

Chapter 4: Housing and Neighborhoods

Introduction

Medina is a growing community that provides a variety of housing types and neighborhood styles while protecting and enhancing the City's open spaces and natural environment. Natural resources are the green infrastructure around which housing and neighborhoods in the City will develop. The availability of land in proximity to existing urban services provides an opportunity for a range of housing types and neighborhoods, while maintaining and protecting the existing ecological integrity of Medina's extensive natural areas. The following sections will provide general background information regarding housing trends, analysis and recommendations for diversifying neighborhoods and accomplishing the City's housing and neighborhood goals.

Housing Inventory

The following section provides a summary of the existing housing conditions in Medina and the foundation for developing the housing plan. This information has been obtained from a number of sources including the 2010 US Census, the 2015 Annual Housing Market Report from the Minneapolis Area Association of Realtors, and City Building Permit Information.

Housing Supply

The table below indicates that there were a total of 2,016 housing units in the City in 2014 consisting of 1,722 single family homes, 110 townhomes and 184 multi-family units (multiplexes and apartments).

Table 4-A
Types of Housing Units (2014)

Housing Type	Number	Percent
Single Family detached	1,722	85.4%
Townhomes (single-family attached)	110	5.5%
Duplex, triplex and quad (2-4 units)	23	1.1%
Multifamily (5 or more units)	161	8.0%
Mobile homes	0	0%
Total Housing Units	2,016	100%

Source American Community Survey 2010-2014

From 2010-2015, the City issued building permits for approximately 379 single family homes and 67 townhomes. No permits for multi-family units were issued from 2010 to 2015.

Housing Tenancy

In 2010, 93% of the housing units in Medina were owner-occupied and 7 percent were renter-occupied:

**Table 4-B
Housing Tenure**

Housing Type	Number of Units	Percent
Owner-occupied housing units	1,581	92.9%
Renter-occupied housing units	121	7.1%
Total Occupied Units	1,702	100%

Source: Census 2010

Housing Conditions and Age

The table below shows that nearly 20% of Medina’s housing stock was built between 2010 and 2015. Approximately 31% of the housing stock in the City was built before 1980 and is older than 35 years. Almost half of the homes in Medina were built between 1980 and 2009.

**Table 4-C
Housing Age (2015)**

Year	Total Units	Percent
2010-2015	446	19.9%
2000-2009	401	17.9%
1990-1999	364	16.2%
1980-1989	332	14.8%
1970-1979	245	10.9%
1960-1969	242	10.8%
1950-1959	83	3.7%
1949 or earlier	132	5.9%

Source: City of Medina

Housing Costs

Table 4-D describes the existing housing values in the City and indicates affordability, by showing the percentage of the area median income (AMI) that a particular valuation reflects. Seventy percent of the homes within the City currently exceed 100% of the AMI, which is a value of \$300,500. Twenty-four percent of owner occupied housing units would be considered affordable in the City of Medina (below 80% AMI).

**Table 4-D
Owner Occupied Housing Values (2015)**

Housing Values	Parcels	Percent
\$1 - \$84,500 (30% and below AMI)	31	2.0%
\$84,501 - \$150,500 (30% - 50% AMI)	45	2.9%
\$150,501 - \$238,500 (50% - 80% AMI)	303	19.5%
\$238,501 - \$409,000 (80% - 135% AMI)	412	26.6%
\$409,001 - \$604,000 (136% - 200% AMI)	399	25.8%
\$604,001 and above (Greater than 201% AMI)	360	23.2%
Total Owner Occupied Housing Units	1,550	100%

Source: Hennepin County 2015

The median home sale price peaked in 2005 at \$625,400 prior to the national housing market decline of 2007-2012. The table below shows that the average single-family home price has been steadily increasing since 2011, recovering significantly from the decline.

**Table 4-E
Affordable Housing Units (2015)**

Affordability	Owner Occupied ¹	Rental	Total ²
30% AMI and Below	31	15	46
30% to 50% AMI	45	0	42
50% to 80% AMI	313	55	368

Source 1: Hennepin County 2015

Source 2: Metropolitan Council 2015 Housing Stock Estimates

**Table 4-F
Cost Burdened Households**

Affordability	Cost Burdened Households
30% AMI and Below	57
30% to 50% AMI	74
50% to 80% AMI	26

Source: U.S. Department of Housing and Urban Development 2009-2013
Comprehensive Housing Affordability Strategy

Currently, Metropolitan Council data identify 26 publicly subsidized housing units within the City, none of which are specifically designated as publicly subsidized senior units or publicly subsidized units for people with disabilities.

**Table 4-G
Affordable Income Limits (2015)**

Affordability	Income Limits
30% AMI and Below	\$26,000
30% to 50% AMI	\$43,300
50% to 80% AMI	\$65,800

Source: Metropolitan Council

**Table 4-H
Household Income (2015)**

Income Range	Households
\$24,999 and Below	121
\$25,000 - \$49,999	201
\$50,000 - \$74,999	202
\$75,000 and Above	1,330

Source: U.S. Census Bureau

While the Census Bureau does not report household incomes in the ranges identical to the affordable income limits of the Metropolitan Council, Table 4-E represents an approximation of the number of Medina households that fall within the three AMI ranges. This does represent a relationship between the number of households that are cost burdened (number of households minus the number of available units) within the 30% AMI and below and the 30% to 50% AMI affordable bands.

This same relationship does not explain the number of cost burdened households in the 50% to 80% AMI range. There are 202 households making between \$50,000 and \$75,000 and 355 housing units available in the 50% and 80% AMI, which would lead to the conclusion that there should be no cost burdened households in the 50% to 80% AMI range. The 26 cost burdened households in the 50% to 80% AMI range may be due to households occupying the 50% to 80% AMI range housing units while making incomes greater than 80% AMI.

**Table 4-I
Housing Sales (2011-2015)**

Year	Number of Home Sales	Median Sale Price
2011	53	\$485,000
2012	88	\$457,985
2013	119	\$521,623
2014	134	\$527,500
2015	118	\$555,047

Source: 2015 Annual Housing Market Report (Minneapolis Area Association of Realtors)

According to the Metropolitan Council, a home is considered “affordable” if it costs 30% or less of the total income of a family earning 80% of the metropolitan area median income. In 2015, this calculation resulted in a home with a value of approximately \$240,500 being considered affordable.

Housing Needs

According to Metropolitan Council projections, Medina is forecasted to need housing for approximately an additional 1,100 households by 2040. Approximately 150 residential lots have been approved for development and are ready for construction, which results in the City needing to plan for the development of approximately 950 additional units. As described above, existing housing stock is generally high quality. The City seeks to preserve and enhance this quality while planning for projected growth.

Housing Objectives

The following objectives are consistent with the goals and strategies identified in Section 2 of this Comprehensive Plan.

1. Preserve and enhance the quality of life currently enjoyed by the residents.
2. Provide opportunities for a diversity of housing at a range of costs to support residents at all stages of their lives.
3. Require housing that maintains the open space and natural resources of Medina.
4. Preserve and protect single family housing and the neighborhoods in which they are located; encourage upkeep and improvement of housing stock over time; require platting and design of new housing to be high quality and consistent with the Comprehensive Plan; and encourage conservation design in new housing stock.
5. Support high standards for quality multi-family development in appropriately zoned areas.
6. Establish new and existing housing design standards to:
 - (a) require quality building and site design;
 - (b) provide for recreation, parks and trails;
 - (c) require open space and trails including links to adjacent neighborhoods, nearby trails, and area parks;
 - (d) respect and protect the natural environment, especially the lakes, wetlands, steep slopes, and woodlands.
7. Require lots in new subdivisions to access a local street rather than a collector street, county road or state highway.
8. Allow the use of conservation subdivision design to preserve rural character, preserve ecologically significant natural resources and retain open space
9. Require new urban residential development to be consistent with the City's Staging and Growth Plan.

Affordable Housing Plan

The Metropolitan Council has identified affordable housing needs for all cities and townships in the region for 2021-2030. The housing element of each local comprehensive plan is required to reflect each community’s share of this regional need for affordable housing. The Metropolitan Council has calculated the City of Medina’s share of the 2021-2030 regional affordable housing need to be 244 total units. The table below indicates the expected need for affordable units in Medina by specific affordability level, with affordability based on percentage of Area Median Income (AMI).

**Table 4-J
Affordable Housing Need Allocation (2021-2030)**

At or Below 30% AMI	142
From 31 to 50% AMI	102
From 51 to 80% AMI	0
Total Units	244

Source: Metropolitan Council forecasts

Consistent with Metropolitan Council policy, the City has met affordable housing requirements by planning for higher-density residential development within the first decade of time covered by this Plan. The following areas provide the primary locations for higher-density residential development:

- 13.4 net acres are planned at a minimum of 12 units per acre at Highway 12 and Baker Park Road (projected minimum of 161 units). This area of the City provides the most practical access to transit via the nearby park and ride in the City of Maple Plain.
- A minimum of 58 units are planned at a minimum of 8 units per acre within the Mixed Residential land use at Highway 55 and Tamarack Drive, and a minimum of 37 units are planned within the Mixed Residential land use at Medina Road and Brockton Lane. As described in the Implementation Chapter, the City will establish appropriate regulations for the Mixed Residential land use to allow a single, coordinated development to provide both high- and low-density development, to allow a high-density development to be constructed independently or to ensure that land is reserved for an independent development at a minimum of 8 units per acre if a low-density development is proposed.
- Approximately 27 acres of property have been identified for development at density greater than 12 units per acre at the northeast corner of Highway 55 and County Road 101. This property currently contains single-family homes.
- The Uptown Hamel land use also permits higher-density residential development and additional construction as anticipated in this area. Uptown Hamel provides flexibility between commercial and residential uses and also for residential densities, so a minimum number of units meeting the density requirements may be difficult to forecast. However, the City anticipates that higher-density residential development will occur.

The City supports creating a livable community through addressing the life cycle housing needs of area residents and the local workforce. Implementing an Affordable Housing Policy and Program in Medina is influenced by:

- Socioeconomic demographics of the workforce population desiring to live in Medina
- Growing number of senior citizens in Medina
- Current land costs and/or availability of land in Medina and surrounding communities
- Lack of infill opportunities in Medina
- Zoning regulations and fees
- Eligibility for supportive grants, programs, and partnerships
- Capability to maintain long-term affordability
- Strength of the current housing market
- Defining appropriate design standards for the affordable housing market
- Education of residents, city officials and staff concerning affordable housing

Affordable Housing Programs

Various programs and actions are available to support the development of affordable housing. The City currently partners in a number of the programs to support affordable housing, including taking part in Community Development Block Grant (CDBG) pool and other opportunities with Hennepin County Housing and Redevelopment Authority. Medina has established a goal to provide opportunities for a diversity of housing at a range of costs to support residents at all stages of their lives. To support this goal, the City will evaluate opportunities to utilize public and non-profit programs or to partner with other agencies in these programs. The programs available to the City and developers to support affordable housing, depending on circumstances, include the following:

Effective Referrals: One of the simplest and most cost-effective ways to support housing broadly, and in particular to serve households in need of affordable housing, is by making effective referrals. Being aware of programs and services that are available to existing or future residents requires little time and virtually no money – but it can be difficult to keep that information current. Staff in the Planning Department will strive to remain familiar with the relevant programs and will provide effective referrals.

Participation in housing-related organizations, partnerships, and initiatives: Connecting with others around meeting housing needs in our communities creates opportunities for cities, counties, the Metropolitan Council and other stakeholders to learn from one another. The City partners with the Hennepin County Housing and Redevelopment Authority. Staff are members of various professional organizations which provide resources and educational opportunities related to housing including the Minnesota Chapter of the American Planning Association and the Sensible Land Use Coalition, among others. Medina officials also take part in trainings related to land use and housing and are active in groups with other city officials.

Development Authorities: Medina partners with the Hennepin County Housing and Redevelopment Authority (HRA) for affordable housing and redevelopment services.

Housing Bonds: Cities are authorized under state law to develop and administer programs that make or purchase mortgages to finance the acquisition or rehabilitation of affordable housing. Cities may further make or purchase loans using the proceeds of the bond sales for activities

such as new construction, acquisition and rehabilitation, or refinancing bond debt. Although the City is not able to anticipate precise circumstances in which it would do so, the City would consider doing so in the future if it serves the objectives of the land use and housing chapters of this Plan.

Tax Increment Financing: Cities may create a housing district to create a tax increment financing (TIF) district. The TIF bonds issued on this district are to be used to support the construction of affordable housing, and property taxes received above the original tax value (increment) from the development are utilized to finance these bonds. The property tax revenue that otherwise would be available to pay for city services would be restricted and not available to pay for the services. The City has utilized a TIF Redevelopment District in Uptown Hamel to construct improvements which support the development of denser and more affordable housing, and property remains available for development in this area.

Tax Abatement: Local governments are permitted to offer tax abatement for a public benefit, including the creation of housing affordable to low and moderate-income households. If a portion of the tax collected from a property is abated, such amount would need to be offset through increased taxes levied on other properties. Because of administrative needs and potential impacts on the City's remaining tax capacity, the City does not anticipate using tax abatement.

Land banking and site assembly: Land banks are nonprofit or governmental entities created to acquire, manage, maintain, and repurpose properties that are vacant, abandoned, underutilized, or foreclosed to a productive use. Banking and site assembly can provide an opportunity to ensure vacant property is maintained and does not negatively impact the area and provides the opportunity to influence the ultimate use of the property. There is very little vacant or abandoned property within the City in need of assembling, holding and maintenance. As a result, the City does not anticipate utilizing land banking and site assembly and cannot anticipate precise circumstances in which it would do so. The City will consider doing so if opportunities arise and the City Council determines it is appropriate to do so to support economic development, including potential opportunities for housing below 50% AMI.

Minnesota Housing Consolidated Request for Proposals: The Minnesota Housing Finance Agency provides a request for proposal (RFP) once annually where affordable housing developers can apply for funding to construct affordable housing. The City invites developers to apply for funds to support development of housing units which meets the City's need for housing below 50% AMI.

Community Development Block Grants (CDBG): The U.S. Department of Housing and Urban Development (HUD) provides CDBG funds to communities with over 45,000 residents for the use of providing and maintaining affordable housing. Hennepin County HRA administers these CDBG funds for the City of Medina through a pool with other communities. The City invites developers to apply for funds to support development of housing units which meets the City's need for housing below 50% AMI and property owners to request funds to support the preservation, maintenance, and improvement of existing affordable housing

Home Investment Partnerships Program (HOME): HOME is a flexible federal grant program that allows Hennepin County to fund affordable housing activities for very low and low-income families or individuals, homeless families, and persons with special needs.

Affordable Housing Incentive Funds (AHIF): AHIF funds are administered by the Hennepin County HRA. This loan program funds the development of affordable housing units for very low-income households. The City invites developers to apply for funds to support development of housing units which meets the City's need for housing below 50% AMI.

Homebuyer Assistance Programs: Homebuyer assistance programs funded directly by Hennepin County HRA are currently not available. Medina encourages residents to contact the Minnesota Homeownership Center regarding homebuyer assistance programs that are currently available.

Repair and Rehabilitation Support: The Community Action Partnership of Suburban Hennepin (CAPSH) provides home repair and rehabilitation assistance to Medina residents who meet the eligibility requirements.

Foreclosure Prevention: The Community Action Partnership of Suburban Hennepin (CAPSH) provides foreclosure counseling to Medina residents.

Energy Assistance: The Community Action Partnership of Suburban Hennepin (CAPSH) administers the energy assistance program for Medina residents who meet the eligibility requirements.

Livable Communities Grants: Medina is a participating community in the Metropolitan Council's Livable Community Act (LCA) programs. Medina may, when applicable, apply for livable community grants on behalf of developers who provide a level of affordable housing and the guaranteed length of affordability that generates a public benefit greater than the resources required to apply for and administer the livable community grants. The City invites developers to apply for funds to support development of housing units which meets the City's need for housing below 50% AMI.

Fee Waivers or Adjustments: Cities may waive or reduce fees to reduce the cost of construction of affordable housing. Conversely, State rules require that city fees correlate to the cost of providing the services. This waiver or reduction could create a deficiency in the funding for services, causing the City to rely on general funds to make up the deficiency. The City will consider a fee waiver or reduction for projects for new housing that addresses the City's need for housing below 50% AMI if it is financially responsible to do so.

Zoning and Subdivision Policies: The City has the ability to adjust its zoning and subdivision regulations through a planned unit development (PUD). The City currently provides zoning incentives such as increased density and potential staging plan flexibility for projects which incorporate affordable housing. The City will provide this flexibility to applications which provide housing towards the City's need allocation of 244 units below 50% AMI.

Rental Licensing and Inspection Program: Many communities in the region administer rental license ordinances that require licensure and inspection of all residential property that is rented to an outside party. These programs promote the health, safety, and welfare of residents living in rental property and can help maintain the quality of the community's housing supply. Administering a program requires resources, including specialized staff, which are generally supported through a licensing fee and require a sufficient number of

licensed rentals to be sustainable. The City will continue to monitor rental housing supply and determine if and when a program is sustainable and appropriate.

4(d) Tax Program: The 4(d) tax program provides a property tax rate reduction for rental properties which include affordable housing units. This program is administered through the Minnesota Housing Finance Agency. The City encourages a property owner to seek such assistance if eligible because of involvement in specified programs, including programs involving financial assistance from the City as described in this chapter.

Land Trusts: A land trust achieves affordable home ownership by owning the land on which a house is located, allowing the resident to seek financing only on the house. The resident enters into a long-term lease for the home to remain on the property. The advantage of a land trust is that the trust can control the future sale of the property to ensure that affordability can be maintained and can scatter the land trust sites throughout the community. The disadvantage of a land trust is that it will take significant financial resources to purchase the land rights. Medina will evaluate if joining the West Hennepin Affordable Housing Land Trust is an appropriate partnership to meet the City's housing objectives.

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