

# 5 HOUSING

## I. PURPOSE

Housing is a key issue for all residents. Housing costs are typically the number one expenditure for most individuals; in addition, it is the single highest source of most individual wealth. Studies have alluded to social benefits of housing such as self-respect, responsibility, and pride leading to increased participation in community and civic activities. In addition, housing plays a critical role in state and local economies including employment in the construction, real estate, financial, and insurance industries. Housing is the largest land use and largest capital asset within the City. Proactive consideration of housing related issues will help the City meet future housing needs.

The purpose of this Chapter is to summarize housing issues within the City of Arlington and establish goals and work items promoting a healthy residential infrastructure and furthering a variety of life-cycle housing options. This Chapter can help city leaders and community members better understand the local housing situation and encourage dialogue about housing concerns in Arlington. Planning for housing helps create dwelling units that meet a broad range of needs and are coordinated with other Comprehensive Plan elements such as land use, transportation, economic development, utilities, and community facilities.

The issues have been identified through:

- An analysis of City demographics affecting housing needs;
- An evaluation of existing housing units and conditions;
- Review of a 2006 Housing Study prepared for the City by Community Partners Research, Inc; and,
- A review of land use options for housing growth.

### HOUSING MEANS ...

Traditional single-family detached homes, single-family attached homes such as townhomes, multiple family structures (apartments), and manufactured homes. The term refers to owner-occupied dwellings, as well as rental, cooperative, and condominium ownership arrangements.



II. HOUSING SUMMARY

**HOUSING SUMMARY**

Increase of 163 dwelling units projected by 2030

A variety of life cycle housing is sought: types, sizes, and values

An appropriate rental (28%) to owner (72%) ratio of DU exists

Vacancy rates (rental and owner-occupied) are within normal limits

Median rental rate is average when compared to other cities

Average mortgage payment is lower if compared to other cities

The number of home sales and sales values increased since 2000

Maximum monthly housing costs  
2008 HUD Sect. 8 – Family of 4  
Extremely low income = \$457  
Very low income = \$760  
Low income = \$1,216

Market rate rental, subsidized rental, & attached single-family units needed

Most existing housing is in good condition, but ¼ of both rental and owner-

- **Housing Projections.** Continued household growth within the City is expected over the next two decades. An additional 163 dwelling units are projected to be added by 2030.
- **Life Cycle Housing.** The development of life-cycle housing works to sustain the community by preventing a polarization of residents in one age or income group. As one generation of residents moves through its life cycle it can move into the housing provided by the previous generation, just as the next generation will move into the housing being vacated. Arlington leaders seek to provide a variety of life cycle housing types, sizes and values.
- **Mix of Housing Types.** Arlington has an appropriate ratio of rental to owner-occupied housing units (28% rental to 72% owner-occupied). However, the majority of owner-occupied housing units are detached single family dwellings. Only one percent of owner-occupied single family dwellings are attached units. The statewide average is over seven percent. It noted that Arlington has a higher percentage of attached units than Gaylord, Green Isle and Henderson.
- **Vacancy Rates.** Arlington has a slightly higher rental vacancy rate (5.5%) than other communities sampled and the state average. Most vacant rental units were market rate general occupancy units. When compared with rental vacancies, the vacancy rate for owner-occupied units is much lower at 1.34 percent. This is within the average of other communities sampled but slightly higher than the state average. Vacancy rates are well within normal limits.
- **Rental Rates/Mortgage Cost.** The median gross rent (\$439) in Arlington is very close to the average of communities surveyed. The average monthly housing cost in Arlington for homes with a mortgage (\$728) is the lowest of all areas surveyed. When compared to other cities, Arlington has a significantly lower percentage of homeowners spending more than 30% of their income on housing costs. The 30% figure is a common threshold for measuring housing affordability.
- **Housing Sales.** The average sales value of residential units in Sibley County has continued to increase since 2001. The year-to-year increase in sales value was lower than the state average; however, the County total increase in sales value (49%) was larger than the state average (38%). Annual sales values continue to increase in Sibley County while significantly decreasing within the Twin Cities Metro Area.
- **Maximum Housing Cost/Month:** 2008 HUD Section 8 income guidelines set monthly maximum affordability rate for a family of four as: extremely low income persons at \$457/month; very low income at \$760/month, and low income at \$1,216.

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- **Demand for Additional Units.** Demand appears to exist for construction of additional market rate and subsidized rental units along with new attached single family homes and move-up owner-occupied homes.
- **Condition of Housing.** Most housing units in the City of Arlington are in relatively good physical condition. A few dwellings, primarily in the original townsite, have multiple major maintenance needs such as reroofing, residing, and/or window replacement. More than a quarter of the rental units are contained in structures built prior to 1939. A similar amount of the owner-occupied dwellings were constructed prior to 1939.

**III. HOUSING PROJECTIONS**

Data sources and population estimate/projection information used in the creation of the 2008 Comprehensive Plan Update is contained within Chapter Three of the Plan. The data includes projected household growth through the year 2030. Table 5-1 below illustrates current and future housing forecasts and is based on 2.34 persons per household. The projections reveal an anticipated increase of 163 households by 2030.

**TABLE 5-1  
HOUSING PROJECTIONS**

<b>Year</b>	<b>Households*</b>	<b>Households*</b>
<b>2008</b>	874	n/a
<b>2010</b>	927	53
<b>2015</b>	960	33
<b>2020</b>	995	35
<b>2025</b>	1,030	35
<b>2030</b>	1,037	7
<b>TOTAL</b>	<b>1,037</b>	<b>163</b>

## IV. HOUSING ISSUES

### A. LIFE CYCLE HOUSING VARIETY

The housing stock within a community must be responsive to the needs of its residents. Housing needs are not static but change over time as people move through different stages of their lives. Housing needs tend to evolve from: (1) affordable basic units for young people just beginning to enter the workforce, to (2) affordable single family units for first time home buyers and young families, to (3) move up housing for people with growing families and/or incomes, to (4) empty-nester dwellings for persons whose children have grown and left home, to (5) low maintenance housing options for aging persons as their ability to maintain their property decreases, and finally to (6) assisted living environments to provide health and medical care to the elderly.



To address the life-cycle needs of residents it is critical that a community provides a wide range of housing:

- Types (i.e. apartment/townhome/condominium rental, townhome/condo/single-family owner-occupied, assisted living);
- Sizes (i.e. one, two, three bedroom rentals; starter homes; move-up homes); and,
- Values: (i.e. efficiency – luxury rental units; starter homes – executive homes).

The availability of life-cycle housing works to sustain the community by preventing polarization of residents in one age or income group. As one generation of residents moves through its life cycle it can move into the housing provided by the previous generation, just as the next generation will move into the housing being vacated. Additional information regarding types, sizes, and values within Arlington's housing stock are included later in this Chapter.

### B. COMPARISON OF SELECTED HOUSING CHARACTERISTICS

Comparative analysis of selected housing characteristics in nearby communities can assist in the evaluation of the local housing stock. The following table compares certain housing characteristics in Arlington with those in the cities of Gaylord, Green Isle, and Henderson along with Arlington Township. As depicted in Table 5-2 on page six:

- Arlington has an appropriate ratio of rental (28%) to owner-occupied (72%) units.
- Arlington has more single family attached dwellings than any of the communities surveyed. This is likely do to proactive actions by members of Arlington Development, Inc. Even with local proactive development, single family attached dwellings make up less than one percent of the Arlington housing stock as compared with a State average of seven percent.
- A total of 31 dwelling units in Arlington were vacant upon enumeration of Census 2000; of those, 13 were vacant rental units and eight vacant owner occupancy units. This equates to a vacancy rate of 5.58% for rental housing and 1.34% for owner-occupied housing. The rental vacancy rate was highest in Arlington when compared to other communities. A vacancy rate of five percent is considered normal for a healthy market. The state average reported in the 2000 Census for rental housing was 4.1 percent and owner-occupied .9 percent.

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- The median gross rent in the City of Arlington (\$439) is close to the average of all communities surveyed (\$425) and that in Gaylord (\$431) but significantly lower than that in Green Isle (\$542).
- Average monthly housing costs for homes with a mortgage (\$728) is the lowest of all areas surveyed. Average monthly housing costs in Arlington for homes without a mortgage (\$241) is above that of Gaylord (\$224) but significantly lower than that in Green Isle, Henderson, and Arlington Township.
- The City of Arlington (8.3%) has a significantly lower than average (12.84%) percentage of households spending 30% or more of their income on housing expenses. Since the early 1980's federal policy has set 30 percent of income as the maximum a family should devote to housing given other demands on family budgets. It is noted comparative numbers for western Carver County vary dramatically from those in eastern Sibley County. The average percentage of residents spending 30% or more of their income on housing in western Carver County (Hamburg, Norwood Young America, Mayer, Watertown) is 21.65 percent.

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**TABLE 5-2  
COMPARISON OF SELECTED HOUSING CHARACTERISTICS**

<b>Characteristic/City</b>	<b>Arlington</b>	<b>Gaylord</b>	<b>Green Isle</b>	<b>Henderson</b>	<b>Arlington Twp</b>	<b>Average</b>
<b>2000 Census Hsg Units</b>	859	930	141	367	199	499
<b># Units Added thru 2006</b>	15	-17	45	6	-2	9
<b>Total Housing Units</b>	874	913	186	373	197	509
<b>Occupied Housing Units</b>	828	897	136	352	194	481
<b>% of Hsg. Units Occupied</b>	96.39%	96.45%	96.45%	95.91%	97.49%	96.54%
<b>Vacant Housing Units</b>	31	33	5	15	5	18
for rent	13	12	0	3	1	6
for sale	8	10	2	1	2	5
rented or sold, not yet occupied	2	3	2	4	1	2
seasonal, recreational, or occasional	0	4	0	2	0	1
migratory workers	2	0	0	0	0	0
other vacant	0	4	1	5	1	2
<b>% of Owner-occupied Hsg. Units Vacant</b>	1.34%	1.55%	1.68%	0.36%	1.15%	1.22%
<b>% of Rental Hsg. Units Vacant</b>	5.58%	4.80%	0.00%	4.00%	5.00%	3.88%
<b>2000 Census O/O Hsg Units</b>	595	647	119	277	174	362
<b>% Total Owner-occupied</b>	68.08%	70.87%	63.98%	74.26%	88.32%	73.10%
<b>2000 Census Rent. Hsg Units</b>	233	250	17	75	20	119
<b>% Total Renter Occupied</b>	26.66%	27.38%	9.14%	20.11%	10.15%	18.69%
<b>Units in structure</b>						
one, detached	533	616	117	241	174	336
one, attached	8	4	0	2	0	3
Two	12	4	0	0	0	3
3 or 4	0	0	2	2	0	1
5 or more	2	2	0	0	0	1
Manufactured Homes	31	20	4	32	4	18
<b>Median Gross Rent</b>	\$439	\$431	\$542	\$388	\$325	\$425
<b>Median Monthly Hsg Cost w/ Mortgage</b>	\$728	\$746	\$896	\$775	\$1,135	\$856
<b>Median Monthly Hsg Cost w/o Mortgage</b>	\$241	\$224	\$270	\$263	\$313	\$262
<b>% of households spending more than 30% on mortgage</b>	8.3%	8.0%	20.9%	10.3%	16.7%	12.84%

Source: 2000 US Census

**C. POPULATION AGE CHARACTERISTICS AND AVAILABLE HOUSING CHOICES**

Population age characteristics and available housing options are essentially interrelated and can be analyzed in terms of correlative trends over time.

National demographic trends affecting the housing market at this time are:

- Problems within the subprime mortgage industry have lead to more stringent lending requirements,

- The potential for an economic downturn,
- The general aging of the population (increased need for retirement housing/assisted living facilities), and
- The presence of grand-parents in caregiver roles for grandchildren (an increasingly popular alternative to day care) has lead to a delay in the movement from larger move-up homes to empty-nester type housing options.

Arlington's existing population as described in the Demographic Profile (Chapter 3), has a typical aging populace primarily composed of persons between the ages of 25 and 49. The median age in Census 2000 was 35.8 years, typical of the state median of 35.4 years and the national average of 35.3 years of age.

Age cohort analysis reveals that Sibley County is losing a very significant portion of young people as they leave to go to college or pursue job opportunities outside the county; however, Arlington is holding onto persons typically of college age or those pursuing early job opportunities. Since there is not a college or university within the City of Arlington, it is possible that young adults leaving for college are being replaced in the community by young adults moving east for job opportunities.

In addition, a very significant amount of persons moving into retirement age and beyond are exiting the County. In contrast the exodus of retirees is less conspicuous in the City of Arlington which is likely due to the presence of elderly care facilities within the corporate limits.

**V. HOUSING SALES**

The following table represents median sales prices for qualified sales in Sibley County earlier in this decade. The data from the Mn. Demographer's Office illustrates a 49% increase in sales prices for single family homes in Sibley County between 2001 and 2006.

In addition, the latest information available from the State Demographer's Office illustrates an increase in the average sale price from \$118,500 in September of 2005 to \$122,700 in September of 2006. The Sibley County Assessor's Office reports 38 sales in 2007 in Sibley County, down slightly from 2006 when there were 39 home sales. The average sales price in 2007 was \$128,608 down slightly from 2006 when the average sale price for the calendar year was \$133,991.

**TABLE 5-3  
AVERAGE VALUE OF RESIDENTIAL SALES**

Year	Sibley Co.	% increase	State of MN	% increase
2001	\$ 77,770	n/a	\$ 139,500	n/a
2002*	\$ 87,000	11.87%	\$ 154,700	10.90%
2003	\$ 96,400	10.80%	\$ 169,900	9.83%
2004	\$ 115,000	19.29%	\$ 181,000	6.53%
2005	\$ 118,500	3.04%	\$ 194,900	7.68%
2006	\$ 122,700	3.54%	\$ 201,000	3.13%
<b>Total Inc.</b>	<b>\$ 44,930</b>	<b>48.56%</b>	<b>\$ 61,500</b>	<b>38.06%</b>

\*2002 statistics not available, calculations employed are average difference between 2001 and 2003 data.  
Source: MN. Demographer's Office

Earlier this year the St. Paul Area Association of Realtors (SPAAR) reported the annual volume of real estate sales in the 13-county metro area fell by 16.4% in 2007 when compared to 2006. The average sale price fell by 1.34% during the same period in the 13-county area. It is noted the SPAAR survey trends for Carver County during the same time period are far less worrisome with the number of real estate transactions falling by 12.33% and the actual average sale price increasing by nearly two percent. As illustrated in the previous Table, Sibley County appears to be less impacted by decreasing sales prices than communities experiencing a more sharp increase in sales values earlier in the decade.

**VI. HOUSING AFFORDABILITY**

Initial reaction to an affordable housing development is often negative; however, upon closer examination many economic and social benefits are evident. New affordable housing can support local economic development initiatives, increase area property values, and help ensure community residents have decent housing at costs all can afford.

“Affordable Housing” is defined differently by various organizations. “Affordable Housing” is also a reflection of a snapshot in time. To determine whether there is an adequate supply of affordable housing in Arlington the following strategy will be employed. First, the number of households within various income categories will be estimated. Next, affordable monthly housing costs will be derived from the income data. Then, the average value of dwelling units will be calculated. Finally, the two data sets will be compared to determine if an adequate supply of affordable housing exists for households in various income categories.

**Need for Affordable Housing 2008**

The United States Department of Housing and Urban Development generally defines housing as affordable if it costs less than thirty (30) percent of a household’s income. However, HUD’s Section 8 Income Guidelines are the basis for most affordable housing programs. Section 8 guidelines define low and moderate incomes on a sliding scale, depending on the number of persons in the family. For example, a four person household is considered ‘low income’ if their family income is 80 percent of the area’s median family income.

For the purposes of the 2008 Comprehensive Plan, the fiscal year 2008 HUD Income Limits for Sibley County will be used to describe affordable housing as follows for a family of four persons.

<b>Median Family Income (MFI)</b>	<b>\$60,800</b>
Extremely Low Income (30% of MFI)	\$18,280
Very Low Income (50% of MFI)	\$30,400
Low Income (80% of MFI)	\$48,650

Source: www.hud.gov

The following calculation is employed to determine the maximum dollar amount/month available for housing expenses for a family of four. The median family income by category (i.e. extremely low, very low, low) is divided by 12 (months in a year), the result is multiplied by 30% (maximum percent of income that should be spent per month on housing). After determining the maximum available/month for mortgage related expenses (i.e. \$1,216) it is possible to determine the potential ‘affordable’ owner-occupied unit value. At approximately \$1,200/month with a 30-year fixed rate mortgage at 7% interest a low income family could support a maximum housing value of \$180,000 (not including taxes and insurance).

<b><u>Category</u></b>	<b><u>Income Limit</u></b>	<b><u>\$ Available/Month for Housing</u></b>
MFI	\$60,800	\$1,520
Extremely low income	\$18,280	\$457
Very low income	\$30,400	\$760
Low income	\$48,650	\$1,216

The table on the following page was included in the 2006 Housing Plan by Community Partners Research, Inc. and is based on U.S. Census data, projections from Claritas Inc. (a market/demographic analysis firm) and Community Partners Research, Inc.

**TABLE 5-3  
INCOME DISTRIBUTION**

Household Income	No. of Households Census 2000	No. of Households 2006 Estimate	Change
\$0 – 14,999	123	101	-22
\$15,000 - \$24,999	128	113	-15
\$25,000 - \$34,999	146	127	-19
\$35,000 - \$49,999	<b>151</b>	<b>133</b>	<b>-18</b>
\$50,000 - \$74,999	195	210	15
\$75,000 - \$99,999	53	73	20
\$100,000 - \$149,999	26	44	18
\$150,000+	16	19	3

Table 5-3 indicates approximately 474 families could qualify as 'low to moderate income' family status under HUD guidelines.

Most families/individuals earning less than 50% of median income (extremely to very low income) can't afford to own a home and must instead rent a dwelling. As such, we may separate the estimated likely demand for affordable rental units from the estimated demand for affordable owner-occupied units based on income. To those ends, the data in Table 5-3 indicates over 300 families may be looking to rent rather than own. In addition, the potential demand for affordable owner-occupied units may be over 130 families.

It is necessary to note the data in Table 5-3 includes persons who own the dwelling they occupy (mortgage paid off) and families of less than four persons. As such, this data should be used as a rule of thumb/guideline as opposed to a precise calculation. City leaders should also keep in mind the need for affordable housing can be magnified if housing values rise and incomes stagnate.

**Need for Affordable Housing – 2000 Census**

The previous need for affordable housing can be assessed by analyzing Census data. As previously noted, housing affordability is only a snapshot in time; therefore, the 2000 Census data while providing context for this discussion is likely different from today's actual data.

The percentage of income spent on gross rent is calculated during each Census. For Census 2000 the following break-out of rent as a percentage of income was reported; as illustrated, 22% of renters were paying more than 30% of their income for housing expenses (51 of 234 renters).

**TABLE 5-4  
PERCENTAGE OF INCOME SPENT ON GROSS RENT – ARLINGTON 2000**

Percent of Household Income	No. of Renters	% of Renters
0 to 19%	117	50%
20-29%	66	28%
30-40%	27	12%
40-49%	9	4%
50% or more	15	6%

The percentage of income spent on home ownership is also calculated during each Census. For Census 2000 the following break-out of home ownership costs as a percentage of income was reported; as illustrated, 42 homeowners (eight percent) were paying more than 30% of their income for housing expenses.

**TABLE 5-5  
PERCENTAGE OF INCOME SPENT ON OWNER-OCCUPIED HOUSING – ARLINGTON 2000**

Annual Earnings	Total #	# Spending 30%+ on housing	% Spending 30%+ on housing
Less than \$10,000	20	12	60%
\$10,000 - \$19,999	67	15	22%
\$20,000 - \$34,999	101	7	7%
\$35,000 - \$49,999	103	6	6%
\$50,000 - \$74,999	143	2	1%
\$75,000 - \$99,999	46	0	0%
\$100,000 - \$149,999	21	0	0%
\$150,000+	8	0	0%

**Affordable Housing Availability**

The next step in the affordability analysis is to accurately determine the number of dwelling units available in Arlington by monthly costs. Since extremely and very low income persons often rent rather than own a dwelling, the categories will be separated. The number of owner-occupied dwellings in the City available for a monthly cost of \$760 to \$1,216/month and the number of rental units available for \$457-\$760/month.

**Owner-occupied Units**

A search of the multiple real estate listing service in April, 2008 for the City of Arlington reveals fourteen single family homes available for sale. Table 5-6 below itemizes information regarding available homes. While not always an indication of potential value, sales prices are usually within ten percent of estimated market values. The data reveals new homes available from \$130,000 to \$195,000. Older homes are affordably priced but a windshield survey notes the homes have significant delayed maintenance issues. The average value of homes currently for sale is \$120,750; the median value is \$130,000.

**TABLE 5-6  
SINGLE FAMILY HOMES FOR SALE (APRIL 2008)**

Structure Type	# BR	Sq. Ft.	Year Built	Price
Split entry*	3	1,356	2005	\$195,000
One level*	2	1,674	2005	\$193,000
Split entry	3	2,250	1948	\$180,000
Two story	4	2,166	1890	\$168,000
One level	3	1,678	1947	\$140,000
One level	3	1,992	1976	\$140,000
One level*	2	1,008	2007	\$130,000
Two story	4	1,800	1920	\$130,000
One & ½ stories	4	1,432	1915	\$115,000
One & ½ stories	3	1,288	1941	\$102,000
Two story	4	1,700	1909	\$69,000
Two story	2	1,200	1918	\$51,000
Two story	3	1,400	1925	\$44,500
One & ½ stories	1	1,185	1885	\$33,000

\* New construction  
Source: MLS online; April 2008

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The potential value of new home construction can be ascertained by reviewing building permit statistics. The following table reveals an average new home constructed since Census 2000 was valued at \$140,907.

**TABLE 5-7  
SINGLE-FAMILY HOUSING CONSTRUCTION SUMMARY**

Year	Number	Total Value	Average \$ Value/Home
2001	11	\$ 1,347,800	\$ 122,527
2002	8	\$ 1,071,500	\$ 133,938
2003	9	\$ 1,271,000	\$ 141,222
2004	15	\$ 2,284,578	\$ 152,305
2005	7	\$ 1,174,000	\$ 167,714
2006	9	\$ 1,439,000	\$ 159,889
2007	6	\$ 712,000	\$ 118,667
TOTAL	66	\$ 9,299,878	\$ 140,907

Source: City of Arlington Building Permit Records

A final method of ascertaining potential affordable owner-occupied housing availability is to examine housing values described in the 2000 Census in relation to average increases in sales prices over the previous portion of the decade. Table 5-8 on the following page illustrates the number of homes within certain value categories.

The data in Table 5-8 indicates the majority of housing units in Arlington were valued between \$50,000 and \$125,000 in 1999 (the year Census 2000 was enumerated). We can apply the average sales value percent increase (i.e. 38%) as described in Table 5-3 to the average values and arrive at estimated majority values between \$69,000 and \$172,500 for the City of Arlington in 2008.

**TABLE 5-8  
HOUSING VALUES, CENSUS 2000**

Home Value	No. of Homes	% of Homes
Less than \$10,000	0	0%
\$10,000 to \$14,999	0	0%
\$15,999 to \$19,999	5	1%
\$20,000 to \$24,999	4	1%
\$25,000 to \$29,999	3	1%
\$30,000 to \$34,999	7	1%
\$35,000 to \$39,999	21	4%
\$40,000 to \$49,999	27	5%
<b>\$50,000 to \$59,999</b>	<b>56</b>	<b>11%</b>
<b>\$60,000 to \$69,000</b>	<b>69</b>	<b>14%</b>
<b>\$70,000 to \$79,999</b>	<b>65</b>	<b>13%</b>
<b>\$80,000 to \$89,999</b>	<b>84</b>	<b>17%</b>
\$90,000 to \$99,999	41	8%
\$100,000 to \$124,999	63	12%
\$125,000 to \$149,999	33	6%
\$150,000 to \$174,999	14	3%
\$175,000 to \$199,999	6	1%
\$200,000 to \$249,999	6	1%
\$250,000 to \$299,999	0	0%
\$300,000 to \$399,999	5	1%
\$400,000+	0	0%
<b>TOTAL</b>	<b>509</b>	<b>100%</b>

#### Rental Units

The 2006 Arlington Housing Study included an inventory of rental housing within Arlington. The information in Table 5-9 on the following page was included in the Study. The rental inventory illustrates 57 subsidized units and 64 market rate units. There are currently no efficiency units and no units with greater than three bedrooms. The average rents for one, two, and three bedroom units are \$452, \$568, and \$705 respectively.

**TABLE 5-9  
ARLINGTON RENTAL HOUSING**

<b>MARKET RATE</b>						
<b>Name</b>	<b>Occupancy type</b>	<b>Unit Type</b>	<b>Number</b>	<b>Rent</b>	<b>Tenant Mix</b>	<b>Vacancy</b>
Amberfield	Senior	1 BR	15	\$485	Senior	2
Amberfield	Senior	2 BR	15	\$610	Senior	2
Amberfield	General	1 BR	12	\$485	Mixed	1
Amberfield	General	2 BR	12	\$610	Mixed	0
Amberfield	General	3 BR	2	\$705	Mixed	0
Parkview Apts	General	1 BR	1	\$385	Younger	0
Parkview Apts	General	2 BR	7	\$485	Younger	0
<b>SUBSIDIZED</b>						
<b>Name</b>	<b>Occupancy type</b>	<b>Unit Type</b>	<b>Number</b>	<b>Rent</b>	<b>Tenant Mix</b>	<b>Vacancy</b>
Highland Commons	General	1 BR	31	30% of income	Senior/Disabled	1
Highland Commons	General	3 BR	2	30% of income	Senior/Disabled	1
Highland Estates	General	2 BR	4	30% of income	General	0
Highland Estates	General	3 BR	4	30% of income	General	0
Shamrock Apts.*	General	1 BR	8	\$442	General	0
Shamrock Apts.*	General	2 BR	8	\$462	General	0
<b>SENIOR WITH SERVICES</b>						
<b>Name</b>	<b>Occupancy type</b>	<b>Unit Type</b>	<b>Number</b>	<b>Rent</b>	<b>Tenant Mix</b>	<b>Vacancy</b>
Golden Hearts	General	n/a	18	n/a	Senior/Disabled	0

\*aka North Arlington Apts. If income qualified 30% of income

### **Affordable Housing Demand V. Availability**

To describe the supply of affordable housing units in the City of Arlington we'll compare data compiled in the previous two subsections (i.e. the number of households in different income categories with the number of units available). This comparison results in a very rough measure of affordable housing availability and represents a snapshot in time. Ongoing analysis of the adequacy of affordable housing will be necessary to ensure the populations' housing needs are met.

### **Demand**

Following is a summary of previous potential affordable housing demand data:

- In 2000, 22% of renters (51 of 234) were spending more than 30% of their income for housing, indicating difficulty in affording rent payments. During the same period, eight percent of families owning homes were spending greater than 30% of income on dwellings.
- The 2006 Housing Study indicates about 300 families may be more well suited to renting than owning and over 130 may demand affordable owner-occupied dwellings.
- 300 families X 22% paying more than 30% of income to rent = 66 families spending greater than 30% of their income for housing.
- A low to moderate income family spending 30% of monthly income on housing could afford a home valued at approximately \$180,000.

### Supply

Following is a summary of previous potential affordable housing supply data:

- There are currently 57 subsidized rental units within the City of Arlington.
- Market rate rents average \$452 for a 1BR, \$568 for a 2BR, and \$705 for a 3BR.
- The vast majority of owner-occupied dwellings are estimated to be valued between \$69,000 and \$172,500.
- Over the previous seven years of building permit data, the average value for a new home permit was \$140,900.
- Mean value of homes currently for sale is \$130,000; new construction sales prices range from \$130,000 to \$195,000.

Pursuant to the information above, there appears to be a need for additional affordable rental units within the City of Arlington. However, the need for affordable new owner-occupied housing is less evident. It is noted the 2006 Housing Study completed by Community Research Partners concluded the housing market could support an additional 24 to 30 market rate rental units.

## **VII. OTHER HOUSING CONSIDERATIONS**

### **A. VARIETY OF HOUSING TYPES AND SIZES**

The existing housing supply in Arlington features a relatively balanced amount of rental and owner-occupied dwelling units.

The rental unit supply is quite evenly divided between market rate and subsidized units; however, only a few three bedroom units exist. In addition, there are no efficiency units and no units with more than three bedrooms within the City.

The owner-occupied dwelling supply is dominated by the presence of detached single-family units. Although some attached single family units have been constructed, such units comprise less than one percent of owner-occupied dwellings.

### **B. CONDITION OF EXISTING HOUSING STOCK**

The condition of the existing housing stock in Arlington has been documented to be in generally good condition. The 2006 Housing Study rated 84% of housing units in targeted neighborhoods as being in sound condition or need only minor repair. The remaining 16% were in need of multiple major improvements such as residing, reroofing, and/or window replacement.

In addition, a windshield survey of various residential areas conducted by MDG in March of 2008 reveals that most housing structures are well maintained. However, some evidence of deterioration was cited, particularly in the original townsite and in areas adjacent to more intense land use (i.e. industrial).

While not necessarily a determining factor of condition, a structure's age is generally proportional to the needed maintenance and likely hood of necessary rehabilitation and/or redevelopment. Neglected maintenance, especially for older structures, can lead to deterioration that will have a blighting influence to adjacent properties and the entire neighborhood. Census data indicates 159 (27%) of owner-occupied housing units were constructed prior to 1939; 57 (23%) of rental units within the City are located within structures constructed prior to 1939.

The 2000 Census gathered data regarding the structural and facility characteristics of housing within all communities. According to the Census, all but two owner-occupied dwellings and all rental dwelling units within the City have complete plumbing facilities. Complete plumbing facilities must include: hot and cold piped water, a flush toilet, and a bathtub or shower. In addition, all but two owner-occupied units and all rental units have complete kitchen facilities. Complete kitchen facilities must include: a sink with piped water; a stove or range; and a refrigerator.

Although the U.S. Census does not have an official definition of overcrowded units, many professionals consider more than one occupant per room as being a facility that is potentially overcrowded. The 2000 Census data indicates approximately two percent of owner-occupied dwellings had more than one occupant per room and approximately three percent of rental units had more than one occupant per room.

**VIII. HOUSING PLAN**

**GOAL #1: SUSTAINABLE, WELL-BALANCED SUPPLY OF LIFE CYCLE HOUSING**

**Objective A:** Promote a variety of housing types, sizes and values.

Policy/Recommendations:

1. The City should continue to examine the existing supply and demand for dwelling units which meet the changing life-cycle needs of Arlington residents.
2. The City should support zoning and subdivision regulations allowing for the construction of a variety of housing types and price ranges.
3. The City's zoning ordinance should provide for and dutifully consider planned unit developments that provide a mixture of housing types.
4. The City should allow for the development of multi-family housing units in areas that are physically suited to serve higher densities.
5. The City zoning ordinance should provide for and city leaders should encourage mixed use structures within the downtown.
6. The City should support the development of additional market rate and subsidized rental units.
7. The City should support the development of additional single-family attached units.
8. The City should support the redevelopment of Block 19 of the original townsite for multiple family rental units.
9. The City should actively review and promote potential areas of residential redevelopment and infill as a means of sustaining neighborhoods.
10. The City should implement strategies and recommendations included in the 2006 Arlington Housing Study.

**Objective B:** Maintain the existing variety of housing types, sizes and values.

Policy/Recommendations:

1. The City should support reinvestment in existing housing units which provide a variety of options for all types of residents through public/private partnerships.
2. The City should protect the integrity of residential neighborhoods through code enforcement.
3. The City should support continued adequate rental unit conditions by considering a rental housing ordinance.

4. The City should establish and pursue appropriate remedies for care of vacant and/or foreclosed properties (e.g. lawn & sidewalk maintenance; prevention of utility freeze-up).

**Objective C:** Promote, support, and participate in regional housing efforts, activities, and partnerships.

Policy/Recommendations:

1. The City should remain engaged in regional, state, and national efforts designed to support the avoidance of foreclosures and/or the conversion of foreclosed properties to suitable uses.
2. The City should frequently review local/regional housing information and participate in local/regional housing studies and programs specifically as it pertains to the following:
  - a. Researching the feasibility of a lease to purchase program. Older existing housing stock provides an affordable ownership opportunity when compared with the costs of new construction. A regional lease to purchase program should be investigated; however, to make such a program function, a public or non-profit agency is needed to implement the program and funding sources must be identified. The 2006 Housing Study provides valuable information for the City and regional partners to consider.
  - b. Awareness of diversity issues; the City should recognize, embrace, and prepare for increased diversity in its population.
  - c. Addressing local and regional housing issues through cooperative efforts with neighboring communities.

## **GOAL #2: WELL-MAINTAINED HOUSING**

**Objective A:** Promote efforts to maintain existing housing stock and improve structures in need of major repair.

Policy/Recommendations:

1. The City should continue to address maintenance problems and code violations as a means of improving and strengthening the character of individual neighborhoods and avoiding blighting conditions.
2. The City should proactively address violations of property maintenance which pose public health and safety problems and threaten neighboring property values.
3. The City should explore and utilize home-improvement grants and loans to keep homes well-maintained.
4. The City should investigate the potential of reallocating a portion of the existing Small Cities Development Grant to assist with housing rehabilitation/construction which will benefit low and moderate income residents.

5. The City should actively participate in programs that would assist buyers of older homes in providing for significant maintenance expenses such as re-roofing, replacing windows and upgrading siding.

**Objective B:** Continuously monitor and analyze the volume and location of dwelling units with tax delinquencies and/or those in foreclosure.

Policy/Recommendations:

1. The City should remain informed of potential strategies to minimize the impact of tax delinquent and/or tax forfeited property on City resources. The League of Minnesota Cities is currently working to address this issue.

**GOAL #3: A VIBRANT CONNECTION BETWEEN HOUSING, ENVIRONMENT, RECREATION, AND EMPLOYMENT**

**Objective A:** Embrace and promote the essential linkage between housing and employment.

Policy/Recommendations:

1. The City should be mindful of information contained in the 2006 Housing Study related to workforce housing.
2. The City should support recommendations contained in the 2006 Housing Study related to the production of workforce housing.
3. As additional commercial and/or industrial employment opportunities arise, the City should strive to provide and maintain pedestrian routes for those walking or bicycling, especially along collector and arterial streets as a means of providing important links between residential neighborhoods and places of employment.
4. As energy prices continue to rise and the population swells, the City should consider the need for park and ride or park and carpool facilities. The measures could be especially effective if installed as part of a highway improvement project.

**Objective B:** Embrace and promote the essential linkage between housing and the environment.

Policy/Recommendations:

1. The City, through its Subdivision Ordinance and/or Flood Plain Management Ordinance, should restrict or prohibit residential development affecting public waters/watercourses, wetlands, and other natural features as they perform important protection functions in their natural state.
2. The City should implement goals, objectives and policy recommendations included in Chapter Two (Physical Profile) of the 2008 Comprehensive Plan.

**Objective C:** Embrace and promote the essential linkage between housing and recreation.

Policy/Recommendations:

1. The City should continue to be mindful of the need for adequate park and recreation facilities for families and children within residential neighborhoods.
2. The City should routinely monitor available park and recreational facilities available to various residential neighborhoods and how they relate to the types of residents occupying the neighborhood as it evolves.

## IX. RESOURCES.

The programs listed below are currently in use or are available and may be used in the City as market factors allow, assisting the City in implementing the aforementioned recommendations.

### *Federal resources:*

1. Section 8 Certificates and Vouchers: Rent assistance that recipients can take with them when they move, rather than being tied to specific housing. Tenants pay about thirty (30) percent of their income FOR rent.
2. HOME (the Home Investment Partnership Program): Grant program for state and local governments to acquire, rehabilitate or construct affordable housing for low-income renters or owners.
3. Community Development Block Grants (CDBG): Funds community development efforts, including housing. Local governments that receive funding have wide discretion in its use.
4. The Federal Housing Administration (FHA) and Department of Veterans Affairs (VA): Insures and guarantee loans, which increase housing market access for some families.
5. Rural Housing Service: The United States Department of Agriculture provides rent assistance, direct loans and loan guarantees in rural areas.
6. Low-Income Housing Tax Credits: Federal income tax credits for people or companies that invest in the construction or substantial rehabilitation of rental housing. Developers of rental housing sell the credits to investors. Proceeds from credit sales can cover some of a project's development and construction.
7. Tax Exempt Bonds: Sold by state and local governments. Buyers accept a lower interest payment because it is not taxable income. State and local housing agencies use the bond proceeds to finance mortgages with below market interest rates.

### *State Resources*

#### Home Mortgages:

1. Minnesota Mortgage Program: Provides mortgages with below-market interest rates to first-time homebuyers through the sale of mortgage revenue bonds.
2. Minnesota City Participation Program: MCPP is part of the Minnesota Mortgage Program, in which MHFA sets aside funds from the sale of mortgage revenue bonds for cities to meet locally identified housing needs.
3. Community Activity Set-Aside: Is a third part of the Minnesota Mortgage Program in which MHFA sets aside funds from the sale of mortgage revenue bonds for lenders, local governments or nonprofit housing providers to meet homeownership needs in their communities.
4. Minnesota Urban and Rural Homesteading: Awards grants to organizations and public agencies that acquire, rehabilitate, and sell single-family homes that are vacant, condemned or blighted to at-risk first-time homebuyers.

#### Home Improvement and Rehabilitation:

1. The Great Minnesota Fix-Up Fund: Provides home improvement loans with below-market interest rates for low and moderate-income homeowners.

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2. Community Rehabilitation Fund: Provides grants to cities for acquisition, rehabilitation, demolition and new construction of single-family homes.

### Rental Housing:

1. Low and Moderate Income Rental Program: Provides mortgages and rehabilitation funds for either acquisition and rehabilitation of or new construction of rental housing for low and moderate-income families.
2. Affordable Rental Investment Fund (ARIF): Provides low-interest first mortgages or deferred loans to help cover the costs of acquisition and rehabilitation or new construction of low-income rental housing.
3. Low Income Housing Tax Credits (LIHTC): LIHTC are MHFA's share of the tax credits allocated to Minnesota.
4. HOME Rental Rehabilitation: Provides grants to rehabilitate privately-owned rental property in order to support affordable, decent, safe and energy efficient housing for lower-income families.
5. Housing Trust Fund: Provides deferred loans without interest for the development, construction, acquisition, preservation, or rehabilitation of low-income rental housing.
6. Rental Rehabilitation Loans: Provides property improvement loans to rental property owners.

### *Other Resources*

#### Local Government Sources:

1. Local Bonds: May be used to assist with financing affordable housing and are available in two types. First, revenue bonds typically finance mortgages and are paid off with mortgage repayments. Second, general obligation bonds are paid off with local tax collections.
2. Tax Increment Financing: Housing or redevelopment districts may be established by local governments to assist eligible housing projects. Local governments capture the property tax revenue generated by the new development and use the captured taxes to help finance the eligible project. Occupants must meet income restrictions for housing TIF districts.
3. Local tax levies: May be used to directly finance affordable housing.
4. Local housing trust funds: Are local revenues dedicated exclusively to housing activities.

#### Non-Profit Sources:

1. Greater Minnesota Housing Fund: is a nonprofit agency that provides capital funding grants and loans to affordable housing projects in greater Minnesota. Contributions from the McKnight and Blandin Foundations finance the fund.