

MINUTES
EDEN PRAIRIE HOUSING TASK
FORCE
WEDNESDAY, JUNE 12, 2019

HTF MEMBERS: Chair Joan Howe-Pullis; Vice Chair Lyndon Moquist; Carol Bomben, Pedro Curry, Terry Farley, Marlene Fischer, Mohamed Nur, Joan Palmquist, Anne Peacock, Ken Robinson, Emily Seiple

STAFF: Housing and Community Services Manager Jonathan Stanley, City Planner Julie Klima, City Manager Rick Getschow

I. WELCOME & INTRODUCTIONS

Chair Howe-Pullis called the meeting to order at 7:00 p.m. Absent were Housing Task Force members Fischer and Curry.

Housing Task Force members made introductions along with sharing what led them to serve in this capacity.

II. INTRO TO & KEY AIMS OF THE TASK FORCE

A. CITY COUNCIL DIRECTION & VISION FOR TASK FORCE

Getschow stated for decades housing has been evolving in Eden Prairie. The City has an active first time home buyer program and housing rehab program. Now the City is exploring inclusionary housing policies. Recently, the City wrapped up the Comprehensive Plan update, which provides a 30 year look at the community. This included housing focus groups and a housing chapter. Direction from Council for the Housing Task Force is to spend three to four months exploring information. Some meetings would include presentations from policy experts, agencies, and communities. In the last two or three months, an action plan of options would be created to be presented to the Council. Throughout the process, there will be joint meetings with the Council to check on progress. The Task Force work and process will take up to one year.

Palmquist inquired if there is a written charter for the Task Force. Howe-Pullis responded no. Palmquist stated when the Council made appointments, Mayor Case mentioned affordability in the vision of the Task Force. Howe-Pullis responded it is her understanding the Task Force has been empowered to look at affordable housing but the guidelines and action plan may encompass all housing in Eden Prairie. Getschow added during the application process the vision had mentioned affordable housing, life cycle housing, and variety of housing stock.

Getschow stated the City has a lot of data for Task Force members to sort through. Howe-Pullis also suggested the Task Force could request certain gaps in data be filled. Getschow noted this is a possibility but not a requirement for Task Force members to put in many hours gathering additional data.

III. INTRODUCTION TO ASPIRE 2040 COMPREHENSIVE PLAN

A. OVERVIEW OF COMMUNITY ENGAGEMENT/FOCUS GROUP EFFORTS

Klima provided an overview and background to the 2040 Aspire Comprehensive Plan process. The City also has a strategic plan for housing and economic development. This is created internally and presented to Council and applicable Commissions. This document is reviewed every three years.

Klima stated the Aspire document includes a variety of topics such as housing, land use, transportation, economic competitiveness, social equity, parks and recreation, wastewater, utilities, etc. This document is long-range planning for 20 to 30 years in the future, updated every ten years. The Comprehensive Plan identifies issues within each of the topics, how the City wants to address the issues, and the implementation strategies.

Klima provided an overview of the community engagement process for Aspire. Aspire 2040 was largely a refresh of the previous Comprehensive Plan, but the most recent update included more community engagement. Community engagement was conducted at more than 60 events, including the Fourth of July Hometown Celebration, Arts in the Park, and Ribfest. There were focus groups on a variety of topics, outreach via City Connect with targeted questions, an interactive s-maps tool for residents to note locations of interest for projects, do it yourself (DIY) meetings organized by residents or community groups, and targeted online surveys to both millennials and empty nesters.

B. LAND USE CHAPTER AND HOUSING CHAPTER HIGHLIGHTS

Klima stated the feedback from community outreach initiatives informed the Land Use Chapter and Housing Chapter. The primary focus has been redevelopment as there are not a lot of vacant properties left for development. Land Use categories range from Rural with 1 dwelling unit per acre, to High Density Residential with 40 to 75 dwelling units per acre. Mixed Use and Transit Oriented Development (TOD) categories are newer to Eden Prairie.

Klima noted Eden Prairie has few remaining infill properties. Many of the infill parcels are two to five acres in size. A few of the larger infill properties are 25 to 30 acres. Many of the smaller infill properties suited for high density are nestled in existing neighborhoods. Howe-Pullis inquired about the differing labels of infill and infill priority. Klima responded the infill priority designation is because the property would likely redevelop sooner. This is due to size, location, or the amount of inquiries fielded.

Moquist inquired about the location of the infill properties not designated priority. Klima responded the six total parcels may have more significant challenges for building than the others, and some property owners have communicated they're not interested in selling at the moment.

C. IMPLEMENTATION STRATEGIES RELATED TO HOUSING

Klima stated the Council has been open to increasing density with developing infill properties in existing residential neighborhoods. They would like to be mindful of the transition and provide buffers when necessary. Single family residential categories maximum density is 2.5 dwelling units per acre. Aspire has increased the density to five dwelling units per acre. Proposed guiding changes for TOD are near station areas in the northeastern area of the City. Elevate is the City's first TOD. Proposed guiding

changes for Mixed-Use are locations best-suited for vertically integrated or horizontally integrated development. The proposed Mixed-Use properties are Eden Prairie Mall, Fountain Place and Broadmoor, and near Mitchell Road at CSAH 5.

IV. 2017 HOUSING STUDY OVERVIEW

Stanley provided an overview of housing and demographics. The Metropolitan Council estimates from year 2015 to 2040 Eden Prairie will add almost 20,000 people, requiring 8,500 new housing units.

A. NUMBER OF HOUSING UNITS & UNITS BY TYPE

Stanley stated Eden Prairie has approximately 25,716 housing units. The total number of units includes apartment, condominium and townhomes, coop, duplex and triplex, single family, and twin home. Moquist inquired how these numbers and variety of housing stock compare to other suburban communities. His understanding is Eden Prairie has added more diverse housing over a long period of time. Getschow responded Eden Prairie offers a variety of housing stock but not a variety of prices for housing. Most of the surrounding cities have more apartments than Eden Prairie. Stanley added in regards to affordable units, Eden Prairie has a lot less units at 30 percent average median income (AMI) compared to suburbs such as Bloomington.

B. AFFORDABLE UNITS

Stanley stated Eden Prairie is estimated to need a total of 1,408 new affordable units between year 2021 and 2030, with the majority at 30 percent AMI. About 1,400 affordable units are added across the entire seven county metro in the course of a year.

C. POPULATION & DEMOGRAPHIC TRENDS

Stanley stated in regards to age makeup, between year 2014 and 2040 there will be a 155 percent increase in the age population 65 and older in Eden Prairie. One of the stated goals in the Comprehensive Plan is to provide a range of senior housing. Stanley provided an overview of generational groups and their interaction with the housing market. Moquist noted the Generation X population is smaller than the Millennials and Baby Boomers population.

D. PROJECTED HOUSING NEED

Stanley reviewed the 2017 housing study key findings. In regards to ownership, there is an unmet housing demand for lower-income, owner-occupied households. Additionally, there is an unmet housing demand for upper-income, owner-occupied households. In regards to rentership, there is an undersupply of housing options for lower-income rentals, upper-income rentals, and a need for more attached owner-occupied housing and multifamily rental. Howe-Pullis inquired if attached owner-occupied housing refers to creating more density. Stanley replied yes.

Seiple inquired if homebuyers of specific income levels will go to another community to meet their needs. Stanley replied there tends to be a demand for housing at a certain income level. Moquist noted over the course of this year he has worked with empty nesters who want to downsize to a twin or detached home. These are expensive to build and there isn't enough supply of these homes. Klima added a common theme in the Aspire community engagement piece was Eden Prairie has an undersupply of

certain types of housing. Roughly 47 percent of the City's housing stock was built between the year 1980 and 1989. Most of these are single family detached homes. Many are looking for single level, maintenance-free living, but many end up looking elsewhere due to an undersupply.

Stanley reviewed the housing goals, objectives and strategies of Aspire. The first goal is to incentivize attainable and affordable housing options for lower-income households so they can move to and remain in Eden Prairie. Strategies include increasing affordable units and density on appropriate sites and maintaining existing attainable housing stock. The second goal, done with all developments, is to work with public and private sectors, other government entities and the community to envision and finance innovative demonstration projects and developments. Strategies to achieve this goal include continued work with developers to close funding gaps and secure external leverage, prioritizing infill development, and support new construction and rehab that minimize negative environment impacts. The third goal is to promote senior housing opportunities that increase choice and enable seniors who choose to downsize to age in the community. This requires work with developers to provide life-cycle housing options that meet the changing needs of the senior community. The City has interest in proposals for downsized developments. Moquist stated there is interest in downsized homes, but they also want a property with a view which sometimes requires going elsewhere. This provides a challenge to location and where a downsized development would be successful.

Stanley stated the fourth goal is to address aging housing stock to prevent loss of naturally occurring affordable housing (NOAH). Strategies to achieve this goal are creating an inventory of NOAH properties, use tools to improve properties and secure long-term affordability, utilize existing rehabilitation loan and grant programs to preserve affordable housing, and explore creation of retrofitting guidelines using sustainable materials and systems. The fifth goal is to prioritize housing around public transit with access to services, jobs, parks, and more. Southwest Light Rail Transit (SWLRT) provides a unique opportunity for TOD. Strategies to achieve this goal are to support mixed-use developments that encourage walking distance to shops and services, utilize the City's Inclusionary Housing practice, and look for opportunities to include affordable properties in or near station areas.

V. BASIC TERMS & CONCEPTS USED IN AFFORDABLE HOUSING

Stanley reviewed some of the City's current affordable housing policies, programs and practices. The City offers affordable homeownership programs geared generally toward single-family homes: first time homebuyers program and Homes Within Reach Program with West Hennepin Affordable Housing Land Trust (WHAHLT). The City also provides a maintenance rehab program, maintenance of Housing Improvement Areas (HIAs), maintenance of rental units, and education and collaboration through a property manager's group. The City works to preserve affordable rental housing through tax increment financing (TIF) district extensions, pooled TIF for NOAH, and requiring acceptance of Section 8 Housing Choice Vouchers. Howe-Pullis inquired if preservation of affordable rental housing refers to when development or redevelopment is occurring and they are asking for waivers. Stanley replied yes for both development and redevelopment.

Stanley stated the City does affordable rental housing development financing via new TIF districts, pooled TIF for TOD, grants such as Livable Communities, and resolutions of support for other financing. Howe-Pullis clarified if a resolution of support happens when

developers are seeking funding and the City shows support for the development. Stanley responded yes, and in some cases the City may be providing financial incentives for the development as well.

Stanley stated affordable inclusionary housing has been secured with no subsidy on new multifamily rentals, new multifamily for-sale housing, multifamily rehab and conversions, and multifamily after TIF or other restrictions expire. A unique aspect of the City's inclusionary housing practice is affordable units in perpetuity. Moquist inquired if the inclusionary housing units are in entire buildings or a percentage of units in buildings. Stanley replied five to ten percent of the units in a development. Moquist added it has to be financially feasible for developers otherwise they will look elsewhere to develop. Task Force Member inquired if Prairie Meadows incorporated inclusionary housing. Klima responded Prairie Meadows does not have inclusionary housing in perpetuity. The development predated the inclusionary housing practice. Howe-Pullis added to continue asking for affordable units after a ten year period is a lot of maintenance and negotiation. Klima added the Southview Senior Living project includes 14 affordable housing units at varying AMI with no subsidies from the City. Moquist inquired if the units are dedicated for seniors. Klima stated the Prairie Bluffs project is age restricted for seniors. Presbyterian Homes is proposing to meet inclusionary housing with a percentage of units at 30 percent AMI. This would be a resource for seniors with very limited income in the range of \$12,000 annually. Inclusionary housing targets income levels rather than age levels. Task Force Member inquired if these affordable units continue with the property and not just with the property owner. Klima replied yes. Seiple inquired who manages the affordable units. Stanley replied this is largely the responsibility of the management company. The City requires annual reports showing how management is qualifying income eligible families for affordable units.

Stanley reviewed housing implementation strategies. Some tools the City utilizes or has the potential to use are TIF, pooled TIF, tax abatement, consolidated or super request for proposals (RFP), Hennepin County and Metropolitan Council resources, preserving existing publicly subsidized housing with bond resources to extend affordability, housing revenue bonds for preservation or to pair with low-income housing tax credits (LIHTC), effective referrals and partnerships, HIAs, requiring acceptance of Housing Choice Vouchers, requiring affirmative fair housing marketing plans, preserving NOAH, capitalizing on TOD areas, community development block grant (CDBG) funding, and inclusionary housing. Inclusionary housing policy requires that a given share of new construction units be affordable by people with low to moderate incomes, regardless of City subsidy. Howe-Pullis inquired if this is a shift in practice from five years prior. Klima stated this practice began nearly three years ago. Prairie Bluffs Senior Living project was the first to incorporate inclusionary housing. Howe-Pullis inquired if circumstances in this region have created the opportunity to implement this practice or if there is a greater community drive to meet these needs. Klima replied both have been a factor, and there is more awareness of the need. Developer's requests for waivers create an opportunity to negotiate other aspects of the proposal through the Planned Unit Development (PUD) process. Task Force Member noted it would be beneficial to have an inclusionary housing policy in place rather than negotiating on a case by case basis. Klima added a policy would be more informative and transparent to the development community when working with the City. Moquist inquired if it is beneficial to have an inclusionary policy in place or if that limits the amount of developers interested in developing in the City. If the end goal is to have more affordable housing then maybe it is the best practice. Stanley noted inclusionary housing policies are increasingly being adopted in the metro, specifically the west metro.

A. AREA MEDIAN INCOME (AMI)

Stanley stated the AMI figure is published annually by U.S. Department of Housing and Urban Development (HUD). For the region, it's published for the Minneapolis, St. Paul, and Bloomington Metropolitan Statistical Area. The figure designates the point where 50 percent of households in the region earn more than the median and 50 percent earn less than the median. A household of four in the City in 2019 had an AMI of \$100,000. AMI varies by household size. Palmquist inquired what area is included in the region. Stanley responded the seven county metropolitan area. AMI also varies for different affordable housing programs. Bomben inquired why programs utilize both 30 and 50 percent of AMI. Stanley stated there is a percentage of program users for varying levels of AMI.

Stanley stated HUD defines low and moderate income. 80 percent of AMI and above is considered moderate income. 80 percent of AMI is considered low income, 50 percent of AMI very low income and 30 percent and below extremely low income.

B. PERCENT OF INCOME SPENT ON HOUSING COSTS/COST BURDENS

Stanley stated a household should be paying no more than 30 percent of their income on housing expenses. Spending more than 30 percent of an income on housing expenses is considered cost burdened. Task Force Member inquired if the 30 percent includes utilities. Stanley replied yes.

Stanley stated those paying more than 50 percent of their income on housing expenses are considered extremely cost burdened.

C. WORD SOUP: AFFORDABLE/SUBSIDIZED/PUBLIC HOUSING/SECTION 8/NOAH/WORKFORCE

Stanley provided definitions to commonly used terms when discussing housing. Howe-Pullis asked if there is any public housing in the City. Getschow responded no. Public housing is not common as it is owned and operated by a level of government.

VI. GENERAL DISCUSSION

Howe-Pullis requested Task Force members review the documents from the meeting and make note of any questions for the next meeting. Task Force Member inquired about the role property taxes has on developments. For example, Habitat for Humanity has only built one home in Eden Prairie due to the cost of property taxes. Getschow stated the City subsidized the project. Taxes typically are not a barrier, but the cost of land and construction may be. The City ranks low for property taxes compared to other cities in Hennepin County.

VII. ADJOURN