



# HOUSING



The numbered strategies, policies, figures, and pages in the citywide plans of the *Saint Paul Comprehensive Plan* all employ the following abbreviations as a prefix to distinguish among these elements of the other citywide plans:

- IN - introduction;
- LU - Land Use Plan;
- H - Housing Plan;
- HP - Historic Preservation Plan;
- PR - Parks and Recreation Plan;
- T - Transportation Plan;
- W - Water Resources Management Plan; and
- IM - Implementation.

## Table of Contents

|   |      |
|---|------|
| Introduction.....   | H-1  |
| Strategy 1:<br><i>Build upon Saint Paul's Strengths in the Evolving Metropolitan Housing Market..</i> | H-7  |
| Strategy 2:<br><i>Preserve and Promote Established Neighborhoods.....</i>                             | H-13 |
| Strategy 3:<br><i>Ensure the Availability of Affordable Housing Across the City.....</i>              | H-22 |
| Implementation.....   | H-30 |
| Credits.....  | H-34 |

## Table of Figures

|  |      |
|--|------|
| Figure H-A. <i>City of Saint Paul Households, by Number of People, 2000</i> .....  | H-1  |
| Figure H-B. <i>Emerging Markets Grow in MN: Projected Population Change, 2000 to 2010</i> .....  | H-2  |
| Figure H-C. <i>New Housing Demand projected for the Central Corridor by 2030</i> .....   | H-2  |
| Figure H-D. <i>Housing and Transportation Costs Have Risen Faster than Incomes, Nationally: Percent Change, 2000-2005</i> .....          | H-2  |
| Figure H-E. <i>Median Age of Single-Family, Duplex, and Triplex Homes in Saint Paul</i> ..   | H-3  |
| Figure H-F. <i>Map of Saint Paul Planning Districts</i> .....  | H-3  |
| Figure H-G. <i>Registered Vacant Buildings on City List</i> .....  | H-4  |
| Figure H-H. <i>New Construction is Costly: Per Unit Development Costs, New housing production with City/HRA subsidy, 2002-2005</i> ..... | H-4  |
| Figure H-I. <i>Funding Priorities* for City/HRA: Housing Activities</i> .....  | H-5  |
| Figure H-J. <i>The Per Unit City/HRA subsidy to various housing activities</i> .....   | H-5  |
| Figure H-K. <i>Housing Activity Areas</i> .....  | H-6  |
| Figure H-L. <i>Opportunity Sites for Potential Housing Development</i> .....   | H-12 |
| Figure H-M. <i>Types of Senior Housing in Saint Paul</i> .....   | H-19 |
| Figure H-N. <i>Percentages of Cost-burdened households in Saint Paul</i> .....   | H-22 |
| Figure H-O. <i>Selected Occupations and Affordability Levels</i> .....   | H-22 |
| Figure H-P. <i>Affordable Housing in Saint Paul</i> .....  | H-23 |

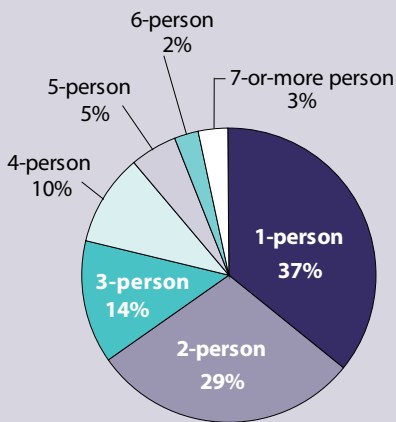


## Introduction

Housing is a basic and fundamental human need. Because of this, housing policy has not only important economic considerations but also a profound moral dimension. The balancing of economic reality and moral imperative is very difficult in an arena where need and demand have historically far surpassed affordable housing resources. The following demands are particularly great:

- Maintaining an older housing stock. It is estimated the deferred maintenance needs of Saint Paul’s single-family housing stock in low and moderate income Census tracts today exceeds \$750 million;
- Homeless housing. Over the course of a year, as many as 8,000 people experience homelessness in Ramsey County. It is estimated that \$131 million is needed through 2010 alone to address the demand for housing for the long-term homeless in the county;
- Public housing and publicly-assisted low-income housing. The Public Housing Agency has been consistently under funded in the last several years; and
- New housing construction, at a range of income levels. While the housing market has slowed in the last two years, new growth is critical to the vitality of the city over time, both socially and financially.

Figure H-A. City of Saint Paul Households, by Number of People, 2000



Source: US Census, 2000, SF1, P26.

## KEY TRENDS

The strategies, objectives, and policies of this plan are informed by a set of key demographic, economic, housing, fiscal, and environmental trends facing the City of Saint Paul and the metropolitan region.

### Increasing population.

The Metropolitan Council projects Saint Paul will grow by 44,160 residents, or about 21,000 households, by 2030. Regional growth will represent a balance of seniors, middle-aged, young adults, and children, as well as a diversity of incomes. Because of this, Saint Paul continues to embrace its decades-old commitment to an all-incomes housing strategy. New market rate housing development and the protection and enhancement of existing neighborhoods are absolutely necessary to maintain and enhance the tax base so vital to the City’s ability to fund essential services and infrastructure.

#### METROPOLITAN COUNCIL GROWTH TARGETS

|                   | 2000 (actual) | 2010    | 2020    | 2030    |
|-------------------|---------------|---------|---------|---------|
| <b>Population</b> | 286,840       | 305,000 | 320,000 | 331,000 |
| <b>Households</b> | 112,109       | 120,000 | 127,000 | 133,000 |
| <b>Employment</b> | 184,589       | 196,600 | 210,000 | 220,600 |

Housing opportunities for one- and two-person households are likely to dominate our market over the next 10 years. Currently 66 percent of Saint Paul households are one or two persons and another 14 percent are three-person households. Two groups will fuel this continued growth: young one- and two-person households with no children (particularly among the 20-29 age group) and baby boomers in the over-50 age group.

At the same time, continued immigration is adding to the population under age 30 and creating a demand for larger family units and housing that is sensitive to people of diverse cultures.

**Increasing focus on housing density.**

Given the anticipated population growth, the demand for smaller one- and two-person units, a built city, and the need to continue to increase the City’s tax base, greater housing density will be the hallmark of the next 20-30 years. In recognition of the importance of the stability of existing neighborhoods to Saint Paul’s future, this density should primarily be geographically focused on transit and commercial corridors such as the Central Corridor, high amenity areas such as Downtown and the Mississippi River Corridor, and a few large scale redevelopment sites such as the Ford assembly plant site. The strategic integration of housing and other land uses with transportation in these areas will enable Saint Paul to meet expanding market demands, accommodate growth, and improve the City’s tax base, and connection between jobs and housing, and address climate change by offering an alternative to regional sprawl and congestion.

FIGURE H-C. NEW HOUSING DEMAND PROJECTED FOR THE CENTRAL CORRIDOR BY 2030

| Potential for:  | Rental Units        | Ownership Units    |
|-----------------|---------------------|--------------------|
| University Ave. | 3,950-5,050         | 1,675-2,450        |
| Capitol         | 150-200             | N/A                |
| Downtown        | 5,000-6,000         | 500-1,000          |
| <b>Total</b>    | <b>9,100-11,250</b> | <b>2,175-3,450</b> |

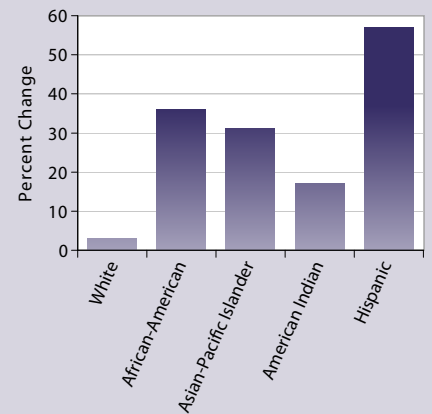
The Central Corridor transit line is anticipated to create a sustained market demand for new transit-oriented housing and commercial development, with 11,000 - 15,000 new housing units expected along it by 2030.

Source: Central Corridor Development Strategy

**Decreasing housing affordability.**

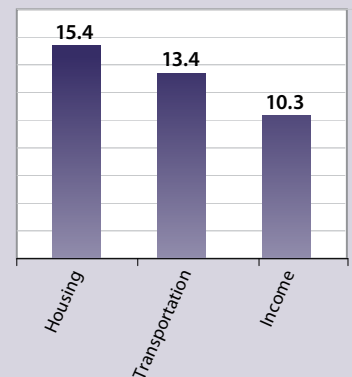
Housing affordability is of increasing concern. Between 2000 and 2004, median household income in Minnesota declined by almost three percent in real terms while the median sales price of homes increased by almost 30 percent in real terms. Despite the fact that the housing market has recently slowed, economic conditions in the past ten years have greatly reduced affordability for both homeowners and renters across all income levels. Transportation costs have further limited housing affordability, with gas prices rising by over 100 percent between 2002 and 2006.

Figure H-B. Emerging Markets Grow in MN: Projected Population Change, 2000 to 2010



Source: <http://www.sensibleland.org/associations/1493/les/StateOfRegion2006.pdf> Fig

Figure H-D. Housing and Transportation Costs Have Risen Faster than Incomes, Nationally: Percent Change, 2000-2005



Source: A Heavy Load: The Combined Housing and Transportation Burdens of Working Families,” Center for Housing Policy, October 2006, p. 25.

Figure H-E. Median Age of Single-Family, Duplex, and Triplex Homes in Saint Paul

| PLANNING DISTRICT | NEIGHBORHOOD                 | MEDIAN YEAR BUILT |
|-------------------|------------------------------|-------------------|
| 8                 | Summit-University            | 1909              |
| 7                 | Thomas Dale                  | 1910              |
| 9                 | West 7th                     | 1910              |
| 17                | Downtown                     | 1911              |
| 16                | Summit Hill                  | 1912              |
| 4                 | Dayton's Bluff               | 1913              |
| 3                 | West Side                    | 1914              |
| 13                | Union Park                   | 1914              |
| 11                | Hamline-Midway               | 1915              |
| 12                | St. Anthony Park             | 1916              |
| Citywide Median   |                              | 1922              |
| 14                | Mac Groveland                | 1923              |
| 5                 | Payne-Phalen                 | 1924              |
| 6                 | North End                    | 1924              |
| 10                | Como                         | 1941              |
| 15                | Highland                     | 1948              |
| 2                 | Greater East Side            | 1952              |
| 1                 | Sunray-Battle Creek-Highwood | 1958              |

Given such trends, the support of housing affordable to low- and moderate-income households is a key priority for the City and the Housing and Redevelopment Authority (HRA). Given the existing stock of such housing in Saint Paul, a preference should be on preserving existing affordable housing over new production, given the greater cost effectiveness. However, new production that serves the changing demographics will also be necessary.

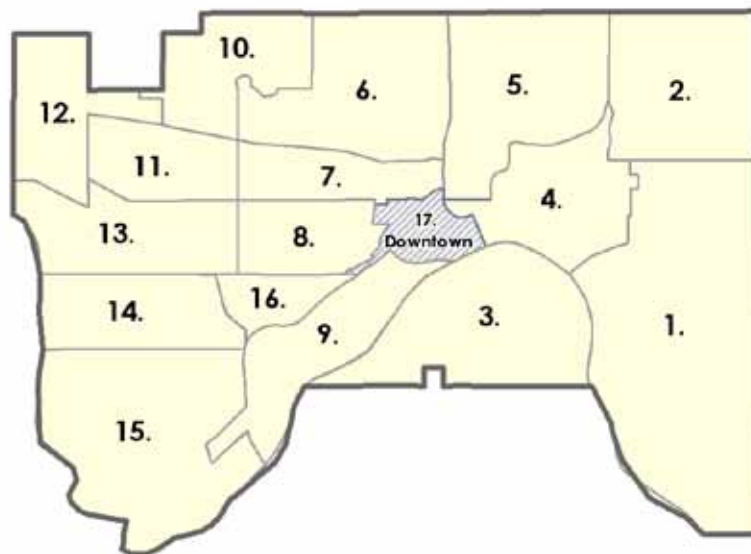
**Aging housing stock.**

In the next 20 years, the housing stock in most Saint Paul neighborhoods will be more than 100 years old. Even in the most affluent and stable neighborhoods the aging housing stock will demand sustained reinvestment to maintain its vitality.

**Disparity of neighborhoods impacted by foreclosures.**

In some areas where the housing market is less vibrant and household incomes are lower, investment in the rehabilitation of houses will demand higher levels of direct public support than has been available in recent years. In addition, the recent surge in the number of vacant and foreclosed properties has disproportionately impacted some of the same neighborhoods.

FIGURE H-F. MAP OF SAINT PAUL PLANNING DISTRICTS



The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) is a legally distinct public entity which undertakes housing, commercial and business development activities. The HRA authorizes the acquisition of real estate, housing and commercial loans and grants, and the issuance of bonds. The City Council serves as the HRA Board of Commissioners, while staff at the City's Planning and Economic Development Department (PED) manage HRA projects.

For purposes of this plan, the "City" (one or more City governmental departments) and the HRA are discussed jointly and referred to as the City/HRA.

A far greater focus on and commitment to the physical repair of housing units is needed if Saint Paul is to maintain its housing stock. However, strategies to revitalize neighborhoods heavily impacted by foreclosure and disinvestment demand cooperative, longer-term, community-wide efforts that must reach beyond the scope of City government and well beyond just physical repairs.

**Growing energy costs.**

As energy prices continue to increase, much of Saint Paul's housing stock must be updated to maximize energy conservation and energy efficiency. Given the

demonstrated reality of climate change, and growing demand for housing that is “green,” this emphasis will continue over the next 20 years and beyond.

## MAJOR STRATEGIES

### Build upon Saint Paul’s Strengths in the Evolving Metropolitan Housing Market.

This strategy recognizes that in order to accommodate the projected growth of smaller households in an environment of climate change, limited fiscal resources, and limited land resources, Saint Paul will need to encourage the market to build housing projects that use land efficiently and are strategically located along and near its commercial corridors. This housing will capitalize on the city’s amenities and central place in the metropolitan region and add vitality to its commercial corridors. In addition, the City/HRA and its partners must strive to maintain the economic and cultural diversity of neighborhoods that receive a lot of new development. Given the limited size of public budgets, City/HRA resources must be used strategically and selectively.

### Preserve and Promote Established Neighborhoods.

This strategy seeks to ensure that established city neighborhoods are supported through the effective provision of infrastructure and services and that the older housing stock is reinvigorated so that neighborhoods remain desirable places to live. Given the deferred maintenance needs of the aging housing stock, the City/HRA and its partners must allocate significantly more resources to the physical rehabilitation of older homes, including updates to make them more energy efficient.

### Ensure the Availability of Affordable Housing Across the City.

Given the ongoing cost of housing, the City/HRA and its partners must protect existing low-income housing units and support the development of new housing that includes units affordable to low and moderate income owners and renters. New affordable units are highly needed in neighborhoods where low- and moderate-income people have few housing choices.

## FUNDING PRIORITIES

The limited size of the housing budget means the City/HRA must be selective about the types of housing projects to assist financially. Incentives, zoning, creative partnerships, and leveraging of other resources should also be part of the assistance.

Figure. H-G. Registered Vacant Buildings on City List

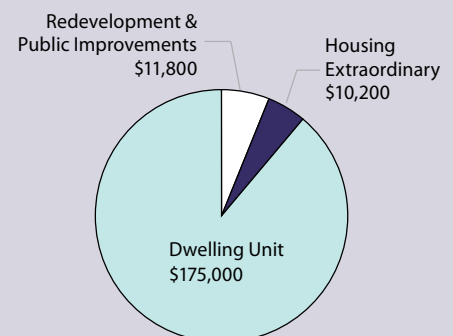
|               |       |
|---------------|-------|
| October 2006  | 752   |
| July 2007     | 1,100 |
| November 2007 | 1,466 |
| May 2008      | 1,800 |

Source: City of Saint Paul registered vacant buildings list

The Housing Task Force, composed of Saint Paul citizens, professionals, and planning commissioners, convened monthly between October 2006 and January 2008, and directed the policies of the Housing Plan.

Figure H-H. New Construction is Costly

Per Unit Development Costs, New housing production with City/HRA subsidy, 2002-2005



Total Development Cost Per Unit = \$197,000

Figure H-J. The Per Unit City/HRA Subsidy to Various Housing Activities

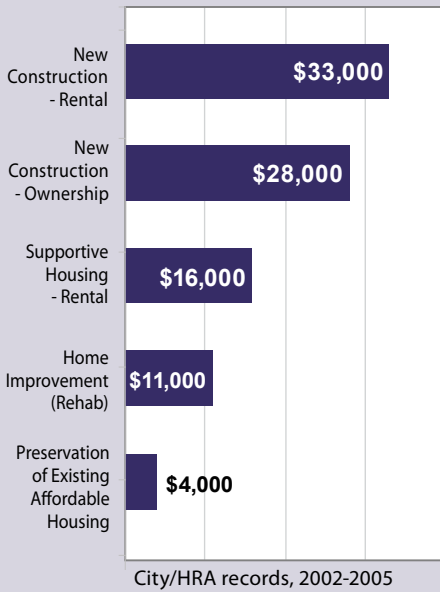
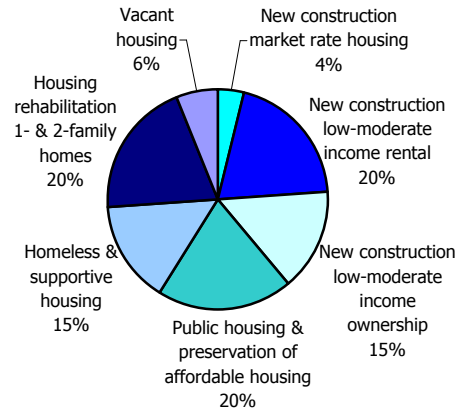


FIGURE H-I. FUNDING PRIORITIES\* FOR CITY/HRA HOUSING ACTIVITIES



\*For purpose of illustrating Housing Task Force priorities only; does not represent actual dollar amounts or budget allocations.

While over the past few years the City/HRA focused most of its financial resources on new housing production, the figures in the sidebar show that reinvesting in existing affordable housing and home improvement are the activities that make the most of limited public housing resources. In addition, there are pressing housing needs in these two areas given the broad decline in the affordability of housing and the aging housing stock. As such, housing rehabilitation, preservation of existing affordable housing, and new production of low- and moderate-income housing should be top funding priorities for the City/HRA over the next five to ten years.



FIGURE H-K. HOUSING ACTIVITY AREAS

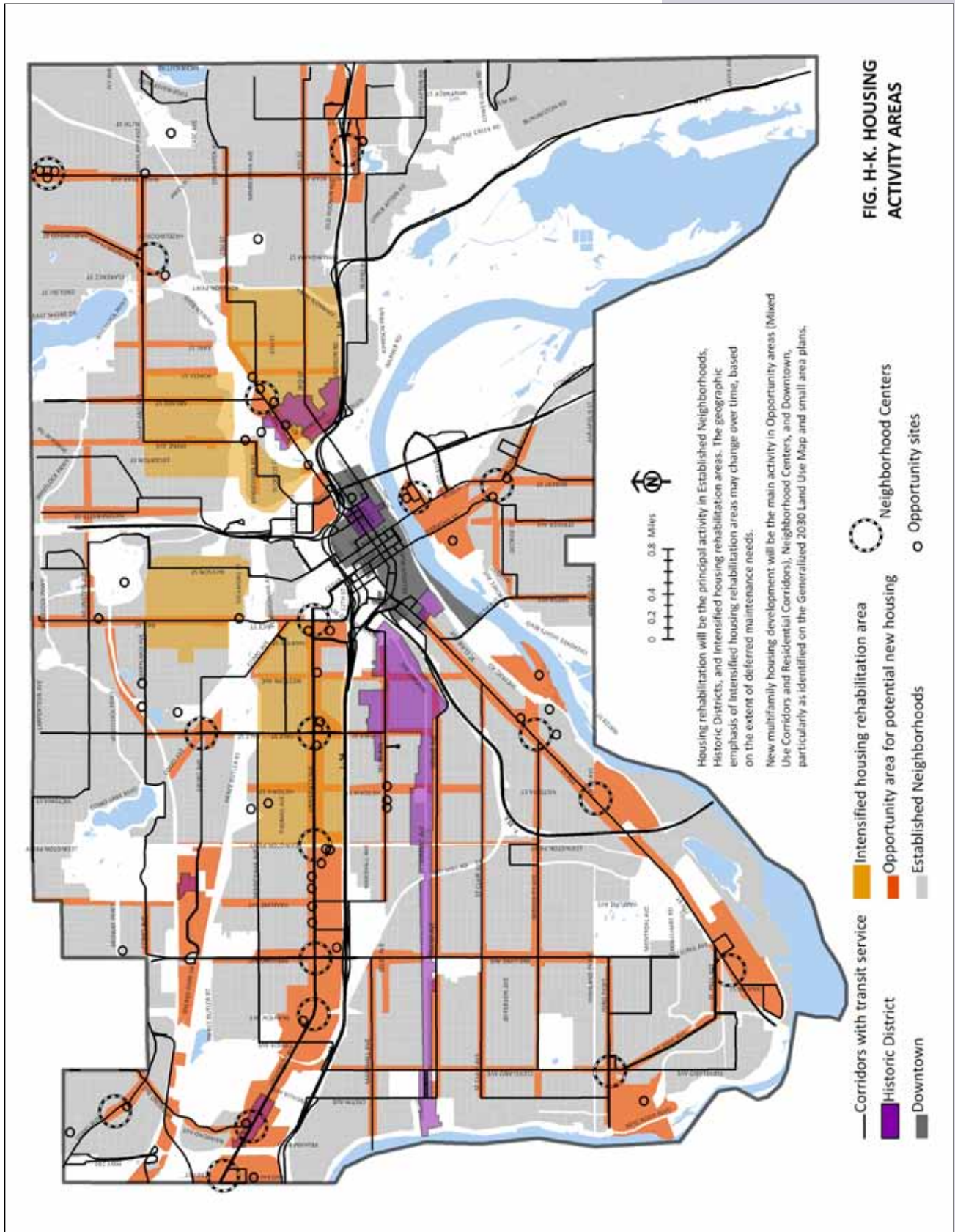


FIG. H-K. HOUSING ACTIVITY AREAS



## Strategy 1: Build upon Saint Paul's Strengths in the Evolving Metropolitan Housing Market

As the metropolitan area continues to sprawl, transportation costs continue to rise, and concern about climate change heightens, the demand for multi-family housing grows. In the face of this, Saint Paul has the opportunity to position itself as a central, vibrant urban place in the region. Considering that in 2007, "transportation" remained the top concern in the Metropolitan Council's survey of Twin Cities area residents, the inauguration of light rail transit (LRT) along the Central Corridor during the middle years of this plan will be a large public investment that is anticipated to create a sustained market demand for new transit-oriented housing along it. Such housing should offer existing residents increased housing choices and new residents an urban lifestyle. Housing located in places with greater transportation options not only gives residents greater choice about how to get around, but it also can reduce congestion on city streets, decrease CO<sub>2</sub> emissions, and improve air quality.

In addition to good transit service and a central location, the city has an abundance of cultural, institutional, and recreational assets, including parks, museums, ethnic restaurants and businesses, colleges and universities, and a vibrant riverfront with extensive trails. Residents of new housing will benefit from these amenities, and these assets will be strengthened through a larger population base.

Saint Paul must build upon its strengths in the metropolitan housing market by encouraging housing that appeals to expanding demographics, uses land efficiently, takes advantage of our amenities, supports transportation choice, and fosters tax base growth.

### STRATEGIC HOUSING GROWTH

The broad policy principles below should guide new housing production in the city.

#### 1.1. Increase housing choices across the city to support economically diverse neighborhoods. 🚶🏻💰

Neighborhoods should seek to capture a realistic share of the growing housing market, providing more choices. These choices should include a mix of rental and ownership units, a range of housing types, and diversity of income levels.

#### 1.2. Meet market demand for transit-oriented housing. 🚶🏻🌿💰

The city has recently captured a share of the market of smaller households, focusing primarily on the production of apartments, condominiums, and townhomes. Forecasts state the city will add 44,160 new people by 2030. Several demographic and economic trends suggest a continuing demand for housing that is well-served by transit and amenities. There will be:

- More households at all income levels burdened by growing transportation costs;
- More retiree households with disposable incomes looking for

The Transportation and Land Use Coalition, a group that promotes sustainability in the San Francisco Bay Area, characterizes transit-oriented housing as being located on compact infill sites close to job centers and transit nodes, with appropriate amounts of affordable housing.

- housing with less maintenance demands;
- More young working professionals and partly-retired baby-boomers;<sup>1</sup>
- More people of color among first-time homebuyers. The Metropolitan Council reports that one in seven minority workers commute by transit;<sup>2</sup>
- Populations with special needs, including individuals with limited mobility and service-dependent seniors. Given that many in these communities do not drive, housing close to transit is in high demand; and
- Workforce populations. Households earning low- and moderate-incomes are more likely to ride transit, and the transit service can benefit from such ridership.

In response, the City should:

- Prioritize sites within a quarter mile of a transit route, such as along the Central Corridor (within the Area of Change) and other corridors, as well as those in high-amenity areas, such as Downtown and the riverfront;
- Design housing sensitive to the neighborhood context, including the built form and the treatment of natural areas and landscapes within the public realm; and
- Support the local development and use of alternative mortgage under-writing standards for borrowers buying homes in close proximity to transit lines (similar to the “location-efficient mortgage”<sup>3</sup>), enabling potential homeowners that rely more on transit to invest more in their home instead of devoting it to growing transportation costs.

### 1.3. Revitalize the city by developing land-efficient housing. 🌱💰

Promoting the development of more land-efficient housing is partially motivated by a concern about the City’s fiscal health. Recent fiscal challenges have resulted in service cuts and property tax increases, challenging the livability of the city. Despite such challenges, adding land-efficient housing along the city’s corridors, within neighborhood centers, and Downtown makes sense for several reasons. Saint Paul faces a lack of undeveloped land, growing

Land-efficient housing refers to residential development that makes the most of (re)development sites, including higher density multi-family buildings located along and near busy streets and compact infill housing within neighborhoods.



1 Sometimes referred to as the “creative class,” the Minnesota Department of Employment and Economic Development characterizes this group as being a highly-educated segment of the labor market—including workers as diverse as health care professionals, software developers, musicians, and architects. The group constitutes over a third of workers in the seven-county metro area’s labor force, and by 2012, employment in such occupations is expected to grow by 20.6 percent. Source: Labor Market Information, Minnesota Employment Review. Regional Spotlight: Twin Cities Area, by Rachel Hillman (<http://www.deed.state.mn.us/lmi/publications/review/1005/rs.htm>).

2 Metropolitan. Council’s Directions newsletter, <http://www.metrocouncil.org/Directions/development/dev2005/demographics/Sept05.htm>. The same newsletter states that on average, minority households tend to be larger, creating more demand for units with more bedrooms.

3 Developed by the nonprofit Institute for Location Efficiency and supported by Fannie Mae, the “Location Efficient Mortgage” (LEM) is a specific mortgage product that assists people to become homeowners in “location efficient” neighborhoods in four US cities—Chicago, San Francisco, Los Angeles, and Seattle. “Location efficient” neighborhoods are those developed compactly with a mixture of uses and at densities that support transit. Research has shown that residents in such neighborhoods have less need to drive, own fewer cars per household, and drive fewer miles than people who live in more sprawling areas, resulting in household savings on transportation. The LEM’s underwriting standards allow such savings to be taken into consideration, which results in the LEM enabling borrowers to qualify for a larger mortgage, as long as they meet the other requirements.



land and construction costs, and rising tax burdens. In addition, many of the city's corridors and commercial intersections consist of one- and two-story commercial development with under-used parking lots. As an alternative to raising taxes or cutting services, increasing the building densities along and near corridors – thereby using limited land more efficiently – can stabilize the City's fiscal situation. Increased population along these corridors would mean a larger customer base for existing businesses and would potentially spur demand for new businesses. Over the long term, increased economic activity in the city will allow the levy to be collected from a broader tax base.

Allowing increased density along Saint Paul's corridors and neighborhood centers will also benefit the adjacent lower-density neighborhoods, particularly when corridor land is under utilized and these same neighborhoods face development pressures. Such growth can also stabilize the tax burden for these neighborhoods.

#### **1.4. Implement citywide policies for new housing developments to promote sustainability.** 🌱

New housing construction in the city can be inherently more sustainable than new housing built on previously undeveloped land on the edge of the metropolitan area, the latter often having high household, social, and public infrastructure costs. Projects developed with City/HRA financial assistance should result in reduced greenhouse gas emissions and increased energy, water, and resource usage efficiencies above conventional standards in the housing industry.

- a. Create policies and other incentive tools for all housing developed in the city to ensure reduced greenhouse gas emissions and increased energy, water, and resource usage efficiencies above conventional standards in the industry; and
- b. Consider fast-track approval processes for projects that meet best practices in "green" design, potentially including zoning, site plan, and other permitting reviews.

#### **NEW HOUSING PRODUCTION**

The following policies offer more specific guidance to the City/HRA in facilitating new housing production financed predominantly by the private sector.

#### **1.5. Prioritize non-financial City/HRA assistance to multi-family and mixed-use housing in new construction projects.** 💰

Such assistance includes, but is not limited to:

- The identification of potential sites. Private and nonprofit sector actors will hold the primary responsibility for site assembly. Priority should be given to sites that are both located within walking distance to transit and amenities and those that maximize the cost effectiveness of the public investment;
- Zoning, land use, or neighborhood studies to identify housing redevelopment opportunities. Rezoning to allow residential uses should result in transit-supportive density levels to help ensure the city provides adequate housing sites for:



- The 11,000 – 15,000 new households expected in the Central Corridor by 2030; or, more comprehensively,
- The 21,000 new households expected citywide by 2030;
- The identification and leveraging of the commitment and resources of partners, including nonprofit, employer, union, or community organizations with an interest in reinvesting in existing housing or creating new housing to serve their constituency groups;
- Appropriate zoning incentives and variances. One potential model is to provide a density bonus for housing projects that make some percentage of units affordable to households at 30, 50, 60, and/or 80 percent of the area median income; and
- A reduced parking requirement for housing located in areas with frequent transit service (see Policy T-2.8).

**1.6. Develop clear criteria for the use of scarce City/HRA financial assistance for new housing projects. \$**

Such criteria should include, but not be limited to whether the development has extraordinary costs associated with the redevelopment of a site, including contamination clean-up, adds to the housing choices of the area in which it is located (income and tenure), and/or follows best practices in green building and design.

**1.7. Track the preservation, rehabilitation and construction of mixed-income housing within the broader geographic area identified as part of the Central Corridor. 🚶**

This area includes up to eight blocks to the north and south of University Avenue and sites along north-south bus routes connecting to the Central Corridor.

**1.8. Seek legislative authority and financing with partner jurisdictions to create a special transit development “bank” that will have the capacity to aggregate funds and invest them along transit corridors throughout the region to encourage high quality transit oriented development that, by definition, provides mixed-income housing. \$**

The authority should be housed within a regional or statewide agency with appropriate advisory committees to shape both policy and resource allocation.

**1.9. With other municipal jurisdictions, seek legislative authority to establish local increment-based financing for specific activities within transit corridors. \$**

The financing source would be the increased value captured in an area with significant transit investment as defined by each municipality. Specific terms such as the percent of increment to be captured and the duration of the district should be based on a more specific financial analysis of the expected development costs related to the transit improvement. Eligible uses of funds may include:

- New construction of affordable housing;
- Substantial rehabilitation of existing housing;
- Strategic acquisitions of land;



- Financial assistance to mitigate disproportionate increases in property taxes caused by increasing values in the Central Corridor;
- Small business assistance;
- Streetscape improvements (lighting, seating, plantings);
- Parks/open space; and
- Transit and paratransit service.

**1.10. Create a forum for policymakers, community leaders, developers, lenders, and funders for continuous evaluation of individual mixed-income housing projects, funding mechanisms, and review processes for lessons learned that can be applied to future initiatives. 🚶**

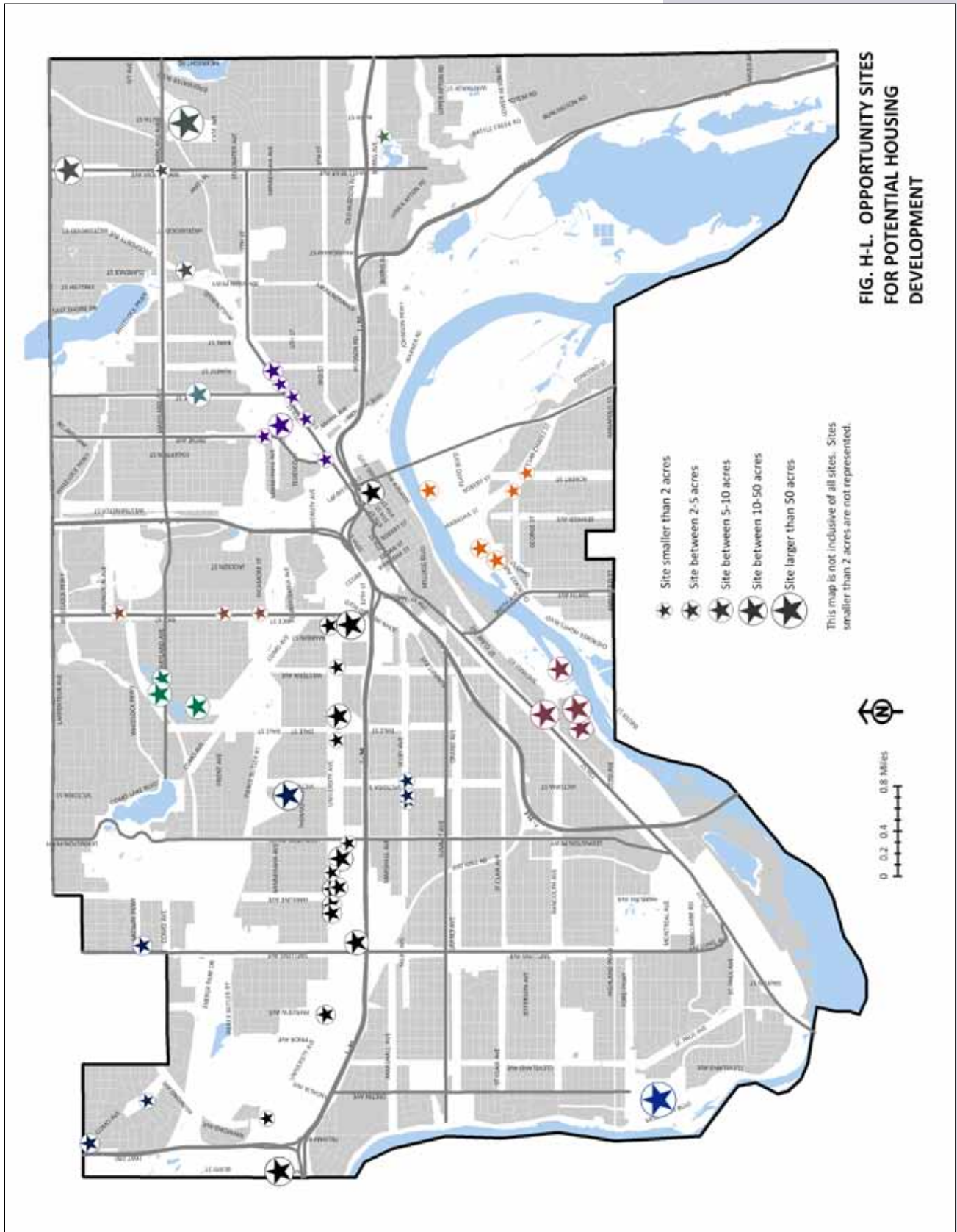
**One Potential Model to Implement Policy H-1.5(d): A Density Bonus as an Incentive for Creating Affordable Housing Units in Mixed-Income Projects**

A density bonus could be made available to developments proposed in the Central Corridor Area of Change, and Downtown.

For developments proposed in the Central Corridor Area of Change and Downtown, developers wanting to access additional Floor Area Ratio (allowable building square footage) beyond what the base zoning permits might dedicate 25 percent of the bonus floor area achieved through a density zoning bonus to affordable units. For example, for every additional square foot of affordable housing created, the developer would have the right to develop additional square feet of market-rate housing. Alternatives to building the affordable housing might be that the developer would pay an in-lieu fee – which could be used for the development of new affordable housing elsewhere in the city, or the developer would acquire existing housing that could be restricted to remain affordable over time.

If the density bonus were to be successful, the City might consider extending such a program to benefit properties located along bus lines that connect to the Central Corridor, as well as high-frequency bus lines across the city.

FIGURE H-L. OPPORTUNITY SITES FOR POTENTIAL HOUSING DEVELOPMENT





## Strategy 2: Preserve and Promote Established Neighborhoods

Saint Paul has a unique mix of neighborhoods that consist of a diversity of people. The city is known as a high-quality place to live with an abundance of assets. The city boasts amenities such as numerous parks and recreational opportunities; strong educational and religious institutions; and vibrant, community-based organizations. Saint Paul's collective identity is constantly being forged, a function of its distinct historic places, established and evolving neighborhoods, and diversity of cultures and languages.

Most of the housing stock in Saint Paul's predominantly residential neighborhoods was built between 1850 and 1938. While the housing stock continues to represent a range of styles and options for families, it also presents challenges as it ages, in terms of maintaining its market viability and curb appeal. Housing rehabilitation is one of the top three funding priorities of this plan. As neighborhood demographics change, most notably due to growing numbers of seniors and larger families with children, we must consider how well the housing stock serves their needs, and become more flexible in the reuse of traditional housing stock in new ways.

The foreclosure crisis that began in 2006 has hurt the city's most vulnerable neighborhoods, particularly the areas with less vibrant housing markets. To turn the tide, existing neighborhood assets that are strong must be maintained and built upon. In these cases, addressing the social and economic distresses at the household level are essential elements to neighborhood vitality, but targeted rehabilitation assistance to vacant properties is a more immediate strategy to help ease the distress of the worried homeowners who remain on a block. Community-based organizations are critical leaders and partners in defining and implementing strategies for successful neighborhood revitalization.

In sum, Saint Paul neighborhoods are great places to live, and will require ongoing maintenance, reinvestment, and development to maintain desirability.

### PRESERVATION OF EXISTING, STABLE NEIGHBORHOODS

#### 2.1. Maintain the vitality and high quality of life in existing stable neighborhoods by engaging in a variety of actions:

- c. Continue to enforce City codes;
- d. Support community-based organizations' efforts in community organizing and crime prevention;
- e. Continue to invest in public infrastructure and municipal services as well as support new and existing public art;
- f. Support pedestrian, bicycle, transit, and other non-automobile connections throughout the city to promote active personal mobility and improve the links between housing and jobs and also between housing and amenities;
- g. Support private investment in the existing housing stock by using city loans as a leverage. Preserve properties designated historic;





- h. Promote new construction of mixed-income housing to build upon existing neighborhood vitality and to improve the fiscal health of the City; and
- i. Continue to showcase neighborhoods through events such as the Home Tour and area festivals.

## AGGRESSIVE HOUSING REHABILITATION

The city’s aging housing stock requires substantial ongoing maintenance and reinvestment. According to the United States Department of Housing and Urban Development’s Office of Policy and Development and Research, about 40 percent of the housing rehabilitation need nationwide is unaffordable without some measure of subsidy<sup>4</sup>—whether from the public, nonprofit or private sector. A 1997 study of Saint Paul’s low- and moderate-income census tracts found that the rehabilitation need approached \$750 million in these neighborhoods (i.e., a rehab subsidy need of \$300 million).<sup>5</sup> The City/HRA must continue to support housing rehabilitation across the city, but prioritize rehabilitation funding for neighborhoods with a concentration of dilapidated units to enhance livability. However, the City/HRA and its partners will not be able to focus its housing rehabilitation efforts effectively without first knowing where the greatest needs are.

### 2.2. Perform an inventory of housing conditions and update it periodically.<sup>6</sup>



This inventory will help inform where rehabilitation assistance is needed most, and the type of assistance needed. In the past several years, most of the City/HRA’s housing resources have been used for new construction activities, particularly given the strong housing market. The downside was that the funding allocated to housing rehabilitation fell far short of what was needed. Recent reports from the Saint Paul Department of Safety and Inspections (DSI), City Council Research, and community development corporations indicate there is a pressing need to improve the quality and maintenance of single-family and duplex homes in the city’s neighborhoods. Discussions have emphasized the importance of code enforcement, rehabilitation assistance, and historic preservation.

Several organizations that do housing rehabilitation in the city have been developing decision-making criteria to determine whether a particular structure in disrepair should be rehabilitated or demolished—including a consideration of potential historic significance, the cost effectiveness of rehab, and other factors. Such criteria should continue to develop and be applied on a case-by-case basis.

<sup>4</sup> A “subsidy” can be a low-interest loan or grant from the public sector, nonprofit/community development corporation (CDC), or private sector.

<sup>5</sup> “Housing Conditions in St. Paul’s Urban Core,” 1997, Dayton’s Bluff Neighborhood Housing Services.

<sup>6</sup> See related Policies HP-3.1 and HP-3.2.



The challenge of rehabilitation is especially difficult for single-family and duplex rental buildings, whose owners often lack the professional knowledge, ability, desire, or resources required to properly maintain and upgrade these aging buildings. The City recently began a Certificate of Occupancy program for single-family and duplex rentals (*Saint Paul Legislative Code*, Section 33.06) to ensure that these properties are in compliance with the Housing Code.



A consultant with the Neighborhood Energy Connection performs an energy audit on a home. Energy audits provide to property owners practical steps that can be followed to save energy.

Source: [www.thenec.org](http://www.thenec.org)

### 2.3. Realistically weigh the market viability, maintenance needs, and neighborhood context of houses before providing public rehabilitation funds to them. 🚶🏻♂️💰

Assessment criteria may include:

- Type and cost-effectiveness of “basic and necessary” improvements. This includes those improvements that directly affect the safety, habitability, energy efficiency, and accessibility of a home. Basic and necessary rehab improvements are a top priority, and the City should coordinate with partners doing similar work without duplicating their existing lending or services.
- Concentration of units with similar exterior conditions in the vicinity. While “basic and necessary improvements” are of great benefit to the homeowner, exterior improvements can have significant neighborhood impacts.
- Possible synergies between the housing rehabilitation project and nearby public and private assets (e.g. schools, parks, community centers, new developments, infrastructure, public art, etc.).
- Historic significance of the property.

### 2.4. Improve energy efficiency and water conservation within the existing housing stock. 🌿

Improving the resource efficiencies of the city’s older existing housing stock (ie., how a home and its occupants make use of electricity, gas, and water) is perhaps the most effective “green” building strategy for the city to pursue. Such improvements are crucial in an era of rising household utility costs, resource scarcity, and climate change. The City/HRA must prioritize such improvements through its rehabilitation efforts and capitalize on the existing resources of its partners.

- a. Strongly encourage homeowners to take full advantage of existing programs, tax rebates/credits, loan funds, and other tools to increase energy efficiency and water conservation in their homes;
- b. Continue and formalize partnerships with existing organizations that provide energy audits to existing homeowners. Households receiving City/HRA housing rehab loans should especially be encouraged to do a home energy audit and implement recommended retrofits; and
- c. Establish partnerships with organizations such as the Energy Cents Coalition and Community Action Partnership of Ramsey and Washington Counties to ensure that their programs and resources, designed specifically for lower-income households, are used to the fullest extent possible.

### 2.5. Assess the effectiveness of the Certificate of Occupancy program for single-family and duplex rental properties in improving overall code compliance for this type of rental property within three years of this plan’s adoption. 🚶🏻♂️

**2.6. Coordinate code enforcement with housing rehabilitation loans or other housing rehab assistance, including non-City programs, to improve the energy-efficiency of homes. 💰**

**2.7. Support the adoption of a requirement to correct safety hazards at the point a house is sold. 🚧**

Saint Paul is the only major city in the metropolitan area that does not have a policy requiring hazards to be repaired or replaced at the point of sale.

**2.8. Promote healthy indoor living environments (i.e., indoor environmental quality). 🚧🌿**

- a. Continue the remediation of lead-based paint, asbestos, and other human exposures to chemicals and airborne pollutants that are common in older houses when they are rehabilitated; and
- b. Promote other indoor air quality improvements, including adequate ventilation, moisture control, and use of no- or low-VOC products within housing structures.

**2.9. Create a centralized location for all housing rehabilitation-related resources, such as a webpage with links to organizations that provide rehab assistance or services. 🚧**

**2.10. Encourage homeowners and property managers to make passive green improvements to their properties. 🌿**

These improvements include: building with a smaller building footprint, reducing construction waste and recycling building materials when a building is rehabilitated or renovated, and following sustainable best practices for site management.

### **LASTING HOMEOWNERSHIP, ESPECIALLY IN AREAS WITH LESS VIBRANT HOUSING MARKETS**

Some Saint Paul neighborhoods have been disproportionately impacted by the foreclosure crisis and many have housing markets that are less vibrant than other areas of the city. In these neighborhoods, some households that could not support the costs of long-term homeownership have been abandoned their homes, leaving vacant housing behind. This plan recognizes certain neighborhoods will require more sustained community-based efforts to keep them as desirable places to live.

The ongoing foreclosure crisis highlights the need for “lasting” homeownership—a homeownership that can be sustained despite an unforeseen episode of financial crisis, such as a large health care bill, bout of unemployment, emergency property repair, or an interest rate that is reset in the case of adjustable rate mortgages. Rising utility costs and property taxes also contribute to the need for such an “income cushion” in homeowners’ budgets.



Through a recent City initiative known as Invest St. Paul, the City has engaged community partners to direct housing rehab, business assistance, and foreclosure prevention programs to areas most impacted by a concentration of foreclosures and vacant housing. While Invest St. Paul is a current initiative, the intent is timeless: to continue to ensure that existing City neighborhoods remain livable, particularly those with less vibrant markets. The investment in a particular housing unit goes beyond the household level, as it was recently found that a house that is foreclosed upon and subsequently torn down can result in a large depreciation in property values for those in close proximity. More specifically, the resulting vacant lot can result in a \$17,000 value depreciation of a property within 150 feet of it.<sup>1</sup>

<sup>1</sup>“The Municipal Costs of Foreclosures: A Chicago Case Study,” Homeownership Preservation Foundation, Housing Finance Policy Research Paper Number 2005-1, February 27, 2005. Accessed on 10/20/08 at [http://www.995hope.org/content/pdf/Apgar\\_Duda\\_Study\\_Full\\_Version.pdf](http://www.995hope.org/content/pdf/Apgar_Duda_Study_Full_Version.pdf).



## 2.11. Engage in mortgage and personal finance education in the community. 🚶🏻💰

The City/HRA and its nonprofit and lender partners should:

- a. Continue to educate homebuyers about the full costs of homeownership, including the initial costs when purchasing the home, as well as ongoing maintenance and replacement expenses. Ongoing budgeting and supportive services are crucial;
- b. Implore financial institutions that offer mortgage loans in the city to require new homeowners to attend pre-purchase training and counseling, as well as provide incentives to new homeowners to attend post-purchase training and counseling; and
- c. Endorse the efforts of non-profits, schools, churches, block groups, and community organizations to provide personal finance education to all ages and social groups.

## 2.12. Continue providing mortgage foreclosure prevention programs. 🚶🏻💰

- a. Continue funding for the Mortgage Foreclosure Prevention program and coordinate with partners. Continue City/HRA participation in the Don't Borrow Trouble Campaign;
- b. Continue to scrutinize new home loans to ensure that homeowners will have a greater disposable income cushion when they encounter unforeseen financial difficulties; and
- c. Organize "loan check up days" with community organizations in which housing counselors are available to assist homeowners with budget planning.

## NEIGHBORHOOD REVITALIZATION

While the plan recognizes the importance of the foreclosure crisis, vacant properties in general represent a longer-term threat to neighborhood vitality. The following policies seek to promote neighborhood stability in areas with high concentrations of vacant properties.

## 2.13. Continue to assess vacant housing conditions with City/HRA partners such as community development corporations, nonprofit organizations, private developers, district councils, and block groups, and prioritize City/HRA revitalization assistance to areas with less vibrant housing markets. 🚶🏻💰

Demolition should occur only after careful examination of criteria listed in Policy H-2.3. When applicable, the City/HRA should follow the City's Replacement Policy.

## 2.14. Promote existing and innovative new programs and incentives that support rehabilitation of one- to three-unit residential properties, especially in areas with less vibrant housing markets. 🚶🏻💰

Such programs provide financing or incentives for the purchase and rehabilitation of substandard homes, typically for owner occupancy. Where appropriate, the City/HRA may support the deconversion of a building that was previously divided into multiple units back to its original number of units.



## 2.15. Engage the investor and lender communities to revitalize areas with high concentrations of vacant housing and foreclosures. 🏠

- a. Engage vacant property owners with a stake in the foreclosure issue in Saint Paul, potentially as an opportunity to recover some of their losses by selling some of their properties at a discount to City/HRA partners working to rehabilitate vacant housing; and
- b. Make use of all available City/HRA tools to ensure that owners of vacant properties maintain their properties to City standards.

## 2.16. Market programs to new homebuyers 💰

- a. Continue City/HRA and other programs for first-time homebuyers, especially to households with stable incomes; and
- b. Partner with organizations that have existing and demonstrated programs and resources to help low- and moderate-income renter families move into homeownership, such as programs offered by Rondo Community Land Trust and the Public Housing Agency.

## NEIGHBORHOOD HOUSING FOR CHANGING DEMOGRAPHICS

Nationally and locally, the population is aging, and first-time homebuyers are increasingly likely to be people of color. The majority of households will continue to be small (one to two people). Relevant trends for the existing housing stock in city neighborhoods are that some retirees and older seniors would like to remain in their single-family homes, while others would prefer to move to a unit with less maintenance and more services and that there is a demand for modest-cost family housing.

Given the projected demand for long-term support services for seniors who choose to remain in single-family homes, the growing demand for housing choices for seniors who opt to downsize, and the continuing demand for larger family housing, the City/HRA should be pragmatic in addressing how the existing single-family stock can be adapted and added to in order to meet their needs.

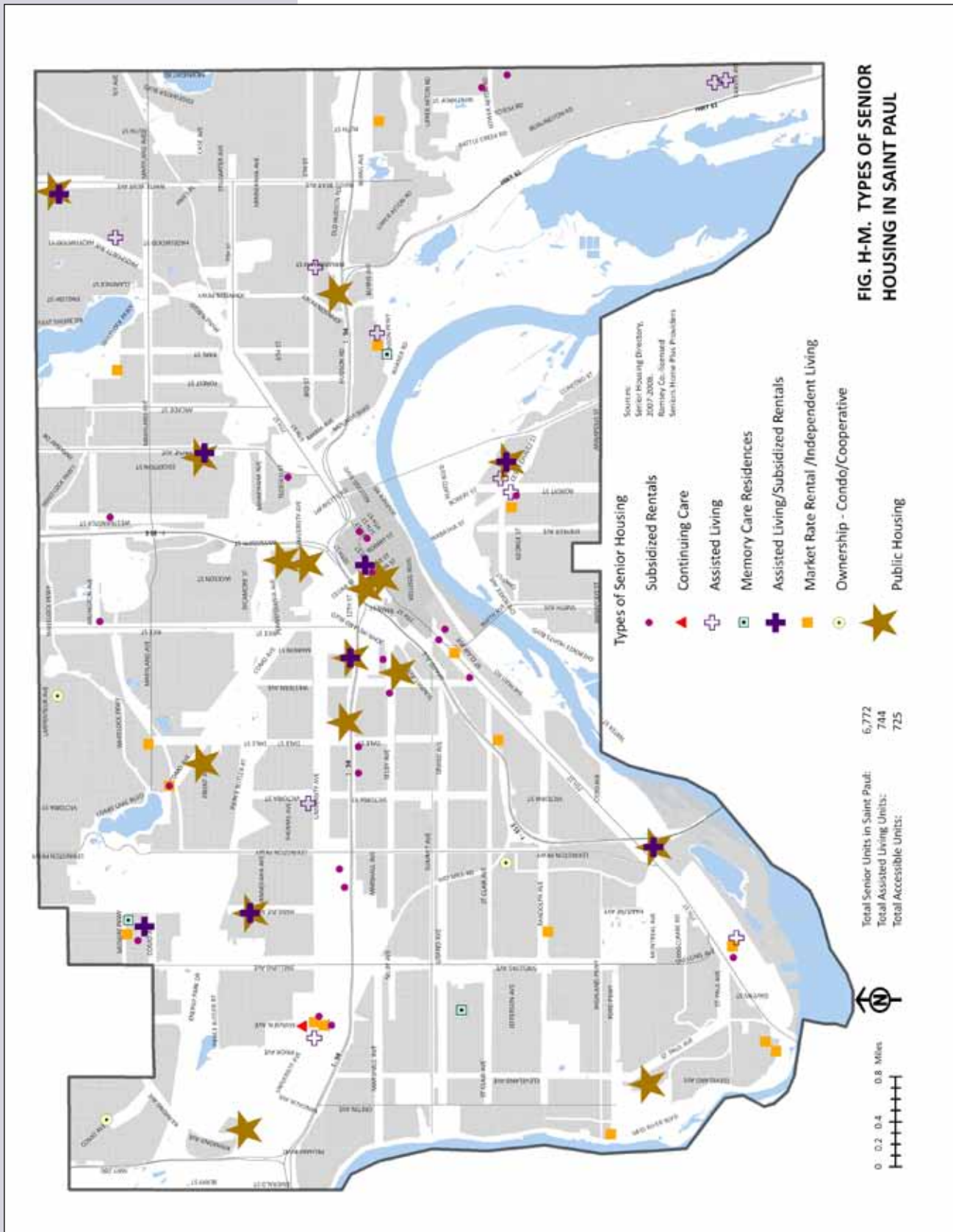
## 2.17. Support creativity in the construction of neighborhood infill housing by proactively developing zoning and design guidelines. 🏠

- a. Develop, with broad public input, citywide infill housing design standards so that infill housing fits well within the existing Saint Paul neighborhood context. Neighborhood groups should be directly involved;
- b. Explore, via a zoning study, the potential for accessory units in existing neighborhoods.<sup>7</sup> Accessory units may provide a solution for the changing demographics, allowing the elderly to age in place while providing more affordable housing opportunities for singles and couples; and

<sup>7</sup> Units such as carriage houses, and the use of larger homes for condominiums and apartments could also provide housing for much-needed health care/social assistance workers, which represent the largest job growth sector in Minnesota over the next 5 years (over 90,000 new jobs in the state are projected between 2004-2014 (DEED)). Providing housing for care-givers in close proximity to where dependent individuals live supports efforts to move away from a “medical” model that consists of “separate episodes of care” toward a model of long-term care and support services.



FIGURE H-M. TYPES OF SENIOR HOUSING IN SAINT PAUL



- c. Encourage the development of attached single-family and neighborhood-sensitive multi-family infill housing at appropriate locations as identified in the *Land Use Plan* and small area plans to increase housing choices.

**2.18. Support the expansion of housing choices for seniors, particularly in neighborhoods that are underserved.** 🚶

By encouraging the market to provide housing choices to seniors currently living in a larger, single-family home, such a home can become available to a family.

- a. Encourage the market to provide senior housing at sites that are close to amenities attractive to seniors, including transit, paratransit, trails, and parks and recreation, health care providers, services, retail uses, and institutions of higher education. Universal design guidelines are encouraged (see sidebar);
- b. Support rezonings for senior housing development that makes the most use of the city’s limited developable land, but also allows for one-level living in multi-story buildings;
- c. Provide flexibility for the re-use and/or physical adaptation of existing single-family and multi-family buildings for senior housing. Possibilities include but are not limited to the conversion of large structures to one-level condos and/or rental units, and the use of shared housing models in existing homes;
- d. Explore a partnership between the City/HRA and the Saint Paul Public Housing Agency to do senior housing development opportunities;
- e. Continue to provide referrals to programs or services that enable seniors to age in their existing single-family homes, including, but not limited to, home maintenance, meals, the Block Nurse program, and home rehabilitation with adaptive technologies; and
- f. Seek input from organizations representing seniors on senior housing needs across the city.

**2.19. Promote cultural sensitivity in housing.** 🚶

As the city becomes more diverse and people of color represent an ever-increasing segment of the first-time homebuyer market, housing that is culturally sensitive has become more important. Culturally sensitive housing provides opportunities for families of many cultural and ethnic backgrounds to engage in traditional family functions, such as eating meals together, as well as maintain traditions, including participation in civic, cultural, or social gatherings inside or outside the home. While investments in culturally sensitive housing will be predominantly made by private developers, the City/HRA can and should encourage the market to consider including key elements in new housing investments, and provide a regulatory environment that is conducive to it.

- a. Determine the adequacy of the existing City definition of “family” in reflecting evolving demographics;
- b. Encourage those rehabilitating existing housing and building new housing to include common culturally-sensitive elements, including but not limited to sufficient counter space for food

“Universal Design” is a term used to describe a series of design elements that are intended to accommodate a wide range of people, including families with young children, people who want to stay in their homes as they grow older, and people who use wheelchairs or walkers. Improvements include, but are not limited to, 36” wide doorways, and the provision of a kitchen, bathroom, and at least one bedroom on the main floor.





- preparation for large families, kitchens that can be closed off from other parts of the house, adequate ventilation throughout the home, and multiple gathering spaces;
- c. Identify sites in the vicinity of housing that can be programmed for social gatherings and/or communal gardening where feasible; and
  - d. Partner with Emerging Markets Homeownership Initiative-certified realtors to market city neighborhoods as places with housing for larger families earning low, moderate, and high incomes.



### Strategy 3: Ensure the Availability of Affordable Housing Across the City

Safe and affordable housing is a basic human need. Yet during the last decade, housing affordability has declined broadly for both homeowners and renters in the Twin Cities.

Traditionally, housing is considered to be affordable if a household spends no more than 30 percent of its gross income on housing, whether towards rent or a mortgage payment. The number of Saint Paul households paying more than 30 percent of their incomes on housing expenses has increased sharply among both renters and owners over the last decade. Compared to the metropolitan area, the need for affordable housing in Saint Paul is heightened. In 2006, the median household income in the Twin Cities metropolitan area was \$78,500, while the median household income for Saint Paul was approximately 56 percent of that.<sup>8</sup>

FIGURE H-N. PERCENTAGES OF COST-BURDENED HOUSEHOLDS IN SAINT PAUL

|  | 1990  | 2000  | 2005  |
|--|-------|-------|-------|
| Percent of owner-occupied households paying at least 30% of their income on housing  | 18.3% | 19.6% | 33.9% |
| Percent of renter-occupied households paying at least 30% of their income on housing | 45.8% | 41.9% | 54.5% |

Source: U.S. Census

The following table shows that many of the service jobs in today's economy yield incomes that would qualify a worker to live in affordable housing.

FIGURE H-O. SELECTED OCCUPATIONS AND AFFORDABILITY LEVELS

| Selected Occupations   | Typical Income Level | Typical Percentage of Area Median Income (AMI) |
|--|----------------------|--|
| Food service worker, parking lot attendant   | Extremely low        | ≤30%   |
| Bank teller, cook, home care aide, janitor, nursing aide, receptionist, medical assistant, school counselor  | Low                  | 31-50%   |
| Carpenter, computer/office machine repairer, electricians, interpreter and translator, licensed vocational nurse, marriage and family therapist, plumber | Moderate             | 51-80%   |
| Appliance repair technician, civil servant, insurance sales agent, medical social worker, police officer, teacher  | Middle               | 81% - 120%                                     |

Source: U.S. Bureau of Labor Statistics, Occupational Employment Statistics, 2002; HUD for income categories.

<sup>8</sup> Source: 2006 American Community Survey. This plan uses the AMI for the Twin Cities metro.



FIGURE H-P. AFFORDABLE HOUSING IN SAINT PAUL

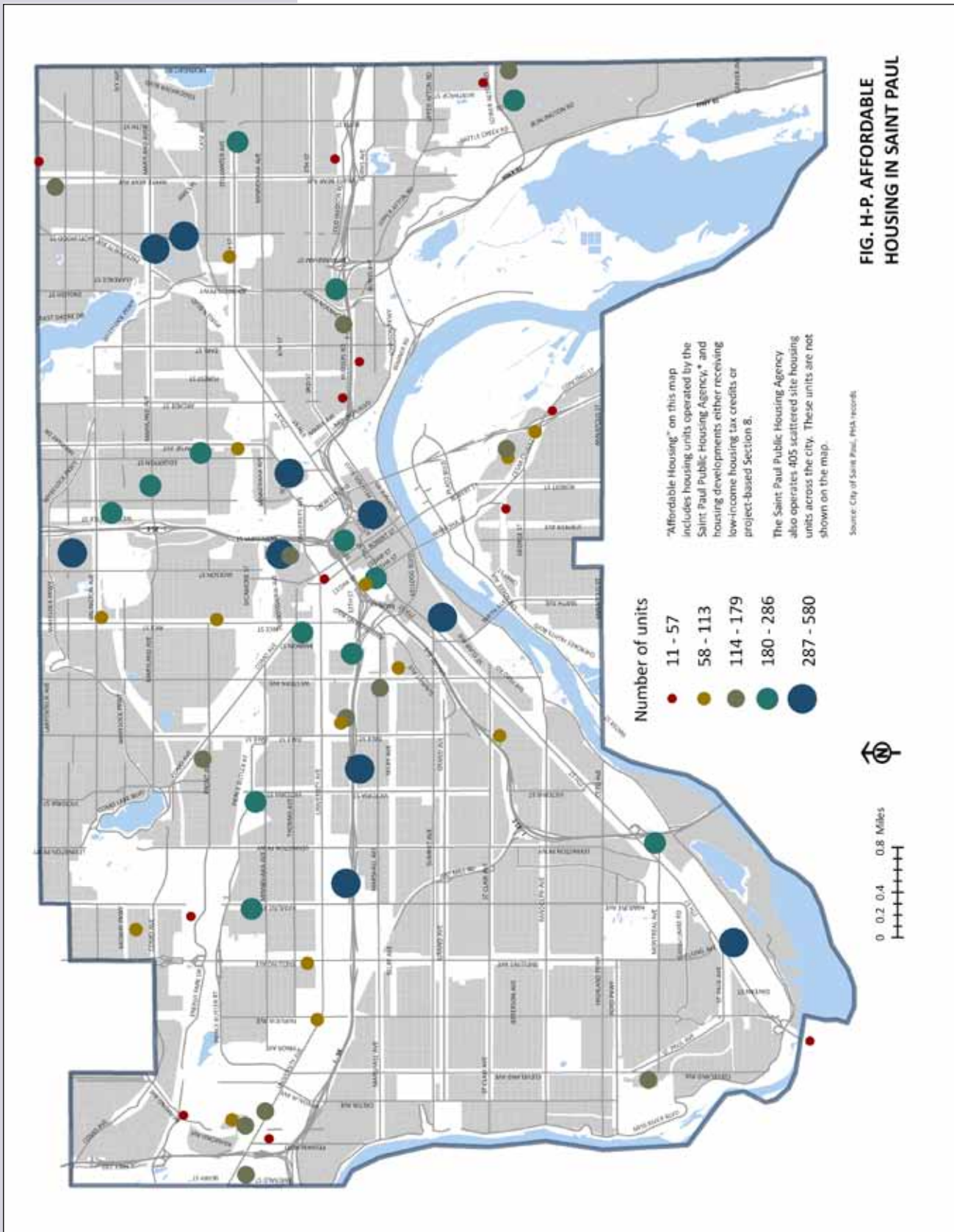


FIG. H-P. AFFORDABLE HOUSING IN SAINT PAUL

The 2006 American Community Survey data suggests that a majority of Saint Paul households would qualify for housing considered to be affordable (assuming income levels of a four-person household):

- Seventeen percent earned incomes at or below 20 percent of the area median income (AMI);
- Thirty percent (cumulative) earned incomes at or below 30 percent of the AMI; and
- Over 70 percent (cumulative) earned incomes at or below 100 percent of the AMI (i.e., three-fourths of the city's households have incomes that range from extremely-low to middle incomes).

Approximately a third of the existing rental housing stock in Saint Paul today was produced or is now maintained with public subsidy.<sup>9</sup> Low-Income Housing Tax Credits (LIHTC) were used to develop many of these projects, but many LIHTC projects are at risk of expiring every year. Given the housing needs, the City/HRA and its partners must make a concerted effort to keep these units affordable, and reinvest in them as needed. Preserving existing affordable housing is one of the top three funding priorities of this plan.

Housing affordability has declined in every area of the city. This strategy aims to ensure that every area of the city can be accessed by individuals and households earning low and moderate incomes, a value known as “locational choice.” Given an increasingly-limited City/HRA housing budget and rising land and construction costs, providing strategic funding for the construction of new housing units that are affordable to low to moderate incomes is another top funding priority of this plan.

## PRESERVATION OF EXISTING AFFORDABLE HOUSING UNITS

### 3.1. Support the preservation of publicly-assisted and private affordable housing. 🏠💰

With its public, private, non-profit, and philanthropic partners, the City/HRA should:

- a. Support the preservation of public housing. In the last few years, funding for public housing has been reduced significantly. To conserve limited capital funds and generate additional revenue the Public Housing Agency has begun to sell scattered-site homes (with replacement). The plan proposes a goal of “no net loss in public housing units.” If public housing continues to face such funding shortages, selling of units should be the last resort. In such cases, the City/HRA should work with the Public Housing Agency, non-profits, for-profits, and philanthropic partners to make up the lost units in other projects;
- b. Support the application of LIHTC, historic tax credits, and other appropriate funding sources to maintain existing low-income

<sup>9</sup> This percentage is based upon the number of publicly-assisted rental units divided by the number of rental units. Source: Housing Link, City of St. Paul, and American Community Survey (U.S. Census Bureau).





The City's Housing Plan adopted in 2002 stated that at least 20 percent of new housing production would be affordable to households at 50 percent of the AMI, including half of this being affordable to households at 30 percent of the AMI. The standard applied to both ownership and rental housing in the aggregate. During the 2002-2005 period, this goal was successfully met and exceeded.<sup>1</sup>



<sup>1</sup> Out of the total new housing produced with City/HRA financing during the Housing 5000 period, 27 percent of new production was affordable to incomes at or below 50 percent of the AMI, and 55 percent of the units were affordable to incomes at or below 80 percent of the AMI.

units. The City/HRA should work with Minnesota Housing, community development corporations, and property owners to continue the provision of low-income housing units in these developments, and to use LIHTC on the rehabilitation of existing affordable units;

- c. Support and advocate for regional, state, and federal legislation and policies that provide funding or vehicles for construction and preservation of affordable housing, including public housing;
- d. Support the preservation of other low-income housing units under private ownership and management. The City/HRA should actively work with private owners to ensure the long-term affordability of such units, particularly in neighborhoods where there are fewer housing choices for low-income people;
- e. Continue to support the use of state property tax incentives for affordable rental housing; and
- f. When the City/HRA demolishes affordable housing, it should follow the City's existing replacement housing policy.

### NEW AFFORDABLE HOUSING PRODUCTION

#### 3.2. Support new housing opportunities for low-income households throughout the city. 🏠💰

Saint Paul is home to many diverse and distinct neighborhoods, each with its own history and sense of community. However, there are concentrations of low-income housing in Saint Paul. Factors that contribute to this concentration include: rising property values and taxes, gentrification pressures, high land and development costs across the city, and a pre-existing lack of quality affordable rental housing for large families. To meet the goal of dispersing affordable housing, the City/HRA and its partners should:

- a. Make a good faith effort to allocate subsidy for new mixed-income housing development that includes some new affordable units to ensure a broader geographic distribution in the city. While the City/HRA may provide incentives or financial assistance to mixed-income projects in all neighborhoods, it should especially strive to do so in stable neighborhoods where affordable housing is scarce. Projects should be evaluated on the basis of locational choice and consider the housing type, tenure, and other neighborhood factors such as transit access, to accomplish the mixed-income housing goal;
- b. Encourage the acquisition of privately-owned affordable housing and land for affordable housing by nonprofit organizations, land trusts, community development corporations, religious institutions, tenants, or private sector actors committed to affordable housing, thereby protecting it from upward pressure on prices and rents. This is a priority in areas expected to experience gentrification;
- c. Require all district councils and City-appointed citizen task forces to plan for the production and preservation of affordable housing in their area, through district plans, small area plans, station area plans, or other neighborhood planning processes. These plans should show how each neighborhood or planning area will contribute to citywide goals, by identifying key vacant or under-

utilized sites for new mixed-income housing and sites that would provide residents of new housing access to transit and active lifestyles; and

- d. Consider funding availability in the planning of affordable housing.

### 3.3. Provide affordable housing in new production projects. 🏠💰

The Metropolitan Council's projections show that the population of the city will grow by 44,160 people, or 20,891 new households, between 2000 and 2030. The Council also allocates 2,625 affordable housing units to Saint Paul by 2020, defined as affordable to households at 60 percent of the AMI (inclusive of rental and ownership housing).

Rental housing is an important part of the city's housing stock, especially given the growing numbers of young singles and couples, immigrants, and senior populations. As can be seen in many of Saint Paul's neighborhoods, a healthy mix of ownership and rental is good for neighborhood stability. For new production, the following affordable housing standards shall hold:

- a. For City/HRA-assisted new rental units, at least 30 percent will be affordable to households earning 60 percent of the AMI, of which at least one third will be affordable to households earning 50 percent of the AMI, and at least one third will be affordable to households earning 30 percent of the AMI. <sup>10</sup>

As wages have stagnated and housing costs have grown in the last several years, the costs of failed homeownership on a household and the surrounding neighborhood have been highlighted. However, the benefits of homeownership are significant, including the provision of a quality place to live, stability for families, and pride. Recognizing that homeownership for households earning up to 30 percent and 50 percent of the AMI may not always be sustainable in the long-term, the following shall hold:

- b. For City/HRA-assisted new ownership units, at least 20 percent will be affordable to households earning up to 80 percent of the AMI, and an additional 10 percent will be affordable to households at 60% of the AMI.

To ensure that low- to moderate-income households are able to benefit from homeownership, the plan recommends the following:

- c. Explore mechanisms to ensure that affordable ownership units that are developed remain affordable for at least 10-15 years, especially in existing stable neighborhoods; and
- d. Support services such as financial counseling and pre- and post-purchase training; these services are key to the success of homeowners, particularly those with lower incomes.

<sup>10</sup> Typically, the City/HRA ensures that affordable rental housing projects must remain affordable for a minimum of 10 years. Many Low Income Housing Tax Credit projects ensure that affordability is maintained from 25-40 years. The 60 percent AMI level is consistent with the Metropolitan Council's definition of affordable housing. See "Determining Affordable Housing Need in the Twin Cities 2011-2020," p. 4 of <http://www.metrocouncil.org/planning/housing/AffHousingNeedJan06.pdf>.



Over the last decade, the issue of homelessness has escalated. On a single night in 2003, the Wilder Research Center identified 1,471 men, women and children who were homeless in Ramsey County (Plan to End Homelessness/Saint Paul-Ramsey County: Part One: Ending Long-Term Homelessness. September 2005).

In 2006, the number of homeless people in Ramsey County increased to 1,495. This number includes both: 1) The 1,311 persons in "temporary housing programs" (emergency shelters, battered women's shelters and transitional housing) on October 26, 2006, as well as 2) 184 people in "informal arrangements" and/or "unsheltered" on the same date. See [http://www.wilder.org/fileadmin/user\\_upload/research/HomelessRegionalTables2006\\_3-07.pdf](http://www.wilder.org/fileadmin/user_upload/research/HomelessRegionalTables2006_3-07.pdf)

To further assist in the new production of affordable housing, the City/HRA should:

- e. Provide adequate zoning/land for multi-family development, again to support the production of at least 2,625 new units affordable to households earning up to 60 percent of the AMI;
- f. Explore and implement demonstrated incentive zoning tools, including density bonuses, parking reductions, and other creative mechanisms, to facilitate and encourage the market to produce new affordable housing;
- g. Support the efforts of partners that have a proven track record in using nontraditional ownership models, such as land trusts, limited equity cooperatives, and others. Emphasis should be on using a scattered site approach to encourage long-term locational choice, particularly in stable neighborhoods;
- h. Explore a local trust fund for affordable housing preservation or production. Such a fund would be based on a dedicated stream of revenues from sources such as real estate transaction fees and/or increments and fees drawn from new City/HRA-assisted market-rate housing developments;
- i. Explore a requirement that would mandate new housing developments receiving any City/HRA financial assistance to provide a percentage of affordable housing units, or pay an in-lieu fee;
- j. Consider policies to ensure long-term affordability of new ownership housing, including shared appreciation loans and subsidy recapture strategies for projects with City/HRA financial assistance. Such strategies enable the City/HRA to continue assisting the maximum number of households, while still providing some of the benefits of homeownership to low and moderate income households. Recurrent communication with homeowners is critical for such programs; and
- k. Encourage interested local employers to help finance mixed-income housing developments in Saint Paul.

#### **3.4. Assist in the preservation and production of homeless and supportive housing.**

Providing sufficient permanent supportive and affordable housing is a key solution to long-term homelessness. Over two-thirds of the long-term homeless population is unemployed, over half have reported a serious or persistent mental illness, a third have reported a chemical dependency problem, and nearly one half have reported a chronic health condition.<sup>11</sup>

*The Plan to End Homelessness* (2005 and 2006) for Saint Paul–Ramsey County states that by 2010, Ramsey County and Saint Paul will need 920 units of permanent supportive housing for people who have experienced long-term homelessness. The plan also includes a number of recommendations for City/HRA action.

The City is committed to working with Ramsey County, the State of Minnesota,

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<sup>11</sup> "Plan to End Homelessness/Saint Paul-Ramsey County: Part One: Ending Long-Term Homelessness." September 2005. P.14.

other funders, developers, and service providers in the implementation of plans to end homelessness. Specifically, the City/HRA will seek to do the following:

- a. Site permanent supportive and homeless housing to increase locational choices in an area, and increase the distribution across the city;
- b. Continue City/HRA involvement in groups such as the Interagency Stabilization Group, the Saint Paul/Ramsey County Funders Council, and the Heading Home Ramsey Advisory Board;
- c. Examine and update the existing *Saint Paul Zoning Code* to correspond with the current state and county licensing and registration requirements and group housing programs;
- d. Reduce off-street parking for homeless and supportive housing to more accurately reflect need;
- e. Work with Ramsey County and other partners to lobby the United States Congress for funding to meet the need; and
- f. Encourage non-City funding sources to (continue to) provide resources for supportive and homeless housing.

### **3.5. Challenge and assist the Metropolitan Council and the region's other municipalities to provide their share of affordable housing units. 🚶🏻‍♂️💰**

Saint Paul and Minneapolis have always provided more affordable housing units than their suburban and exurban counterparts. Traditionally the central cities have served as the first stop for new immigrants and graduates just joining the workforce and also as job hubs of the region. However, in the last three decades, we have seen a gradual dispersal of jobs into the suburbs. While some suburban communities have not provided the affordable housing to meet the needs of their growing workforces, the central cities have continued to produce new affordable housing. The two forces combined have led to a regional imbalance between jobs and housing supply, and increased the relative concentration of low-income housing in the central cities.

This concentration not only poses challenges to the municipal governments of the central cities but also limits opportunities for low-income residents. Often restricted by a lack of reliable personal vehicles and suffering from an insufficient regional transit system, low-income residents have difficulty accessing jobs in the suburbs, while suburban employers struggle to find workers for entry-level and less-skilled positions.

Saint Paul is and will continue to be a leader in affordable housing production. A recent Metropolitan Council study indicated that by 2006, the Saint Paul had already exceeded its affordable housing goal for the decade ending 2010.<sup>12</sup>In the meantime, many of the city's suburban counterparts have fallen short of their requirements.

Specific recommendations that the City and its partners support include:

- a. Encourage the Metropolitan Council to not only "allocate" affordable housing units to each community in the *Saint Paul*

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<sup>12</sup> TCHousingPolicy.org paper "Cities Plan for Future Housing Goals while Lagging on Current Ones," May 2007. Accessed Dec. 1, 2008 at [http://www.tchousingpolicy.org/understanding/index.php?strWebAction=article\\_detail&intArticleID=205](http://www.tchousingpolicy.org/understanding/index.php?strWebAction=article_detail&intArticleID=205).

*Comprehensive Plan* process, but also enforce these standards as a condition for providing housing or improvement funding. Successful applicants for regional funds should demonstrate the implementation of their plans to produce housing units affordable to households with incomes at or below 60, 50, and 30 percent of the regional median;

- b. Lobby the Minnesota Legislature to ensure the following:
  - Increased funding for communities to assist them in meeting their affordable housing goals;
  - A strengthening of the Livable Communities Act to make it more likely to have a real impact on the availability of affordable housing throughout the metropolitan region; and
  - Property tax reform that does not disproportionately impact central cities or low-income residents in a negative way; and
- c. Mentor and assist eastern Twin Cities suburbs in providing affordable housing units — share expertise, experience, and a sense of common well-being.

### 3.6. Ensure fair housing.

Bias in the housing market continues to negatively affect racial, ethnic, and religious minorities, people with disabilities, and families with small children. The task of overcoming bias must be accepted as the joint responsibility of federal, state, county, and city governments in cooperation with private and non-profit sectors. To this end, the City/HRA will:

- a. Promote fair housing choices for all, particularly those from historically disadvantaged backgrounds;
- b. Systematically test, identify, analyze, and eliminate discrimination in the housing and lending industries;
- c. Provide opportunities for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familiar status, disability, and national origin;
- d. Promote housing that is structurally accessible to and usable by all persons, particularly persons with disabilities;
- e. Enforce the Saint Paul Human Rights Ordinance with respect to housing discrimination;
- f. Provide educational and outreach programs directed towards housing providers, including landlords, rental agents, real estate sales personnel, mortgage lenders and brokers, property appraisers and property insurers;
- g. Support efforts of the Twin Cities Metropolitan Area Fair Housing Implementation Council to ensure that City/HRA is affirmatively furthering fair housing opportunities and actively removing barriers to fair housing; and
- h. Support homeownership initiatives such as the Emerging Markets Homeownership Initiative.<sup>13</sup>

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<sup>13</sup> The Emerging Markets Homeownership Initiative is a collaborative partnership to close the homeownership gap among communities of color in the State of Minnesota. The goal is to connect mortgage and real estate professionals with Minnesota's growing and diverse ethnic populations across the state and assure 40,000 new emerging market homeowners by 2012.



## Implementation

Resources for housing investment are increasingly limited, so the City/HRA must be strategic about the types of housing projects to assist—financially and otherwise. This plan has identified three key funding priorities, including:

- The rehabilitation of housing;
- The preservation of existing affordable housing, and to a lesser extent; and
- The production of new housing units affordable to low and moderate income households

While this plan recognizes that the costs of redevelopment in Saint Paul may demand scarce resources from the public sector, such financial assistance is contingent upon the development meeting the strategies, objectives, and policies outlined in this plan. The City/HRA will be the principal actor in the action steps identified below, including many that do not have significant financial implications. The City/HRA will actively work with its partners in both the public and private sectors to implement this plan and leverage resources.

### KEY ACTION STEPS FOR THE CITY/HRA

#### **Develop an annual *Housing Action Plan*.**

The Department of Planning and Economic Development (PED) should convene, on an annual basis, a task force of representatives from key public agencies, private funders, for-profit and non-profit developers, and housing and neighborhood advocates. The charge of the task force is to develop and recommend to the Saint Paul City Council, by October 1 of each year, a *Housing Action Plan*. It should do the following:

- Identify expiring Section 8/236 and Section 202 contracts and low income housing tax credit projects, and define actions to be taken to ensure their preservation;
- Set goals with the participation of neighborhood partners for the rehabilitation of existing housing units, and develop a strategy that is tailored to the neighborhoods where intensive rehabilitation will occur, including:
  - Properties identified for Basic and Necessary and energy-efficiency improvements;
  - Any properties identified for exterior improvements, including renovations of historic properties (the City/HRA should not be the main funder); and
  - Vacant and/or problem properties identified for demolition. The decision to demolish a property should be based upon a set of agreed-upon criteria such as those outlined in Policy H-2.3'
- Perform an evaluation of the effectiveness of the ordinance which now requires Certificate of Occupancy for one- and two-family rental homes (*Saint Paul Legislative Code, Section 40.04*), in addressing the level of code compliance of these properties;
- Set citywide goals for the production of housing units by income, price range and tenure. Such goals should be informed by an analysis of housing choices based upon available demographic and housing data;

- Support the Planning Commission on key zoning studies, including;
- The viability of accessory units, particularly in housing dependent seniors and the area's workforce; and
- The viability and applicability of a density bonus and/or other incentive tools for affordable housing production.

**Re-convene the Housing Coordination Team.**

PED should convene a Housing Coordination Team composed of representatives of key public agencies with housing responsibilities, as well as community representatives, and be convened periodically as needed. It will be responsible for monitoring the City/HRA's progress toward meeting its goals, as identified in this *Housing Plan* and the *Housing Action Plan*.

**Carry out an inventory of housing conditions and coordinate rehabilitation programs and resources with community partners.**

Policy H-2.2 in Strategy H-2 instructs the City/HRA and its partners to periodically carry out an inventory of housing conditions. The City/HRA should begin preparing for this as soon as possible, drawing upon staff from PED and DSI, as well as community partners in the district council system and community development corporations (CDC), and groups such as Historic Saint Paul. Such an inventory will inform where rehabilitation assistance is needed most, and the type of assistance needed, as well as federal housing funding applications. New technologies that will greatly facilitate the surveying process should be utilized.

**Partner with organizations that have constituencies in need of mixed-income affordable housing, particularly in site acquisition.**

Two of the top three priorities of this plan are to preserve existing affordable housing and, to a lesser extent—given the greater cost—encourage the production of new housing affordable to low and moderate income people. There are many organizations that the City/HRA has partnered with in the past and could partner with in the future that share such a mission. CDCs, nonprofit groups, the Public Housing Agency, churches, senior organizations, ethnic chambers of commerce, labor unions, and employers should all be fully engaged by the City/HRA in the development of mixed-income housing projects, particularly in terms of providing community-based input, and leveraging resources for site acquisition and other key housing activities.

**Engage in ongoing data collection to inform housing activities and investments.**

Given the limited amount of resources, the City/HRA must ensure that its new housing investments in rehabilitation, affordable housing, and redevelopment are informed by the best data available. Key data points to track and/or map to inform the activities of the Housing Coordination Team and the City/HRA include:

- Publicly-assisted affordable housing;
- Median household incomes in neighborhoods (Block Group

- or Census Tract), and the general concentration of households earning incomes at or below 30, 50, 60, and 80 percent of the metropolitan Area Median Income;
- Rehabilitated housing (investments by the HRA, CDCs, other partners, and to the extent possible, private sector)
    - “Basic & Necessary” Improvements
    - Major energy-efficiency improvements
    - Exterior improvements;
  - Areas with less vibrant housing markets (every ten years, based on Census and other sources);
  - A Central Corridor “score card” for housing constructed and substantially rehabilitated in the Central Corridor, including a web-based mapping product that provides current information on housing activity in the Central Corridor; and
  - Senior housing options



# Credits

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