

2009 Wayzata Affordable Housing Taskforce  
Narrative Report

**Introduction**

Since the 1970s, with the development of the Boardwalk Senior Apartment Building, the City of Wayzata has been discussing the topic of affordable housing. Although a number of citizen groups and taskforces have researched the issue of affordable housing over the past thirty years, no definitive city policy has been created. In August of 2009, Mayor Ken Wilcox commissioned a nine member citizen taskforce to study the issue of affordable housing. The purpose of the taskforce was to create a policy statement to assist the various Wayzata governing bodies in determining how to respond to affordable housing requests. This policy statement defines the City's position on future affordable housing development within the community, and will be used in concert with the City's existing Comprehensive Plan and Zoning Ordinances without dictating additional criteria (Attachment A).

**Goals**

Mayor Ken Willcox set three goals for the 2009 Taskforce:

- 1) Determine if the city can accommodate more affordable housing.
- 2) If so, what type of housing should it be; what should it look like?
- 3) Where could it be located?

Through research and discussion, the taskforce considered a number of components to incorporate into the City's policy statement on affordable housing, including: affordable housing definitions, the type of housing desired, the role of the City, and the tools available to achieve housing goals.

**Taskforce Recommendations**

Through our research, the 2009 Taskforce recommends that Wayzata focus future housing opportunities in the area of single family owner occupied housing to fulfill the dramatic need for this area of affordable life-cycle housing. Furthermore, the taskforce recommends that the City Council evaluate and adopt an inclusionary zoning ordinance to incorporate affordable housing as part of new developments.

**History**

The City of Wayzata has been involved in crafting a definitive policy on affordable housing since the 1970s. The taskforce recognizes the importance of understanding and incorporating this historical context for their evaluation of the issues and subsequent policy recommendations. This document provides a summary of past city efforts, and a more detailed account can be found in the documents listed in Attachment B.

### *1970s-Present*

One of the major city initiatives on affordable housing came during the 1970s with the use of federal funds to build the Boardwalk Apartments. The City convened a housing taskforce to study affordable housing in Wayzata, and recommended the use of federal money to build low-income senior housing on Central Avenue. Part of the logic for building the Boardwalk Apartments was to free up affordable housing when seniors` left their single family homes to move into the Boardwalk facilities.<sup>1</sup>

In 1996, the City of Wayzata elected to participate in the Metropolitan Livable Communities Act (LCA). The LCA is a voluntary, incentive-based approach created by the Minnesota Legislature to address affordable and life-cycle housing needs within the Twin Cities metropolitan area. In participating in the LCA, the City agreed to work with the Metropolitan Council to establish goals and long-term objectives for advancing or retaining affordable and diverse housing options within the community. Recognizing Wayzata as being almost fully developed and given its high land costs, the Metropolitan Council agreed that as part of the City’s participation in LCA, the City was not required to set any specific numerical goals for number of new affordable housing units to be produced. It was mutually agreed by the Metropolitan Council and the city that Wayzata’s goals would instead include<sup>2</sup>:

1. Continue to educate on the issue of affordable housing;
2. Examine zoning and approval processes to protect the existing affordable housing, and support the concept for creating affordable and life cycle housing consistent with the City’s Comprehensive Plan; and
3. Establish programs which would promote financial aid to those seeking to make home improvements and repairs.

In 1997, the City Council amended the subdivision ordinance to require Planning Commission review and City Council approval before two or more lots could be combined into one larger lot. The purpose of this ordinance change was to reduce market pressures to teardown smaller, more affordable homes to be replaced by larger single family homes on large lots. The Council acknowledged that maintaining the town’s supply of affordable housing will be an increasing challenge as land prices continue rising. Former Mayor Barry Pettit stated, “The bottom line is that this [new policy] is one of the few ways we can attempt to participate in the region’s affordable housing goals”.<sup>3</sup> This document also states that “unlike many other communities, the current and future economic development of Wayzata does not seem directly linked to workers finding affordable housing in Wayzata”.

The City also participated in the Housing Coalition established by Interfaith Outreach and Community Partners which was initiated in 1997.

---

<sup>1</sup> City of Wayzata Framework for Developing a Housing Policy, August 2000.

<sup>2</sup> Wayzata’s Efforts on Affordable Housing: A Historical Summary, September 2000.

<sup>3</sup> Citizens League. September 1997. *Minnesota Journal*.

In 1998, the Wayzata HRA was assigned to address the affordable housing issue. In 1999 a process began to purchase land to develop an affordable housing project, but was halted for many reasons including the high cost of land.

In 2002, a group of Wayzata citizens formed the Wayzata Housing Coalition and worked with the City on developing a framework for an inclusionary zoning policy, which would require any new housing development with 5-10 housing units to make at least one unit affordable for purchase by a moderate income family, and projects with over 10 new units would be required to make available 10% of the units at an affordable purchase price.<sup>4</sup> However, this recommended inclusionary zoning policy did not come to fruition.

Since 2002, the City has addressed affordable housing in an ad hoc basis, as various development projects have been brought forward. One example is the requirement, in 2008, for the Wayzata Bay Center Redevelopment Company to contribute \$200,000 towards affordable housing development as part of the mixed use development approvals. These funds have been utilized in collaboration with IOCP to rehabilitate an existing six unit apartment complex.

### **Issue Analysis – Limiting Issues and Opportunities**

By far one of the greatest challenges facing Wayzata is the economic reality of rapidly increasing land values. As a fully built out community, developable land is scarce, which when combined with the city's proximity to the lake has driven up the value of land. These external economic factors have made meeting the Metropolitan Council's goals for affordability and life-cycle housing opportunities increasingly difficult. While the City and the Wayzata Housing and Redevelopment Authority (HRA) are committed to providing opportunities for a range of individuals, the City will continue to have difficulty identifying appropriate locations for additional affordable units. Much of the existing affordable housing within the community was the result of private sector developments, and the City will continue to work with these organizations to identify future affordable housing opportunities if they arise.

In addition, the taskforce recognizes and stresses the importance of a sub-regional or Lake Minnetonka community perspective on the issue of affordable housing. Although Wayzata has certain affordable housing needs which are specific to the community, it is also important to place affordable housing issues and potential solutions within a sub-regional context due to transportation and employment linkages between communities. Wayzata should continue to collaborate with its adjacent communities through participation in the Lake Minnetonka Area Cooperating Cities (LMACC) and other avenues to identify potential affordable housing opportunities on a sub-regional basis.

---

<sup>4</sup> City of Wayzata. *Inclusionary Housing Study*. March 2002, p. 9.

## **Affordable Housing Definitions**

The issue of affordable housing can be difficult to understand. With various affordable housing programs initiated and facilitated through federal, state, and county, the taskforce felt it would be useful to define the most commonly used terms as they apply to affordable housing.

### *Area Median Income*

Area median income is determined by the average income of a particular region. According to the U.S. Department of Housing and Urban Development, the area median income of the Minneapolis-St. Paul Metropolitan Statistical Area region is \$83,900.<sup>5</sup>

### *Affordable Housing*

For the purposes of the Metropolitan Council's affordable housing needs forecasts for 2011-2020, a housing unit is considered affordable if it is priced at or below 30% of the gross income of a household earning 60 percent or less than the Twin Cities median family income.<sup>6</sup> The taskforce recommends that the City of Wayzata establish their own definition in addition to the Metropolitan Council's definition, and recommend that a housing unit be considered affordable if it is priced at or below 30% of the gross income of a household earning 80 percent or less than the Twin Cities median family income.

### *Workforce Housing*<sup>7</sup>

The term "workforce housing" refers to the housing needs of all employees in a given community that are considered essential or critical to a particular community, but are unable to afford homeownership. It fills the housing gap for those exceeding income limitations to qualify for affordable housing and those whose income does not qualify for homes in the private market in a particular city.

The taskforce has identified four (4) factors important to workforce housing:

1. Monthly payments can not exceed 30% of ones' income.
2. Housing is owner-occupied.
3. Residents must be considered critical workforce in the community
4. Must be located near employment centers

Workforce housing requirements can be community specific as needs are assessed for the types of critical employees required to fill necessary positions within a city.

### *Inclusionary Zoning*

The term "inclusionary zoning" refers to a tool used by local governments to require developers to make a percentage of housing units in new residential developments

---

<sup>5</sup> Metropolitan Council. (2009, April). *LCA Housing Affordability Limits*. Accessed January 25, 2010 at: <http://www.metrocouncil.org/services/livcomm/LCAHousingAffordabilityLimits.htm>.

<sup>6</sup> Metropolitan Council. (2006, January). Summary Report: Determining Affordable Housing Need in the Twin Cities 2011-2020. Accessed May 12, 2009 at: <http://www.metrocouncil.org/planning/Housing/AffHousingNeedJan06.pdf>.

<sup>7</sup> [http://en.wikipedia.org/wiki/Workforce\\_housing](http://en.wikipedia.org/wiki/Workforce_housing).

affordable to low income households.<sup>8</sup> The specific percentage that must be affordable differs by community, but typically ranges from 10-25%. Other communities have allowed developers to pay a fee in lieu of setting aside a certain number of units as affordable. Inclusionary zoning can be mandatory or voluntary; mandatory programs require developers to build affordable housing in exchange for development rights, while voluntary programs allow the developers the option to do so.

The City of Wayzata has discussed this type of policy or ordinance as recently as 2002, but no official policy on inclusionary zoning was adopted.

### **Affordable Housing Need**

The most logical and critical aspect of creating an Affordable Housing Policy is to establish what need for affordable housing exists in the community. The task force felt that the *City of Wayzata Housing Affordability Study 2009 (Attachment C)* presented a clear view of the housing statistics of Wayzata. The taskforce learned the following:

#### *Study Highlights*

The City of Wayzata currently has 2,056 total housing units. This includes single family detached, townhomes, duplex/triplex, apartments, condominiums, and mixed use units. Approximately 43% (889) of the units in town are single family and 57% (1,165) are multiple family.

Combining the number of potential affordable units for apartment complexes, duplexes, and single family detached rentals, approximately 32% of the City housing units are considered affordable if the 80% AMI criteria is used for calculating owner-occupied units, and 28% of units are considered affordable if the 60% AMI criteria is utilized.

*Table 1: Total Number and Percentage of Affordable Units in Wayzata*

<b>Total Number of Affordable Units</b>	<b>Percentage</b>
662 Units (Utilizing 80% AMI for Owner Occupied Calculations)	32%
582 Units (Utilizing 60% for Owner Occupied Calculations)	28%

*Source: City Planning Department, 2009.*

#### *Owner Occupied*

Figures from the City Assessor show that 15% (202) of owner occupied units are considered affordable at the 80% area median income level, and if one were to use the 60% area median income level, the percentage of affordable homes drops to 9% or 122 units. It is important to note that the vast majority of these units are located within townhomes in the city.

<sup>8</sup> <http://www.planning.org/divisions/planningandlaw/propertytopics.htm#Inclusionary>

### *Rental Affordability*

#### Apartment Complexes

621 rental units are located in apartment complexes. The breakdown of affordability is as follows:

- Studio 100% affordable
- 1 Bedroom 83% affordable
- 2 bedroom 82% affordable
- 3 bedroom 13% affordable

#### Duplexes

49 occupancies are duplex rentals. The breakdown of affordability is as follows:

- 1 bedroom 100% affordable
- 2 bedroom 59% affordable
- 3 bedroom 8% affordable
- 4 bedroom 0% affordable

#### Single Family Rentals

40 occupancies are single family rentals. The breakdown of affordability is as follows:

- 1 bedroom 80% affordable
- 2 bedroom 20% affordable
- 3 bedroom 10% affordable
- 4 bedroom 0% affordable

It must be noted that several of the rental properties in Wayzata accept federal rent subsidies.

### *Metropolitan Council Benchmarks*

As part of the City's participation in the Livable Communities Act (LCA), the Metropolitan Council and the City established the following housing goals and set benchmarks for the criteria of affordability:

Table 2: Comparison of 1996 LCA Goals and 2009 Housing Status

WAYZATA		1996 BENCHMARK	2009 STATUS	MEETING BENCHMARK
Affordability	Ownership	60-69%	15%	No
	Rental	35-37%	65%/72% <sup>9</sup>	Yes
Life-Cycle	Type (Non-single family detached)	35-37%	57%	Yes
	Owner/Renter Mix	(67-75%)/(25-33%)	65%/35%	No
Density	Single-Family Detached	1.8-1.9 units/acre	1.2 units/acre	No
	Multifamily	10-14 units/acre	10-18 units /acre	Yes

Source: City Planning Department Calculations, 2009.

It is clear that the city had met the Metropolitan Council affordable rental benchmark goals in 1996, and has nearly doubled the affordable rental housing benchmark goal in 2009.

In addition, the Metropolitan Land Use Planning Act (MLUPA), Minn. Stat. Sec. 473.859, subdivision 2, paragraph (c), requires communities in the metropolitan region to include in their comprehensive land use plans a housing element that acknowledges the city's share of the regional need for low-and moderate-income housing.<sup>10</sup> For the local comprehensive plan updates prepared for the period from 1998 to 2008, the Metropolitan Council asked communities to plan for new affordable and life-cycle housing in numbers consistent with the housing goals negotiated as a condition of participation in the LCA. A discussion of the City's LCA benchmarks is included in the above section. It is important to note that the goals framework was not based upon analysis of households with a housing need, limited household income or housing condition. According to the Metropolitan Council, it was based solely upon keeping the production of new affordable units at a level similar or better than the existing situation in the community between 1996 and 2010.<sup>11</sup>

For the 2030 Comprehensive Plan, the Metropolitan Council included a requirement that communities acknowledge forecasted affordable housing need for the period of 2011-2020. Again, this requirement is only concerned with newly-constructed affordable housing, a development action that consumes land. The Metropolitan Council acknowledges that some of the new affordable housing need that arises between 2011 and

<sup>9</sup> The percentage of affordable rental units depends on whether the 75 units of the Meridian Manor are included in the calculations for total number of rental units. If Meridian Manor is included, then the percent of affordable units is 65%. If Meridian Manor is excluded from the calculations of affordability, the percentage is 72%.

<sup>10</sup> Metropolitan Council. (2007, December). *Report to the Minnesota Legislature on Affordable and Life Cycle Housing*. Accessed May 12, 2009 at: <http://www.metrocouncil.org/planning/housing/AFFHousingRpt/AffHousingRpt2007.pdf>

<sup>11</sup> Metropolitan Council. (2006, January). *Summary Report: Determining Affordable Housing Need in the Twin Cities 2011-2020*. Page 2. Accessed May 12, 2009 at: <http://www.metrocouncil.org/planning/Housing/AffHousingNeedJan06.pdf>.

2020 will be satisfied by units that exist in the private market today, but for the purpose of the 2030 Comprehensive Plan land use exercise, they are only concerned about potential new construction.<sup>12</sup>

Based upon forecasted household growth for 2020, the Metropolitan Council has determined that Wayzata's regional share of affordable housing need for the decade 2011 to 2020 is forecasted to be one hundred and nine (109) new affordable units.<sup>13</sup> During a meeting with Mr. Guy Peterson, Metropolitan Council Housing Director, the Taskforce was informed that the city is in conformance with this requirement of the 2030 Comprehensive Plan, due to the amount of existing land that is guided for high density development, and the approval of the multiple family units as part of the Wayzata Bay Center project. The city is only required to provide the opportunity for additional affordable housing unit construction by guiding an appropriate amount of land to higher densities, which then allows the private sector to determine if it is feasible to build affordable units on those parcels.

Through the review of this study, the taskforce determined that the City of Wayzata has met and exceeded the LCA benchmarks and other Metropolitan Council requirements for affordable rental units, and is recommending that the city focus efforts on approvals for owner-occupied single family dwellings, including duplexes and townhomes, which will assist in completing the needs for starter homes in Wayzata.

### **Location**

The location for additional affordability housing in the community will be determined by economic realities, including the cost of land, and the City's zoning and Comprehensive Plan requirements.

### **Type**

With 57% of all housing in Wayzata being multi-family, the task force recommends the city focus on maintaining the current low density zoning for existing single family neighborhoods. When new development is proposed, the City should encourage affordable housing components to be included in areas guided for mixed use developments or existing high density zones. New affordable housing development projects should be reviewed based on the compatibility of the project with the surrounding neighborhoods in size and architectural design.

### **Tools**

It is recommended that the city work with developers to explore financing options available to support the development of affordable owner-occupied dwellings. The City recognizes and supports the following tools, which might make affordable housing projects possible in the community:

---

<sup>12</sup> Metropolitan Council. (2006, January). Page 3.

<sup>13</sup> Metropolitan Council. (2006, January). Exhibit 2.



- Collaboration with Homes within Reach (a local community land trust)
- City Tax Abatement Policy
- Wayzata Housing and Redevelopment Authority (HRA) Loan Programs (Attachment D)
- Outside contributions from organizations promoting Affordable Housing (i.e. IOCP).

Furthermore, the taskforce recommends that the City Council evaluate and adopt an inclusionary zoning ordinance to incorporate affordable housing as part of new developments.

The decision by the City to use these policy tools should be on an individual project basis.

### **Summary**

In summary, the task force has addressed the goals set forth by Mayor Ken Wilcox:

- 1) To determine if the city can accommodate more affordable housing.
  - a. The task force recognizes that the land values are high and affordable housing will be difficult to accommodate, but recommends that the city consider applications that fall within the taskforce guidelines.
  
- 2) What type of housing should it be? What should it look like?
  - a. Housing should be built as zoning allows. This includes single family detached and duplex. All dwellings should be compatible with surrounding neighborhoods in size, architecture, and value.
  
- 3) Where could it be located?
 

Due to the high land values in Wayzata, the taskforce recognizes that the city may evaluate the possibility of selling city owned land for development, which may include affordable housing opportunities.

Other locations would be determined by economic realities.

### **Conclusion Statement**

The City of Wayzata has engaged several taskforces over the years that addressed the topic of affordable housing. In reviewing each taskforce's recommendations on the topic, each taskforce has developed similar conclusions on the subject. The land values in Wayzata have made it extremely difficult to be able to create additional affordable housing units and meet the benchmarks of the Metropolitan Council moving forward.

The City of Wayzata's current housing inventory shows 57% of the housing to be multi-family as compared to 43% single-family dwellings. Wayzata's Comprehensive Plan

establishes the importance of maintaining the existing single family neighborhoods as a key component to the city's small town character. An additional complication is that the city is nearly fully built out, with few vacant lots remaining for residential development. Thus, the opportunities for additional affordable housing will have to come through careful planning and collaboration with new mixed use and other redevelopment projects in the commercial corridors of the city.

The Wayzata Affordable Housing Taskforce III has reached out to various organizations that could offer some insight as to how to make affordable housing work in Wayzata. Some of these organizations are the City's Housing Redevelopment Authority (HRA), Homes Within Reach, and Interfaith Outreach & Community Partners (IOCP). These discussions have provided a number of interesting policy tools for the city to give further consideration, such as the community land trust development model.

In conclusion, the efforts to create "affordable housing" are real and will be ongoing, but in actuality, the high land values in Wayzata make it very difficult to create affordable single-family homeownership.

## City of Wayzata Affordable Housing Policy Statement

February 2010

The City of Wayzata favors the principal of affordable housing, but the financial realities and unique circumstance in Wayzata present significant challenges for affordable housing development. Wayzata currently has 28% of its housing units at or below the affordable threshold, which is comparable to and in some cases, greater than a few of its neighboring communities.

The following tools and incentives may be available for affordable housing projects:

- Collaboration with Homes Within Reach (a local community land trust)
- City of Wayzata Tax Abatement Policy
- Wayzata Housing and Redevelopment Authority (HRA) Loan Programs
- Outside contributions from organizations promoting affordable housing (i.e. IOCP)
- City negotiations regarding inclusionary zoning concepts for new development

Use of these tools by the City will be on an individual project basis.

In Wayzata, the unique land economies of being adjacent to Lake Minnetonka, the scarcity of developable land, and the size and configuration of the city will affect land values, and will drive density considerations in any particular site. The potential site options within the city for affordable housing are defined by the Comprehensive Plan and existing ordinances.

When evaluating affordable housing proposals, the City policymakers will consider policy guidelines. These guidelines include the compatibility of new development and redevelopment with adjacent neighborhoods, compliance with the City's Zoning Ordinance, and the guidance of the Comprehensive Plan, especially as it relates to mixed use commercial sites. Neighborhood compatibility relates to the size, architecture, and character of the proposed project.

The City recognizes the needs for affordable housing and will encourage it where possible in new mixed use development projects. The City's preference is for the development of affordable owner-occupied housing (detached single family, townhomes, duplexes, and condominiums).

While the environment in Wayzata is not optimal for affordable housing projects, the City may support those proposals which are compatible with adjacent neighborhoods and help maintain the affordable housing capacity and inventory within the city.

## Attachment B

### **Wayzata Affordable Housing Taskforce Historical Source Documents**

#### **Previous City Taskforce Documents**

- City of Wayzata Framework for Developing A Housing Policy, August 2000
- Wayzata's Efforts on Affordable Housing: A Historical Summary, September 2000
- City of Wayzata Housing Policy – Next Steps, November 2000
- Wayzata Housing Coalition – Position Statement on Housing for Planning District Reviews, October 2001
- City of Wayzata Housing Policy – Next Steps: One-Year Progress Report, November 2001
- City of Wayzata Housing Plan, May 2002
- Ad Hoc Housing Taskforce Report, August 2002
- Wayzata's Housing Initiatives Progress Report, September 2004

**Introduction**

The City of Wayzata has a long history of supporting and promoting housing opportunities for people through all different stages of life. Providing a mixture of different housing choices helps meet the changing needs of the community through the lifetime of its citizens. The City has supported these efforts to preserve existing housing stock and develop high quality new construction through partnerships with various non-profit organizations and through participation in programs such as the Livable Communities Act. This report provides an analysis of the affordability of the existing housing supply within the community.

**Existing Housing Supply and General Characteristics**

According to Hennepin County data from 2009, there are 2,056 housing units in the city, with a significant portion being single family detached units and units within apartment complexes. Table 1 provides a breakdown of the total number of dwelling units in the city by type of structure.

*Table 1: Number of Dwelling Units by Structure Type*

<b>Type of Housing</b>	<b># of Units</b>
Single Family, detached	889
Townhomes	254
Duplex/Triplex	68
Apartments	606
Condominiums	227
Mixed Use Units <sup>1</sup>	12
<b>Total Housing Units</b>	<b>2056</b>

*Source: Hennepin County and City of Wayzata, 2009*

The 2,056 housing units within the city are fairly consistent with Metropolitan Council estimates for number of households, which they project to be 2,100 by 2010. Assuming that the term “single family dwelling” includes only single family detached structures, approximately 43% of the units in town are single family and 57% are multiple family.

*Table 2: Percentage of Multiple & Single Family Units (Detached Only)*

<b>Type</b>	<b>Units</b>	<b>Percentage</b>
Single Family Detached	889	43%
Multiple Family	1,165	57%

*Source: Hennepin County and City of Wayzata, 2009*

However, the term “single family” does not include units such as townhomes and condominiums that when combined with detached single family structures creates a sizable majority of units

---

<sup>1</sup> Includes residential units within a commercial or retail structure.

within the community that are owner-occupied rather than rental. Table 3 provides a breakdown of owner-occupied and rental units in the community.

*Table 3: Number of Units by Tenure*

Unit Type	Units	Percentage
Owner-Occupied	1,344	65%
Rental	710	35%

*Source: City of Wayzata, 2009*

### **Affordability Defined**

Using federal Department of Housing and Urban Development (HUD) data, the Metropolitan Council defines affordability for housing units for purchase or rent. According to the Livable Communities Act (LCA) Affordability Limits for 2009, a home is considered affordable for purchase by a household of four whose income was 80% of the area median income (\$67,200), if the house was priced at \$233,000.<sup>2</sup> Additionally, the Met Council has established that in order to receive funding under their various grant programs, a new unit would need to be affordable at 60% of the area median income (\$50,340), which would create an affordable home price of \$171,000. This is in contrast to the median market value for a home in Wayzata, which is \$467,000.

Under the LCA guidelines, a rental unit is considered affordable if a household earning 50% of the area median income for their household size can afford the cost of the apartment, including tenant-paid utilities, at or below the following levels per number of bedrooms:

*Table 4: 2009 Rental Affordability Limits*

Number of Bedrooms	*Monthly gross rent including tenant-paid utilities, affordable at 50% of area median income (\$41,950)
Efficiency	\$733
1 bedroom	\$786
2 bedroom	\$943
3 bedroom	\$1,090
4 bedroom	\$1,216

*Source: Metropolitan Council, 2009*

In 2006, the Metropolitan Council, in its 2011-2020 Allocation of Affordable Housing Need by City/Township” report<sup>3</sup>, determined that 24% of the city’s housing stock was affordable to

<sup>2</sup> Please see <http://www.metrocouncil.org/services/livcomm/LCAHousingAffordabilityLimits.htm> for additional information.

<sup>3</sup> Metropolitan Council. (2006, January). Summary Report: Determining Affordable Housing Need in the Twin Cities 2011-2020. Accessed May 12, 2009 at: <http://www.metrocouncil.org/planning/Housing/AffHousingNeedJan06.pdf>.

households earning 60 percent of the area median income, as calculated by HUD.<sup>4</sup> Since the Met Council’s calculations were based on 2000 Census data, city staff has conduct an analysis of local building permit and assessment data to provide an updated inventory of housing units that would be considered affordable under the 2009 Met Council LCA Affordability guidelines.

*Private Market Owner Occupied Affordable Units*

Utilizing 2008 City Assessor’s data for market values of owner occupied units, staff has determined that approximately 202 or 15% of owner occupied units currently fall at or below the \$233,000 LCA affordability threshold. However, if the 60% area median income threshold is used, only 122 or 9% of owner occupied units fall at or below the \$171,000 threshold. It is important to note that this data represents only current market values, and if a property is sold for more than the \$233,000 or \$171,000 thresholds, it would no longer be considered affordable under these LCA guidelines. The majority of affordable owner occupied units in this count are the Villa and Pondridge Circle townhomes. Few detached single family residences are currently valued at or below these affordability thresholds.

*Private Affordable Rentals*

Utilizing survey data collected by the City Building Inspection Department in spring of 2009, staff separated potential existing affordable rental units into three categories: 1) Apartment Complexes; 2) Duplexes; and 3) Single Family Rental Units.<sup>5</sup> As a point of reference, the median gross rent in 2000 was \$749.

---

<sup>4</sup> According to the endnotes in the above “Summary Report”, to estimate the number of affordable owner units by community, Metropolitan Council staff tallied all homestead housing units with a 2005 estimated market value of \$145,200 or less, per Minnesota Department of Revenue. The research staff estimated affordable rental units by reviewing Census 2000 counts at the following price thresholds: \$639 for efficiencies, \$684 for one-bedroom units, \$820 for two-bedroom units and \$948 for all three-bedroom+ units. The research staff assumed an even distribution of values across the Census unit size/price categories, which did not match directly with those thresholds cited above.

<sup>5</sup> Since the type and amount of utilities paid by tenants vary by landlord and type of structure, staff made the assumption for the purpose of this study that a rental unit is considered affordable if the gross rent paid plus any utilities paid by the tenant do not exceed the affordable rental rates established in Table 4. If tenant paid utilities plus gross rent are above the affordability limits, the rental unit would not be considered affordable under the Met Council’s LCA guidelines.

1. Apartment Complexes

*Table 5: Rental Rates for Apartment Complexes*

<b>Number of Bedrooms</b>	<b># Considered Affordable</b>	<b>Gross Rental Range</b>	<b>Percentage Affordable</b>	<b>Total Number of Units</b>
Studio	3	\$565-585	100%	3
1 Bedroom	248	\$200-930	83%	298
2 Bedroom	182	\$200-1,200	82%	221
3 Bedroom	3	\$1,000 -1,400	13%	24
Meridian Manor Units	0	\$2,400-5,080	0%	75
<b>Total</b>	<b>436</b>	<b>\$565-\$5,080</b>	<b>70%</b>	<b>621</b>

*Source: City Building Inspections Department, 2009.*

As Table 5 indicates, there are 546 rental units contained in apartment complexes and triplexes. Of these units, 436 units, or 80% have gross rental rates that may qualify the unit as affordable under the LGA guidelines. Included within these units are 77 subsidized units which are a part of the Broadwalk Apartments on 150 Central Ave S, and 3 subsidized units which are part of the Episcopal Group Homes on 380 Arlington Circle South.

2. Duplexes

*Table 6: Rental Rates for Duplexes*

<b>Number of Bedrooms</b>	<b># Considered Affordable</b>	<b>Gross Rental Range</b>	<b>Percentage Affordable</b>	<b>Total Number of Units</b>
1 Bedroom	1	\$750	100%	1
2 Bedroom	13	\$750-1,000	59%	22
3 Bedroom	2	\$1,000-1,500	8%	24
4 Bedroom	0	\$2,000	0%	2
<b>Total</b>	<b>16</b>	<b>\$750-\$2,000</b>	<b>33%</b>	<b>49</b>

*Source: City Building Inspections Department, 2009.*

As Table 6 indicates, there are 49 duplex rental units, of which 16 units or 33%, have gross rental rates that may qualify the unit as affordable under LGA guidelines.



3. Single Family Rentals

*Table 7: Rental Rates for Single Family Dwelling Units*

<b>Number of Bedrooms</b>	<b># Considered Affordable</b>	<b>Gross Rental Range</b>	<b>Percentage Affordable</b>	<b>Total Number of Units</b>
1 Bedroom	4	\$655-\$1,000	80%	5
2 Bedroom	2	\$850-\$2,000	20%	10
3 Bedroom	2	\$800-\$3,250	10%	21
4 Bedroom	0	\$2,000-\$2,500	0%	4
<b>Total</b>	<b>8</b>	<b>\$655-\$3,250</b>	<b>20%</b>	<b>40</b>

*Source: City Building Inspections Department, 2009.*

As Table 7 indicates, there are 40 single family units (detached units and townhomes) that are being utilized as rental units. Of these units, 8 or 20% have gross rental rates that may qualify the unit as affordable under the LGA guidelines.

Combining the number of potential affordable units for apartment complexes, duplexes, and single family detached rentals, approximately 32% of the City housing units are considered affordable if the 80% AMI criteria is used for calculating owner-occupied units, and 28% of units are considered affordable if the 60% AMI criteria is utilized.

Table 8: Total Number and Percentage of Affordable Units in Wayzata

<b>Total Number of Affordable Units</b>	<b>Percentage</b>
662 Units (Utilizing 80% AMI for Owner Occupied Calculations)	32%
582 Units (Utilizing 60% for Owner Occupied Calculations)	28%

*Source: City Planning Department, 2009.*

**Households with a Housing Cost Burden**

Another standard of housing affordability is to identify those households with a cost burden based on the amount of household income devoted to housing costs. A household has a housing cost burden when more than 30 percent of household income is spent on housing. Based on 2000 Census data, Table 9 shows the percentage of renters and owners who pay more than 30 percent of their income on housing. Predictably, households with incomes of 60% or less of the area median income (\$50,340) per year are most impacted by housing costs. Approximately 46% of households with incomes below \$50,000 have housing cost burdens.

*Table 9: Housing Costs as a Percent of Household Income, 2000*

1999 income	Households paying <u>less than 30%</u> of income for housing		Household paying <u>30% or more</u> of income for housing	
	Owners	Renters	Owners	Renters
Less than \$10,000	0	8	0	35
\$10,000-\$19,999	24	37	34	67
\$20,000-\$34,999	18	51	34	80
\$35,000-\$49,999	45	158	26	18
\$50,000-\$74,999	179	168	0	0
\$75,000-\$99,999	77	71	19	0
\$100,000 or more	515	33	15	0
Total	858	526	128	200

Source: U.S. Census Bureau, 2000.

### City Affordability Goals

The City of Wayzata has participated in the Metropolitan Livable Communities Act (LCA) since 1996. The LCA is a voluntary, incentive-based approach created by the Minnesota Legislature to address affordable and life-cycle housing needs within the Twin Cities metropolitan area. In participating in the LCA, the City agreed to work with the Metropolitan Council to establish goals and long-term objectives for advancing or retaining affordable and diverse housing options within the community. At the program’s inception, the Metropolitan Council estimated the amount of the city’s existing housing stock that was affordable and the City and the Metropolitan Council jointly established benchmarks for the criteria of affordability, life-cycle housing, and housing density. The numbers in the City Index column are from the Met Council’s data. As part of the City’s participation in LCA, the City did not agree to any specific numerical goals for number of units to be produced.

*Table 10: Negotiated Affordable Housing Goals for Wayzata, 1996*

WAYZATA		CITY INDEX	BENCHMARK	GOAL
Affordability	Ownership	43%	60-69%	No
	Rental	36%	35-37%	Numerical
Life-Cycle	Type (Non-single family detached)	51%	35-37%	Goals
	Owner/Renter Mix	54/46%	(67-75%)/ (25-33%)	Developed
Density	Single-Family Detached	1.0 units/acre	1.8-1.9 units/acre	*
	Multifamily	15 units/acre	10-14 units /acre	*

Source: Metropolitan Council, 2007.

*Table 11: Comparison of 1996 LCA Goals and 2009 Housing Status*

WAYZATA		1996 BENCHMARK	2009 STATUS	MEETING BENCHMARK
Affordability	Ownership	60-69%	15%	No
	Rental	35-37%	65%/72% <sup>6</sup>	Yes
Life-Cycle	Type (Non-single family detached)	35-37%	57%	Yes
	Owner/Renter Mix	(67-75%)/(25-33%)	65%/35%	No
Density	Single-Family Detached	1.8-1.9 units/acre	1.2 units/acre	No
	Multifamily	10-14 units/acre	10-18 units /acre	Yes

*Source: City Planning Department Calculations, 2009.*

Since the adoption of the 1996 LCA benchmarks, the City has met some of its benchmarks and has not met others. In 2010, the Metropolitan Council will be renegotiating the LCA affordable housing goals with communities that want to continue to participate in the LCA programs.

### **Metropolitan Council Affordability Requirements for the 2030 Comprehensive Plan**

The Metropolitan Land Use Planning Act (MLUPA), Minn. Stat. Sec. 473.859, subdivision 2, paragraph (c), requires communities in the metropolitan region to include in their comprehensive land use plans a housing element that acknowledges the city’s share of the regional need for low- and moderate-income housing.<sup>7</sup> For the local comprehensive plan updates prepared for the period from 1998 to 2008, the Metropolitan Council asked communities to plan for new affordable and life-cycle housing in numbers consistent with the housing goals negotiated as a condition of participation in the LCA. A discussion of the City’s LCA benchmarks is included in the above section. It is important to note that the goals framework was not based upon analysis of households with a housing need, limited household income or housing condition. According to the Metropolitan Council, it was based solely upon keeping the production of new affordable units at a level similar or better than the existing situation in the community between 1996 and 2010.<sup>8</sup>

For the 2030 Comprehensive Plan, the Metropolitan Council included a requirement that communities acknowledge forecasted affordable housing need for the period of 2011-2020. Again, this requirement is only concerned with newly-constructed affordable housing, a development action that consumes land. The Metropolitan Council acknowledges that some of

<sup>6</sup> The percentage of affordable rental units depends on if the 75 units of the Meridian Manor are included in the calculations for total number of rental units. If Meridian Manor is included, then the percent of affordable units is 65%. If Meridian Manor is excluded from the calculations of affordability, the percentage is 72%.

<sup>7</sup> Metropolitan Council. (2007, December). *Report to the Minnesota Legislature on Affordable and Life Cycle Housing*. Accessed May 12, 2009 at: <http://www.metrocouncil.org/planning/housing/AFFHousingRpt/AffHousingRpt2007.pdf>.

<sup>8</sup> Metropolitan Council. (2006, January), Page 2.

the new affordable housing need that arises between 2011 and 2020 will be satisfied by units that exist in the private market today, but for the purpose of the 2030 Comprehensive Plan land use exercise, they are only concerned about potential new construction.<sup>9</sup>

Based upon forecasted household growth for 2020, the Metropolitan Council has determined that Wayzata’s regional share of affordable housing need for the decade 2011 to 2020 is forecasted to be forty four (44) new affordable units.<sup>10</sup>

### **Lifecycle Housing**

One area that the City of Wayzata has made progress on is providing a diversity of housing options or “life-cycle” housing options which allow a diverse mixture of individuals, including young families and older residents to have the opportunity to live within the community. Life-cycle housing, as defined by the Metropolitan Council, refers to “varied housing options that meet people’s preferences and circumstances at all of life’s stages, providing a balance of single family homes, apartments, condominiums, townhomes, and senior housing for independent living or with a range of assisted-living services”.<sup>11</sup> The City should continue to support the development of lifecycle housing options through policies that preserve affordable single family homes, and support high quality multiple family developments and independent and assisted living facilities in appropriate locations within the community.

---

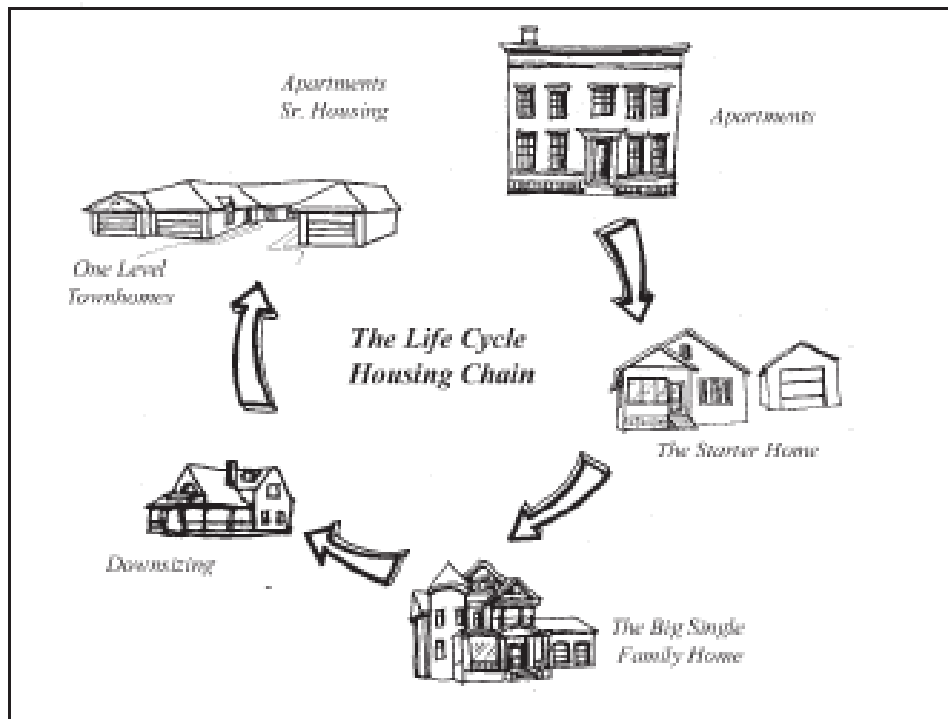
<sup>9</sup> Metropolitan Council. (2006, January), Page 3.

<sup>10</sup> Metropolitan Council. (2006, January). Exhibit 2.

<sup>11</sup> Please see the Metropolitan Council’s Livable Communities Act (Frequently Asked Question, May 2007, for more information at:

<http://www.metrocouncil.org/services/livcomm/LGAGeneralFAQ.pdf>

Figure 1: Lifecycle Housing Chain



Source: City of Faribault, 2003.

## Attachment D

### Wayzata Housing and Redevelopment Authority (HRA) Housing Loan Programs

The Wayzata HRA provides for a variety of housing programs to assist citizens in maintaining and improving their homes. The HRA partners with the Center for Energy and Environment (CEE), a local non-profit organization, to administer the City's home improvement loan programs. The following is a brief summary of the three programs jointly administered between the HRA and CEE.

- 1) **Home Energy Loan:** This program offers loans up to \$10,000 for owner-occupied, single family residential structures built prior to 1989, for energy related improvements. The loans must be paid back within five (5) years, and no income restrictions apply.
- 2) **Wayzata Low Interest Loan:** This program offers four percent (4%) fixed-rate loans up to \$25,000 for pre-1970 owner-occupied, one to two unit residential structures. The funds may be used for interior and exterior work, including rehabilitation or maintenance. The income limit is \$89,000 per household and the loan must be paid back within fifteen (15) years.
- 3) **Three Percent (3%) Deferred Loan:** This program offers a three percent (3%) deferred loan for up to \$10,000 for eligible owner-occupied properties, including one to two unit residential structures. In order to determine project eligibility, CEE will conduct an inspection of the structure, and prioritize improvements. They will also assist in finding experienced contractors, compare and help applicants understand multiple estimates. Repayment of the loan is due upon sale or transfer of ownership of the property. The income limit is sixty percent (60%) of median income, approximately \$47,000 for a family of four.

### Additional Housing Assistance Programs

- 1) **Homes within Reach:** (in coordination with the West Hennepin Affordable Housing Land Trust (WHAHLT)): WHAHLT is a non-profit corporation which provides permanent affordable housing home ownership opportunities for low- to moderate-income households in suburban Hennepin County. Based on a community land trust model, the Homes within Reach (HWR) program purchases single family properties, retains ownership of the land, and sells the homes on the land to qualifying families. The land is leased to homeowners through a 99-year renewable ground lease, and the HWR generally sells the homes to qualifying households on average for \$135,000 to \$160,000.<sup>1</sup>
- 2) **Interfaith Outreach and Community Partners (IOCP):** IOCP is a non-profit organization which provides housing assistance, ranging from emergency assistance to long-term assistance.<sup>2</sup> IOCP also develops new affordable rental and owner-occupied units through public/private partnerships in the west metropolitan area.

---

<sup>1</sup> For more information on the Homes within Reach program, please see: <http://www.homeswithinreach.org/>.

<sup>2</sup> For more information on IOCP, please see: <http://www.iocp.org/>