

Roseville Affordable Housing

Metropolitan Council Ownership and Rent Affordability Limits 2011

The Metropolitan (Met) Council's definition of "affordable housing" represents the upper limit of monthly rents and home-purchase prices for housing referred to in Framework policy as affordable to low- and moderate-income families. These income limits for determining affordability have been a part of the foundation for goals negotiations and monitoring of goals progress with Livable Communities Act (LCA) participating cities since 1995, and have been the basis for counting all new affordable units in the housing stock, i.e., all new publicly-assisted and market rate units affordable to low-and-moderate income households.

For units constructed in 2011 and beyond, the Met Council is using a consistent income limit of what a family of four with an income at or below 60 percent of area median income (AMI) can afford to pay in monthly housing costs for either rental housing or mortgage costs (including principal, interest, property taxes and homes insurance).

Area Median Income for a family of four for 2011 in the Minneapolis-St. Paul Metropolitan Area is \$82,700. The median income for 60% of the area median income is \$49,600 and the median income for 30% of the area median income is \$24,800. This yields an affordable purchase price of \$160,250 and \$72,800 respectively for 2011.

Affordable Rents are defined below for the Minneapolis-St. Paul Metropolitan Area.

2011 RENTAL HOUSING			
Bedroom size:	Monthly gross rent including tenant-paid utilities, affordable at 30 percent of area median income ²	Monthly gross rent including tenant-paid utilities, affordable at 50 percent of area median income ²	Monthly gross rent including tenant-paid utilities, affordable at 60 percent of area median income
Efficiency	\$435	\$723	\$870
1 bedroom	\$465	\$775	\$930
2 bedrooms	\$558	\$931	\$1,116
3 bedrooms	\$645	\$1,075	\$1,290
4 bedrooms	\$720	\$1,200	\$1,440

Ownership in Roseville

The Ramsey County Assessors office filed a report dated March 18, 2011 that is available online which provides the following information for values of residential properties in Ramsey County for 2010 is as follows:

Roseville has 10,970 residential parcels with a median value of \$204,300 and an average value of \$209,903. The county breaks out the follow three types of ownership values:

1. **Single family** homes 8,511 parcels with a median value of \$214,200 and an average value of \$231,055.

2. **Townhomes** 672 parcels with a median value of \$189,100 and an average value of \$216,335.
3. **Condos** 1,696 units with a median value of \$93,700 and an average value of \$100,287.

Ramsey County has tracked residential sales between October 1, 2009 and September 30, 2010 for Roseville there was 217 sales with a median price of \$217,500 and an average price of \$236,182. The lowest price sale recorded was \$52,800 and the highest was \$920,005.

Rental in Roseville

Affordable rents are when people pay less than 30% of their income for rent. From the 2009 American Communities Survey 45.1% of the Roseville population pays over 30% of their income for rent.

Project Based Section 8 buildings

Definition: Project based Section 8 is when everyone in the building is guaranteed to pay no more than 30% of their income for rent. Currently Roseville has only 3 project based section 8 buildings:

1. Conventry Apartments for seniors and disabled	103
Conventry family townhomes	93
2. Roselawn Village Apartments for disabled	22
3. Roseville Senior Housing Apartments	<u>103</u>
Total	345

As of 2011 the Roseville Inspections department estimate that they inspect 257 units of section 8 assisted units scattered over 45 different properties in Roseville. (These vouchers are portable with in the metro area so the numbers will consistently fluctuate.) 2030 Comprehensive Plan estimated that as of 2007 there are 5,059 rental units in Roseville.

Three multi-family rental properties are income restricted properties that must rent to people who make 60% or less of the area median income. Those properties are:

1. Calibre Ridge	49	40 Section 8 Renters
2. Centennial Gardens	144 out of 190 units	44 Section 8 Renters
3. Sienna Green	<u>120</u>	<u>34</u> Section 8 Renters
Total	313 Units	118 Section 8 vouchers

These three properties have 46% of the portable Section 8 rental voucher holders.

The percentage of units that guarantee to pay no more than 30% of their income for rent in Roseville is 6.8% for Project Based Section 8 units and 12% for overall Section 8 units. The total number of affordable rental units is 658, 13% percent of Roseville rental units.

Met Council Requirements for Affordable Housing 2011-2020

The Met Council determines community's new construction of affordable housing units based upon total number of projected household growth for the metro area with a determined factor that 38% of the households will earn incomes less than 60% of the area median income (AMI) or \$41,000. The determined number of affordable housing units for the whole Metro Area is 51,000 for 2011-2020.

The Met Council then allocates the number of affordable housing units per a formula to communities based upon the proximity of jobs that pay less than \$41,000 in a 10 mile radius of the center point of the city, the number of affordable housing stock and the transit service. Roseville's determined new affordable housing units need is 201 for 2011-2020.

MHP's "2 x 4" Report

Quarterly Housing Indicators

Quarter 2 2011

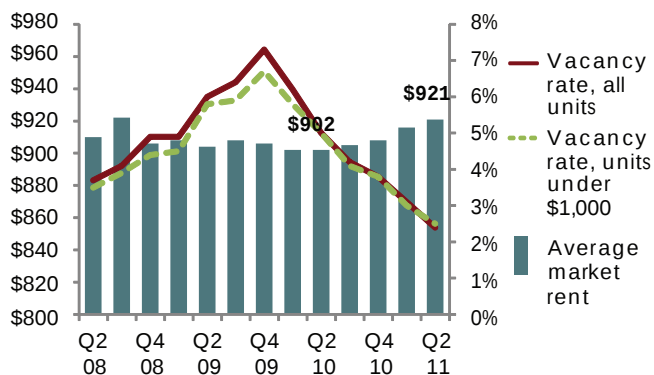
MHP's "2 x 4" Report tracks two timely and important trends in each of four key housing areas: the rental market, the owners' market, homelessness and the housing industry.

Minnesota Housing Partnership

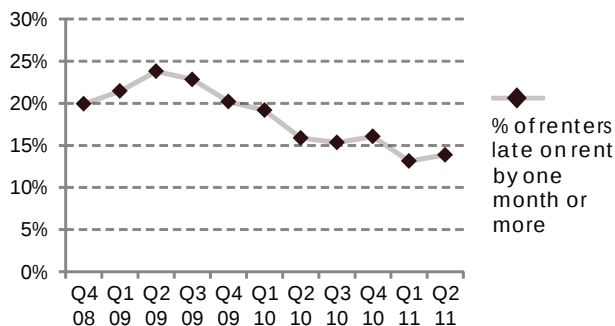
Rental Market

The vacancy rate in the Twin Cities plummeted to 2.4%, a ten-year low, while average rents increased to \$921, up from \$902 a year ago. A vacancy rate below 5%, the rate considered balanced, could signal rent increases ahead. This quarter, about 14% of non-luxury renters were delinquent in rent.

Twin Cities Rents & Vacancy Rates



Tenants in Non-Luxury Units with Rent Past Due

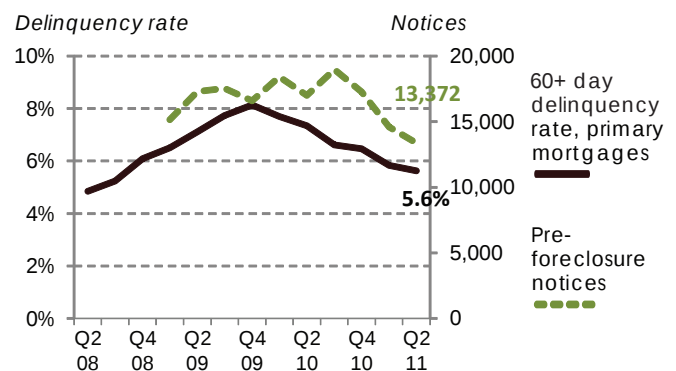


Based on survey of 5,400 non-profit-owned units.

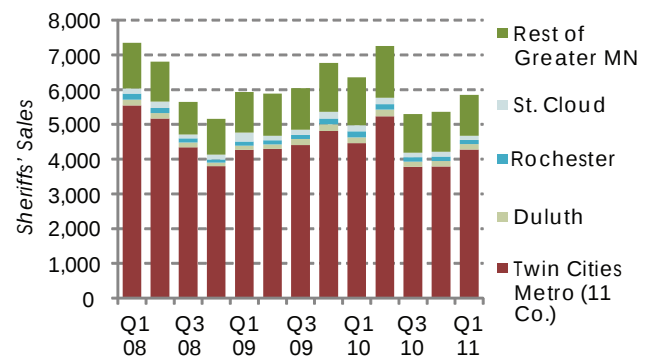
Owners' Market

While mortgage delinquencies and pre-foreclosure notices were down, foreclosures rose this quarter. The 60-day delinquency rate reached 5.6%, down from 8.1% a year and a half ago. Pre-foreclosure notices were down from last quarter, but foreclosures rose by 9% due to increases in the metro region.

Minnesota Mortgage Delinquencies & Pre-foreclosure Notices



Minnesota Foreclosures



www.mhponline.org/publications/reports-and-research/2x4-report

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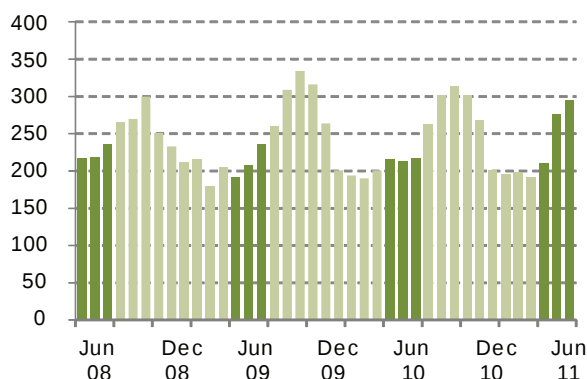
MHP's "2 x 4" Report

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Homelessness

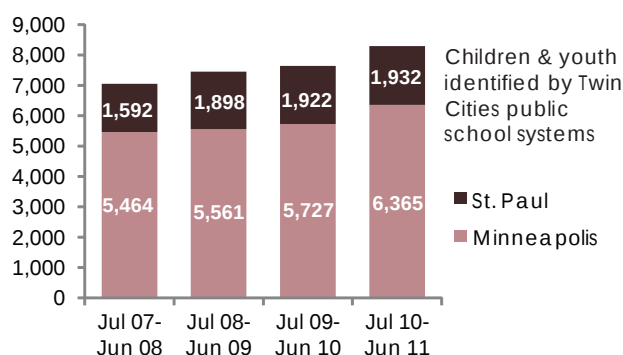
Homelessness was up among Hennepin families seeking shelter, averaging 260 monthly this quarter - double the number in this quarter for 2006. 8,300 children and youth were identified as homeless by Minneapolis and St. Paul schools, up 8% since last year and 18% over the last three years.

Hennepin Family Homelessness



Unduplicated count of families using publicly funded shelters. Note seasonal nature of shelter usage, with usage lower during winter months.

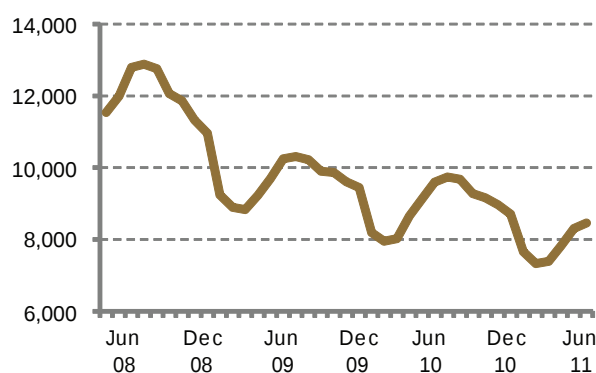
Homeless Kids in the Twin Cities



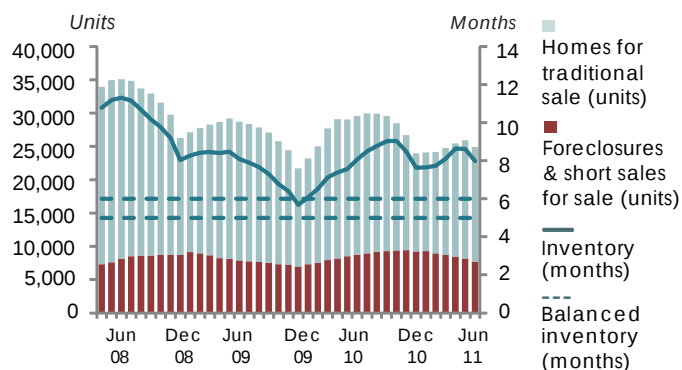
Housing Industry

Employment in residential construction hit a 19-year low for the quarter, dropping to 8,200 jobs per month statewide. Compared to last year, the number of homes for sale was down for the quarter; however with fewer homes being sold, the months of inventory (approximately 8) was unchanged.

Minnesota Residential Building Construction Employment



Twin Cities Homes-for-Sale Inventory



Inventory reported for the first day of the month.

For MHP's "2 x 4" archives and data notes, visit www.mhponline.org/publications/reports-and-research/2x4-report.

SOURCES: Renters: Marquette Advisors (top); MHP survey (bottom). Owners: National Delinquency Survey, Mortgage Bankers Association; MN Home Ownership Center (top); HousingLink (bottom). Homelessness: Hennepin County (top); Minneapolis & St. Paul Public Schools (bottom). Industry: Current Employment Statistics (CES)(top); Minneapolis Area Association of Realtors (bottom).

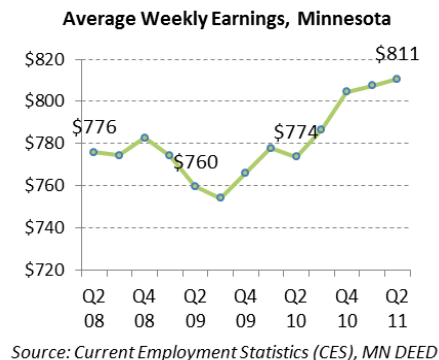




MHP's "2 x 4" REPORT— 2011 Quarter 2 (Released September 14, 2011)

While some indicators, such as a reduction in mortgage delinquencies, bring welcome news, this quarter many of the housing trends were worrisome. Foremost among them is a significant rise in homelessness among children and families, at least in the Twin Cities, where data is available.

For those who are employed, the news was not too bad. Average weekly earnings reached \$811, compared to \$774 a year ago. Yet the unemployed are not riding this same positive trend. The official state unemployment rate averaged 6.6%, down a hair from last quarter, but the rate inched upward each month, reaching 7.2% by July. In addition, US data suggest that the duration of unemployment can be surprisingly long. In June 2011, unemployed workers reported being out of work for an average of 39.9 weeks nationwide. Furthermore, official unemployment rates exclude people who have not actively looked for work in the last four weeks, such as those who have given up searching due to dim prospects. This deep long-term unemployment in the absence of increased government support places families at risk for homelessness.



Rental Market

The Twin Cities metro rental market continued to tighten in the second quarter, with the rental vacancy rate reaching a 10-year low. This trend reflects in part a slightly lower unemployment rate and higher earnings for workers. A steep increase in the number of foreclosed homeowners who are now renters since 2005, and limited construction of rental housing also contribute. As mentioned in the previous 2x4 Report, the number of multi-family units permitted from 2006 to 2010 in Minnesota was the lowest in 50 years for any 5-year period. Meanwhile, rents marched upwards this quarter, while the low rental vacancy rate sets the stage for higher rents to come. Rising rent levels present a serious concern for low-income renters already severely burdened by the cost of rental housing.

- This quarter, the rental vacancy rate in the Twin Cities metro fell to 2.4% - a 10-year low. A year and a half ago the vacancy rate was 7.3%
- The average monthly rent rose to \$921, compared to \$902 a year ago. Low vacancy rates signal likely future rent increases.
- 14% of renters in non-luxury units were delinquent for rent this quarter.

Owners' Market

The mortgage delinquency rate and pre-foreclosure notice numbers heralded positive news again this quarter, indicating fewer homes entering the foreclosure pipeline process. Yet the actual number of foreclosures increased by a notable 9%. The entire increase in foreclosures, as measured by sheriffs' sales, is actually attributable to the 11-county Twin Cities metro area (up 13%), while foreclosures in the remainder of the state were unchanged. The most dramatic metro increases were seen in Sherburne and Scott Counties, up 44% and 35% respectively.

The increase in foreclosures seems counterintuitive, given that both pre-foreclosure notices and delinquencies have been trending downward. Staff from the Home Ownership Center of MN suspect that a deep backlog of foreclosures at the banks is causing the uptick. Foreclosure counselors are



seeing a growing number of cases in which homeowners are in arrears by 2, 3, and 4 years, due to banks holding off on final foreclosure action. This indicates a backlog of properties yet to foreclose, which may impact the market for months or years and depress home prices further.

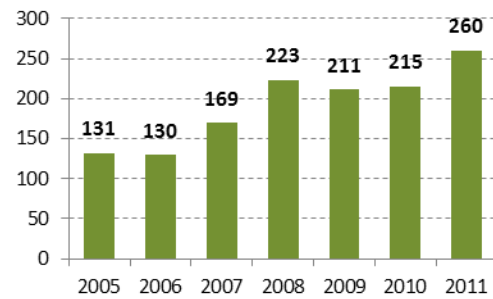
- 5,851 homes foreclosed this quarter in Minnesota, as measured by sheriffs' sales, up 9% from last quarter. The increase was entirely in the wider Twin Cities metro area.
- The 60+ day delinquency rate of primary mortgages fell slightly to 5.6%, marking a year and a half of ongoing improvement. At its highest, this rate reached 8.1% in late 2009.
- About 13,400 pre-foreclosure notices were sent to the Minnesota Home Ownership Center this quarter, down 8% from last quarter and 21% from a year ago.
- In June of 2011, the median home sale price for the Twin Cities metro was down 12% year-to-date compared to 2010.

Homelessness

Unfortunately, both homelessness indicators tracked in the 2x4 Report mark serious increases. Given that in the second quarter, unemployment was down and weekly earnings were up, economic improvements are failing to reaching the Minnesotans most in need. Another contributor was the North Minneapolis tornado in late May that left dozens of families homeless in its wake. Both the number of families seeking shelter in Hennepin County contracted shelters and the number of homeless children increased over last year.

- The average number of families counted as homeless each month by Hennepin County shelters rose to 260 this quarter. This represents an increase of 21% in a single year, and is double the count from 2006.
- 8,297 children and youth were identified as homeless by Minneapolis and St. Paul public schools combined from July 2010 through June 2011. This figure is up 8% from last school year and 18% from 2007-8, the first year for which there is comparable data.

Average Number of Homeless Families per Month, 2nd Quarter, Hennepin Co.



Source: Hennepin County

Housing Industry

In the housing industry, the second quarter is typically a time of rapid growth, as the ground thaws and the work of construction and sales begins anew. This quarter was typical in that more homes went on the market and some people were back to work in housing construction. However, employment in residential construction hit a new 19-year low for the second quarter, hardly the norm. The inventory of homes on the market in the Twin Cities was up somewhat this quarter, as expected seasonally, but was lower than last year at this time. The inventory exceeded the "balanced" level of 5 to 6 months, indicating that the housing market has yet to reach equilibrium.

- Quarterly employment in residential housing construction averaged 8,200 jobs per month, the lowest since 1992 - a 19 year low. In 2005, this number was nearly 18,000.
- The inventory of homes on the market in the Twin Cities was 13% lower than last year at this time. However, the months of inventory stood at 8 months-- about the same as last year. Together, this reflects fewer homes for sale, but fewer homes being bought.

For technical notes, visit <http://mhponline.org/publications/reports-and-research/2x4-report>.



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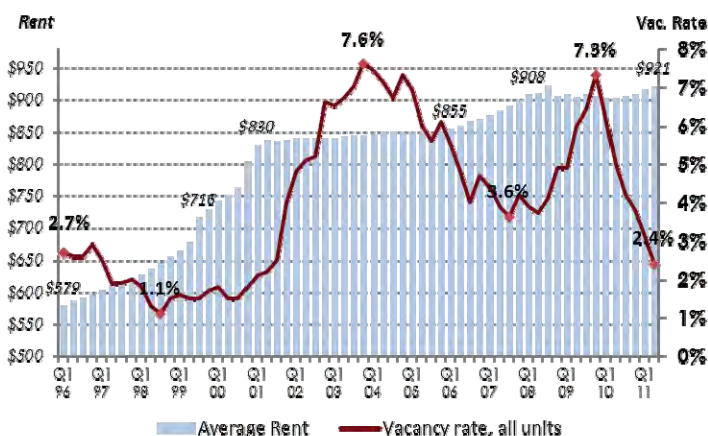
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Twin Cities Rents at Risk of Rising

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If you've been following the rental market in the Twin Cities, you probably saw the headlines about a month ago that apartment vacancy rates dove down to 2.4% last quarter- a low not seen in many years. To find out just how long it's been, MHP looked to the historical data of Marquette Advisors (formerly GVA Marquette). What we found when we plotted the data surprised us, and spells concern for rental affordability.

Twin Cities Average Rents and Vacancy Rates, 1996-2011



Data Source: Marquette Advisors/GVA Marquette

First, looking at the data over the last fifteen years, vacancy rates have hit both high and low notes, ranging from 1.1% in the middle of 1998 to well over 7% in 2003 and 2004 and again in 2009. Yet average rents have sung a different tune: they have risen or stagnated, but haven't usually fallen much, even during times of high vacancy rates. (The one-quarter exception was in late in 2008 as the recession hit.)

Secondly, economic trends have an enormous impact on the rental market. Whether the 1990s boom years, the rise and bursting of the home ownership bubble, or the recent recession, each one makes its mark in the rental market. Here's a rundown of the trends.

- **1990s through 2000:** Tremendous economic expansion fueled a shortage of workforce housing and high demand for rentals, with ongoing low vacancy rates and rising rental costs.
- **2001:** A mild recession in March-November 2001 drove down rental demand.
- **2002-3:** In 2002 vacancies rose with a post-recession recovery, as they often do, before economic improvements filter down to individual level. The upscale rental market built up in previous years saw significant vacancy as "favorable" homebuyer mortgages become available.
- **2003-6:** Massive numbers of people flocked to home ownership, riding the housing bubble wave of easy credit and little money down. 2005-6 marked the peak years for homeownership. However, rental vacancy rates fell, with strong job growth causing rental demand to rise. Some rental units were converted to condos, trimming supply.
- **2007:** Housing bubble crash in full force. New construction fell; rental supply tightened some.
- **2008-9:** Great Recession; rental market slackened dramatically. Many families and singles that would otherwise have been living on their own doubled up. Many young people delayed forming independent households. (Meanwhile, foreclosures continued.)
- **2010-present:** With limited economic recovery, the great backlog of rental demand rears its head. Tens of thousands of foreclosed former homeowners seek new housing, and a backlog of households form or leave doubled up situations. Very limited multi-family construction since 2006 (see page 3) contributes to tight rental supply.



Events

The Metropolitan Council seeks a **Housing Policy Planning Analyst**.

Environmental Review and the HOME Program training, Sept. 14-15, Roseville, MN. Sponsored by MHP.

New Suburban Homeless Youth Program Info Sessions, Sept. 15, 19, 20, 22.

Minnesota NAHRO 2011 Annual Conference, Sept. 21-23.

Infrastructure for Compact Development in the Suburbs: Solving Funding and Coordination Challenges, Oct. 11. Sponsored by ULI.

Connecting the Dots, Nov. 5, Duluth. Presented by Duluth LISC and At Home in Duluth.

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So where does this leave us looking forward from mid-2011? The housing market has been anything but predictable in recent years. But with a 2.4% vacancy rate during a "modest" economic recovery, thousands of foreclosures yet to occur, and limited rental construction, we'd wager that renters will be seeing higher rents in the coming months, unless unemployment rises markedly.

Either way, the situation is concerning, especially for lower income renters. Over **two-thirds of Twin Cities renter households** earning under \$50,000 pay more of their income than is considered affordable by HUD.

It's a good reminder of the importance of considering rental housing as government leaders think through options to promote economic growth and jobs.

Of note, both Minnesota Housing and the Metropolitan Council are in the midst of creating housing plans for the years ahead. Minnesota Housing is working on its Affordable Housing Plan for 2012 (to be adopted in October), as well as on a 5-year Consolidated Plan with DEED and DHS for allocation of federal funds for community development. The "Con Plan" will be adopted in January 2012. The Met Council will also soon be working on a housing plan, likely to carry beyond 2012.

Having these plans in process presents an opportunity to remind policymakers of the importance of ensuring decent rental options, especially for low-income folks. This could include dedicating funds to build or rehab affordable rental housing, ensuring fair treatment of renters, and preserving existing affordable units.

It's a good time to voice your concerns and ideas by contacting local elected officials, state legislators, and members of Congress. Contact MHP to find out how you can follow and participate in the planning processes underway.

Coming soon: look for another blog post about providing input on the Con Plan through an online survey.

Add comment

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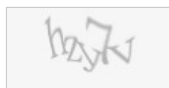
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Housing Affordability Trends by Region

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Twin Cities Metro

Twin Cities area residents face high housing costs, both for owners and renters, compared to incomes. The problem has worsened in recent years. By 2009, over 14% of all area households, or one in seven, paid more than half of their income for housing. At this level of housing cost burden, families often must make difficult choices between paying for housing and other necessities such as transportation, food, and prescription medicines.

Reports & Research

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Trends in housing, jobs, and more over the long-term, based on research by MHP and other Minnesota non-profits.

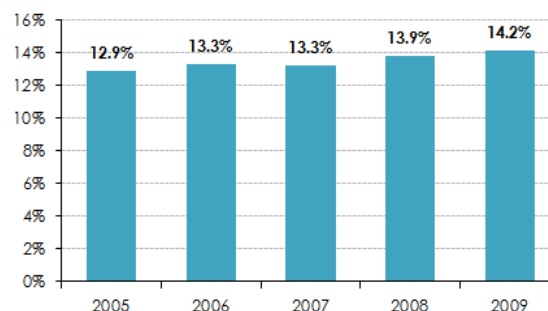


Number of Households Paying at Least Half of Income for Housing, Twin Cities Metro



Source: American Community Survey, 1-year estimates

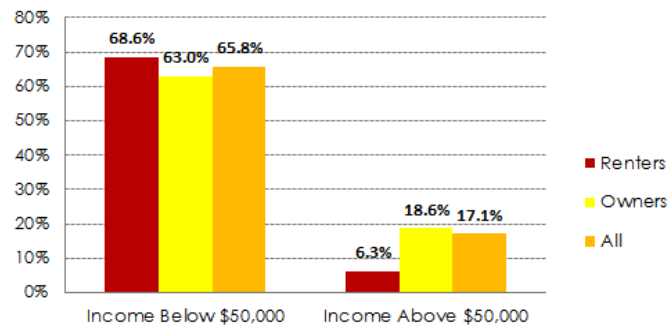
Share of Households Paying at Least Half of Income for Housing, Twin Cities Metro



Source: American Community Survey, 1-year estimates

About 93,000 owner households and 83,000 renter households now pay more than half of their income for housing in the Metro area. 16% more owners and 10% more renters experienced this level of housing cost burden in 2009 compared to 2005, though the increase since 2000 has been even more dramatic. The burden falls especially heavily on lower-income area residents. About two-thirds of households earning less than \$50,000 per year pay more than they can comfortably afford for housing, according to HUD guidelines, compared to about 1 in 6 households with incomes above \$50,000.

Proportion of Households Paying 30% or More of Income for Housing, Twin Cities Metro, 2009

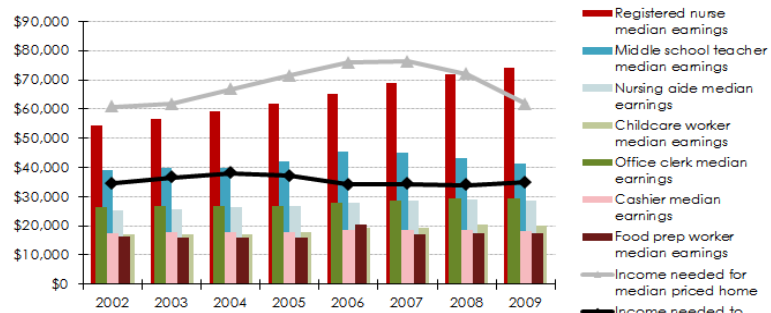


Source: American Community Survey, 1-year estimates

Median Household Income, 2009: \$63,114

Median Renter Household Income, 2009: \$31,248

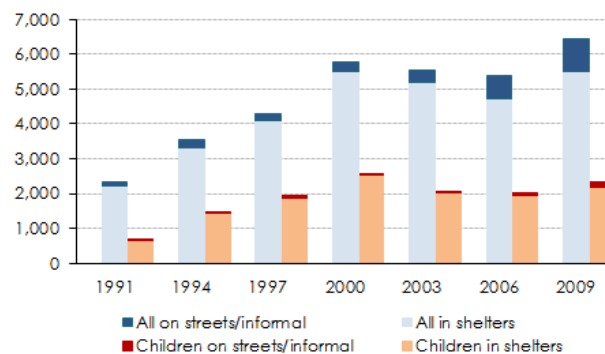
Housing Affordability by Common and Essential Service Occupations, Twin Cities Metro



Sources: Occupational Employment Survey (OES), Minnesota Department of Revenue Sale Ratio Study, Mortgage Interest Rate Survey (MIRS), HUD Fair Market Rents.

Homelessness has grown dramatically in the Twin Cities area. By 2009, over 6,400 people were counted as homeless on a given night, compared to 5,400 in 2006 and many fewer in the 1990s.

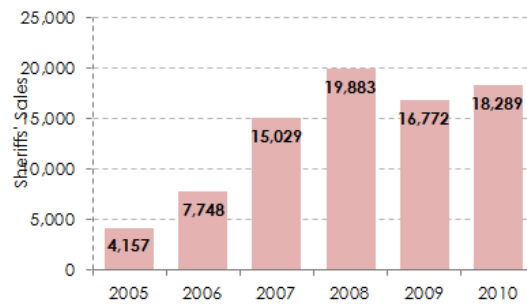
People Identified as Homeless on a Single Night, Twin Cities Metro



Source: Wilder Research, 7-county metro area. Note: outreach to streets and informal arrangements increased beginning in 2006.

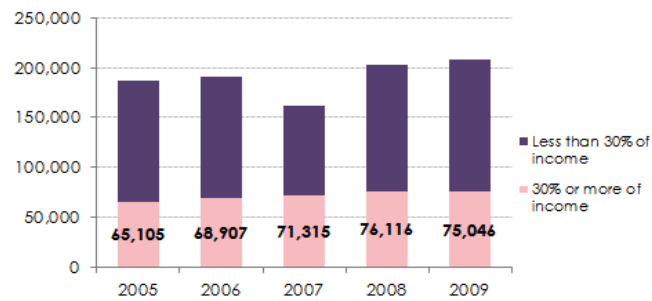
In the Twin Cities metro area, the foreclosure crisis has resulted in almost 82,000 foreclosures in the 11-county metro (71,000 in the 7-county metro) from 2005 through 2010, leaving in its wake severe distress for families. Neighborhoods have been devastated in hard-hit areas.

Foreclosures, Minneapolis-St. Paul Metro



Source: HousingLink

Income Paid for Housing by Households Headed by Senior Citizens 65+, Twin Cities Metro



Source: American Community Survey, 1-year estimates

Technical information on these charts can be found [here](#).



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