Edina's housing market and development finance and should not become a hidden tax. Unless the inclusionary housing policy is designed to elicit developer cooperation, it is unlikely to be effective.

Inclusionary zoning ordinances have been adopted in many cities and counties throughout the country and have worked well in other high demand areas similar to Edina. (See Appendix I). An analysis of data in California showed that the adoption of inclusionary housing programs was not associated with a negative effect on housing production. The City of Cambridge, Massachusetts, adopted an inclusionary zoning program in 1998 that requires the inclusion of low- and moderate-income units in every new residential development of ten or more units. The ordinance offers incentives such as density bonuses and contains provisions to hold the developer harmless from the costs involved in meeting the ordinance's requirements.

10 Examples of Inclusionary Zoning Strategies

1. Provide density bonuses
2. Streamline permitting process
3. Allow accessory dwelling units
4. Allow for affordable unit modifications, like relaxed floor-size minimums
5. Offer fee deferrals or waivers
6. Provide tax increment financing
7. Permit off-site compliance
8. Implement inclusionary housing requirements for affordable housing
9. Create and support affordable housing policy initiatives
10. Make it known that apartments can support single-family housing values.

No city in Minnesota has adopted mandatory inclusionary zoning policies. This is an opportunity for Edina to pioneer a new tool. We believe that to create affordable housing in Edina, inclusionary zoning will need to be mandatory. This is consistent with the experience of other high-demand markets on the east and west coasts where very little affordable housing was built using voluntary programs. The Edina housing market by itself will not create affordable housing. To ensure that affordable housing will be built in our community, we must provide incentives.

Some cities do require developers to provide affordable housing if they are receiving financial assistance from the city for the development. There are ways to craft inclusionary zoning measures under the current law, but many experts believe that statutory authority needs to be broadened to permit Minnesota cities to legally adopt inclusionary zoning ordinances. Thus, any inclusionary zoning policy for Edina must be researched and crafted carefully to conform to Minnesota state law. In addition, any inclusionary zoning ordinance must be crafted to fully respect the marketplace. We must create the right incentives and opportunities for developers to build affordable housing that meets the high expectations Edina residents have for new developments, as well as their expectation that all development will enhance community character.

Density Bonuses: How they work

For example, an inclusionary zoning law may require that 15% of new units be affordable, while providing a 20% density bonus as an incentive to help offset cost. In this case, a developer could then build 120 units on a parcel of land only zoned for 100. Eighteen of these units would need to be affordable (15% of 120 units = 18 units), but 102 would be market rate, granting a "bonus" of 2 market rate units over regular zoning to the developer.

> *What does affordable housing have to do with economic competitiveness?*
>
> **Everything.**
>
> **Accessible, quality, affordable housing is important for businesses to attract and retain workers.**

2. Update Edina's Comprehensive Plan to Convert Appropriate Areas to Mixed-use Development and to Provide for Greater Density in Appropriate Areas. Edina is required to update its Comprehensive Plan by 2008. Because Edina's development opportunities are so limited, the land-use portion should aggressively and creatively identify opportunities to rezone underutilized office and industrial parks to mixed-use developments to include housing. These parcels provide a rare opportunity for the City to develop high-quality housing of different types and prices that can adapt to people's needs over time. They also provide a way for Edina to exhibit leadership in how the use of scarce land can be optimized. Edina might consider Portland's efforts, which has been highly successful in making optimal use of its limited land.

Southdale, 1956.

3. Use the Greater Southdale Area as a Demonstration of Cutting-Edge, Livable, Pedestrian-Friendly Redevelopment. Healthy Community Design is a new movement in redevelopment that is attracting considerable funding and attention. Features of healthy community design include mixed use, a variety of housing, pedestrian-friendly environments, innovative public transportation, and environmentally sensitive design (such as surface water management through reduced hardscape and green roofs, water use reduction, indoor environmental quality, efficient use of materials and resources, waste management, renewable energy and energy efficiency).

The plans for redevelopment of the greater Southdale area provide an immediate opportunity for Edina to play a leadership role in both healthy community design and in helping to alleviate the current mismatch among employment, transportation, and housing that troubles the metropolitan area. When Southdale was originally built in the 1950s, Edina received national publicity for this innovative development. The City has invested significant effort into its vision for the greater Southdale area and should use this opportunity to create mixed-income housing. The City should commission a market study of the potential for housing in the Southdale area.

When Centennial Lakes in Edina was constructed, it set a new standard for mixed-use development nationwide.

Brookside train as it passed through Edina, 1953 and 1954.

4. Create Long-Term Opportunities to Make a Portion of Edina's Existing Housing Stock Affordable to More People and Families. Although it is important to recognize the role of redevelopment and new construction in providing affordable housing, there is limited opportunity for new single-family construction in Edina. Therefore, it is critical to look at how Edina's existing housing stock might be made affordable to more people and families. The two primary means of doing so are Community Land Trusts and low- or no-interest second mortgages, both of which "buy down" the cost of owning a home through equity sharing.

Community Land Trusts (CLT) are an excellent way to make available a stock of permanently affordable homes in areas where land values are rapidly escalating. The concept of a land trust is very simple. The price of the land is severed from the price of the home, reducing the overall cost to the homeowner. The land is owned by a separate, nonprofit community-based organization and leased to the homeowner at a nominal amount. When the home is sold, any appreciation in total market value is split between the homeowner and the landowner depending on a predetermined formula intended to balance the interests of present homeowners with the long-term goals of the CLT.

CLTs have several advantages. One of the beauties of a land trust is that it can be as limited or expansive as resources allow. Another is that it helps families of modest means own a home and build equity rather than paying rent which never provides a financial return to the renting family. In some communities, land trust homes are completely anonymous, reducing

the stigma of affordable housing. Land trusts allow scarce dollars to be used as a one-time, long-term, sustainable community investment in affordable housing. Although the land is owned by a nonprofit, CLTs can remain on property tax rolls. Research has demonstrated the success of CLTs in maintaining and expanding the stock of affordable housing in an area. A number of communities in the Twin Cities have highly successful CLTs.

While CLTs can be costly to administer, Edina lies within the geographic boundary of the West Hennepin Affordable Housing Land Trust (WHAHLT). A potential limitation of CLTs is that they are nearly always used for single-family housing. The legal complexities of land ownership in multifamily dwellings have hindered the use of CLTs in the past, but a recent application of CLTs to multi-family housing in the Twin Cities suggests these issues can be overcome.

The Community Land Trust program could effectively meet lifecycle goals in a number of ways. If paired with services, such as the Greater Metropolitan Housing Corporation's program that helps senior citizens move from their single-family home to more desirable housing, a CLT could help attract new young families. Employer-based strategies, such as the model developed by Bremer Bank and the United Way, could also be used both to promote land trust opportunities and provide down-payment assistance.

Second mortgages provide zero- or low-interest loans and/or defer repayment to help put monthly mortgage payments within reach of moderate-income buyers. The benefits

Community Land Trust housing in Battelboro, VT, that was organized and incorporated by a group of concerned citizens in August 1987 in response to concerns about available affordable housing.

Community Land Trust
Example of how it works

A community land trust (CLT) in Minnesotaville acquires and renovates a home for $65,000; this includes $23,000 in land value. The Fisher family buys the home for $42,000, with a bank mortgage of $40,000 available through an affordable housing program and $2,000 sweat equity. At the same time, the Fishers lease the land under the home from the Minnesotaville CLT for a nominal amount. After six years, the Fishers decide to sell the house for its appreciated value of $46,000. Meanwhile, the land has appreciated to $25,530, bringing the total value of the home to $71, 530. Depending on their agreement with the CLT, the appreciated value is split between the CLT and the Fishers. If it is sold back to the CLT, the Minnesotaville community will have a property worth $71,530 including land value. The next family's price to buy only the house is still well below the fair market value of the total property. The community will continue to have a home affordable to the next family without the need for substantial further subsidy. Moreover, the home will likely grow more affordable relative to the housing market over time because all the increase in value attributable to the land will remain with the Minnesotaville Community Land Trust and not be factored into the cost of the house itself.

of second mortgages are numerous. Upon resale, the equity in the home is split between the homeowner and any mortgage holders, depending on a predetermined formula. Second mortgages allow families to have more housing choices available to them. Also, the administrative costs are minimal compared to CLTs. Sometimes second mortgages are tied to a "first right of refusal" so that the home can be repurchased by the second mortgage holder or the community entity and sold to another family needing affordable housing. However, as property values continue to escalate, the size of the second mortgage needed to reach affordability is likely to grow as well.

As these or other options are explored more fully, the Task Force believes that important objectives to keep in mind include making the opportunities: (1) available for the long-term; (2) throughout the community rather than concentrated in a single area; and (3) seamless so that no stigma is attached to a particular piece of real estate.

5. Leverage Existing Housing Programs to Create More Opportunities for Moderate- and Lower-income Households. Fortunately, Minnesota has a well-developed and committed affordable housing industry and many programs exist to help lower- and moderate-income families, both homeowners and renters. Existing programs and resources can be used to achieve balanced housing in Edina. The Minnesota Housing Finance Agency provides low-interest loans and down payment assistance to first time homebuyers, with a special emphasis on assisting minority homebuyers. Federal programs help make rental housing more affordable. Lutheran Social Services has had great success working with landlords to increase their willingness to accept and manage Section 8 vouchers. Hennepin County provides gap financing for affordable rental and home-ownership housing developments. Community Development Block Grant funds can be used to create zero or low interest, deferred payment loans to residents to update their houses. The Family Housing Fund offers a highly successful program (less than 1% default rate) to move families from publicly-assisted rental housing to home ownership through second mortgages and intensive home-ownership counseling .

Many lower-income households live in Edina now and contribute to our community. People are often concerned that lower-income housing leads to diminished property values or increased crime, but these fears are not substantiated by the evidence. Many studies have been conducted to evaluate the impact of lower-income housing on property values. No link has been found between affordable housing and reduced property values. As for crime, Edina's Police Chief reports that although the number of police calls is higher in subsidized housing properties, these calls are not of a criminal nature. Instead, they are primarily related to medical emergencies and "miscellaneous officer calls" (e,g, an officer visits residents on a scheduled or random basis to stay current on events in the complex).

Working parents.
Photo courtesy of BBC.

Possible Funding Sources

The Plan estimates Edina's cost at roughly $15 million (exclusive of federal, state and county sources for new construction), or $1 million per year. While this may sound daunting, it represents only two-tenths of one percent of the value of Edina's housing stock ($7.4 billion in 2005). Moreover, there are a number of potential funding sources.

- Self-generated property taxes: The 267 units of newly constructed housing anticipated by the plan will generate an estimated $330,000 a year in taxes (nearly $5 million over 15 years) for the City of Edina and the school district (exclusive of county taxes and those of other taxing districts).

- Community Development Block Grants: Edina receives roughly $140,000 per year (more than $2 million over 15 years), which can be used for affordable housing.

- East Edina Housing Foundation: The East Edina Housing Foundation has assets of $2 to $3 million that could possibly be applied toward the Housing Succession Plan.

- Building permit fees: Edina could set aside incremental fees generated over the 2006 base budget of $1.9 million. Permitted residential construction grew an average of 16% a year from 1996 to 2005. If total permit fees grew by only half this rate for the next fifteen years, more than $2.7 million would be generated and captured for affordable housing.

- Housing Redevelopment Authority (HRA) Levy: The Edina HRA is authorized to levy as much as $1.3 million a year, an option it has never chosen to exercise. New taxes are always controversial. However, a very modest contribution of $12 a year from the average Edina home would raise roughly $270,000 a year, or $4 million over 15 years.

Other possible funding sources include:
- Minnesota Housing Finance Agency
- Capital campaign
- Home Funds
- Family Housing Fund
- Foundations

Next Steps

The Housing Succession Plan presents five strategies to achieve Edina's housing goals. The Task Force recommends the following steps to implement these strategies:

1. **Inclusionary Zoning.** The City Council should approve a resolution requesting the Planning Department develop an inclusionary zoning policy that will enable creation of 270 units of affordable housing and accessory units by the year 2020. The City may wish to review the experience of Baltimore and San Diego, which have recently developed thoughtful and well-researched inclusionary zoning policies.

2. **Edina's Comprehensive Plan.** The Planning Commission and the City Council should adopt a resolution that: (1) incorporates the Metropolitan Council's goal of 212 new affordable housing units for people at 60% or below the area median income; (2) requests the Planning Commission take a highly critical and creative look at land use in the Comprehensive Plan to identify opportunities for constructing 270 units of affordable housing, including 90 lower-income rental and 52 senior rental.

3. **Southdale.** The Planning Commission and the City Council should adopt a resolution stating that the plans for the redevelopment of Southdale area represent a prime opportunity for a visionary, high-density development that combines sustainable and "green" development with the best in transportation. The Plan should include at least 100 units of affordable housing. The Task Force recommends that the City conduct a market study to determine the need for housing at all income levels in the Southdale area.

4. **Land Trusts and Second Mortgages.** The City Council should invite the East Edina Housing Foundation and the West Hennepin Affordable Housing Land Trust to develop proposals to create opportunities for 80 families to purchase existing housing through the use of second mortgages and community land trusts.

5. **Package and Market Existing Programs**. Edina's Planning Department should work with organizations such as the Greater Metropolitan Housing Corporation to develop plans for assisting low-income seniors to transition to downsized housing. The Planning Department should also work with organizations that educate landlords to encourage them to accept Section 8 vouchers for families. It should package services and loan products for mod-

erate-income and first-time home buyers, while working with real estate agents and banks to aggressively market these products in Edina.

Overall Plan

1. **Edina's Vision 20/20 Plan**. The Task Force requests that the Edina City Council adopt an additional objective for Edina's Vision 20/20 plan: "Maintain a full mix of housing options in Edina to provide opportunities for people to live here throughout their lives." An outline of the complete suggested language can be found in Appendix J.

2. **Assign Responsibility for Implementation of the Plan.** The City Council should pass a resolution assigning responsibility for implementing the Housing Succession Plan, including an annual progress report. The annual report should address specific goals of the Plan, but also broader community indicators to determine whether or not the Plan's objectives are being met. The following are examples of indicators that can help in measuring our success:

Centennial Lakes Park & Office Buildings.
Photo courtesy of realestatetwincities.net.

Edina City Hall,
2005.

- Geographical distribution of affordable dwelling units

- Housing price to income ratio by household type (renter and owner occupied)

- Number of affordable units by unit size, type, and family composition

- Number of existing affordable units preserved

- Number of new affordable units produced by unit size, type, and family composition and income

- Numbers of households paying more than 30% of income for shelter by household size, household type (renter and owner occupied), and income

- Ratio of professionals (e.g., teachers, police officers, city workers, and health care workers) employed and living in Edina to total employed in these categories

- Ratio of Edina residents employed in Edina to total employed in Edina

- School enrollment (% living in Edina)

- Trends in economic diversity

- Trends in racial diversity

3. Create a Financing Plan for the Housing Succession Plan. The Task Force realizes that without agreed upon funding sources, the Housing Succession Plan can not be implemented. While there are many competing priorities for funds, the Task Force believes that investment in the Housing Succession Plan is truly an investment in Edina's future. Therefore, it urges the City Council to: (1) direct the appropriate city staff to develop a funding plan for the Housing Succession Plan; and (2) to review, revise and adopt the funding plan.

IV. CONCLUSION

The importance of housing to the vitality of a community cannot be overstated. It is easy to overlook the role of housing when the housing market seems to work automatically. However, rapidly escalating home prices in Edina are putting Edina out of reach for many. A growing segment of current Edina residents would be unable to afford a home in Edina if they had to purchase it today.

Edina is a community of legacy and foresight. Each generation has faced challenges with resolve, innovation, and hard work to make Edina the great community we enjoy today. Now it's our turn.

The Task Force invites you to discuss with your family, neighbors and friends the issues of housing in our community and region. The fundamental question is, "What kind of community do we want to be?" If the answer is one of vision, character, and inclusiveness, then we cannot ignore the role housing plays. We urge you to join us in supporting the adoption and implementation of the Housing Succession Plan.

Edina teachers and school administrators at the Edina Community Center to learn about new K-12 education standards.

Photo courtesy of MPR.org.

Appendix A

Housing Task Force Members

Bob Aderhold, Edina Resident, Wells Fargo Bank

Valerie Burke, Edina Resident, Edina Resource Center

Hal Clapp, retired, formerly with the United Way

Kandace Ellis, Edina Resident, Edina School Psychologist

Michael Fischer, Edina Resident, Architect/Urban designer, Edina Planning
Commission, Southdale Area Planning Committee

John Helling, Edina Resident; Senior Advisor, The Griffin Companies.

Mike Huck, former long-term Edina Resident, United Way

Jeff Huggett, Edina Resident; Dominium Development and Acquisition, LLC

Doug Johnson, Edina Resident, Edina Public Schools Administration

Sally Krusell, Edina Resident, Greater Metropolitan Housing Corporation

Scott Massie, Edina Resident, Attorney

Douglas Mayo, Edina Resident, retired, formerly with Common Bond Communities

Barb McFarlane, Edina Resident, Dakota County Human Services

Sharon Ming, Edina Resident, Small Business Owner, Edina Human Rights and
Relations Commission

Cappy Moore, Edina Resident, St. Patrick's Church

Carol Mork, Edina Housing Initiative; Mission Developer, Edina Community Lutheran
Church

Joan Naymark, Edina Resident, Habitat for Humanity volunteer

Skip Thomas, Edina Resident, Re-Max Realtor, Edina Chamber of Commerce

Janice Williams, Fairview Southdale Hospital

Appendix B

Community Feedback

Members of the Edina Housing Task Force took a draft of the Housing Succession Plan to the community in the spring of 2006 to solicit feedback. The Task Force gave presentations at community group meetings, held its own open house for community residents, and engaged in countless informal conversations with their neighbors and coworkers. Task Force members made presentations to the following Edina organizations:

- Edina City Council
- Edina Chamber of Commerce
- Edina Chamber of Commerce Government Affairs Committee
- Edina Housing Initiative
- Edina League of Women Voters
- Edina Ministerial Association
- Edina Planning Commission
- Edina Realtors
- Fairview Southdale Hospital
- Human Rights and Relations Commission
- St. Patrick's VIP Group

The community open house included a presentation and small group discussions led by Task Force members. More than 100 community residents attended, and their comments, questions and concerns were noted and later used by the Task Force when revising the report.

All in all, the Task Force spoke with nearly 400 Edina residents about the need for affordable housing and the Housing Succession Plan. While some residents expressed skepticism and others requested further information, the majority recognized the need for affordable housing in the community and supported the work of the Task Force.

All community feedback was complied and incorporated into the final version of the report.
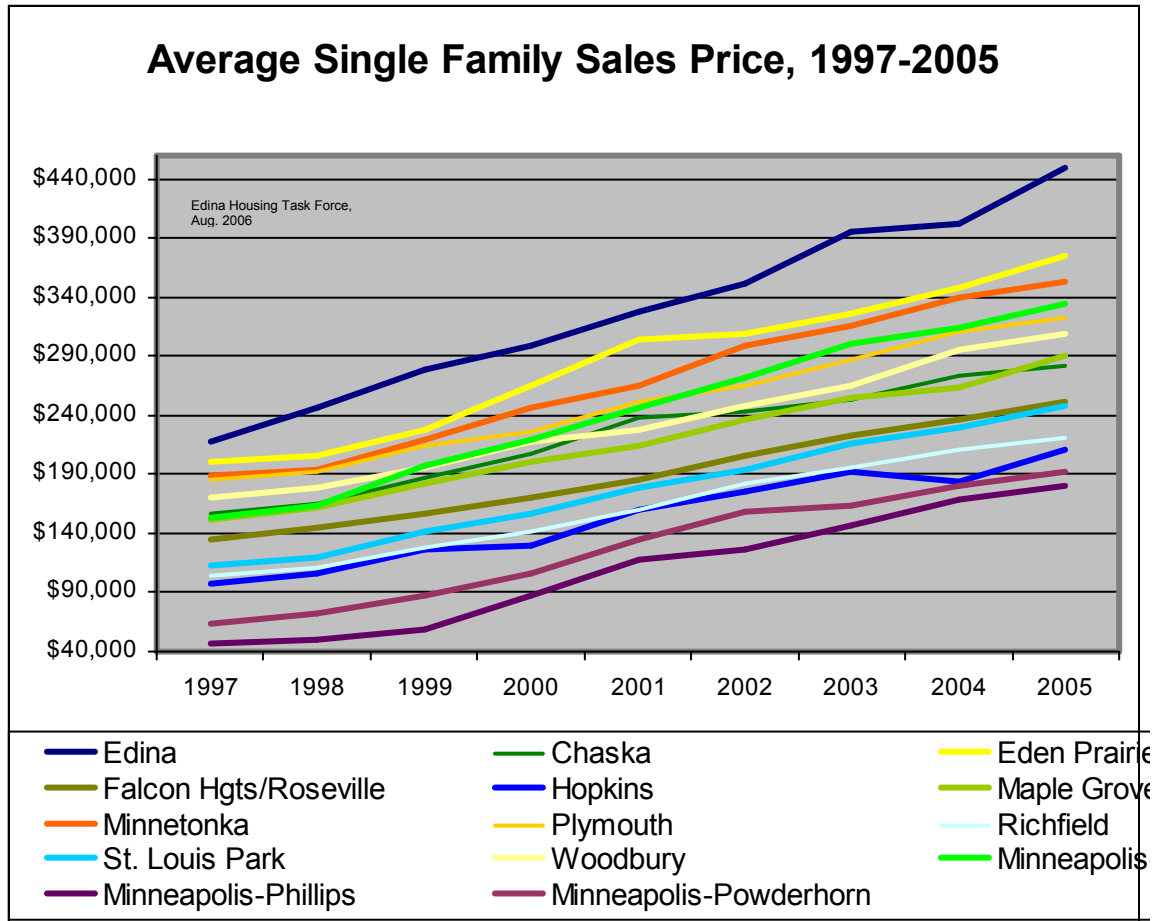
Appendix C

Change in Home Values

Average Single Family Sales Price, 1997-2005

Edina Housing Task Force, Aug. 2006

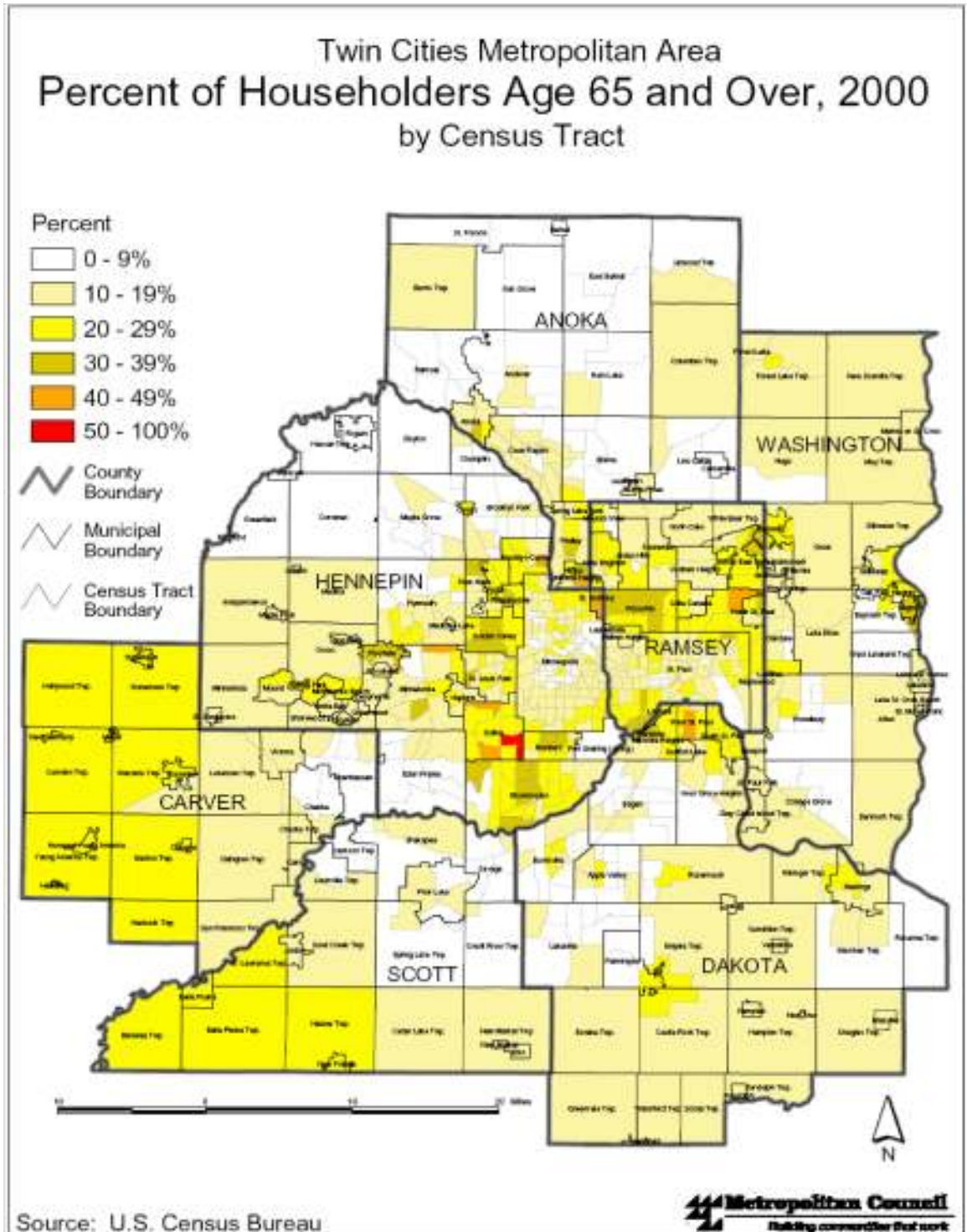| Legend		
Edina	Chaska	Eden Prairie
Falcon Hgts/Roseville	Hopkins	Maple Grove
Minnetonka	Plymouth	Richfield
St. Louis Park	Woodbury	Minneapolis
Minneapolis-Phillips	Minneapolis-Powderhorn	

Chart G. This chart shows the change in average sales prices for Edina and other communities throughout the Twin Cities metropolitan area between 1997 and 2004. While prices rose across the board, Edina saw the most significant gains, both in terms of price ($185,000) and percentage increase (12%). Edina's wages have not been able to keep up, rising at just over 4% per year during the same period. Edina has consistently maintained some of the most expensive housing stock in the metropolitan area. As shown in the body text, a portion of Edina's workers, particularly those central to Edina's livelihood and vitality, have been priced out of the market.

# Single Family Homes Available per Price Range, 1990 and 2000			
Edina Housing Task Force, Aug. 2006	1990	2000	% Change
Total # Single Family Homes	11,718	12,422	6.0%
less than $50,000	33	11	-66.7%
$50,000 to $99,999	1448	153	-89.4%
$100,000 to $149,000	3982	1092	-72.6%
$150,000 to $199,999	2576	2729	5.9%
$200,000 to $299,999	2105	3765	78.9%
$300,000 to $499,999	1095	3170	189.5%
$500,000 or more	479	1502	213.6%
Median Value	$156,700	$248,500	58.6%

Chart H. This chart shows the change in the number of single family homes available in each price range from 1990 to 2000. Overall, the amount of low– to moderate–value units decreased significantly (e.g. the number of homes valued between $100,000 and $149,999 decreased by 72.6%), while the number of high-value homes dramatically increased (e.g. the number of homes valued over $500,000 increased by well over 200%).

Appendix D

Concentration of Seniors throughout the Twin Cities

Twin Cities Metropolitan Area
Percent of Householders Age 65 and Over, 2000
by Census Tract

Source: U.S. Census Bureau

Appendix E
What is "affordable"?

A variety of definitions are used to define "affordable" housing. The definitions refer both to the portion of income spent on housing, as well as income levels and vary by housing program.

<u>Housing Costs</u>

Affordable ownership: Generally, housing is considered affordable to a particular household if it does not cost more than 30% of household income. Banks sometimes will make mortgages where the income to house payment ratio exceeds 30%, especially when the buyer's income is high.

Affordable rental: The Minnesota Housing Finance Agency (MHFA) considers rental housing affordable if it doesn't exceed 30% of household income. For Section 8 properties, the tenant pays 30% of household income, and Section 8 subsidizes the difference between that and fair market rents. HUD used to define affordable as 25% of income. Now, some are urging that something more than 30% be considered affordable – in the 40% range.

<u>Income Levels</u>

HUD defines low or lower income as 80% of area median, very low income as 50% of area median income and extremely low income as 30% of area median. These definitions are used in most HUD rental programs. The median family income in the Twin Cities metropolitan area in 2004 was $76,700.

<u>Program Qualifications</u>

The income that qualifies a household for housing assistance varies. For example, 60% of median income is one of the income limits used in the federal tax credit program. It is also used with tax exempt bonds for rental housing. The Metropolitan Council has used 80% of median for affordable homeownership. This means that a home was affordable in 2004 if it was priced at $193,700 or less (i.e, the price that a household earning 80% of median income could afford). MHFA also uses this income level for its mortgage programs, but one of the largest state appropriated programs – the Challenge program – has an income limit of 115% of median for homeownership projects.

Some cities with affordable housing policies (for example Minneapolis and Saint Paul) require developers who receive city financial assistance to include housing units affordable to households at 50% of median income, and some affordable to those at 30% of median income.

Appendix F
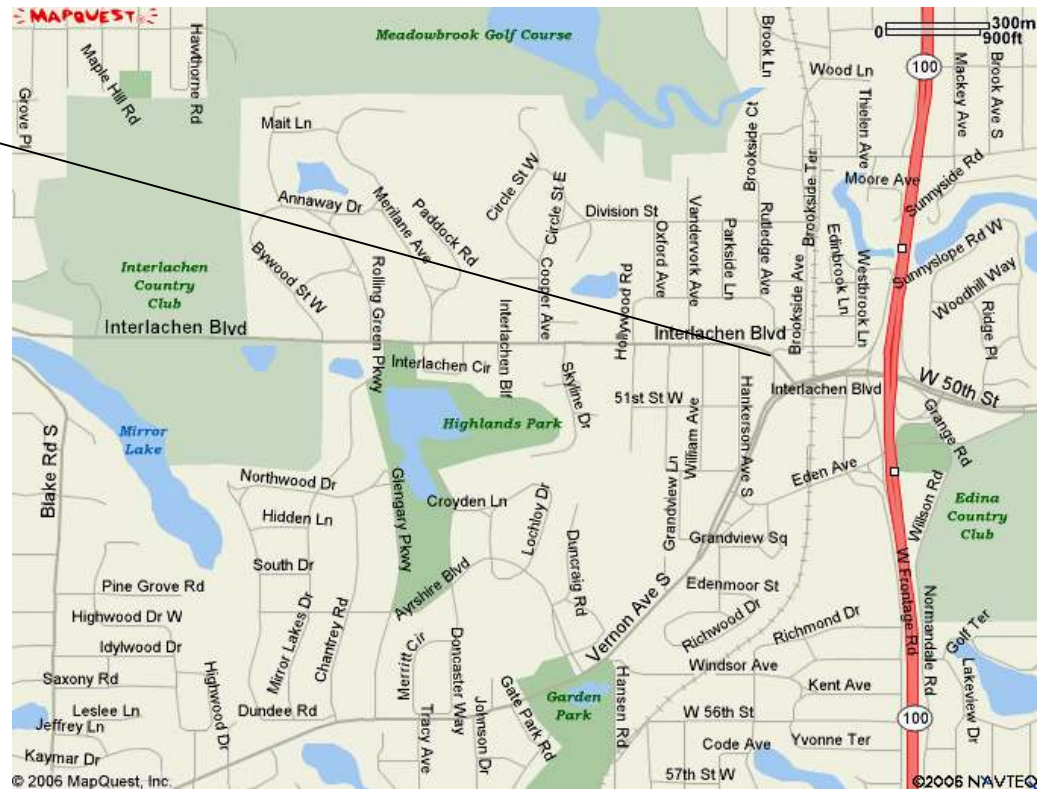## Location Map of Current Large-Scale Affordable Housing
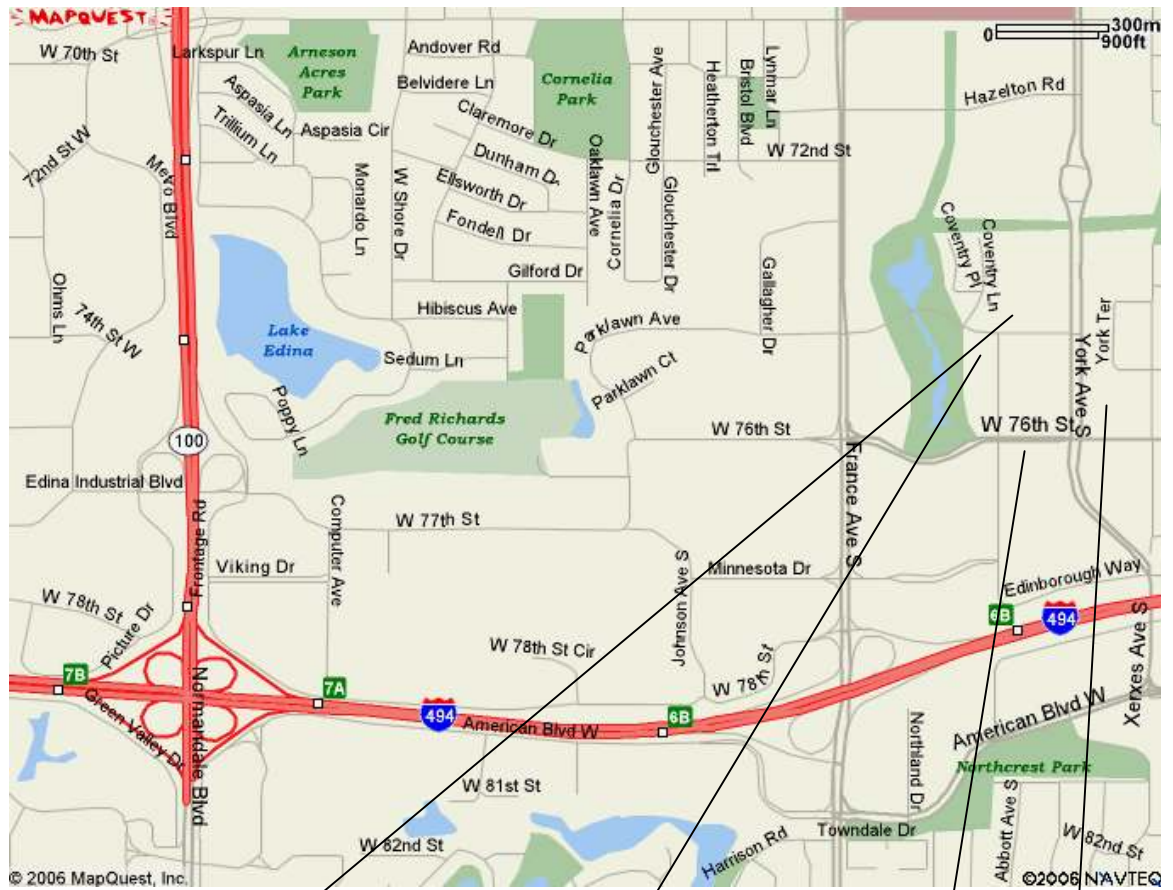
Summit Point

Oak Glen

Appendix G
Community Sources

Daniel Bartus, Real Estate Developer
Stacy Becker, Consultant to the Task Force
Jennifer Bergman, Program Director, Greater Metropolitan Housing Corporation
Phyllis Brevig, Edina Resident
David Byron, Edina Planning Commission Chair
Jan Callison, City of Minnetonka Mayor, original Executive Director of West Hennepin Affordable Housing Land Trust ("WHAHLT"), former City Council member
Cathy Capone Bennet, Redevelopment Specialist for the City of Roseville, Executive Director of the Roseville Housing Redevelopment Authority
Brian Carey, United Properties
Lee Canning, ex-officio member and note taker for the Task Force
Polly Dennison, Edina Resident
Tom Dolan, Edina Resident, Our Lady of Grace
Dave Engstrom, Midwest Housing Collaborative, LLC
Ron Erhardt, Minnesota State Representative District 41A, Edina Resident
Kimberly Gartner, Consultant to the Task Force
Judy Gempler, Edina Resident
Carol Gressett, Edina Resident
Susan Heiberg, City of Edina Human Services
Mark Hendrickson, Principal Planner, Hennepin Co. Housing, Community Works, Transit
Jim Hovland, Mayor of Edina
Gordon Hughes, Edina City Manager
Jack Jenkins, Minnesota Housing Finance Agency
Marty Kirsch, Mayor of Richfield
Linda Koblick, Hennepin County Commissioner, District 6 (includes Edina)
Dorothy Krueger, Edina Resident
Craig Larsen, Edina City Planner
Larry Laukka, Real Estate Developer, Edina Resident
Janet Lindbo, Executive Director, West Hennepin Affordable Housing Land Trust
Tim Marx, MHFA Executive Director
John McDonald, Edina Realty, Edina Resident
Rich McLaughlin, Midwest Housing Collaborative, LLC
Geoff Michel, Minnesota State Senator District 41, Edina Resident
Bruce Nordquist, City of Richfield Housing and Redevelopment Manager
Carolyn Olson, President, Greater Metropolitan Housing Corporation
Shirley Olson, Director, Lutheran Social Services of Minnesota
Deborah Paone, Executive Director of the Normandale Center for Healing and Wholeness and researcher for the Partners in Care project that is being funding by the State of Minnesota
Rick Peterson, Midwest Housing Collaborative, LLC
Matt Podhradsky, City Administrator, City of Chaska
Joyce Repya, Associate Planner, City of Edina
Erin Sapp, Consultant to the Task Force
Helene Shear, Midwest Housing Collaborative, LLC
John Wanninger, Coldwell Banker Burnet
Sue Weigle, Edina Senior Center

Appendix H
Housing Strategies Explored

1. Program targeted to help "hard working" young families with lower incomes by working with the Minnesota Housing Finance Agency (MHFA) 1st time home-buyers program, Section 8, and/or Habitat for Humanity.
2. Explore opportunities with a major employer to develop a mixed-use development, including housing, for lower income workers. For example, a retailer might include housing on an upper level or elsewhere on the property.
3. Mandatory inclusionary zoning with "carrots" such as a. density bonuses; b. TIF or tax abatement for gap funding; c. Fee waivers, building permit fee waivers
4. Update the land use section of Edina's Comprehensive Plan to include long-term redevelopment of Edina's office and industrial park into mixed-use development, including housing.
5. Community Land Trust.
6. Employer down payment assistance (or other employer-based program, e.g. United Way/Bremer Model, closing cost assistance, mortgage assistance).
7. Use Southdale area as a case study for "healthy community design," including features such as life cycle housing, sustainable design in all new buildings (i.e. green roofs, etc), pedestrian-friendly environment, innovative public transportation (perhaps a personal rapid transit experiment)
8. Remodeling assistance for seniors with incentives (perhaps low interest loans, tax relief, in home care "discounts" or tax credits) and a design center to promote universal design, allowing seniors to safely stay in the home while preserving homes that would be attainable for young families.
9. City of Edina real estate tax policy changes so homes remodeled (either for seniors or to provide affordable rental properties) have taxes waived on the increased market value (either until sale of the home or for 30 years). For example, properties of seniors who remodel homes would increase in value but their taxes on that increased value would not.
10. Education and communication efforts encouraging baby boomers to financially plan for their own long-term care needs.
11. Housing resource center for anyone wishing to remodel/rehab homes. The Center would promote universal design (and could include incentives such as low interest loans, etc).
12. Association fee relief for condominium buyers.
13. Transit-oriented development at location of bus garage and public works facility.
14. Further Edina efforts to obtain state grants to develop semi-formal city/neighborhood partnerships that support seniors and their families with the goal of preventing crises that lead to hospitalization/nursing home placement.
15. Zoning that would allow granny flats, etc.

Appendix I
Inclusionary Housing Programs Nationwide

	Affordable Units Produced	Threshold # of Units	Affordable Set-aside Requirement
Boston, MA; 2000	-	Developments exceeding 10 units	10% of on-site units
Boulder, CO; 1999	-	No threshold # - applicable to all residential developments	20% in for-sale and rental developments (depending on project size)
Davis, CA; 1990	1,474	Developments exceeding 5 units	25% in for-sale developments; 25% in rental developments (depending on project size)
Fairfax County, Virginia; 1991	1,723	Developments exceeding 50 units (fee charged on projects with fewer than 50	12.5% in single-family home developments; 6.5% in multifamily developments
Irvine, CA; 1978	More than 3,400	No threshold # - applicable to all residential developments	Voluntary goal: 15% of all units
Longmont, CO; 1995	104 or 352 anticipated	No threshold # - applicable on all annexed land	10% of all units in annexation areas
Montgomery County, MD; 1974	More than 10,000	Developments exceeding 50 units	12.5 - 15% of all units, of these, local housing authority may purchase 33%; qualified non-profit organizations may purchase 7%.
Santa Fe, NM; 1998	1	No threshold number - applicable to developments with any unit targeted to over 120% of area median income (sale price over $240,000	11% in developments with homes priced $240,000 - $400,000; 16% in development with homes prices over $400,000

From Paul Fisher and Jo Patton (June 2001) "Expanding Housing Options Through Inclusionary Zoning" Ideas @ Work Volume 3.

Control Period	In-Lieu-of Payment Off-site Development	Density Bonus	Other Developer Incentives
Maximum allowable by law	May build off-site if 15% of all units affordable; in-lieu-of payment permitted	None	Tax break for developer
Permanent affordability by deed restriction	Half of for-sale units may be built off-site. Developers have flexibility with on/off-site mix of rental units	None	Waiver of development excise taxes
Permanent affordability for rental units; no control period for for-sale units	In-lieu-of payment permitted for developments under 30 units or demonstration of "unique hardship"	25%	None
15 years for for-sale housing; 20 years for rental housing; local housing authority may purchase 33% of all units to keep affordable	Not permitted	20% for single-family units; 10% for multifamily units	None
20 - 30 years; determined case-by-case depending on financing	In-lieu-of payments and other alternatives to on-site units permissible	25%	None currently offered (parking, fees, and permitting incentives may be reintroduced)
No control period for for-sale units; 5 years for rental units	May make in-lieu-of payment to affordable housing fund; case-by-case consideration of off-site construction	Yes	Relaxed regulatory requirements on parking, setbacks, landscaping, etc.
10 years for for-sale units; 20 years for rental units	In-lieu-of payments not permitted; may request approval to build affordable units off-site in contiguous planning area	Up to 22%	Waiver of water/sewer development charge and development impact fees; 10% compatibility allowance and other incentives
30 years for all units; 30 year period starts over with each new occupant	Not permitted, except in case of economic hardship	Bonus equivalent to set-aside percentage, 16% in developments targeting under 80% of AMI (sale price	Waiver of building fees

Appendix J
Vision 20/20 Proposed Language

Objective: Maintain a full mix of housing options in Edina to provide opportunities for people to live here throughout their lives.

Issues:

· Housing prices in Edina are escalating well beyond the means of many Edina residents and workers.

· Life-cycle housing is an essential asset for a community's ability to renew itself. If young families cannot afford to live in Edina, we put the quality of our schools at risk.

· A mix of housing opportunities enables those who contribute to Edina's well-being, such as teachers and police officers, to live in Edina.

· Accessible, affordable housing is increasingly a factor in businesses' ability to recruit and retain workers.

Strategies:

1. Adopt a mandatory inclusionary zoning policy;

2. Update the Comprehensive Plan to convert appropriate areas to mixed-use and to provide for greater density in appropriate areas;

3. Use the greater Southdale area as a demonstration of a cutting-edge livable, pedestrian-friendly urban redevelopment;

4. Create long-term opportunities to make a portion of Edina's existing housing stock affordable to more people and families; and

5. Leverage existing housing programs to create more opportunities for moderate- and lower-income households.

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