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Introduction

The City of Shoreview is an attractive and desirable suburban community in the north part of the Twin Cities metropolitan area. It is fully developed, with an aging existing housing stock, but it is also experiencing renewed development momentum in the delivery of multiple new apartment developments over the past decade.

New apartment development has followed a fairly consistent pattern in terms of the scale of development and the types of tenant households that they attract. Additional opportunities for housing development remain, but they are more limited. Meanwhile the attractiveness of Shoreview has led to rising home prices and property values, presenting additional challenges for low to moderate income residents that may want to live in Shoreview.

The Shoreview Housing Study was initiated within this general context, to understand the housing inventory and market conditions more deeply, and to explore potential mechanisms to further the City's goals relative to providing a range of housing options for its residents. The sections that follow present findings related to:

- The residential population demographics
- The existing housing inventory and the character of recent housing development
- The market and development context

Utilizing this analysis, a menu of candidate strategies is offered that can strengthen housing related outcomes in furtherance of the City's housing goals.

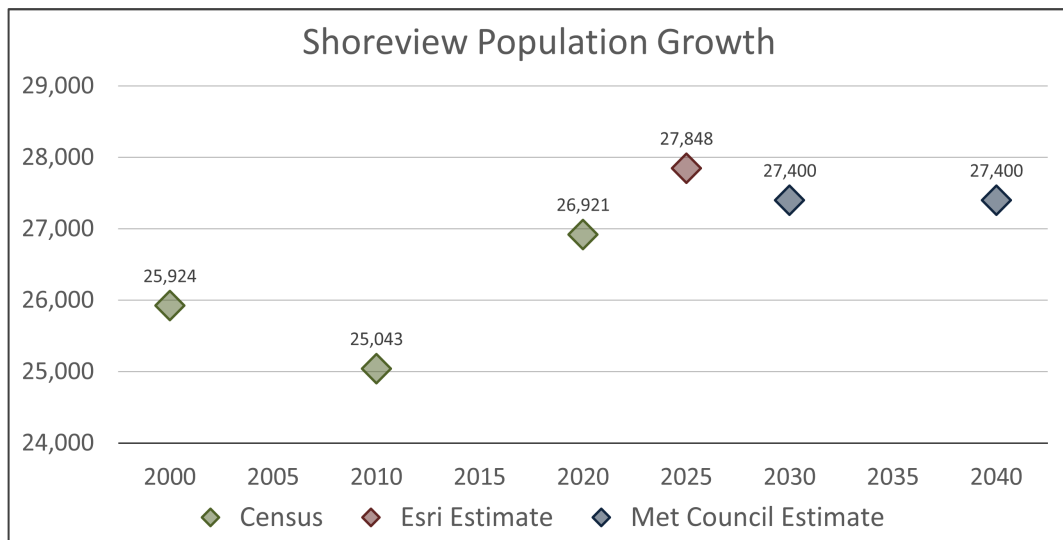
I. Demographics

The demographic character of Shoreview’s population is important in that Shoreview’s existing residents are a population base that Shoreview is providing for in its current housing supply and wishing to support in its housing policies and programs, and future residential development.

Many of the charts below compare Shoreview’s population with three comparison cities—Edina, Minnetonka, and Eden Prairie—and to the Twin Cities metropolitan area as a whole. The same population demographics have also been charted for eleven additional comparison cities. That amplified set of comparison charts can be found in the appendix.

Growth

Although Shoreview is a fully developed suburban city, it is growing in terms of population and number of households. Its population dropped between 2000 and 2010, consistent with national trends toward smaller household sizes. But it rebounded in the last decade, with a gain twice as large as the loss in the previous decade. Since household sizes remained constant between 2010 and 2020, the gain in population over the decade reflects the addition of housing units.

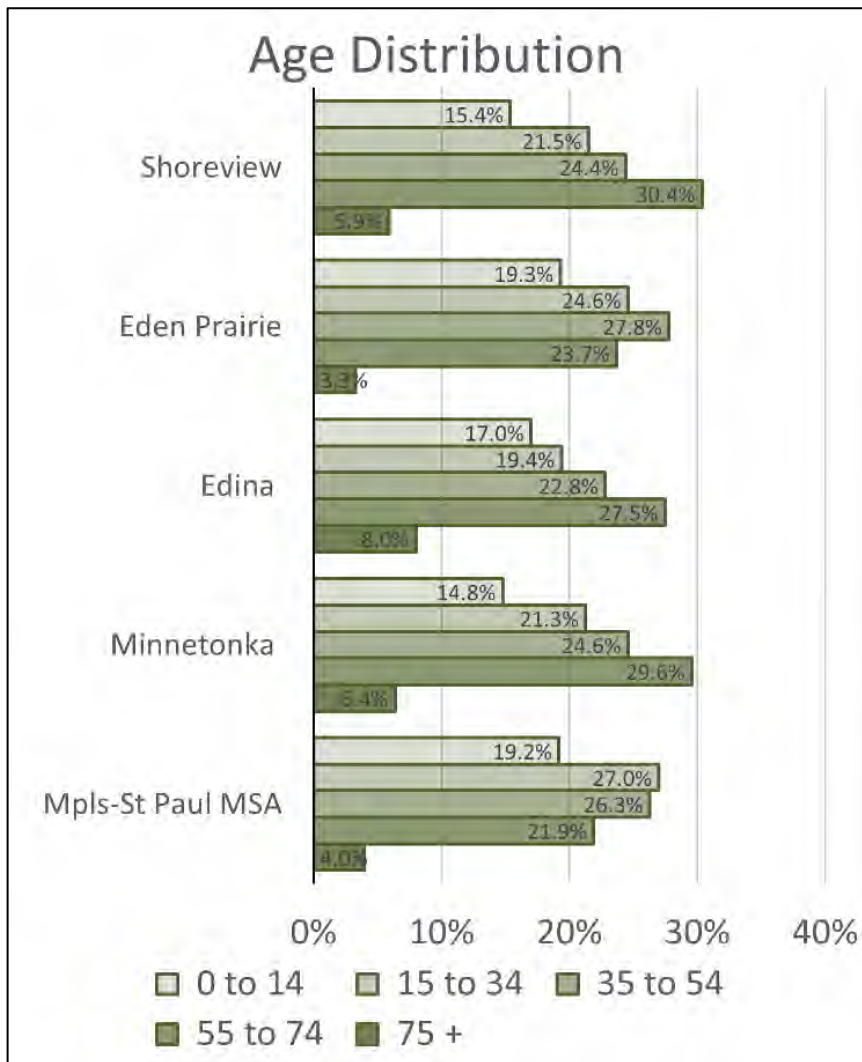


Source: US Census, ESRI Business Analyst, Metropolitan Council

ESRI projects additional growth. The Metropolitan Council does not. Construction trends and the availability of additional development opportunity sites support the ESRI growth scenario in the short to medium term.

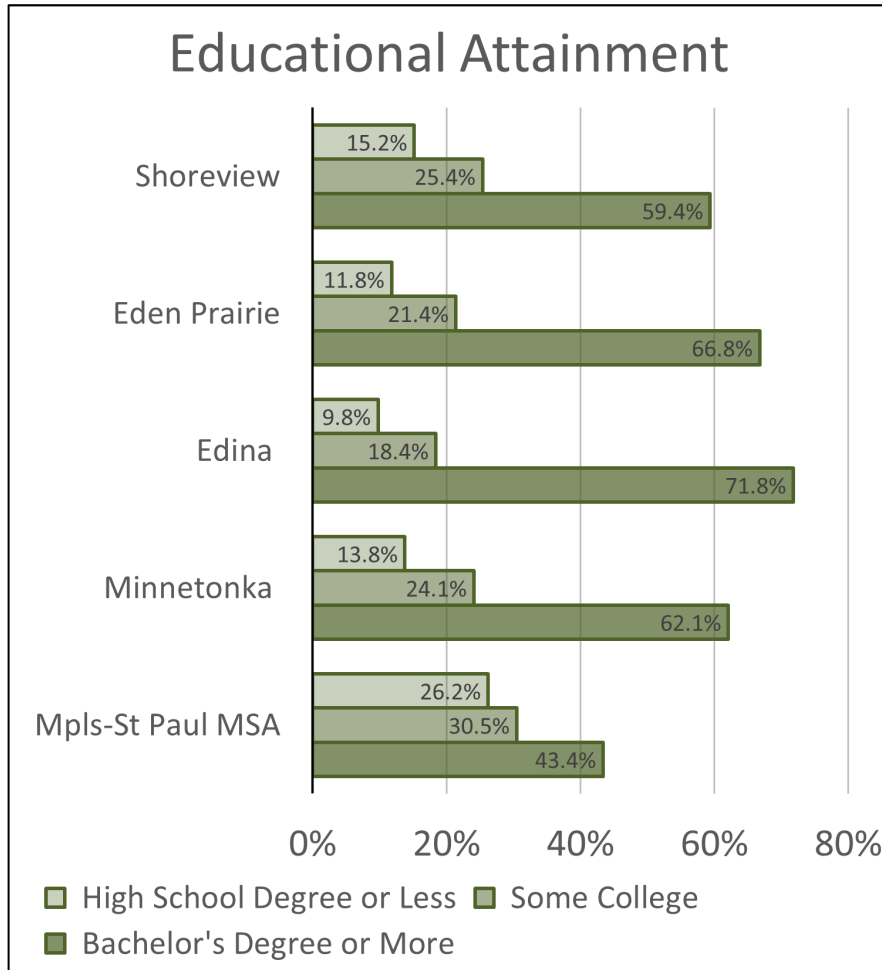
Population Demographics

Age. Shoreview's population is older on the average than that of the Twin Cities metro as a whole—and most of its peer cities as well. Note that more Shoreview residents are between the ages of 55 and 74 than any other age group in the chart below. In the metropolitan area as a whole the most populous segment of the population is between age 15 and 34, followed by those between age 35 and 54.

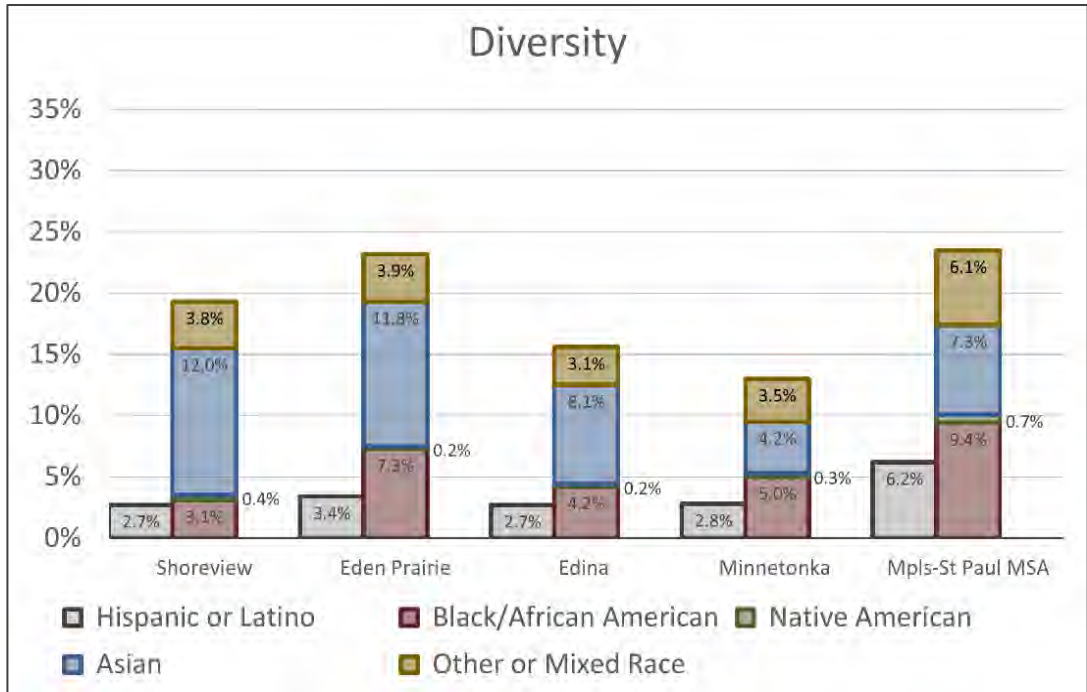


Source: ESRI Business Analyst

Educational attainment. Shoreview's residents are well educated. Almost 60% of the population age 25 and up have a four year college degree. That compares to about 43% of Twin Cities residents overall.



Race. As can be seen in the chart at left, Shoreview residents are less diverse than the Twin Cities metro as a whole—a finding that is similar to that of similarly situated suburbs. Notwithstanding that fact, Shoreview is home to a greater proportion of Asian residents than these three peer cities, or the Minneapolis St. Paul MSA as a whole.

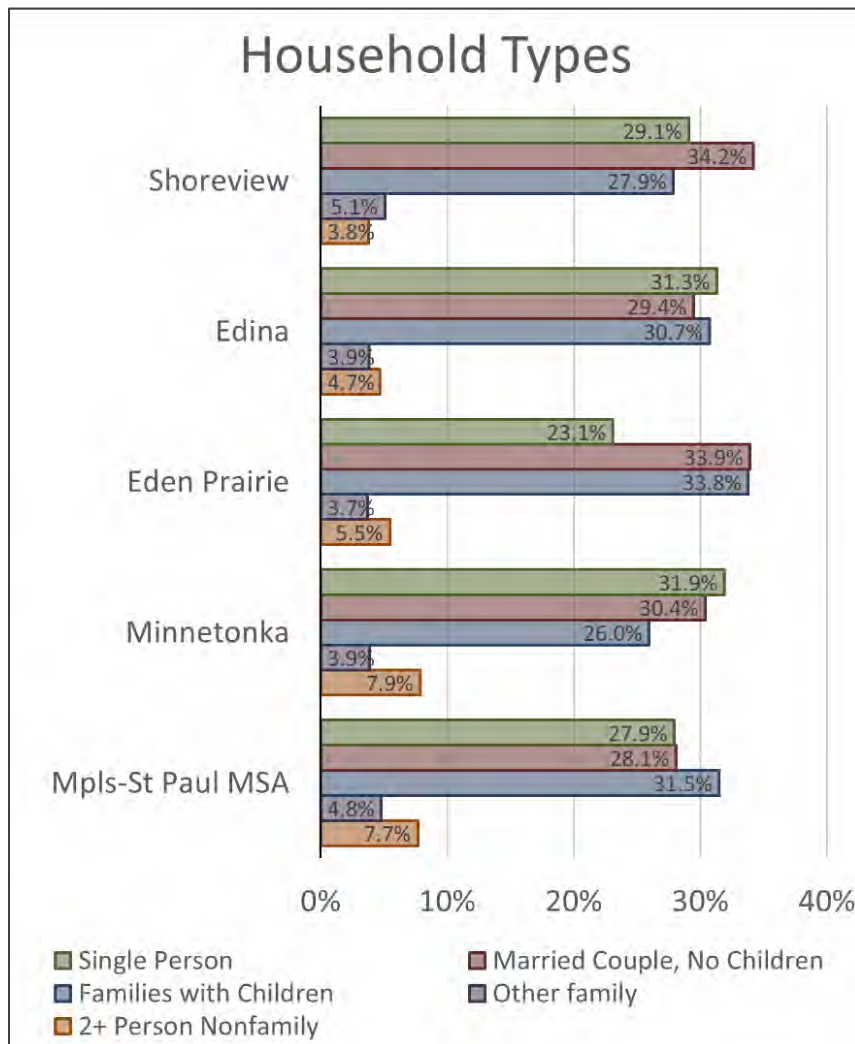


Source: ESRI Business Analyst

Household Demographics

Household types. It's striking that over a third of Shoreview's households are married couples without children. That's the household type that is most prevalent in Shoreview, and higher as a proportion of all households than the three peer cities in the chart below, and in the metropolitan area as a whole. Shoreview's share of "2+ person Nonfamily" (likely to be roommate or unmarried couple households) is lower than in the comparison geographies.

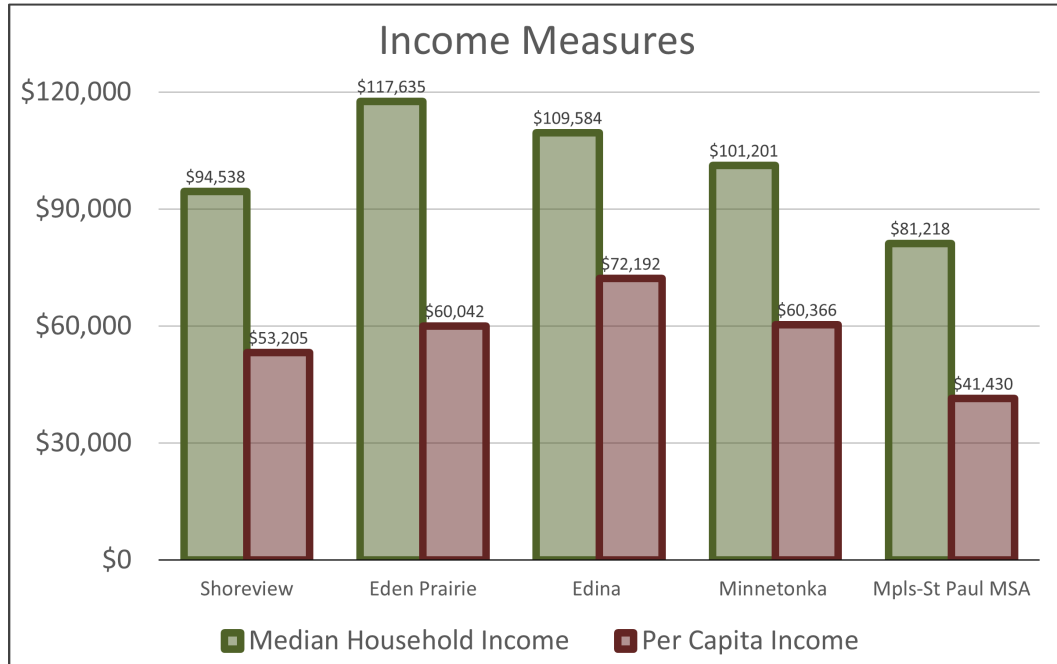
Shoreview has a higher proportion of single person households than the metropolitan area as a whole, and a lower proportion of families with children.



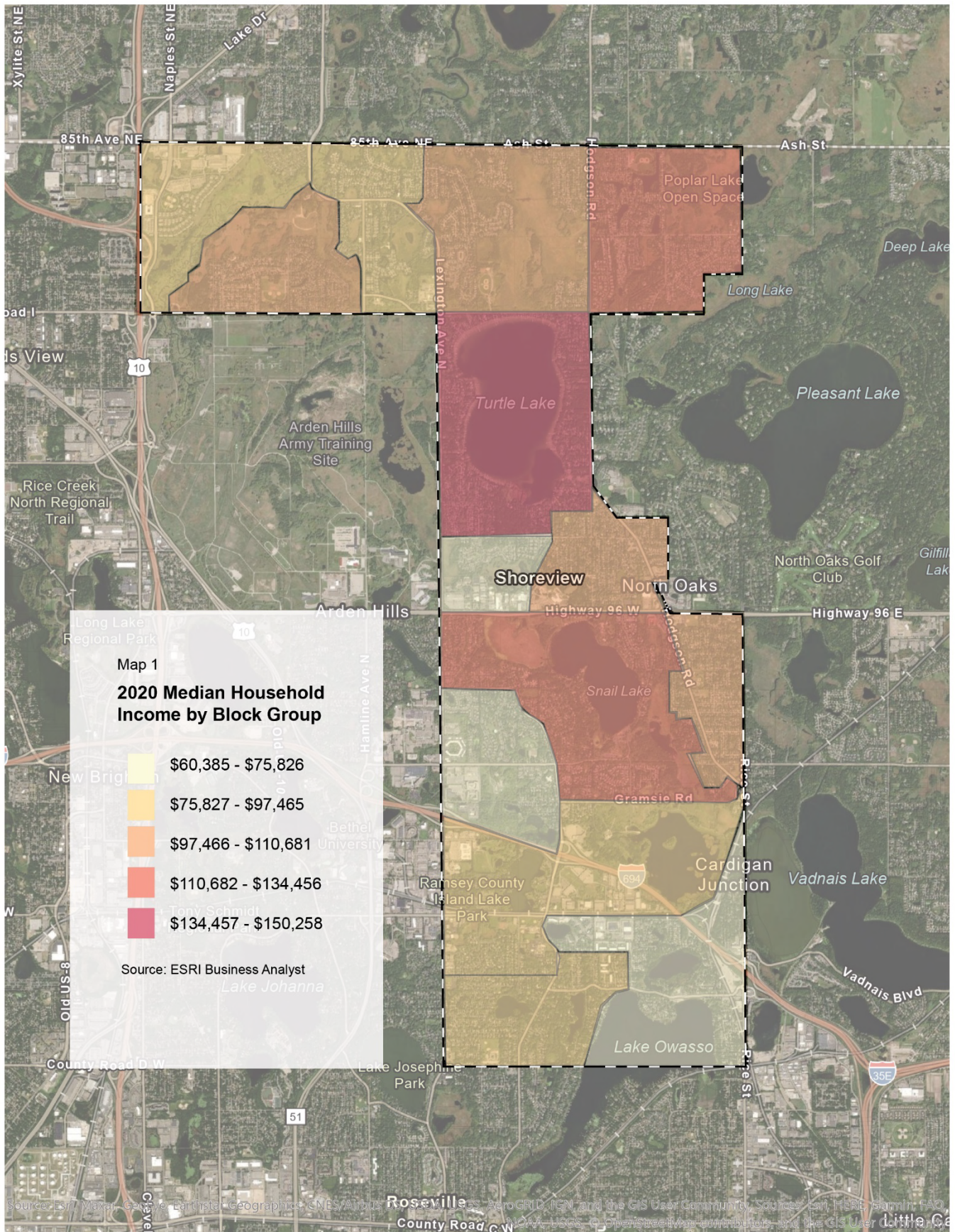
Source: ESRI Business Analyst

Household Income. Shoreview’s residents earn a relatively high income for Twin Cities residents, with a median household income of around \$95,000 compared with a Twin Cities median income of around \$81,000. Incomes are a little lower than the three comparison cities in the chart at left, but higher than in most of the cities in the broader set of comparisons.

Per capita incomes follow a similar pattern in comparison with Shoreview’s peer cities and the metropolitan area as a whole.



Source: ESRI Business Analyst



Housing Rental and Costs

Owner and renter occupied housing. There are dramatic differences between Shoreview neighborhoods in the percentage of households that are renter occupied versus owner occupied. Map 2 shows that in about half of the block groups in Shoreview—those that are most lightly colored—less than 9% of housing units are renter occupied. At the other end of the continuum, the housing units in two block groups in the southeastern corner of Shoreview are between 53% and 70% renter occupied.

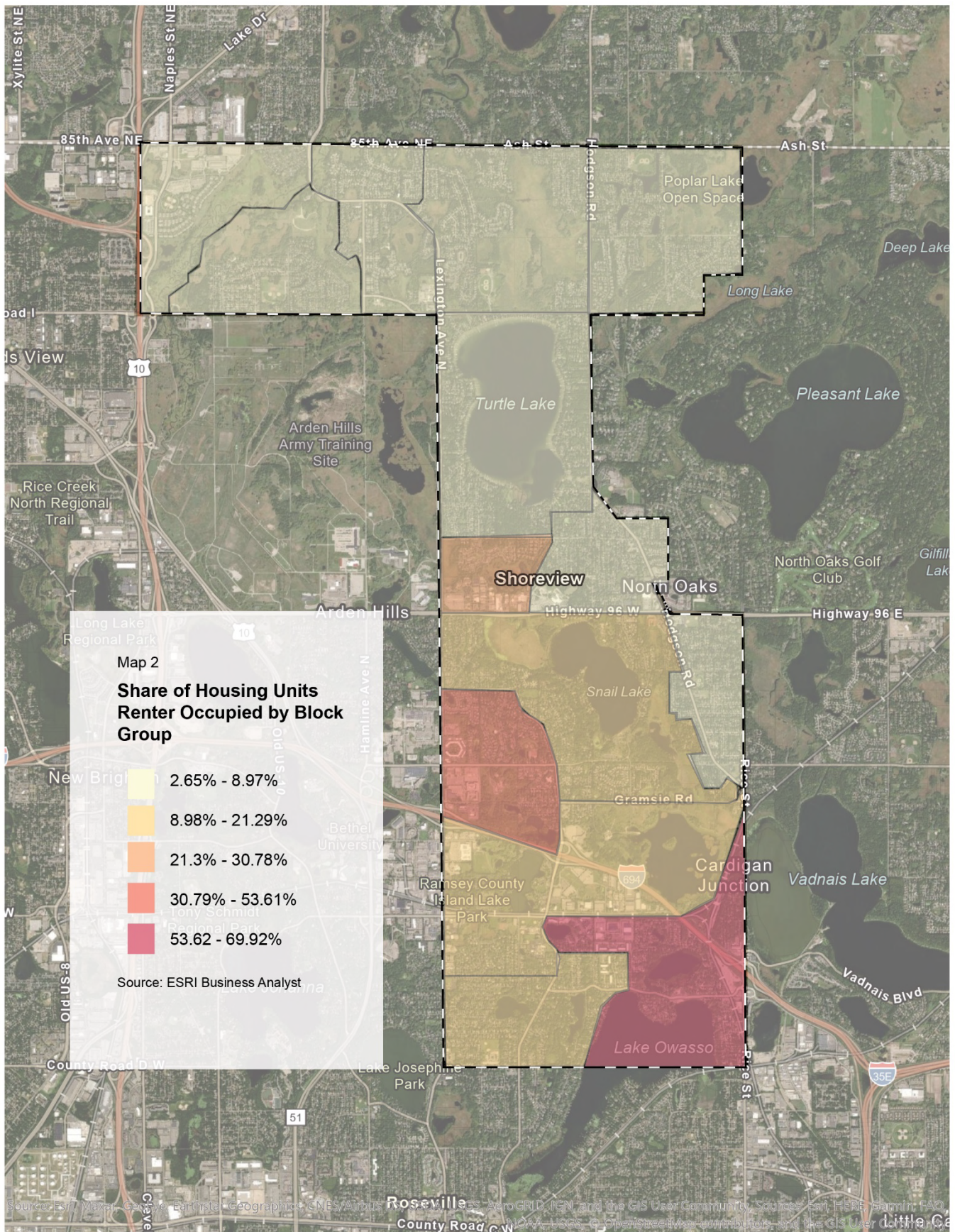
Note that the map is based on American Community Survey data collected from 2015 through 2019, so some of the newer apartment developments are not represented on the map.

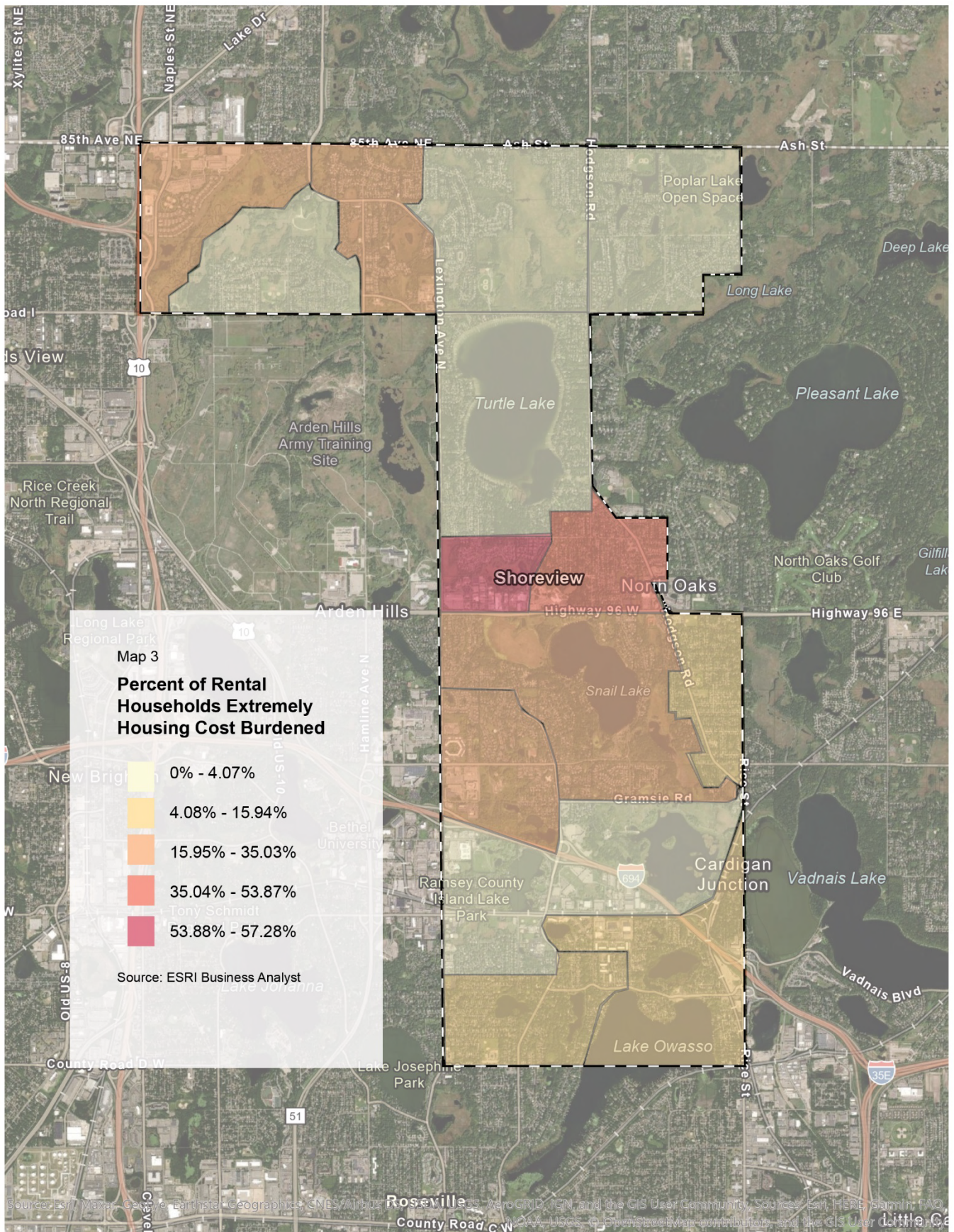
Housing cost burden. Map 3 illustrates the level of cost burden carried by rental households in each census block group in Shoreview. For each block group, the map shows the percentage of rental households in that block group that are paying over half of their household income on their housing costs. Such households are considered “extremely housing cost burdened” because their housing costs leave so little income to be spent on other needs.

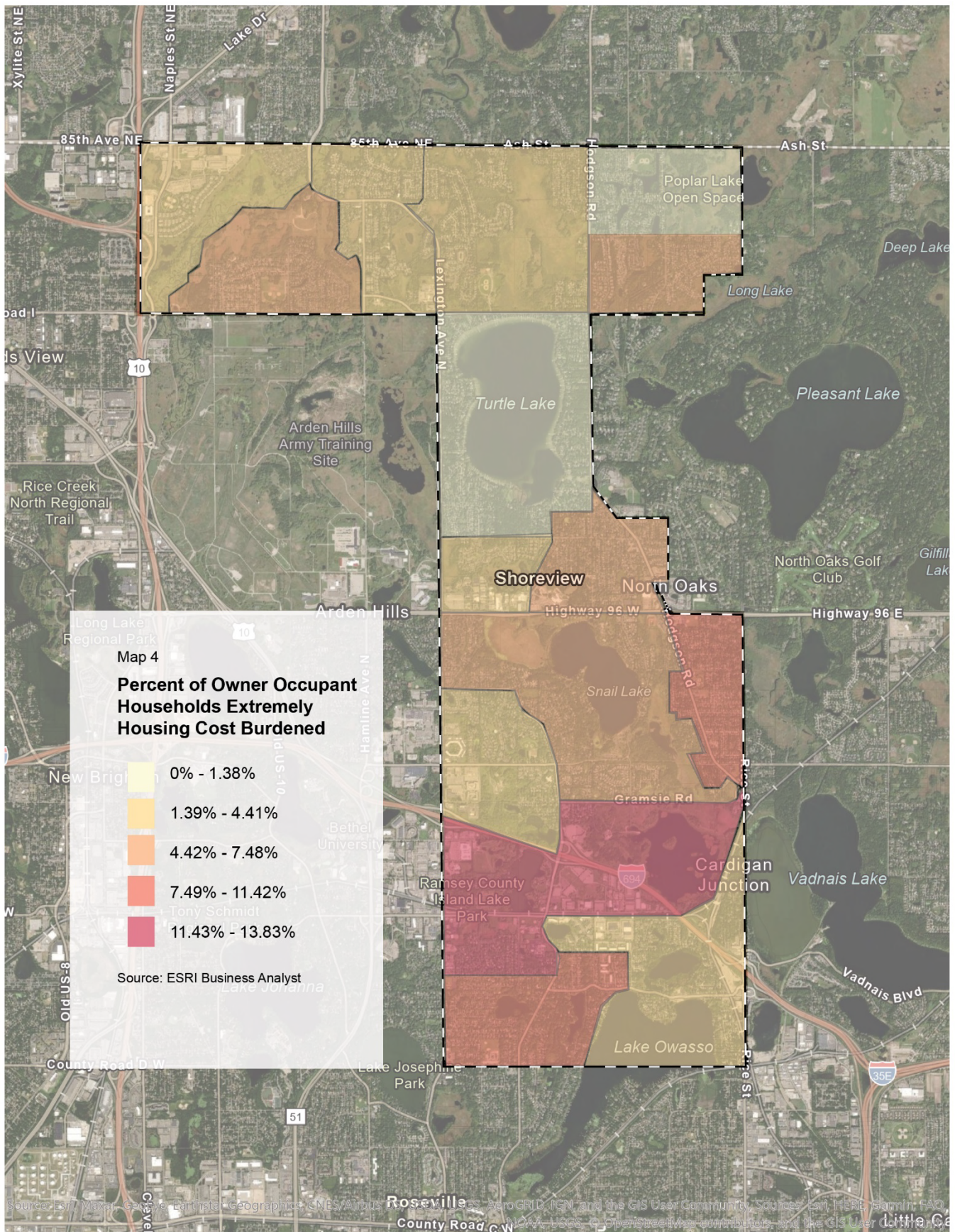
In the darkest colored census block group, over 53% of all rental households are extremely housing cost burdened, meaning that they are spending over half of their income on housing costs. In other block groups, between 15% and 54% of households are extremely housing cost burdened.

Map 4 illustrates the level of cost burden carried by ownership households in each census block group. For each block group, the map shows the percentage of owner occupant households in that block group that are paying over half of their household income on their housing costs.

In the darkest colored census block group, over 11% of all owner occupant households are extremely housing cost burdened, meaning that they are spending over half of their income on housing costs. In other block groups, between 0% and 11% of households are extremely housing cost burdened.







Demographic Summary

Over the past decade, Shoreview's population resumed growing after a decade of decline. That growth is largely due to the development of new multifamily apartment complexes. The new households will impact the City's demographic character.

Demographics vary between different neighborhoods, and between households and individuals within neighborhoods, but in general, in comparison with the Twin Cities metropolitan area as a whole, Shoreview's population tends to be:

- **Older.** Over 30% of its population are in the empty nester age range of 55 to 74.
- **Less diverse.** Less than 20% of population self-identifies as Black, Asian, Native American, or mixed race.
- **Higher income.** The median household income is around \$95,000 per year.
- **More educated.** Almost 60% of residents age 25 and up have a Bachelors Degree.
- **Singles and couples.** 63% of households are singles or married couples without children.

While there are an increasing number of rental housing options in Shoreview, 80% of housing units are still owner occupied. And of those individuals and households who are renting their housing units, a significant number are spending 30% to 50% or more of their household income on their housing costs, putting them in the categories of housing cost burdened or extremely housing cost burdened.

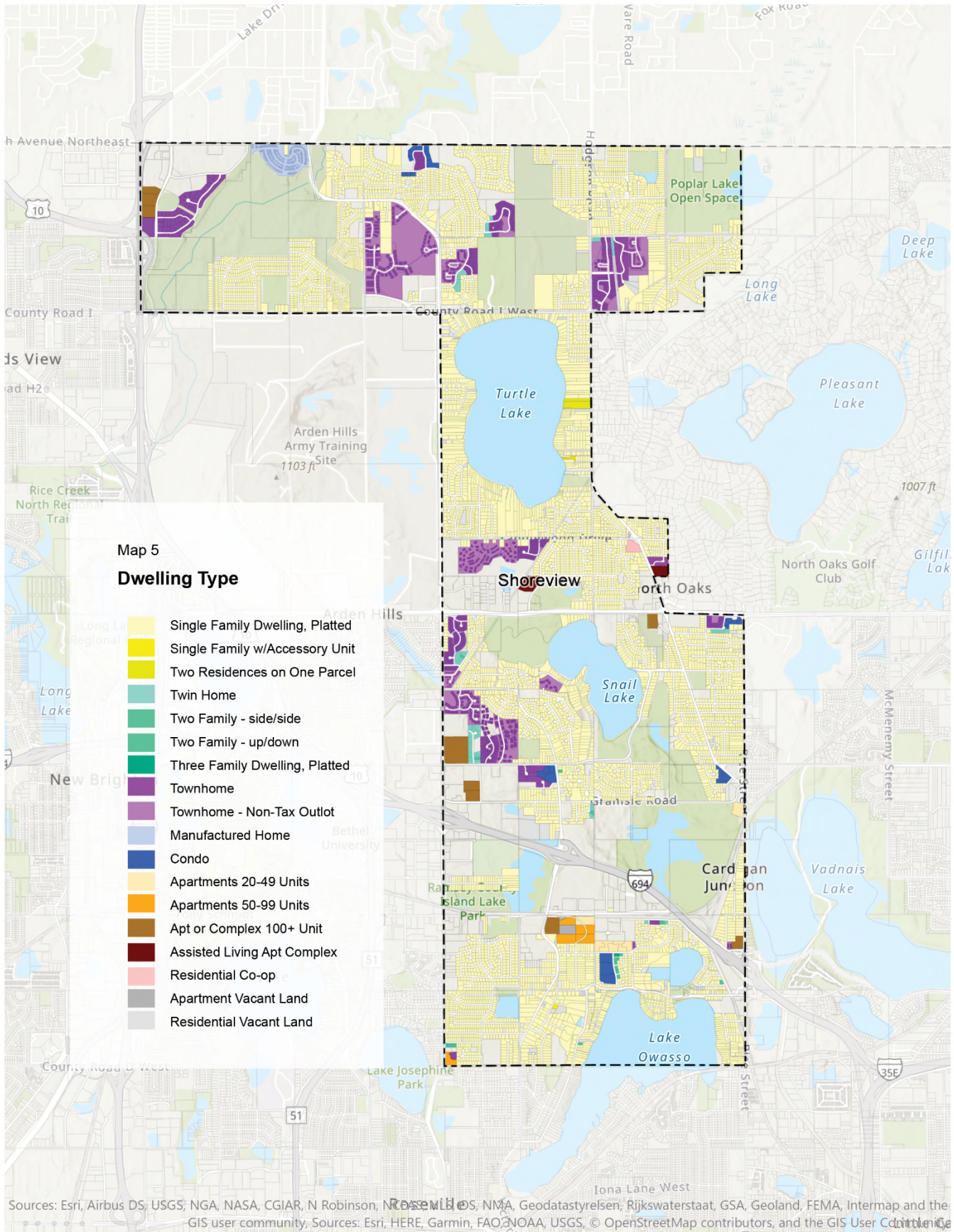
II. Housing Inventory

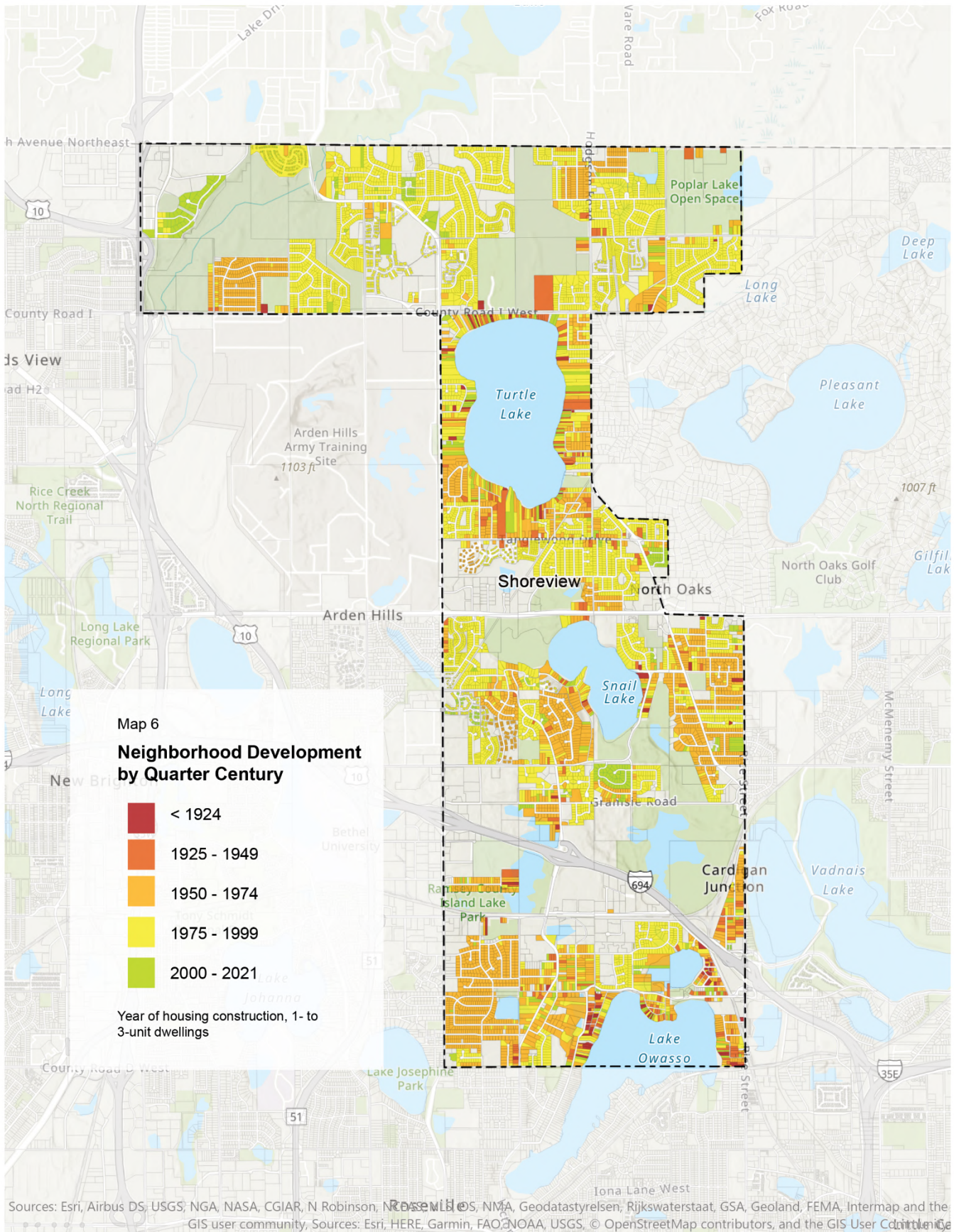
Housing Types and Age of Development

Housing types. Shoreview's existing housing stock includes a wide diversity of housing types. Multifamily housing options in Shoreview include apartment buildings built in different eras, condominiums and cooperatives, townhomes, twin homes, triplexes and quad homes. There is also a manufactured home park in the northwestern part of the city. Map 5 illustrates the range of housing types in Shoreview.

Age of housing development. The age of housing is important because it has an important bearing on housing conditions and maintenance, as well as whether the housing is owner or renter occupied. Older neighborhoods typically have a higher prevalence of deferred maintenance, and a higher proportion of properties that are rented as opposed to being owner occupied.

Map 6 shows the year of construction of the lower density single family and townhome neighborhoods in Shoreview. Note that most of the homes in the neighborhoods south of Highway 96 were built between 1950 and 1974. Most of the homes in the neighborhoods north of Highway 96 were built between 1975 and 1999.





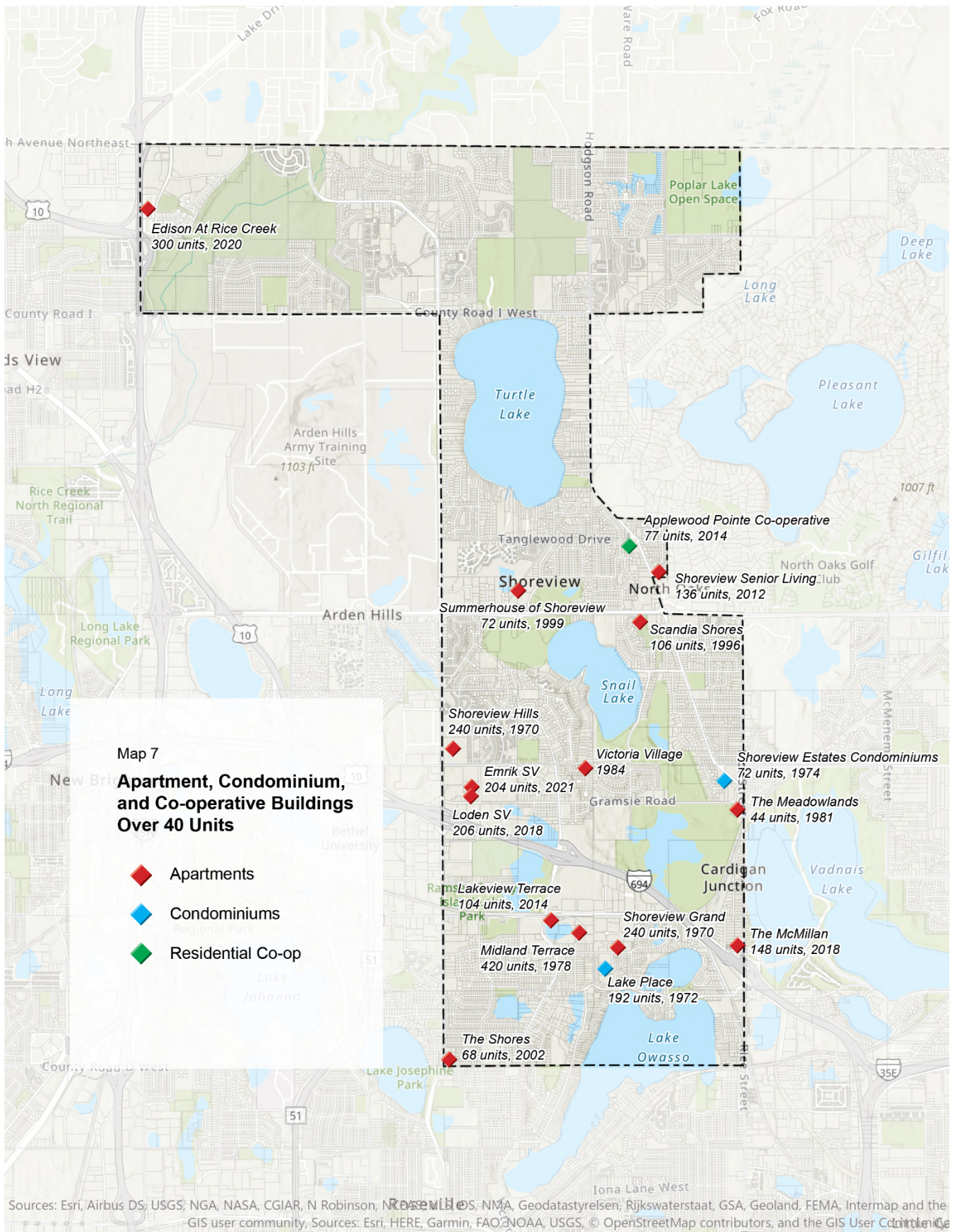
Multifamily Housing

Existing multifamily housing in Shoreview. Shoreview has a broad range of multifamily housing types in its housing inventory.

- **Townhomes.** Townhome properties, as represented in purple tones in Map 5, are present in significant numbers in many Shoreview neighborhoods
- **Manufactured homes.** Manufactured homes are multifamily in the sense that the land under the homes are owned by a property owner who leases the land and provides services to the owner of a manufactured home. Brookside Mobile Home Park, represented in a light blue color in Map 5, is located in northwest Shoreview.
- **Apartment-style multifamily buildings.** Multistory apartment buildings, condominiums and cooperatives properties are of similar appearance. They are colored in shades of orange, brown, blue and pink, in Map 5, as indicated in its map legend. They are also located on Map 7 below. Map 7 and Table 1 provide additional details for these developments relative to their date of construction, size of development, and other characteristics.

Table 1. Apartment-Style Housing Developments in Shoreview

Name	Address	Year Built	Ownership Format	Number Of Units	Affordability (Rent Restricted or Subsidized)
Shoreview Grand	577 Harriet Ave	1970	Apartments	240	Market Rate
Shoreview Hills	4130 Lexington Ave	1970	Apartments	240	Market Rate
Lake Place Homes	3399 Kent St	1972	Condominiums	192	Market Rate
Shoreview Estates Condominiums	4045 Hodgson Rd	1974	Condominiums	72	Market Rate
Midland Terrace	3529 Owasso St	1978	Apartments	420	Market Rate
The Meadowlands	3924 Gramsie Ct	1981	Apartments	44	Affordable
Scandia Shores	418 Hwy 96 W	1996	Apartments	106	Some Affordable Units
Summerhouse of Shoreview	4655 Victoria St	1999	Apartments	72	Market Rate
The Shores	3150 Lexington Ave	2002	Apartments	68	Some Affordable Units
Shoreview Senior Living	4710 Cumberland St	2012	Apartments	104 originally constructed; 32 added	Some Affordable Units
Applewood Pointe Cooperative	4785 Hodgson Rd	2014	Cooperative	77	Market Rate
Lakeview Terrace	3595 Owasso St	2014	Apartments	104	Market Rate
The McMillan	157 Grass Lake Pl	2018	Apartments	134 apartment units, 14 townhome units	Some Affordable Units
Loden Shoreview	1005 Gramsie Rd	2018	Apartments	206	Some Affordable Units
The Edison At Rice Creek	1985 Bluestem Ln	2020	Apartments	300 apartments; 68 townhomes/carriage homes	Some Affordable Units



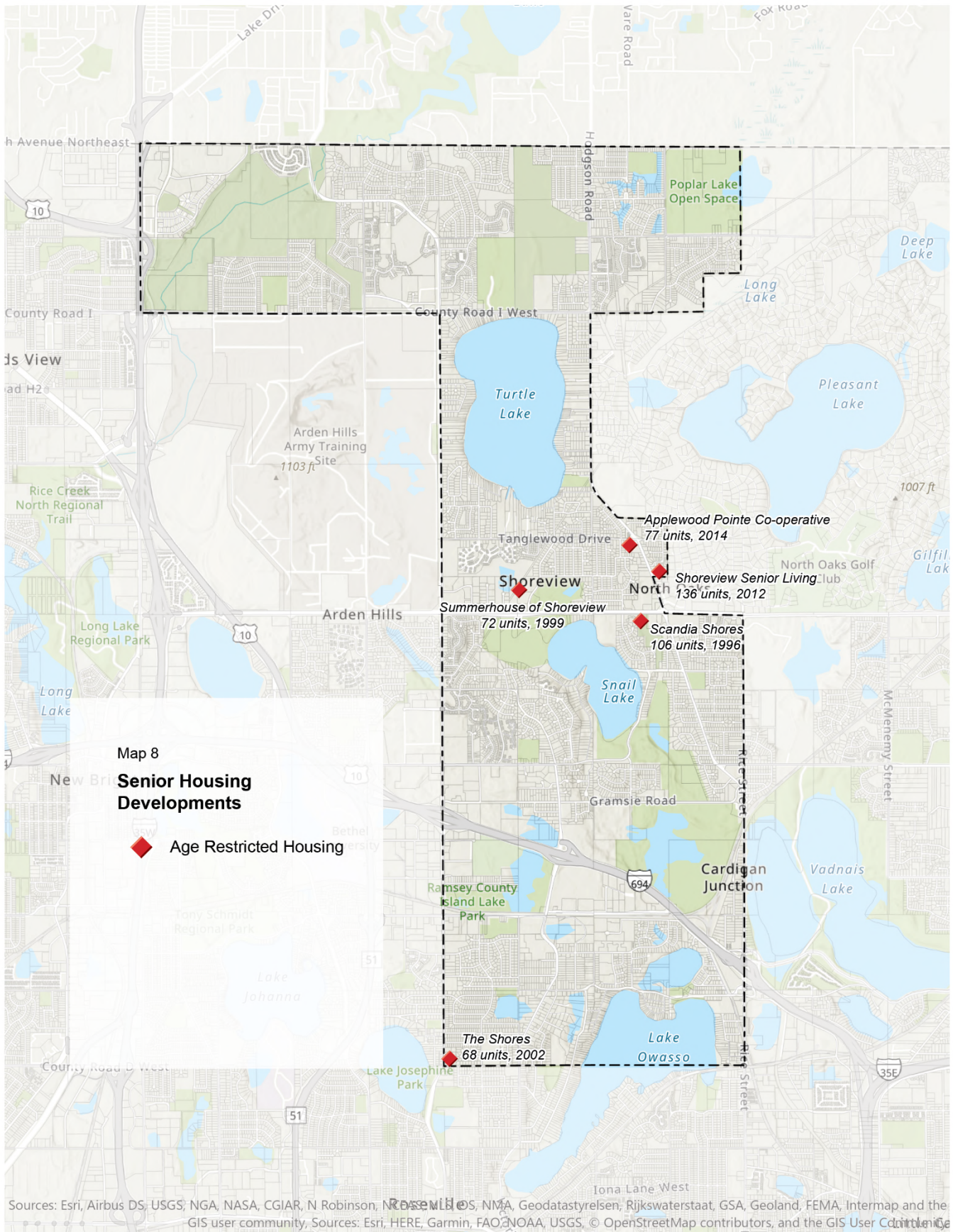
Senior Housing

Age restricted senior housing. Shoreview offers five different age restricted senior living developments, built at different times, and with a range of ownership structures. They are illustrated in Map 8.

Some key information related to this housing is offered in Table 2 below.

Table 2. Senior Housing in Shoreview

	Scandia Shores	Summerhouse of Shoreview	The Shores	Shoreview Senior Living	Applewood Pointe Cooperative
Address	418 Hwy 96 W	4655 Victoria St N	3150 Lexington Ave N	4710 Cumberland	4785 Hodgson Rd
Affiliation	Avinity	Presbyterian Homes & Services	Sherman Associates	Southview Senior Communities	United Properties, Ebenezer
Year Built	1996	2000	2002	2012	2014
Ownership Format	Apartments	Apartments	Apartments	Apartments	Cooperative
Support Formats	Independent Living	Independent Living	Independent Living	Independent Living Assisted Living Memory Care	Independent Living
Number of Units	106	72	68	136	77
Affordability	63 market rate 43 affordable	Market Rate	54 market rate 14 affordable	Most market rate Some affordable through Ramsey County Elderly Waiver Program	Market Rate



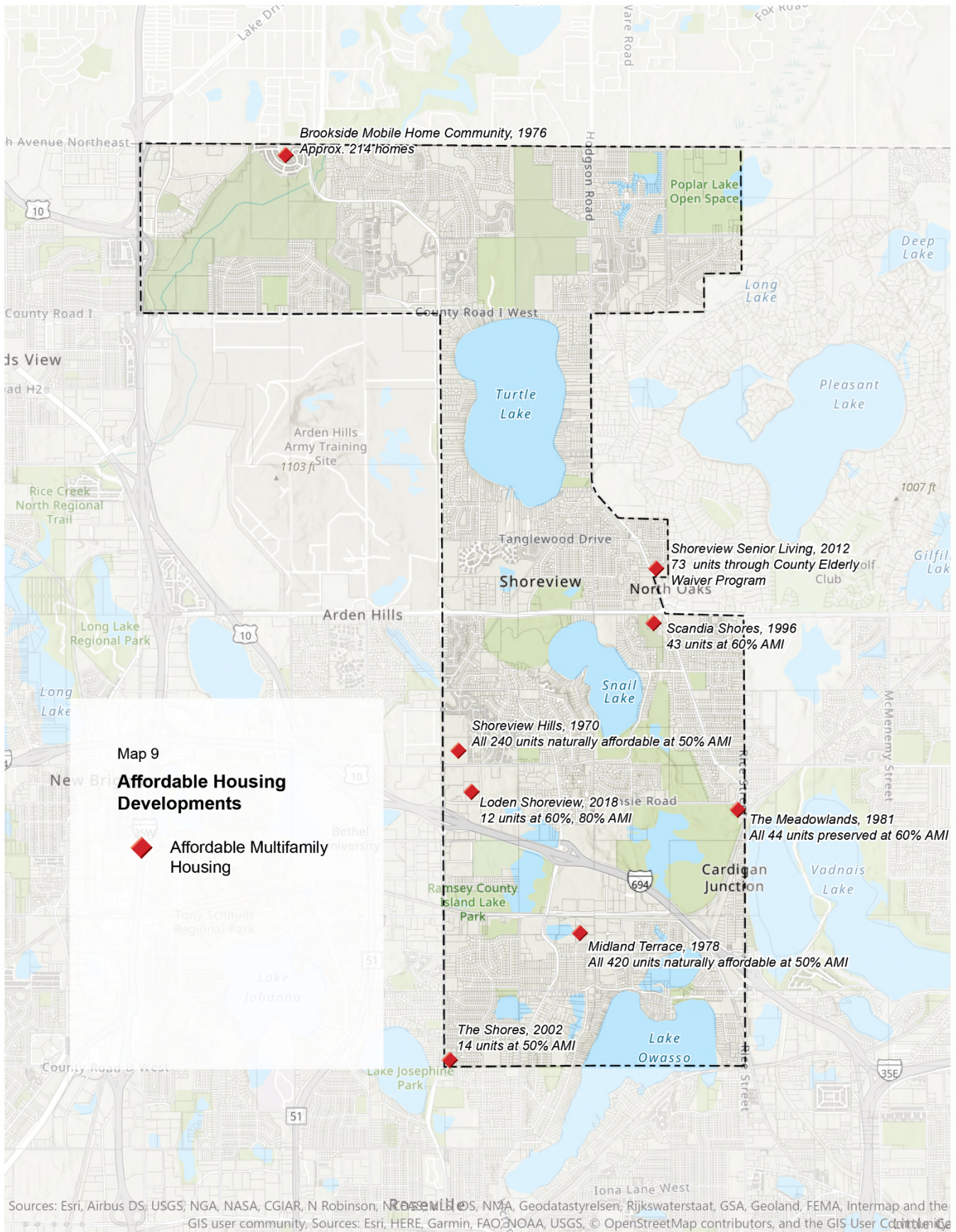
Affordable Housing

The housing inventory in Shoreview includes a number of multifamily housing developments that are affordable or include some dwelling units that are affordable, because of restrictions on rent levels and tenant income as a condition of their development financing. It also includes apartment developments that could be called naturally occurring affordable housing (or NOAH), which set rent levels at market rates, but those rents are affordable simply because of the age and condition of the development.

The tools for financing affordable housing have changed over time. Tax increment financing has been used in support of several of the recent apartment developments in Shoreview, and as a condition of receiving that public financial support they have included some affordable housing units in the development.

The most prominent affordable ownership opportunity in Shoreview is the manufactured housing community, Brookside Mobile Home Community. A manufactured home of the type found at Brookside is a modest, preconstructed home that is purchased, situated on a lot in a manufactured housing community, and connected to utilities. Brookside provides 214 sites for manufactured homes.

Map 9 Illustrates the existing inventory of housing in Shoreview that is affordable based on a formal development agreement of some kind.



Housing Inventory Summary

Shoreview offers a broad assortment of existing housing options with respect to parameters such as ownership and rental, building typology, era of development, and affordability. Building types include apartment buildings, townhomes, manufactured housing, and single family homes.

The majority of the City's existing housing was developed in the years between 1950 and 2000, with apartments and apartment style condominiums and cooperatives developed between 1970 and 2020.

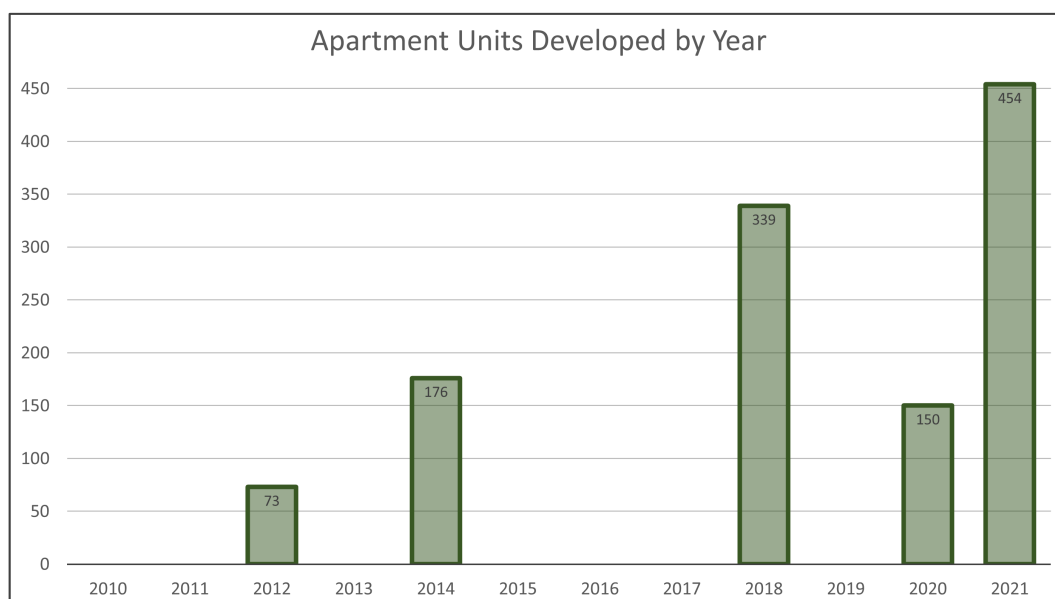
Five senior housing communities are located in Shoreview, built between 1996 and 2014, and each under the management of a different senior housing service provider.

Affordable rental housing is present in several forms and formats. Naturally occurring affordable housing is offered in some of the City's older apartment developments. Some of the newer developments are offering rent and income restricted affordable dwelling units as a condition of receiving public financial support. Brookside Mobile Home Community is a unique Shoreview asset, providing a large number of highly affordable home ownership opportunities.

III. Housing Development Market

Apartment Development Since 2010

Recent apartment development. The most direct indicator of demand for new housing development is the development that has been occurring. Shoreview has experienced significant housing growth over the last decade, in the form of apartment development projects. The number of apartment units delivered over the last decade is shown in the bar chart below.



Source: Costar

The strong performance of the apartment developments is evidenced by the projects that come along after the initial projects were delivered.

Table 3 details some characteristics of the apartment developments constructed over the last decade. They are geographically placed in Map 10 below.

The housing being produced also signals the nature of the demand—or at least the nature of the submarket that can pay new construction rents. That limiting factor has resulted in developments that are somewhat homogenous. The general occupancy apartment buildings built since 2010 are highly amenitized and large (100+ units) buildings, offering mostly one and two bedroom units. The unit sizes themselves and their monthly rental rates fall within a pretty narrow band, particularly in the case of the most recent developments.

Affordable housing developments have not been part of the mix, although some of the developments have provided some affordable units. Smaller apartment buildings have not been part of the mix. Buildings have not offered many studios or microunits. Buildings have not offered many family-oriented units. Condominiums have not been recently produced. There are a range of barriers of different kinds that explain the absence of some of these housing

products. And of course multifamily housing built without public intervention needs to be built for the submarkets that can pay the rents that offset the significant construction costs faced by developers in this time.

Table 3 – Multifamily Apartment Developments Since 2010

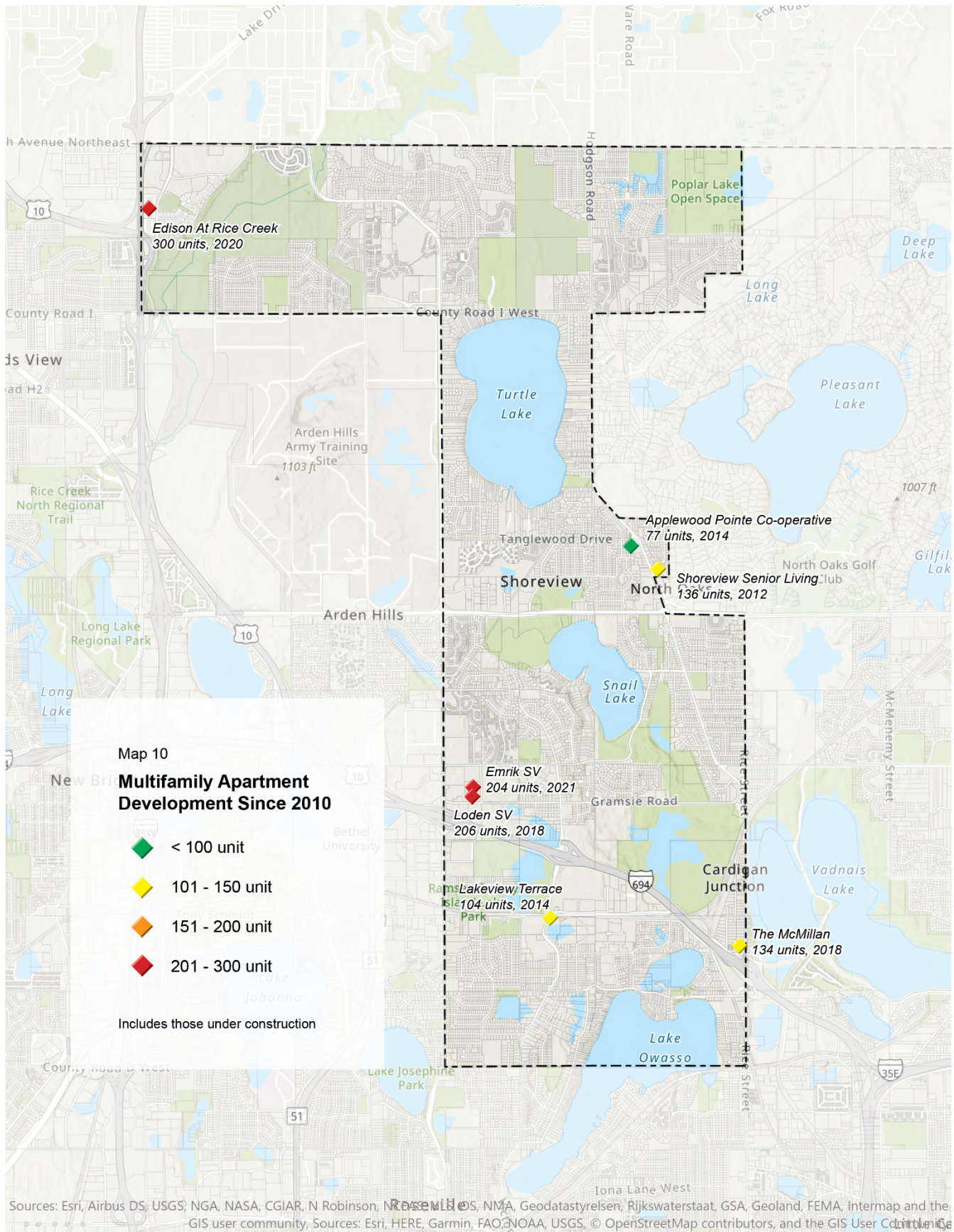
	Shoreview Senior Living*	Lakeview Terrace	Applewood Pointe Cooperative	The McMillan**	Loden SV, Emrik SV	The Edison At Rice Creek***
Address	4710 Cumberland	3595 Owasso St	4785 Hodgson Rd	157 Grass Lake Pl	1005 Gramsie Rd	5891 Rice Creek Pkwy
Market Segment	Senior Living	General Occupancy	Senior Cooperative	General Occupancy	General Occupancy	General Occupancy
Affordability	Market Rate	Market Rate	Market Rate	Market Rate	Affordable Units Available	Market Rate
Developer	Southview Senior Communities	The Tycon Companies	United Properties	Bader Development	Greco	JPL Development
Year Built	2012	2014	2014	2018	2018, 2021	2020
Number of Units	136	104	77	134	410	150 (150 addtl in development)
Number of Stories	3	6	3	5	3	4
Average Rent per square foot	\$2.51	\$1.47	N/A	\$1.97	\$1.93, \$2.18	\$1.84
Vacancy	7.0%	1.9%	0.0%	4.8%	1.0%, [still in initial rent-up]	34.2%
Studio Units						
<i>Units</i>	0	0	0	11	0, 7	0
<i>Rent</i>	N/A	N/A	N/A	\$1,280	\$1,137	N/A
<i>Area (sq. ft.)</i>	N/A	N/A	N/A	655	N/A	N/A
1-Bedroom Units						
<i>Units</i>	46	62	3	104	129, 140	124
<i>Rent</i>	\$2,100	\$1,510	N/A	\$1,737	\$1,315, \$1,470	\$1,568
<i>Area (sq. ft.)</i>	895	983	1,118	840	702	799
2-Bedroom Units						
<i>Units</i>	27	42	70	30	74, 43	58
<i>Rent</i>	\$3,100	\$1,783	N/A	\$2,054	\$2,143, \$2,219	\$1,892
<i>Area (sq. ft.)</i>	1,134	1,272	1,600	1,166	1,072	1,100
3-Bedroom Units						
<i>Units</i>	0	0	4	2	3, 11	30
<i>Rent</i>	N/A	N/A	N/A	\$2,550	\$2,600, \$2,875	\$2,289
<i>Area (sq. ft.)</i>	N/A	N/A	1,929	1,533	1,485	1,337

*Shoreview Senior Living has 3 types of living options including independent living, assisted living, and memory care. The table includes information for the independent living option only. The total units including all living options is 141 units.

**The McMillan complex includes apartments and townhomes (14 townhome units for rent). This table includes information for the apartments only.

***The Edison at Rice Creek complex includes apartments, carriage homes, and townhomes, all for rent. This table includes information for the apartments only.

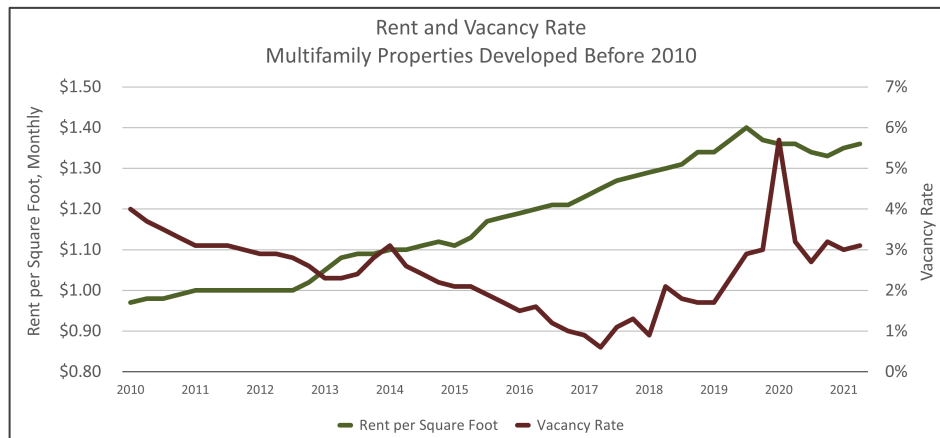
Source: Costar



Market Demand Indicators

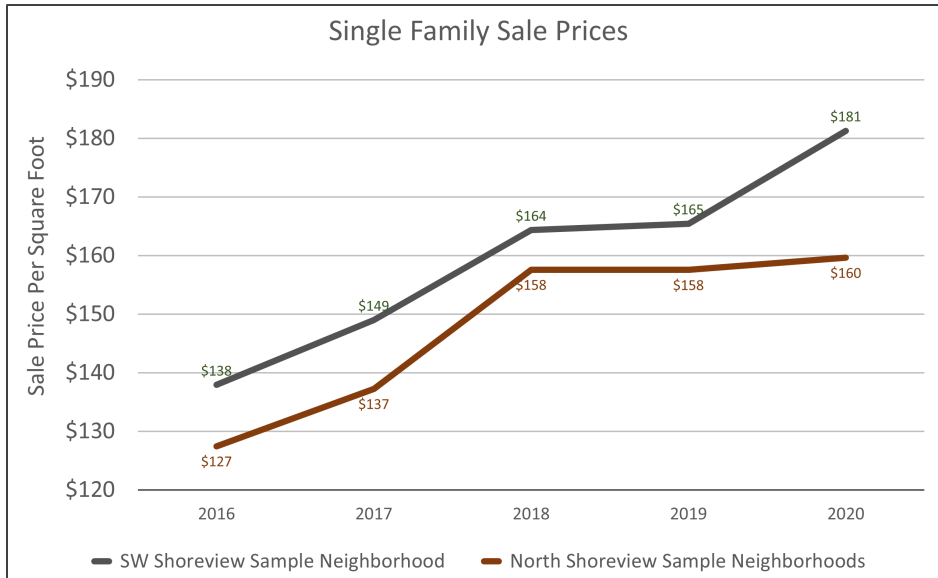
Multifamily demand indicators. Rent levels and vacancy rates are additional indicators of the market demand for housing. If for a set of rental apartment buildings rent levels are high and going up, and vacancy rates are low, that signals a strong demand for those apartments. The chart at left shows the average rent and vacancy rates for the set of apartment buildings in Shoreview that were built before 2010.

The data shows that vacancy rates in older apartment buildings has remained low, even as new developments have appeared on the scene. And rent levels in the preexisting buildings have risen over the decade from an average of under \$1.00 per square foot in 2010 to almost \$1.40 per square foot in 2021.



Source: Costar

Single family demand indicators. The demand increase in apartments may largely be rooted in the desirability of Shoreview itself. Sale prices of single family homes offers another indicator of the demand for living in Shoreview. The chart at left shows the sale prices of single family homes over a five year period in a sample neighborhood in north Shoreview, and a sample neighborhood in South Shoreview. The average sale price per square foot rose dramatically over that period of time in both neighborhoods.



Source: Redfin

Developer Interviews

Shoreview’s housing market context was explored in additional detail through a set of structured interviews. Conversations with developers focused on the strengths and weaknesses of Shoreview as a location for housing development, the prospective tenant base, and the financial viability of new multifamily housing.

The McMillan, 157 Grass Lake Place



Image Source: Costar

The interviewees are in development leadership positions with accomplished Twin Cities development firms—two of which specialize in affordable housing development, and two of which focus on market rate apartment development. The market rate development interviewees were involved with recent development projects in Shoreview.

The interviewees:

- Cecile Bedor, Common Bond
- Bill Mague and Leslie Roering, Aeon
- Josh Brandsted, Greco LLC
- Will O’Keefe, Bader Development

The following represents a consolidated set of observations and opinions from the interviewees.

Affordable Housing Development

In the interviews with development staff at Common Bond and Aeon, the following picture emerged relative to the prospect of developing or preserving affordable housing in Shoreview.

Affordable housing production. Affordable housing developers screen development opportunities based on the likelihood that they can earn Low Income Housing Tax Credits

(LIHTC). In order to do so, the project needs to score well based on the scoring criteria of the Minnesota Housing Finance Agency (MHFA). Shoreview (like many suburban communities) would struggle to earn location related points because of limited transit availability and relatively low walk scores. That would make it difficult for a Shoreview-based project to win an allocation of the highly competitive 9% tax credits.

Four percent tax credits are less competitive than 9% tax credits. For that reason the interviewees felt that a project that utilized 4% tax credits would be more likely to assemble the collection of public funding sources needed for the project. 4% tax credit projects require a number of additional sources of public financial support. And because of the requirements of tax credit investors, these projects are typically large buildings of 120 to 150 dwelling units. For that reason they require a larger development site. For a 4% tax credit project to be successful, significant financial support is typically needed from the City in which it is located.

The affordable housing interviewees emphasized the importance of other factors in attracting affordable housing development to Shoreview. Proactively adopting cost-saving regulatory modifications, such as reduced parking requirements, can make a big difference. And because affordable housing so often generates some community resistance, leadership from elected officials in support of the project can be critically helpful.

Affordable housing preservation. Shoreview has some notably large older apartment developments which can be thought of as naturally occurring affordable housing, since the market rents are set at affordable rental rates without regulatory intervention or oversight. Because of that, the interviews included a discussion of methods and funding for preserving the condition and affordability of those developments into the future.

Preservation of affordability for such developments requires being ready to go when the property is put on the market for sale. With capital sources identified or in hand, a similar purchase price is offered to secure the property. After acquisition, capital improvements are made so that it can be affordably maintained over the coming decades. And a commitment is made to setting rents at an affordable rate for a long time window. Public financial resources are required for both the investments in capital improvements and the resumption of affordable rents. The local government component of that financing package typically includes tax increment financing and an additional source of affordable housing subsidy.

Preserving the long term affordability of naturally occurring affordable housing has been a regional priority in recent years, and Aeon has been a key partner in developing a workable approach to that.

The long term affordability of manufactured housing communities is similarly fragile. A corresponding regional effort has not occurred at this point to tackle that challenge, but there are some national models for doing that.

[Market Rate Housing Development](#)

The following comments came out of the interviews with staff at Greco LLC and Bader Development.

The following characteristics of Shoreview make it an attractive location for apartment development.

- Upper income demographics
- Strong school district reputation
- Nearby tech companies mean that their employees are a source of housing demand
- Shoreview staff are great to work with

New apartment buildings in Shoreview predominantly serve two demographics—empty nesters and young adult singles & couples—with a smattering of other age cohorts mixed in.

Because of investor preferences, construction cost efficiencies, and preferred amenity packages, buildings will tend to be large—typically 125 dwelling units or more. On a larger site, townhomes could be built complementary to apartments. Condominiums still are challenging in most locations.

Parking will not pay for itself, so the amount that can be located underground is limited without public financial assistance.

Most developers would be willing to add some rent restricted affordable housing units as long as there is financial support that corresponds to the decreased revenue stream.

Housing Development Market Summary

Shoreview is a strong suburban housing market. The most direct evidence for that is the succession of apartment developments that have been built in the past decade, and the several hundred additional apartment units presently under construction.

The demand for housing in Shoreview is based on its desirability as a place to live. It has strong schools, abundant parks and lakes and other natural environments.

The major high tech and office based employers that are located near Shoreview are a source of housing demand base as employees like to live near their work. Another source of demand is its own aging population, some of whom want to shed the responsibility of home ownership and move into a setting where maintenance and upkeep is handled by others.

Additional indicators of the strength of the housing market:

- The apartment buildings that were built prior to 2010 have experienced rising rents over the past decade, and maintained low vacancy rates.
- Sale prices for single family homes that were observed in selected neighborhoods rose significantly over the last five years.

Interviews with developers provided additional details relative to why Shoreview should expect ongoing development demand, and why those developments are likely to be similar to the

apartment buildings that have been recently constructed. They provided an overview of paths that might be taken to foster one or more affordable housing development, or preserve the long-term affordability of one or more of the City's older apartment developments.

IV. Housing Strategies

It's clear that a strong housing market context in Shoreview provides support for maintaining the conditions of existing housing, and for producing new housing. But it's also evident that new housing production has been centered on a narrow band of age restricted and general occupancy apartment development. A range of other housing types are not being produced in significant numbers, and affordable housing is only being produced in limited quantities. Beyond that, some existing affordable housing faces potential threats.

In this section, we review Shoreview's housing goals, and present a set of strategies that can serve to further some of these goals by promoting the preservation or production of certain types of housing that are unlikely to be preserved or produced organically in the present housing market.

Shoreview's Housing Goals

The following are Shoreview's housing goals, excerpted from its comprehensive plan—Destination Shoreview 2040.

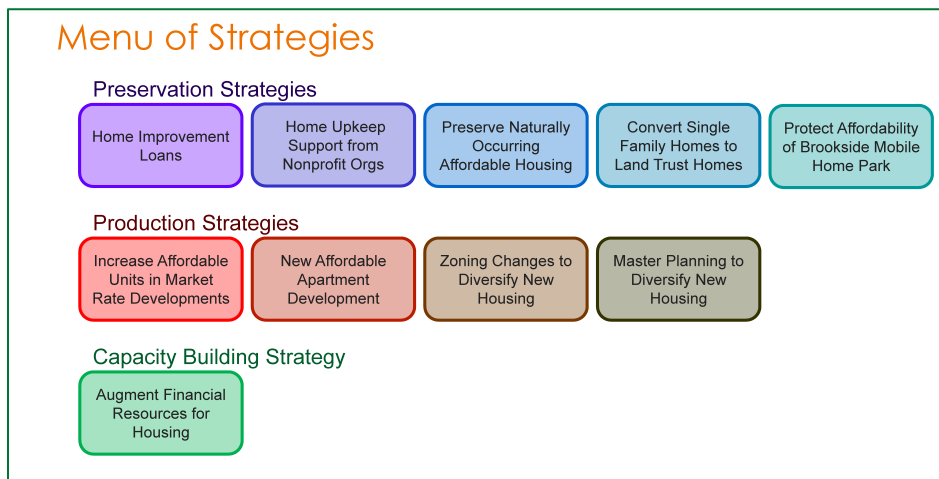
- **Goal – Primary.** Support the community's vitality and character by providing housing opportunities that are accessible and meet the needs, preferences and financial capabilities of all households.
- **Goal – Neighborhoods and Housing Reinvestment.** Maintain the quality of life in our neighborhoods by encouraging reinvestment, preserving neighborhood assets and fostering a safe and healthy environment.
- **Goal – Mixed Income Housing/Housing Opportunity/Life-Cycle.** Strive for a livable mixed-income community that incorporates a diversity of housing types, tenures (rental and ownership) and provides housing for different age groups, capabilities and income levels.
- **Goal – Infill and Redevelopment.** Provide housing opportunities through infill and redevelopment that is sensitive to the surrounding environment, complements existing land uses and meets community needs.
- **Goal – Connections.** Enhance access to housing for the local workforce by supporting multi-modal transportation improvements.
- **Goal – Partnerships.** Maintain an active role in affordable and mixed-income housing through partnerships with other governmental agencies, non-profit organizations and mission-driven housing developers.

To reiterate a key part of the primary goal, Shoreview strives to “meet the needs, preferences and financial capabilities of all households.”

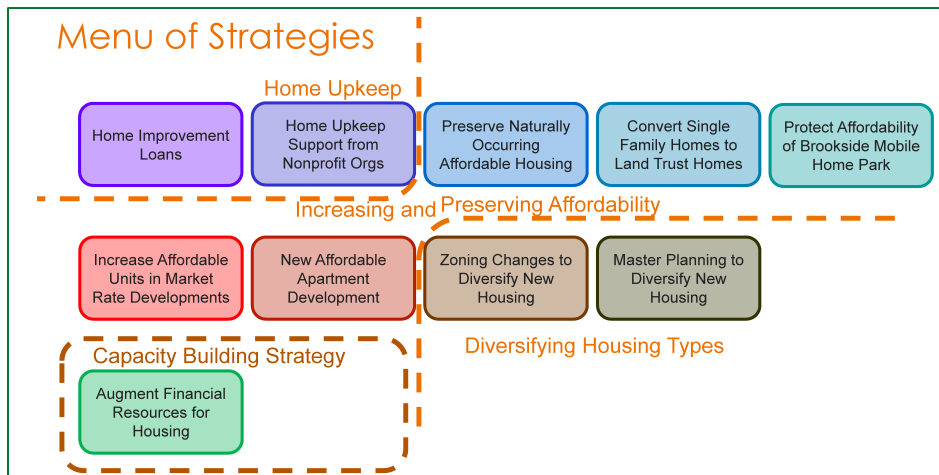
Housing Strategies

Ten housing strategies are presented here. These strategies are not prioritized because they are all worthy of investment of resources and energy. The selection of strategies to undertake in the short, medium and long term will entail a range of considerations, including their potential impact, the ease or difficulty of accomplishing them, and the personal motivation of policy makers, community development staff and community stakeholders.

The first diagram categorizes the ten strategies as housing preservation versus housing production strategies. The sole capacity building strategy focuses on the expansion of resources that can be brought to bear on housing related objectives.



The second diagram categorizes the ten strategies in terms of its purpose—that is, whether it promotes better home upkeep, the expansion or preservation of affordability, or broadening the housing types that are being produced.



The third diagram illustrates the city adopted housing goals that might be furthered by each of the ten strategies.

Menu of Strategies

<u>Housing Goals</u>	Home Improvement Loans	Home Upkeep Support from Nonprofit Orgs	Preserve Naturally Occurring Affordable Housing	Convert Single Family Homes to Land Trust Homes	Protect Affordability of Brookside Mobile Home Park	Increase Affordable Units in Market Rate Developments	New Affordable Apartment Development	Zoning Changes to Diversify New Housing	Master Planning to Diversify New Housing	Augment Financial Resources for Housing
Neighborhood & Housing Reinvestment	X	X		X	X					X
Mixed Income Housing/ Housing Opportunity/ Life-Cycle Housing		X	X	X	X	X	X	X	X	X
Infill & Redevelopment						X	X	X	X	X
Partnerships	X	X	X	X	X		X		X	

The housing strategies are discussed individually below.

1. Home Improvement Loans

Context. Shoreview has an existing home improvement loan program that has been developed in collaboration with NeighborWorks and is administered by NeighborWorks. It provides loans for home upkeep and improvements to homeowners that fall within three income categories.

- **Homeowner households who earn 120% of area median income or less.** Loans are traditionally structured with competitive interest rate.
- **Homeowner households who earn 80% of area median income or less.** Loans are structured with 0% interest rate, and no monthly payment requirement. The loans are reimbursed on sale of property.
- **Owners of manufactured homes.** New loan terms have just been approved for this group. Loans are forgivable after 10 years of continued ownership.

These programs have been lightly utilized.

Objective. Increase program utilization to support additional maintenance and improvement of existing single family homes.

Strategy. Increase program utilization through a combination of improving loan terms for the first two categories of buyers, and investing time and effort into additional marketing of the programs. Loan terms need to be notably preferable to those that can be obtained elsewhere.

Resource Requirements

- Financial resources to increase benefits to loan recipients
- Staff time for communication, marketing, and outreach

2. Home Upkeep Services from Nonprofit Providers

Context. Local nonprofit organizations can play an important role in supporting home upkeep, and helping people stay in their homes. Program examples include:

- **Age Well at Home.** This is a program of Habitat for Humanity. Its goal, per the program website is “to change the home, so homeowners don’t need to change their address.”
- **A Brush with Kindness.** This is another program of Habitat for Humanity, described as “an exterior home repair preservation program that offers painting, in addition to landscaping, and minor exterior home repair services”
- **Hearts & Hammers—Twin Cities.** The mission of this local organization is “to provide exterior home improvement assistance for Senior Citizens, Disabled Individuals, and Veterans of the United States Armed Forces or their Surviving Spouse so that they may continue living independently.”

The City of Shoreview has highlighted Hearts and Hammers (previously called Metro Paint-a-Thon) in the past as a resource to its residents.

Objective. Make Shoreview residents aware of a full range of external resources that they may be able to access to help them with home upkeep and to remain in their homes.

Strategy. To make a concerted effort to gather information about home upkeep services being provided by others, and to make its potentially needy and vulnerable residents aware of their availability.

Resource Requirements. Staff time for communication, marketing, and outreach

3. Preserve Naturally Occurring Affordable Housing

Context. Shoreview’s legacy apartment buildings, mostly from the 1970s, are an important asset for lower and middle income households because their rent levels are relatively affordable. Such developments also face risks.

- Underinvestment and deterioration can occur.
- Properties can be rehabbed and repositioned to target a higher income demographic, with rent increases that are no longer affordable for current residents.
- Properties can be redeveloped entirely, resulting in the loss of the affordable housing units.

Objective. Take proactive steps to lay the groundwork for preserving the long term affordability of one or more of the City’s legacy apartment buildings.

Strategy. Invite a collaboration with one of the region’s affordable housing developers who will partner with Shoreview on preparing a strategy for acquisition, rehabilitation and financial restructuring of one or more of the City’s legacy apartment buildings. Additional steps including outreach to building owners, financial strategies, etc, would be identified through the collaboration.

Resource Requirements. Requires proactive relationship building with an affordable housing developer, and ultimately to support the restructuring effort with public financial resources.

4. Convert Single Family Homes to Land Trust Homes

Context. Community land trusts can play a role in creating long-term affordability for single family or townhome homeowners. The land trust holds the high valued land under a home, so the homeowner faces the lower cost of purchasing just the home itself. When the house is sold, the next owner also acquires the home at an affordable price since they are again just purchasing the home and not the land that the home is situated on. In this way the single family home remains affordable to a succession of homeowners.

This is a strategy that Shoreview is currently employing in a collaboration with Rondo Community Land Trust. They are pursuing the acquisition of land for the development of six brand new land trust townhomes. The strategy can also be employed in the acquisition and conversion of existing single family homes.

Objective. Increase the number of Shoreview homes that are affordable over the long run to low income homeowners.

Strategy. Partner with a community land trust in the acquisition and conversion of additional single family properties to land trust affordable homes.

Resource Requirements. Local community development financial resources are required to buy out the land value of the acquired property.

5. Protect the Affordability of Brookside Mobile Home Community

Context. The manufactured homes in Brookside are the most affordable owner occupied housing option in the City of Shoreview, and are thus an important option for Shoreview's lower income homeowners. Brookside is well situated for its lower income owner occupant households because of its proximity to the regional transportation network and to the amenities of the Rice Creek parks and trails.

Manufactured home developments like Brookside are at risk of events that result in displacement of their residents. Often coinciding with the acquisition of the property, new property owners are sometimes dramatically increased rents. In a location this attractive, the property could also be acquired for redevelopment.

Objective. Ensure the long term viability of Brookside as a low income homeownership location through mediating a transition to community ownership or land trust ownership.

Strategy. Build on the region's experience with preserving NOAH apartment buildings to begin coalition building, and identifying public and philanthropic resources, for a prospective ownership conversion at Brookside. Redevelopment threat can also be diminished through maintaining a zoning category that is favorable to its current use and not favorable to the likely redevelopment scenarios.

Resource Requirements. Some dedicated time will be needed initially by local staff or through a consultant contract to build and convene potential partners, and bring best practices information to the conversation. Ultimately gap funding will need to be identified to preserve the affordability of the site.

6. Increase Affordable Housing Units in Market Rate Developments

Context. The City of Shoreview has had recent success in asking apartment developers to include rent restricted affordable housing units in their developments.

- Loden SV and Emrik SV both provide 5% of the dwelling units affordable to households earning 80% of Area Median Income.
- The Edison offers 22 affordable housing units.

These affordable housing units have been provided City financial support through tax increment financing or tax abatement.

Objective. Achieve greater numbers of affordable housing units in the market rate housing that is being developed in Shoreview.

Strategy. Set higher targets or requirements for the number of affordable housing units that are provided in new market rate housing developments, and establish corresponding policies and financial resources to support those targets. This could encompass:

- The adoption of “inclusionary zoning” to require affordable housing units in new multifamily development.
- The consideration of zoning incentives or reductions in costly requirements that could offset some of the cost of providing affordable housing units.

Resource Requirements. Tax increment financing, tax abatement, and potentially other community development resources would be needed to support affordable units. Staff or consultant capacity would be required to evaluate and adopt inclusionary zoning requirement and zoning incentives for affordable housing.

7. New Affordable Housing Development

Context. Low Income Housing Tax Credits (LIHTC) are the primary engine for producing affordable housing regionally. Tax credit affordable housing isn't being developed in Shoreview presently.

Tax credit funding for affordable housing projects is very competitive. But technical aspects of the program make it likely that a tax credit affordable housing development in Shoreview would be a large apartment development providing 120 to 150 affordable apartment units.

- Note that LIHTC housing is affordable for households earning 60% of Area Median Income or less (equates to \$63,000 per year), with rents restricted to \$1,180 for 1-bedroom units and \$1,417 for 2-bedroom units.

Objective. Foster the production of one or more new affordable housing projects in Shoreview in appropriate locations.

Strategy. Build a relationship with one of the Twin Cities's Community Development Corporations (CDCs). Collaborate in identifying a suitable site, and supporting an affordable housing development on a suitable site.

The public might be more accepting of the project if it is an element of a larger master planned site that also included market rate housing.

Resource Requirements. Staff time in relationship building with a local CDC. Tax increment financing and potentially other public financial resources to support the development project.

8. Zoning Changes to Diversify New Housing

Context. Shoreview is an attractive location for new multifamily development, but current development finance realities tend to produce a fairly consistent development type—that is, large, highly amenitized apartment communities. It won't produce significant numbers of other desirable housing types—townhomes, villa homes, smaller apartment buildings, workforce/affordable housing—without intentional efforts.

Zoning changes to allow townhome densities in appropriate lower density parts of the City may invite consideration of lower density multifamily development.

Objective. Foster “missing middle” housing typologies through zoning modifications.

Strategy. Analyze the City's platting and development patterns to identify locations where low density multifamily development would be appropriate if redevelopment occurs. Make zoning modifications to support the development of lower density multifamily communities such as townhomes and smaller apartment buildings.

Resource Requirements. Staff time or consultant services to undertake analysis and make recommendations for zoning modifications.

9. Master Planning to Diversify New Housing

Context. Shoreview is an attractive location for new multifamily development, but current development finance realities tend to produce a fairly consistent development type—that is, large, highly amenitized apartment communities. It won't produce significant numbers of other desirable housing types—townhomes, villa homes, smaller apartment buildings, workforce/affordable housing—without intentional efforts.

Master planning of large sites in partnership with property owners can incorporate a broader mix of development types into proposed site development scenarios, and set the stage for promoting that mix.

Objective. Foster “missing middle” housing typologies through master planning initiatives.

Strategy. Partner with owners of large properties in creating a master planned development concept for their properties which meet public goals for mix of development types, formats, and scales—and can be used to attract developer interest to the site.

Use the master plan process to define development guidelines for the site.

Modify PUD standards to include mixed scale and affordability of development as objectives.

Resource Requirements. Staff time for relationship building with identified property owners. Financial resources to support master planning consultant.

10. Augment Financial Capacity for Advancing Housing Related Goals

Context. The City of Shoreview's willingness to use tax increment financing and tax abatement to further its housing preservation and production goals has made a difference in housing outcomes. Housing production and preservation could be scaled up further with the creation of a local housing capital fund intended to support programmatic goals.

Resources could be used for:

- Creation or preservation of additional affordable housing units
- Land assembly for housing projects
- Housing focused community development staff.

Objective. Increase capacity for furthering the City's housing goals through building the City's housing-related capital resources.

Strategy. Study different approaches to creating an affordable housing capital fund, such as:

- Aggregating and bonding against excess TIF
- Value capture models
- Increasing HRA levy

Resource Requirements

Each of the preceding strategies identifies the categories of City resources that may be required to advance that strategy. Allocating funds between competing programmatic priorities is an important responsibility of policy makers.

In considering those resource allocations, there is an important distinction between strategies that can be accomplished with tax increment financing, and strategies that utilize other public resources. The use of tax increment financing on a project doesn't reduce the availability of public resources for other City priorities. It simply delays the time that the City can utilize new property tax revenues from that particular project. The same is true for financing projects through tax abatement. These "value capture" approaches don't diminish the availability of the City's community development funding capacity for other purposes.

By contrast, a number of the housing strategies in the preceding pages require community development capital resources, as opposed to or in addition to tax increment financing or tax abatement. In those instances, there the housing strategies may be in competition for the same limited capital resources, and it may be important to prioritize between those strategies.

These considerations imply the following rules of thumb in terms of resource utilization.

- Utilize value capture approaches (tax increment financing or tax abatement) where that is a feasible resource for housing related projects.
- Establish strategic priorities for other housing related capital funds.
- Build relationships with external parties to stretch local resources (e.g. CDC partnership).

Housing Strategies Summary

A menu of housing strategies have been identified to address Shoreview's goals to provide a range of housing to meet the needs of its residents.

Proposed strategies would diversify the housing inventory in the production of new housing, and in the preservation of important existing housing types.

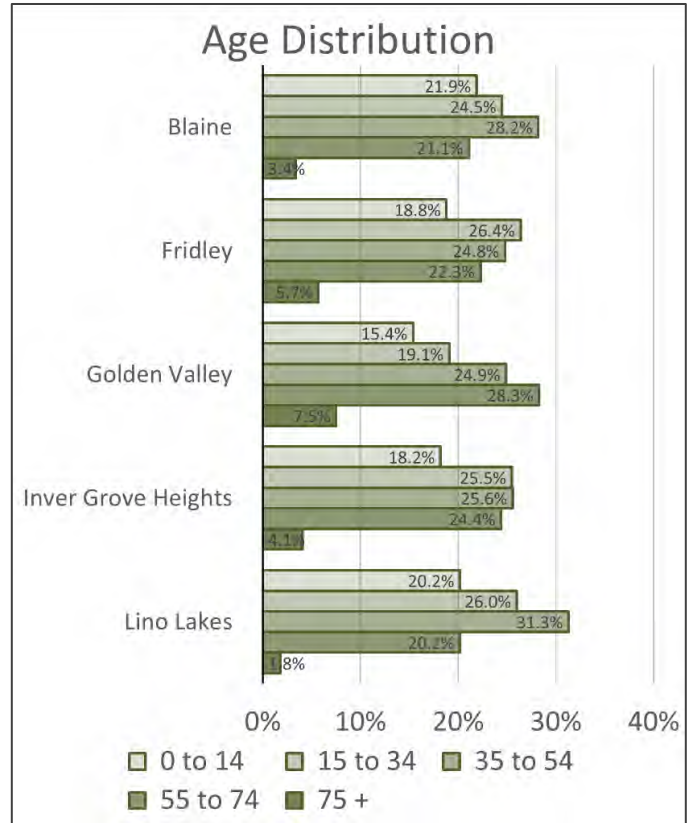
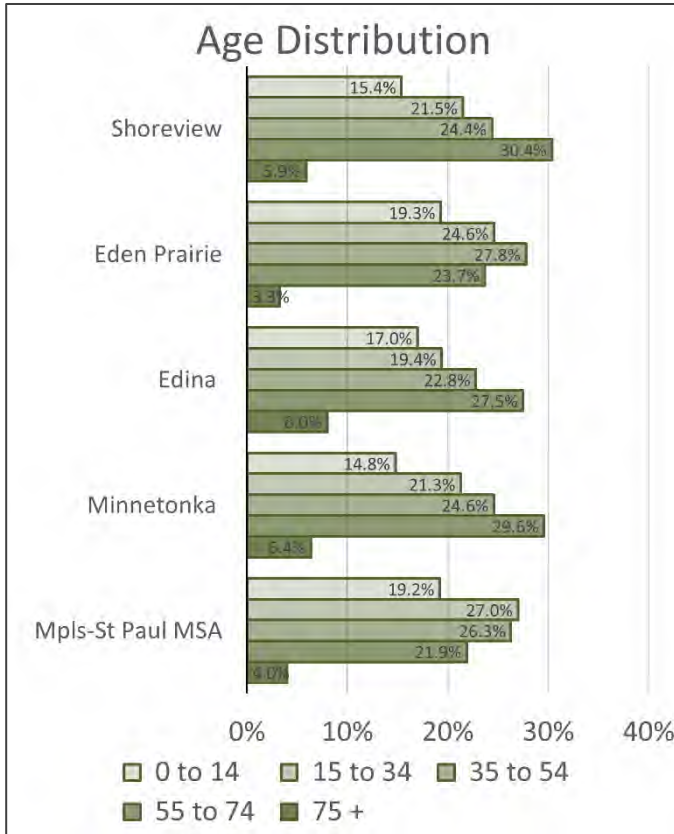
Proposed strategies relate to maintaining the condition of existing housing, preserving housing affordability, increasing the stock of affordable housing, and increasing the diversity of housing types.

Implementation of this housing study will involve prioritization of strategies to reflect the city's view of their relative impact, their ease of implementation, and the availability of resources.

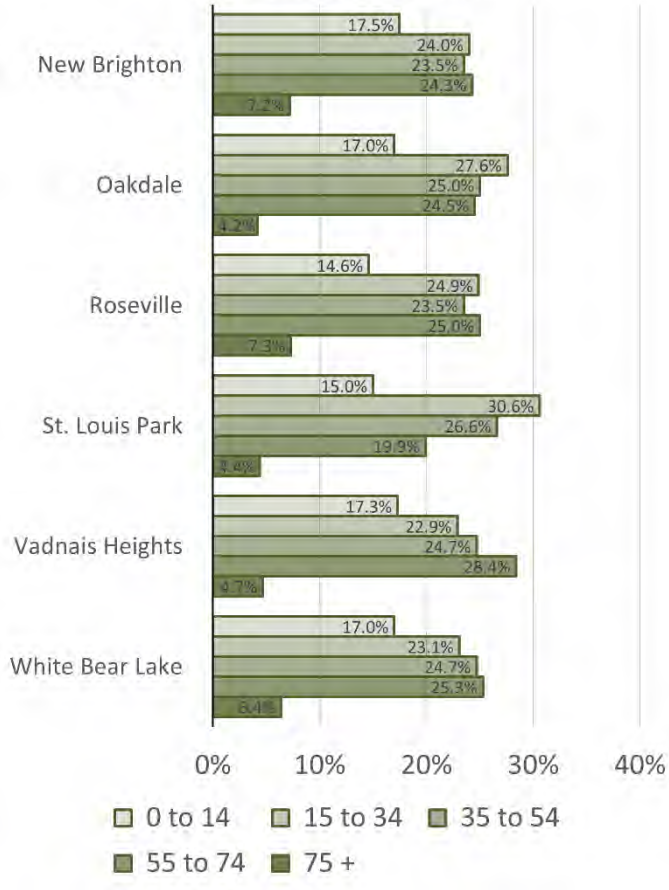
Appendix – Demographic Comparisons

These demographic charts include the full set of comparison cities. The data comes from ESRI Business Analyst.

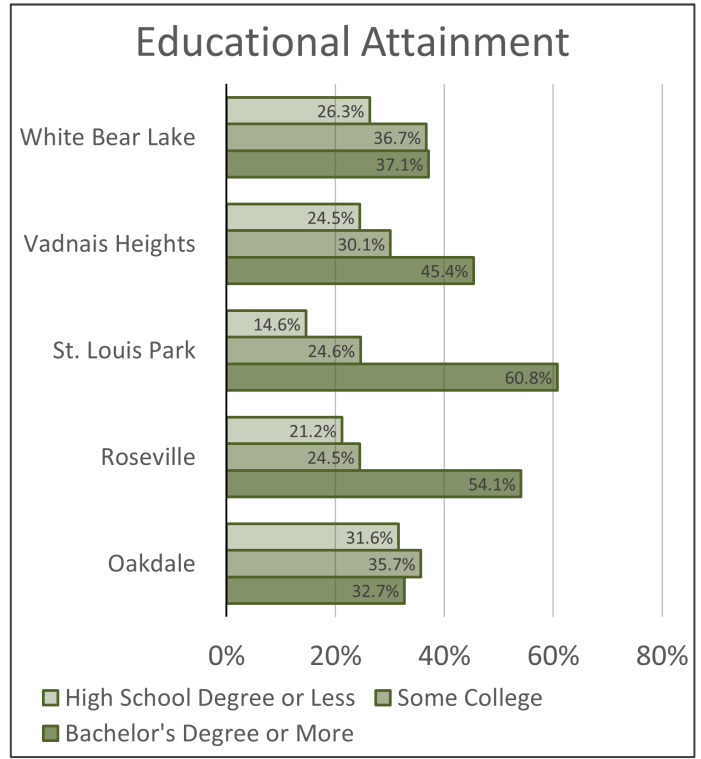
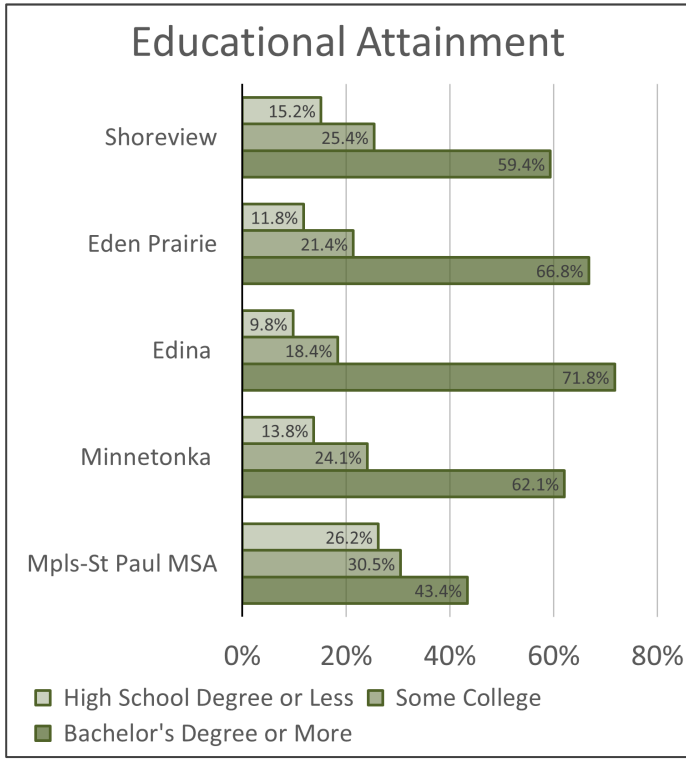
Age



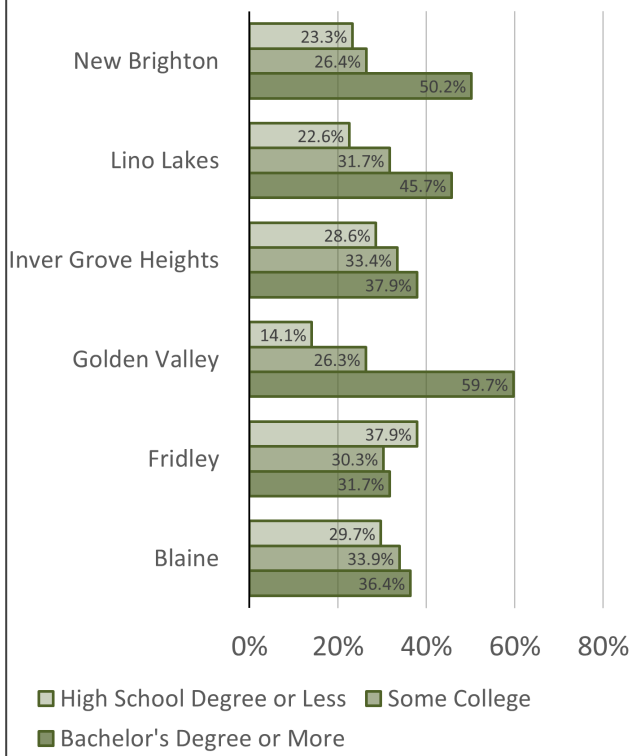
Age Distribution



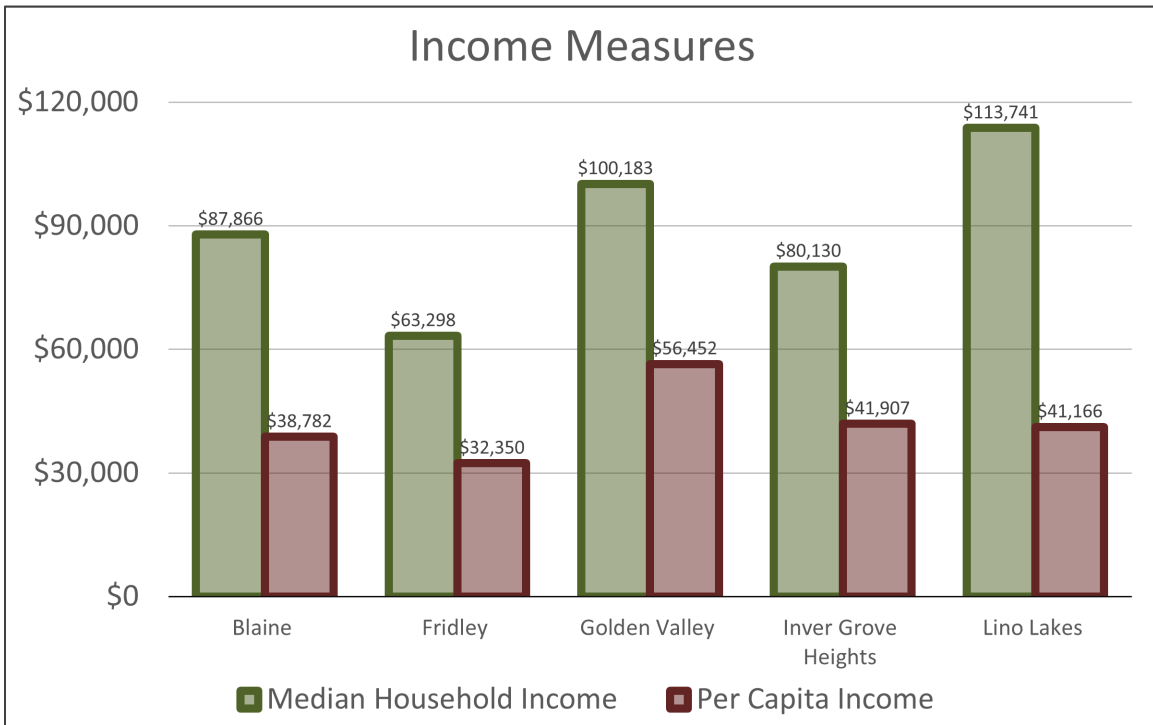
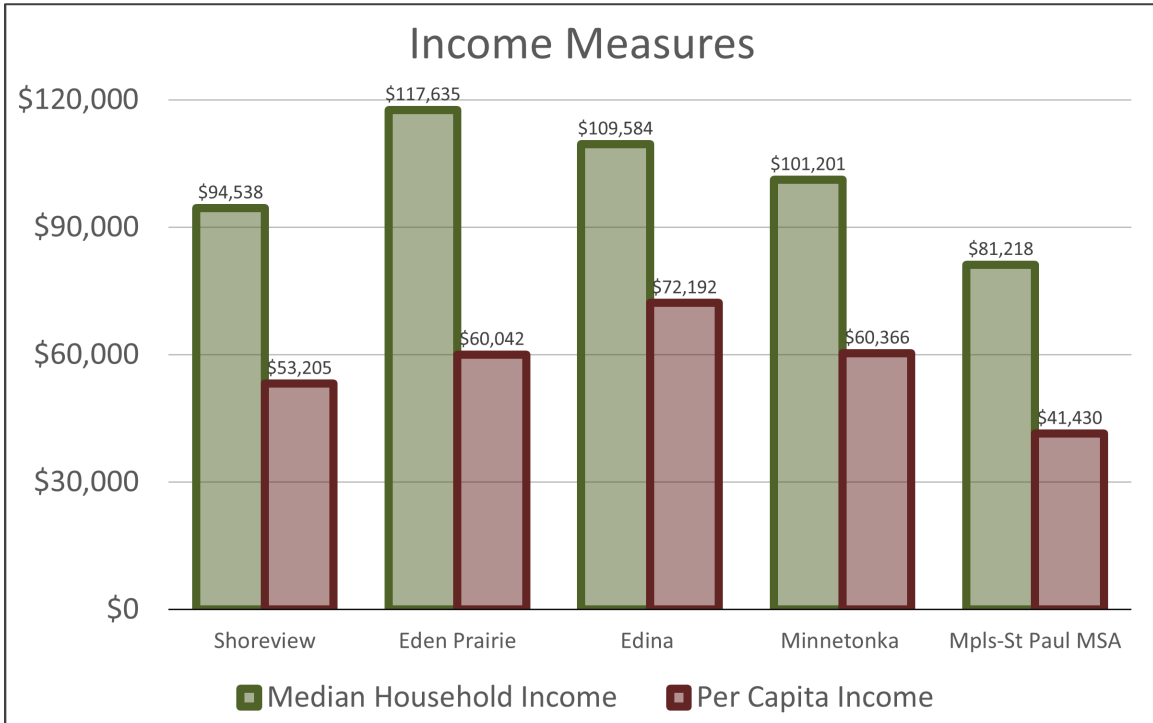
Educational Attainment



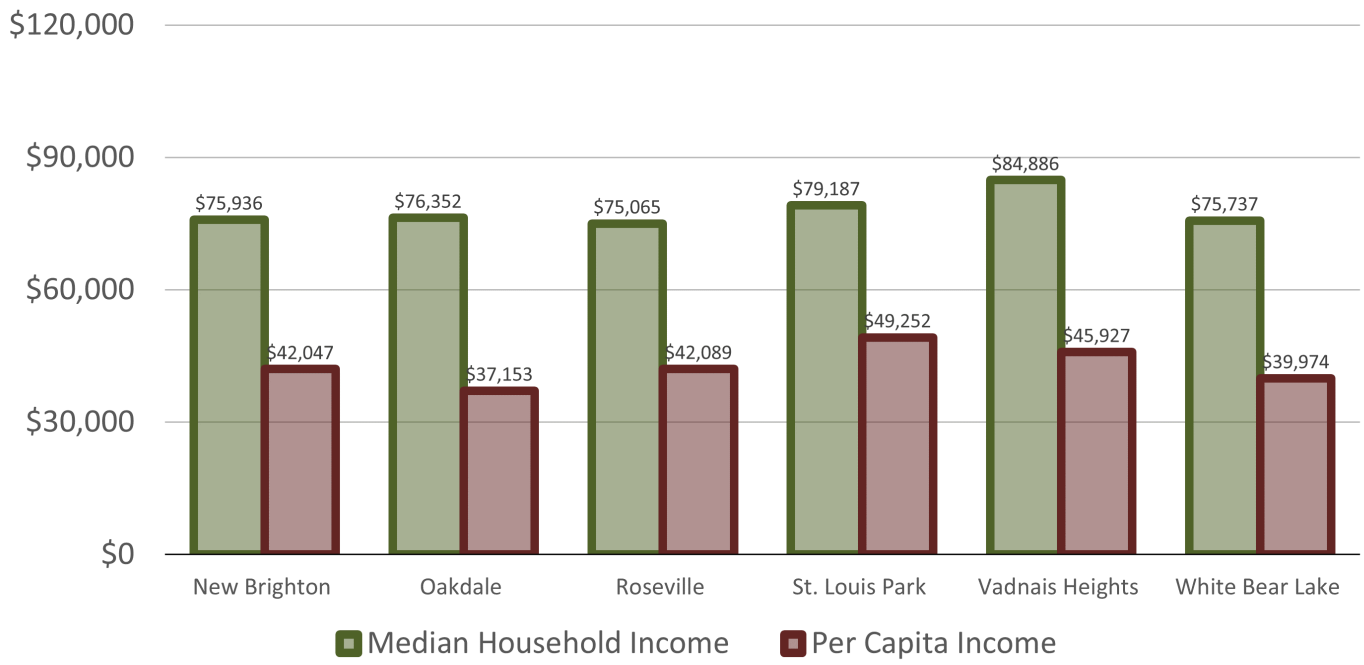
Educational Attainment



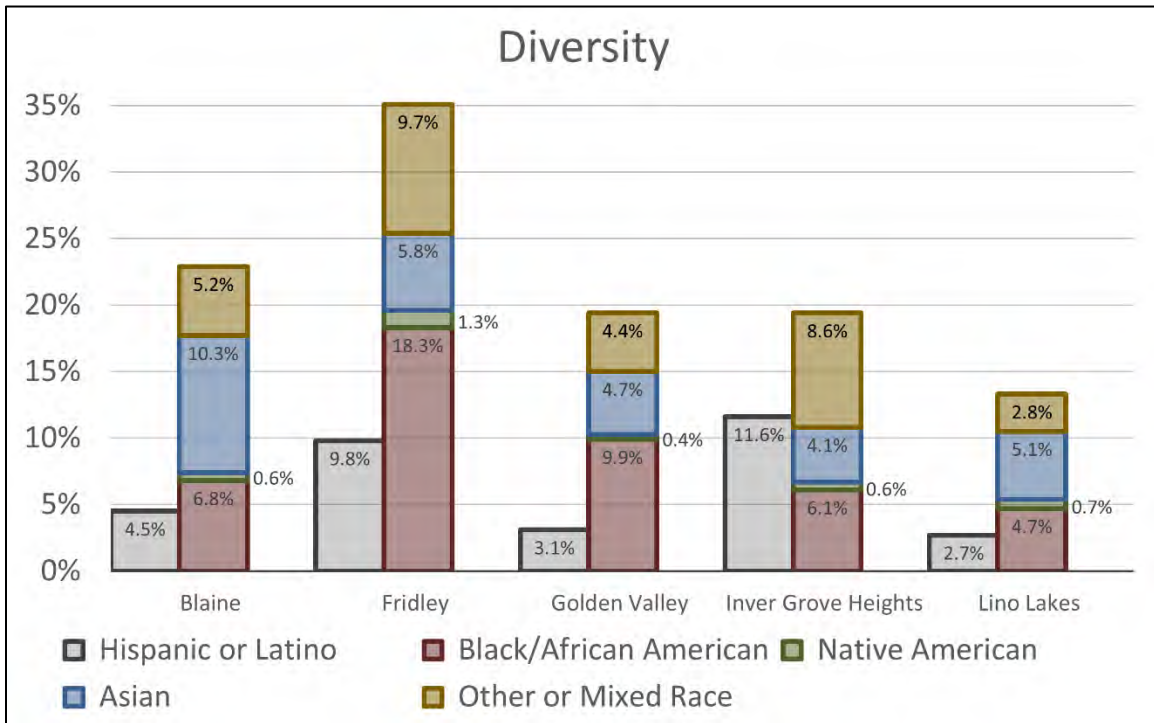
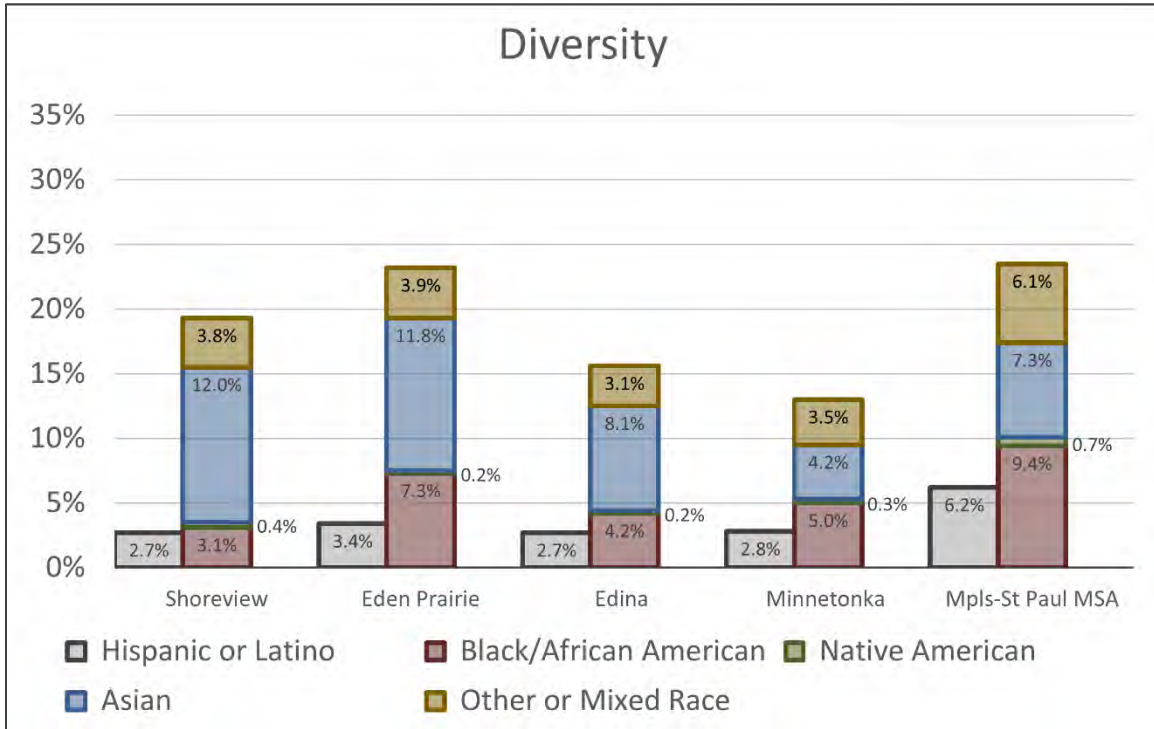
Income



Income Measures



Race



Diversity

