

REQUEST FOR COUNCIL ACTION

Date: January 25, 2016
Item No.: 15.a

Department Approval



City Manager Approval



Item Description: High Density Housing Discussion

BACKGROUND

The City Council has requested that staff bring forward information on the City's planning for high density housing for discussion.

Zoning

The City has two zoning districts that are exclusively designed for high density residential development.

As identified on the attached zoning map (Attachment A), High Density Residential (HDR)-1 is the most commonly used zoning designation for high density residential. HDR-1 allows residential development between 12 and 24 units per net acre. The maximum building height is 65 feet.

HDR-2, which has not been used extensively, allows residential development higher than 24 units per net acre and does not have a maximum density. However, HDR-2 does have a maximum building height of 95 feet that effectively limits the maximum density that can actually be constructed on a site.

Staff examined the HDR zoned properties in greater detail (Attachment B) and identified several items that could be of interest:

- Although there are not many properties currently zoned HDR-2, several of the HDR-1 properties have been developed at HDR-2 densities. In the future, the City may want to consider rezoning these existing properties to HDR-2 to better recognize the existing development pattern.
- There are currently four proposed developments that include almost 300 units of multi-family in various stages of seeking City approvals for 2016 construction. All of these projects are oriented towards the senior market.
- There is approximately 57.8 acres of HDR guided land that has not yet been developed. If developed at HDR-1 densities, that would provide enough room for 693 – 1387 additional units. If developed at HDR-2 densities, the number would be higher. Note: This figure does not include the land zoned HDR-1 north of Terrace Drive or on Old Highway 8 that are in the process of being rezoned.
- Some of the HDR guided sites are already intensively developed with another use (such as the south side of County Road C between Snelling Avenue and Hamline Avenue); therefore, the economics of redevelopment of these types of sites could be challenging or cost-prohibitive.

Community Mixed Use (CMU) 2, 3 and 4 can also be used for development of high density residential. These districts have no density maximum but a height limitation of 65 feet, so development in this area would be expected to be similar to densities found in HDR-1 (Attachment C). CMU-1 has height limitations that prevent its use for high density housing development.

Although it is not commonly known, the Community Business District also allows multi-family (on the upper floors only). This district allows up to 24 units per acre, but has a 40 foot height limitation. This type of multi-family development would be more of the small, mixed use variety where the density is higher because of a small lot area, not because there are a lot of units or a tall building.

Housing Mandates

The discussion of high density housing often raises the issue of how much discretion a city has with regards to planning for it. There are a lot of public misconceptions about the roles of various agencies and processes, particularly surrounding the Metropolitan Council, which is the regional housing authority but also the regional planning agency, transit agency, wastewater agency, etc.

The primary mandate occurs in the comprehensive planning process. Every comprehensive plan update cycle, the Metropolitan Council projects the housing needs for the community.

Roseville's projections are as follows:

	2010 (actual)	2014 (est.)	2020	2030	2040
Population	33,660	34,719	33,800	34,000	34,500
Households	14,623	15,006	15,300	15,700	16,100

Note that the number of households is projected to rise, even as the population declines. This is due to the projected continued decline in the average household size in Roseville. From 2010 – 2040, the population is projected to increase by 840 people, but the number of residential units is projected to increase by 1,477.

The Metropolitan Council also projects a community's share of the region's need for low and moderate income housing. It has determined that the number of units needed between 2021-2030 is 142, broken down as follows (AMI: Area Median Income – Ramsey County is \$55,460):

At or below 30% AMI	72
31-50% AMI	50
51-80% AMI	20
Total Units	142

An explanation of how this allocation is determined can be found in Attachment D.

The primary mandate from the Metropolitan Council is that a community has to guide sufficient land at minimum residential densities to support the community's total allocation of affordable housing units in one of two ways (Attachment E):

Option 1:

Guide sufficient land at 8 units per acre (Roseville's medium density) to accommodate all of the total allocation or 17.75 acres (142 units/8 units per acre).

Option 2:

Guide sufficient land at 12 units per acre to address the allocation of up to 50% of AMI or 10.17 acres (122 units/12 units per acre).

AND

Guide sufficient land at 6 units per acre to address the allocation of 51%-80% of AMI or 3.33 acres (20 units/6 units per acre).

It is important to note that there is not a requirement that this guided property be developed as low to moderate income housing. The community just has to make it available.

In addition to the land guiding mandate, the Metropolitan Council also requires communities to identify the programs, fiscal tools, and other actions that could be used to meet the existing and projected housing needs identified. The Metropolitan Council does not force communities to use these programs or tools as part of any proposed projects. That is fully up to the local unit of government to decide.

Housing Incentives

The Metropolitan Council does encourage communities to provide low to moderate income housing as part of its Livable Communities Act grant programs, such as the LCDA (Livable Communities Demonstration Account), TBRA (Tax Base Revitalization Account) and LHIA (Local Housing Incentives Account). A community's chance of receiving one of these grants is impacted by how much affordable housing is being provided in the proposed development and/or how the community performed in the past in providing affordable housing. Whether a community chooses to participate in any of these programs is entirely voluntary.

In the past, Roseville has successfully applied for 17 Livable Communities Act grants totaling almost \$5 million, although approximately \$1.4 million of that figure was for the recent Sherman project and was returned to the Metropolitan Council.

The Metropolitan Council does maintain a detailed scoring system to identify how it views a community is performing in regards to providing low to moderate income housing. The most recent housing score for Roseville is 100% (Attachment F) indicating that the Metropolitan Council views Roseville to be one of the top performers in this area.

POLICY OBJECTIVE

This information is intended to assist the City Council by providing additional background related to high density housing issues in order to inform future policy decisions.

BUDGET IMPLICATIONS

This item is for informational purposes only and therefore will not directly result in any budget implications. Future housing policy changes, if any, could have budgetary impacts.

STAFF RECOMMENDATION

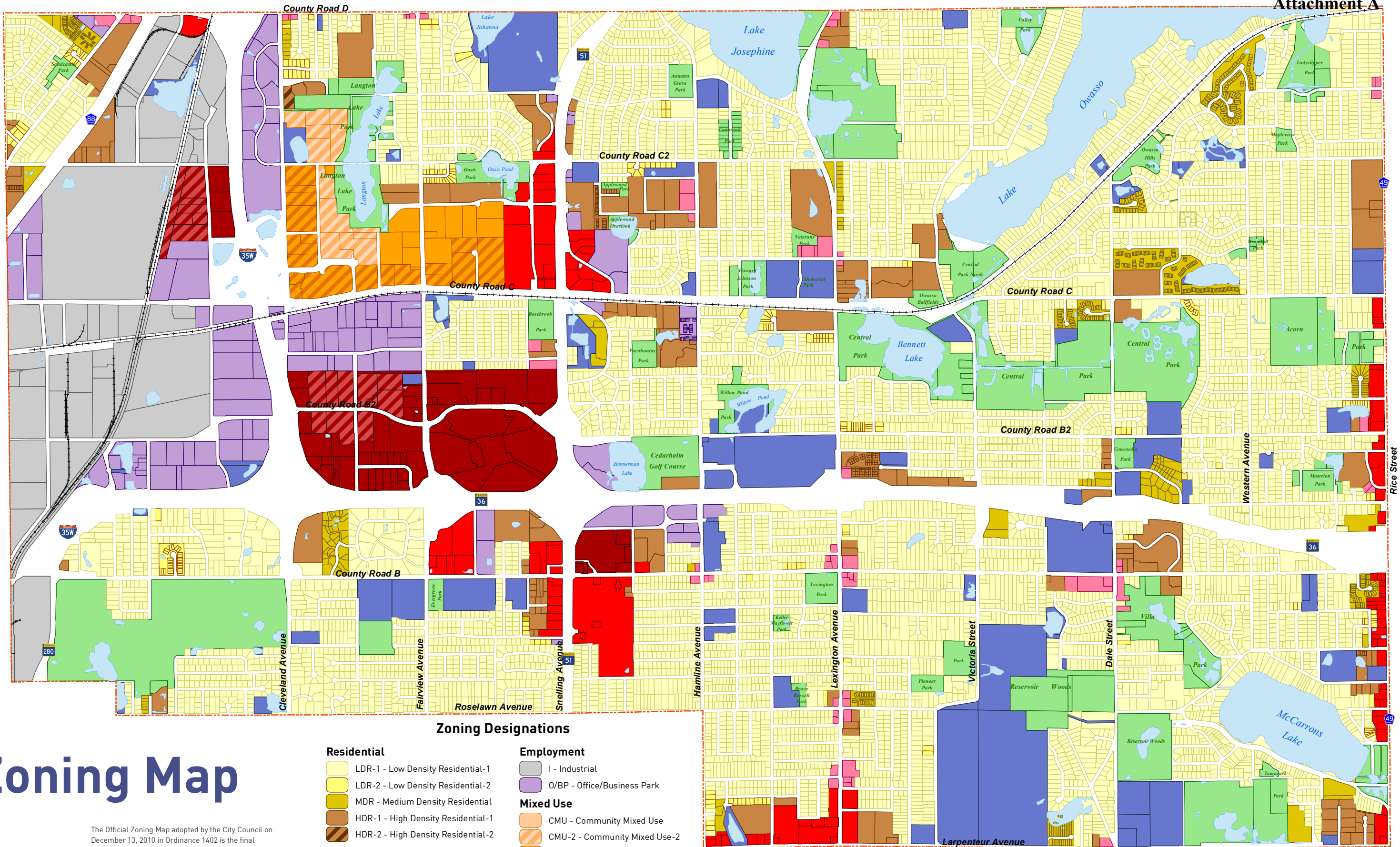
This item is for informational purposes only and therefore there is not a staff recommendation.

106 **REQUESTED COUNCIL ACTION**

107 Receive and discuss this information. Provide any policy direction to staff as appropriate.

Prepared by: Paul Bilotta, Community Development Director

Attachments: A: Zoning Map
B: Existing High Density Residential
C: Other High Density Potential Districts
D: Allocation of Affordable Housing
E: Housing Requirements
F: Roseville Housing Performance Score



Zoning Map

The Official Zoning Map adopted by the City Council on December 13, 2010 in Ordinance 1402 is the final authority with regard to the zoning status of any property. It is on file in the Community Development Department at City Hall.

The zoning designations shown on this map must be interpreted by the Community Development Department. See Water Management Overlay District Map for additional boundaries.

Residential

- LDR-1 - Low Density Residential-1
- LDR-2 - Low Density Residential-2
- MDR - Medium Density Residential
- HDR-1 - High Density Residential-1
- HDR-2 - High Density Residential-2

Commercial

- NB - Neighborhood Business
- CB - Community Business
- RB - Regional Business
- RB-2 - Regional Business-2

Employment

- I - Industrial
- O/BP - Office/Business Park

Mixed Use

- CMU - Community Mixed Use
- CMU-2 - Community Mixed Use-2
- CMU-3 - Community Mixed Use-3
- CMU-4 - Community Mixed Use-4

Public / Institutional

- INST - Institutional
- PR - Park and Recreation

Data Sources

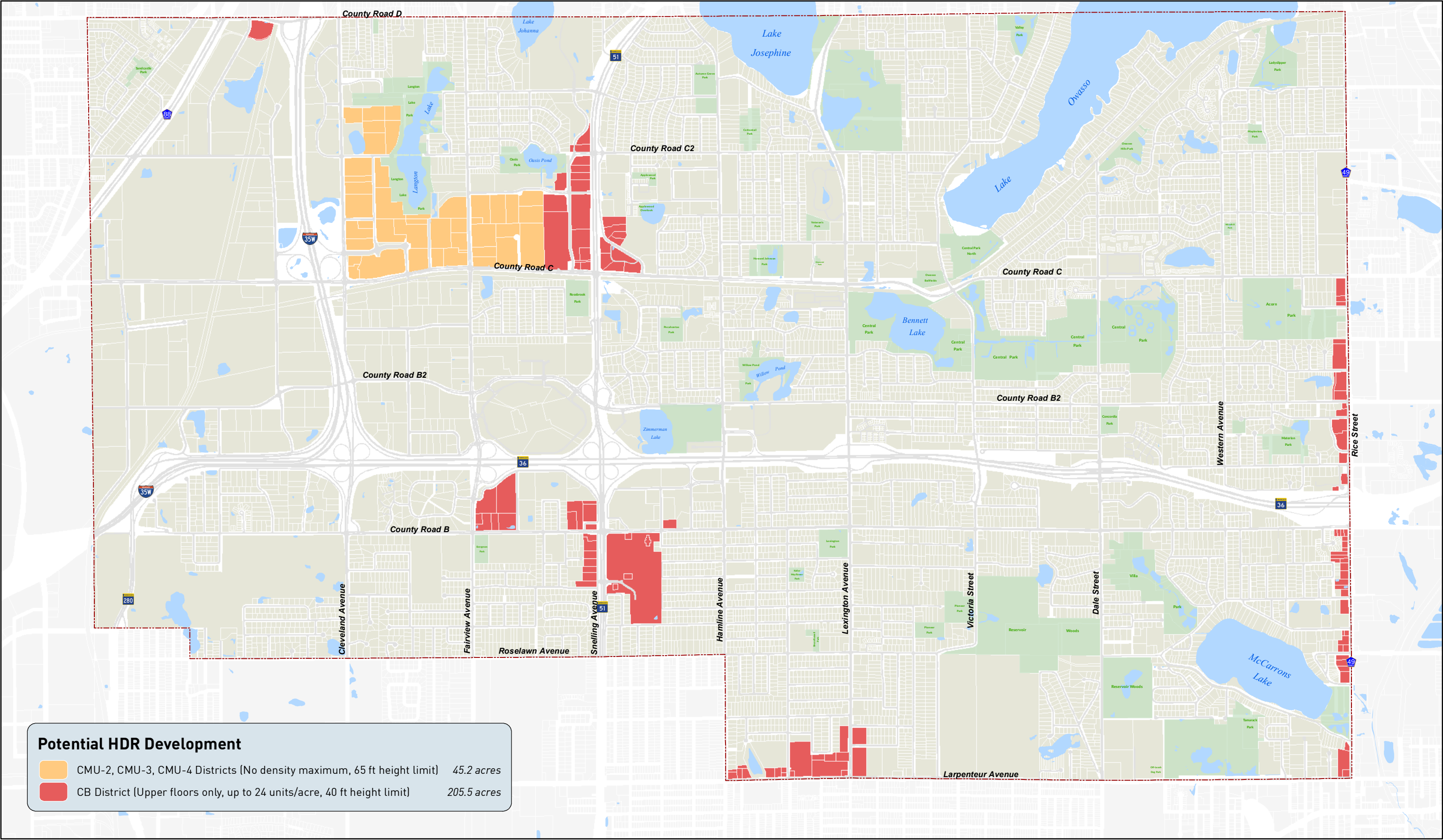
- * Ramsey County GIS Base Map (12/1/2015)
- * City of Roseville Community Development

Disclaimer
This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only. The City does not warrant that the Geographic Information System (GIS) Data used to prepare this map are error free, and the City does not represent that the GIS Data can be used for navigational, tracking or any other purpose requiring exacting measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found please contact 651-792-7085. The preceding disclaimer is provided pursuant to Minnesota Statutes §466.03, Subd. 21 (2000), and the user of this map acknowledges that the City shall not be liable for any damages, and expressly waives all claims, and agrees to defend, indemnify, and hold harmless the City from any and all claims brought by User, its employees or agents, or third parties which arise out of the user's access or use of data provided.

0 500 1,000 1,500 Feet







Potential High Density Residential Development



ALLOCATION OF AFFORDABLE HOUSING

LOCAL PLANNING HANDBOOK

To fulfill the requirements of the Metropolitan Land Planning Act, the Metropolitan Council allocates the number of affordable housing units each community needs to plan for in order to address their share of the regional Need for affordable housing units.

We did this in three steps:

- In Part I, we forecasted the amount of net household growth in the region between 2021-2030 that will need additional affordable housing -- or 37,900 new affordable housing units.¹
- In Part II, we allocated a portion of that regional Need to each community expecting growth in their sewer-served households, making adjustments that allocate relatively more additional affordable housing where it would expand housing choices the most.
- In Part III, we distributed each community's adjusted allocation into three "bands of affordability."

The full methodology—developed with the input of local government staff, housing advocates, and other stakeholders— is available in Appendix B of the [2040 Housing Policy Plan](#) (as amended by the Council on July 22, 2015).



Part I: How many new affordable units will the region need?

First, we determined the regional Need for affordable housing units. We did this by forecasting the net growth in households between 2020 and 2030. (This reflects people moving to the region as well as natural household growth, such as young adults moving out of the family home and divorcing couples.) We then used historical income distribution patterns to estimate the proportion of these households that will be low-income (at or below 80% of AMI). Finally, we subtracted out low-income seniors who will already own their homes and therefore not need additional housing. This resulted in a regional Need of 37,900 additional affordable housing units.

Part II: How many new affordable units will each community need?

Next, we distributed that Need across communities with growth in sewer-served households. We initially allocated housing units proportionate to each community's forecasted growth in sewer-served households: communities with more forecasted growth received higher initial allocations. To expand housing choice for low-income households and align low-income housing more closely with low-wage jobs, we then adjusted that initial allocation for two characteristics of communities:

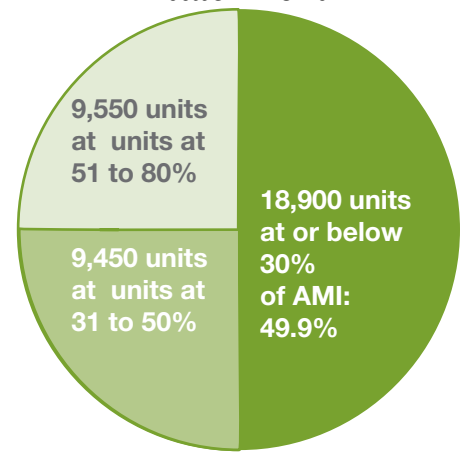
Adjustment factors	Allocation is increased for communities that have:	Allocation is reduced for communities that have:
Existing affordable housing	Lesser share of existing affordable housing than the average sewer-served community	Greater share of existing affordable housing than the average sewer-served community
Ratio of low-wage jobs to low-wage workers	Relatively more low-wage jobs than low-wage workers living in the community	Relatively more low-wage workers living in the community than low-wage jobs

Attachment D

In this process, the existing affordable housing adjustment had twice as much influence on the allocation as the ratio of low-wage jobs to low-wage workers.

Part III: How many new affordable units will each community need in each band of affordability?

Finally, we distributed the resulting overall allocations for each community into three “bands of affordability.” We started by making the initial allocation in each band a certain percentage of the community’s overall allocation, according to each band’s share of the regional Need:



Total Regional Need= 37,900

We then adjusted each community’s allocations based on the community’s existing amount of affordable housing in each band. For example, if a community had a lower-than-average share of its affordable housing in the 31-50% band, its allocation in that band was increased. Conversely, if a community had a higher-than-average share of its affordable housing in the 31-50% band, its allocation in that band was lowered. This further expands choice for low-income households in each band.

To see how this process worked for your community, see Appendix B (Exhibits 5 and 6) of the [2040 Housing Policy Plan](#) (as amended July 22, 2015).



1. The regional Need attempts to provide the most objective, accurate prediction possible of the number of additional low- and moderate-income households that will need affordable housing without considering the cost of, resources available for, or barriers to building that housing. The Need measures future affordability demand and does not incorporate existing unmet demand for affordable housing (i.e., low- and moderate-income households who experience housing cost burden today).

September 2015

HOUSING REQUIREMENTS

LOCAL PLANNING HANDBOOK

HOUSING ELEMENTS: NOW AND THEN

Housing requirements for your Comprehensive Plan update are largely the same as in the last round of updates. New guidance does require additional specificity and clarity to help your Housing Element meet the intent of the Metropolitan Land Planning Act ([Minn. Stat. 473.859 Subd. 2\(c\) and \(4\)](#)).

STATUTORY REQUIREMENT

CURRENT HANDBOOK

Assess current housing stock

Highlighted text indicates information that was not required previously; please note that the Council will provide these data/maps if needed.

Translating existing conditions into clearly identified needs and priorities (narrative analysis) is necessary to adequately inform the implementation plan.

“Complete an existing housing assessment, including:

1. A table of existing local conditions, including at a minimum the following information:
 - Total number of housing units
 - Number of housing units affordable at households with incomes at or below 30% Area Median Income (AMI), between 31 and 50% AMI, and between 51 and 80% AMI.
 - Number of housing units that are owner occupied
 - Number of housing units that are rental
 - Number of single family homes
 - Number of multi-family homes
 - Number of publicly subsidized housing units by the following types: senior housing, housing for people with disabilities, and all other publicly subsidized units. Include expiration dates of affordability contracts when applicable.
 - Number of existing households that are experiencing housing cost burden and have incomes at or below 80% AMI.
2. A map of owner-occupied housing units identifying their assessed values, differentiating at a minimum the values above and below \$213,000.
3. A narrative analysis of existing housing needs, addressing at a minimum the components of the existing housing assessment within the local context of your community. Plans consistent with Council policy will clearly identify existing housing needs and priorities for the community.”

Previous Handbook:

“Assessment of the current housing stock should include the number, types, tenure, value, monthly rent, age and condition of residential structures. Where appropriate, sub-regional or broader comparisons with other municipalities should be included to better explain the existing housing conditions.”

STATUTORY REQUIREMENT

CURRENT HANDBOOK

Projected housing needs

For this update we will address the need for low- and moderate-income housing within three bands of affordability.

For this update we have increased the minimum densities to support affordable housing development but also provided additional flexibility in meeting this requirement.

1. “Acknowledge your community’s share of the region’s need for affordable housing at three bands of affordability: <30% AMI, 31-50% AMI, and 51-80% AMI.
2. Guide residential land at densities sufficient to create opportunities for affordable housing using one of the following options:
 - Option 1: Guide sufficient land at minimum residential densities of 8 units/acre to support your community’s total allocation of affordable housing need for 2021 – 2030. This option may be best for communities that find it difficult to support densities of 12 units/acre (per Option 2), or prefer simplicity over flexibility in their density minimums.
 - Option 2: Guide sufficient land at minimum residential densities of:
 - 12 units/acre to address your communities allocation of affordable housing need at <50% AMI. This combines your community’s allocation at <30% AMI and 31-50% AMI.
 - 6 units/acre to address your community’s allocation of affordable housing need at 51-80% AMI.

Option 2 may be best for communities that feel they can achieve affordable housing needs at 51-80% AMI with less than 8 units/acre. It also allows the affordable housing need to be addressed with less actual land, as is the case if communities choose to use even higher densities than are required. Furthermore, communities using Option 2 may guide land to meet their allocation of affordable housing need at 51-80% AMI using a minimum density range of 3-6 units/acre if they have demonstrated in the last 10 years the application of programs, ordinances, and/or local fiscal devices that led to the development of housing affordable at 51-80% AMI in their community. Examples include: density bonuses for affordable housing unit inclusion, local funding programs such as TIF, etc.”

Previous Handbook:

“Goals and policies should address the need to add low- and moderate-income affordable housing...”



STATUTORY REQUIREMENT

CURRENT HANDBOOK

Implementation Plan

A key difference from the last update is the need to specifically tie official controls to stated needs, including when and how they will be used.

1. "A description of public programs, fiscal devices, and other specific actions that could be used to meet the existing and projected housing needs identified in the housing element. Include in what circumstances and in what sequence they would be used.
2. Plans consistent with Council policy will clearly and directly link identified needs to available tools. Needs are identified within the three bands of affordability, and tools should therefore be addressed within the band of affordability as well.
3. Plans consistent with Council policy will consider all widely accepted tools to address their housing needs. . A list of widely accepted tools is provided, however, this list is not exhaustive. Communities are strongly encouraged to include any additional tools at their disposal when identifying how they will address their housing needs."

Previous Handbook:

"The comprehensive plan must include a housing implementation program that identifies official controls, programs and fiscal tools the municipality will use to implement its housing goals and policies. Local controls may include zoning and subdivision ordinances, building codes, design requirements and the approval process itself. These impact both the type and cost of new housing.

In its housing implementation program, the municipality identifies the range of efforts intended to facilitate construction of affordable housing and thus to expand local housing options. Included in the sections are such programs as:

- Affordable housing assistance through development and preservation programs
- Home improvement and housing assistance programs through the local housing and redevelopment authority
- Fiscal tools, such as tax abatement, bonding or tax increment financing
- Official controls and land use regulation aimed at facilitating construction of affordable and lifecycle housing
- Guide land for development at densities that may facilitate greater housing affordability"

August 2015



	New Affordable and Mixed-Income Housing--Last 10 Years (up to 15 points)		Points
N1.	1.5 Points for:	Each new unit in a recent project at or below 30% AMI	6.00
N2.	.75 Points for:	Each new unit between 31% and 50% AMI	34.50
N3.	.5 Points for:	Each new unit between 51% of AMI and 80% of AMI	0.00
N4.	.25 Points for:	Each Owner-Occupied new single family unit between 81 and 115% of AMI	0.00
N5.	.15 Points:	Each local control adjusted or waived for a specific project	5.75
N6.	10 Points for:	Each new mixed-income project (at least 20% but not more than 80% market rate)	0.00
N7.	10 Points where:	New units put community on track to meet decade's Livable Communities Act (LCA) goal for new affordable housing (e.g. 40% met by year 4 or 70% after 7)	0.00
N8.	10 Points where:	New units in previous year are 10% or more of the decade's negotiated LCA affordable housing goal	0.00
N9.	At least 2%: 3 Points At least 4%: 6 Points At Least 6%: 9 Points:	Direct local financial contribution to affordable or mixed-income development, including estimated value of waived or adjusted local controls	9.00
N10.	5 Points for:	Issuance of housing revenue bonds for construction, or refinancing of affordable or mixed-income development (e.g. tax-exempt bonds to be paired with 4% tax credits or bonds for age- and income-restricted senior developments)	0.00
	Total for Category		15

	Preservation & Substantial Rehabilitation Projects--Last 7 Years for Preservation & 3 Years for Rehab (up to 35 points)		Points
P1.	1 Point for:	Each <i>preserved</i> unit in a recent project at or below 30% AMI	127.00
P2.	.5 Points	Each <i>preserved</i> unit between 31% and 50% AMI	0.00
P3.	.25 Points for:	Each <i>preserved</i> unit between 51% of AMI and 80% of AMI	0.00
P5.	7.5 Points	Preservation of state or federal project-based subsidy for at least 15 years	30.00
P6.		Demonstrated local efforts to preserve a manufactured housing park from threats of conversion and loss of affordable units	0.00
R1.	.5 Points for:	Each <i>substantially rehabilitated</i> unit in a recent project at or below 30% AMI	15.00
R2.	.25 Points for:	Each <i>substantially rehabilitated</i> unit between 31% and 50% AMI	22.50
R3.	.15 Points for:	Each <i>substantially rehabilitated</i> unit between 51% of AMI and 80% of AMI	0.00
R4.	.15 Points:	Each <i>substantially rehabilitated</i> owner-occupied unit serving a household between 81 and 115% of AMI	0.00
R5.	1 Point for:	Each acquisition/rehab/resale of an owner-occupied unit affordable to a households at or below 80% AMI, rehabbed & sold under a Community Land Trust	0.00
R6.	.15 Points for:	Each local official control adjusted, waived, or used to preserve or rehabilitate affordable housing	0.15
R7.	5 Points each for:	Each preservation or substantial rehabilitation project with at least a 4% local direct financial contribution, including estimated value of waived or adjusted local controls	0.00
R8.		Rehab activity that involves conversion of units from a non-restricted status to a rent and income-restricted status (new units counted in N1-3 above)	10.00
	Total for Category		35

	Housing Programs & Policies in Place/Use in Last 5 Years (up to 25 points)		Points
H1.	2 Points each for:	Each locally funded and administered housing program or service	4.00
H2.		Each housing program operated by a non-profit organization receiving a local financial contribution (e.g. single family rehab loans, rental assistance, housing counseling, etc.)	2.00
H3.		Covering all or a portion of administrative expenses incurred in administering a federal, state, or county housing program (i.e. difference between costs and reimbursements)	3.00
H4.		Local expenditure in the prior year to affordable or life-cycle housing representing at least 85% of the municipality's Affordable and Life-Cycle Housing Opportunities Amount (ALHOA)	2.00
H5.	3 Points each for:	Demonstrated efforts to improve/preserve unsubsidized affordable housing (if not claimed under item R8)	3.00
H6.		Participation (as a lender or administrator) in the Minnesota Housing Single Family Rehabilitation Loan, Emergency Loan, and/or Community Fix-Up Programs	0.00
H7.		Successful/funded application to the Minnesota Housing Single Family Impact Fund for activities other than new construction or rehabilitation	0.00
H8.	.15 Points for:	Each household served under local programs	6.90
H9.	4 Points each for:	Adopting or administering a rental licensing program	4.00
H10.		Administering an active code enforcement program (for rental or owner-occupied housing)	4.00
H11.	8 Points each for:	Adopting or administering an Accessory Dwelling Unit (ADU) ordinance	8.00
H12.		Adopting or administering a mixed-income (inclusionary) housing ordinance	0.00
H13.		Adopting and enforcing a local Fair Housing policy	8.00
	Total for Category		25

	Characteristics and Affordability of the Existing Housing Stock (up to 25 points)		Points
C1.	At least 2%: 3 Points At least 5%: 6 Points At Least 8%: 9 Points:	Existing stock of housing affordable to households earning 30% of AMI or less	6.00
C2.	At least 10%: 3 Points At least 20%: 6 Points At Least 30%: 9 Points:	Existing stock of housing affordable to households earning 50% of AMI or less	3.00
C3.	At least 20%: 3 Points At least 40%: 6 Points At Least 60%: 9 Points:	Existing stock of housing affordable to households earning 80% of AMI or less	9.00
C4.	1 Point for each:	Each facility serving vulnerable or special populations (max of 10 points) including: o Transitional placement of adult offenders or adjudicated delinquents o Licensed group homes for people with physical disabilities, mental illness, developmental disabilities, or chemical dependency o Shelters for people experiencing homelessness, battered women or those otherwise not able to secure private housing o Transitional housing for people experiencing homelessness o Permanent housing for victims of sex trafficking or domestic abuse o Age- and income-restricted senior housing	10.00
	Total for Category		25

Narrative Adjustments (if any)		
	Additional housing programs, projects, initiatives, or activities described	0.00
(efforts described in the narrative will be integrated as appropriate into preceding tabs by Council staff)		

Total Housing Performance Score	100.00
Hold-harmless minimum (80% of average 2010-2014 scores)	64.64
Final 2015 Housing Performance Score	100.00

*See the Guidelines for Priority Funding for Housing Performance for the working definitions of Substantial Rehabilitation and Preservation. When complete, please use "Save As" in Excel and save the file to a convenient location, using the name of the city and complete in the file name (example: "Oak Falls Complete"), then attach the file to an email and return it to Joel Nyhus at joel.nyhus@metc.state.mn.us.