

Housing in Suburban Ramsey County

Ramsey County, MN

August 27, 2020



AGENDA

01 Welcome + Introductions

02 Why Affordable Housing?

03 Ramsey County Housing Trends

04 Affordable Housing Barriers

05 Discussion and Q&A

Why Affordable Housing?

Ramsey County is working towards better aligning their resources to increase the housing supply and improve support services for residents. Since many groups are oftentimes excluded from receiving the benefits of growth, it is important that we focus our efforts on preserving affordability.

Framing Housing Affordability



- Affordable Housing
- Cost Burden
- Area Median Income (AMI)
- Need for Region-Wide Affordable Housing

Centering Equity and Inclusion

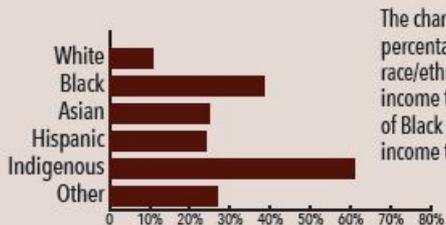
Ramsey County's housing and racial disparities pose unique challenges and require us to be flexible with our approach as we develop policies and programs needed to address the county's circumstances.

Less than 30% AMI \$30,000 and below

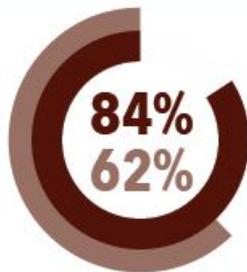
for a four-person household

33,900
total households

Homeless | People with disabilities | People with service needs | People exiting incarceration



The chart to the left shows the percentage of households by race/ethnicity who fall in this income tier. For instance, 38% of Black households fall in this income tier.



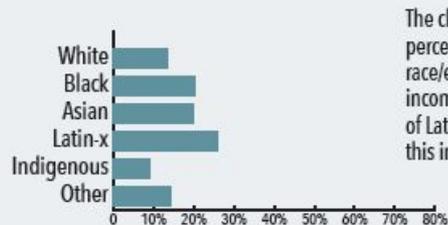
- 84% of households at this income tier are cost-burdened
- 62% are severely cost-burdened

30% to 50% AMI \$30,001 - \$50,000

for a four-person household

32,100
total households

Working poor | People with episodic housing crises and service needs



The chart to the left shows the percentage of households by race/ethnicity who fall in this income tier. For instance, 26% of Latin-x households fall in this income tier.



- 72% of households at this income tier are cost-burdened
- 27% are severely cost-burdened

Housing is a fundamental building block for economic competitiveness

Inclusive growth is a proven driver of vitality and prosperity for all — individuals, businesses, and the region. We can create an economy that thrives *for everyone because* of everyone, where we all:

- Participate in markets as entrepreneurs, workers, and consumers
- Advance in careers, build wealth, and invest in the future
- Drive economic growth through innovation and business creation



Affordable Housing is “Out of Reach” for Low-wage Ramsey County Residents

National Low-Income Housing Coalition - 2020 Out of Reach report

Annual Income Needed to Afford	Ramsey County Wages	Occupations Making < \$18.67 hr	Occupations Making < \$23.35 hr
ZERO-BEDROOM	\$32,800	Waiters and Waitresses Fast Food and Counter Workers Cashiers	Laborers and Freight, Stock and Material Movers Misc. Assemblers and Fabricators
ONE-BEDROOM	\$38,840 (\$18.67 hr)	Retail Salespersons Home Health and Personal Care Stockers and Order Fillers	Nursing Assistants Office Clerks, general Customer Service Reps
TWO-BEDROOM	\$48,560 (\$23.35 hr)	Cooks and Restaurants Fast Food Workers Cashiers	Secretaries and Administrative Assistants
THREE-BEDROOM	\$68,880	Home Health and Personal Aid	
FOUR-BEDROOM	\$81,000		

Who is being impacted in your community?

Here we have a few examples that illustrate how cost burden affects everyday workers.

Home Health Aides - 30% of AMI



Affordable rent for Home Health Aides making \$24,850 and supporting a family of four is \$621

Bus Drivers - 50% of AMI



Affordable rent for Bus Drivers making \$41,450 and supporting a family of four is \$1,036

Accountants - 80% of AMI



Affordable rent for Accountants making \$63,900 and supporting a family of four is \$1,596

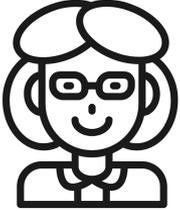
Personas Impacted

Who is being impacted in your community? Here we have a few examples that illustrate how cost burden affects everyday workers.



Source: U.S. Bureau of Labor Statistics

Personas Impacted - Child Care Worker



- 1 month of income: **\$2,289**
- For a **family of four** in the Twin Cities region making this monthly income, housing would be affordable at 30% AMI if housing does not exceed \$687:



Housing (\$687) +



Other Expenses (\$1,602)

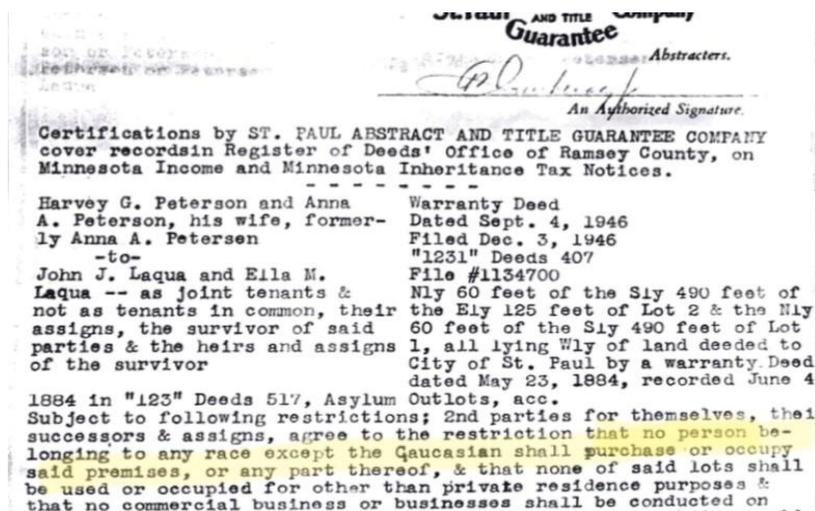
\$2,289

In this scenario, if housing costs were more affordable, our child care workers would be left with more disposable income to cover food, insurance, utilities, and other life sustaining costs.

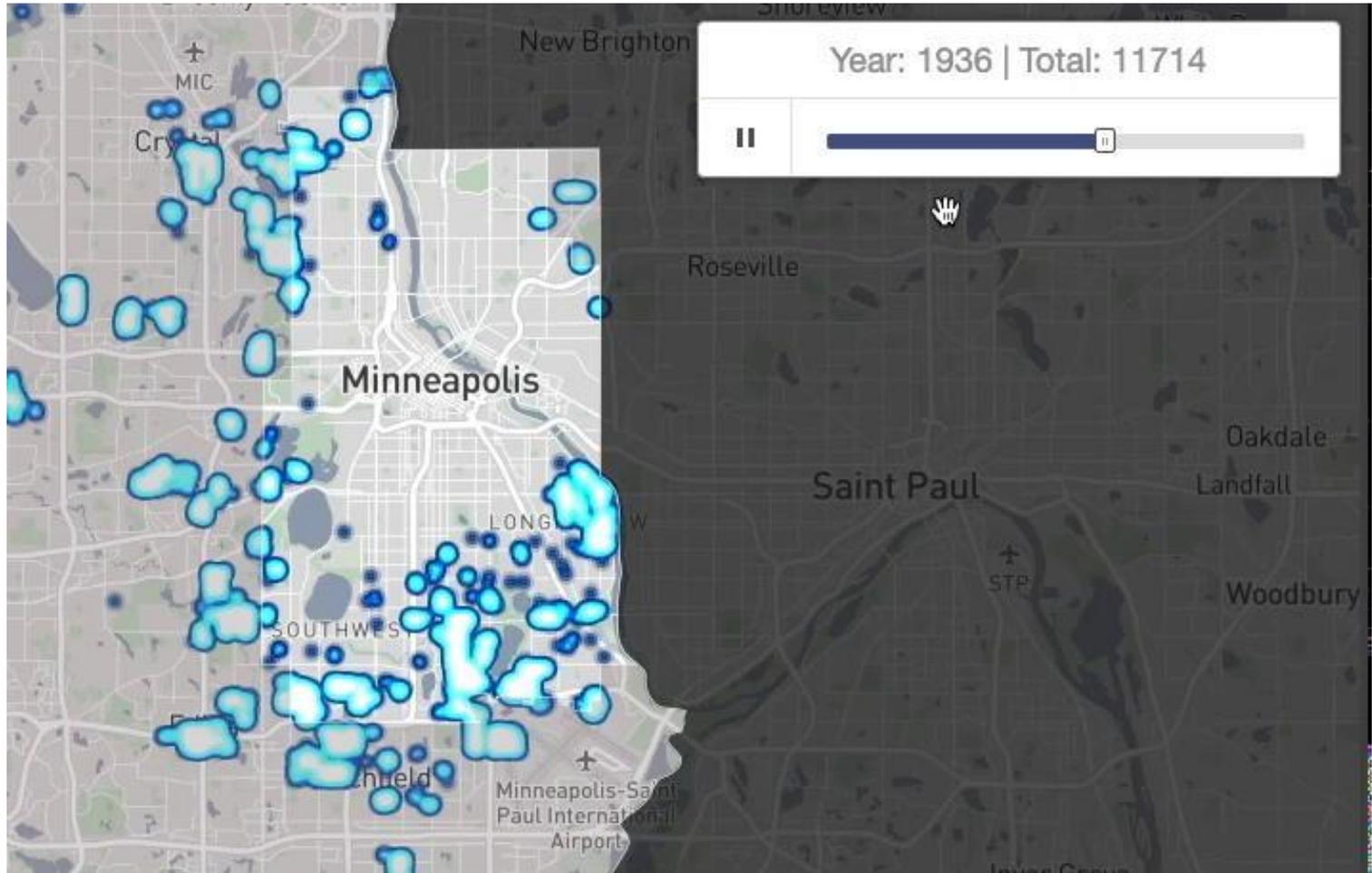
Historical Redlining and Racial Exclusion in Suburban Housing

Redlining refers to the historical practice, by banks, real estate companies and the U.S. government, to deny mortgages to Black, Indigenous and People of Color. This practice began in the 1930's and until it was ruled illegal by the 1968 Fair Housing Act.

Racial Covenants were applied to a large number of deed transactions in suburban areas. These covenants prevented anyone who was not white from owning or occupying any shelter or home on the land.



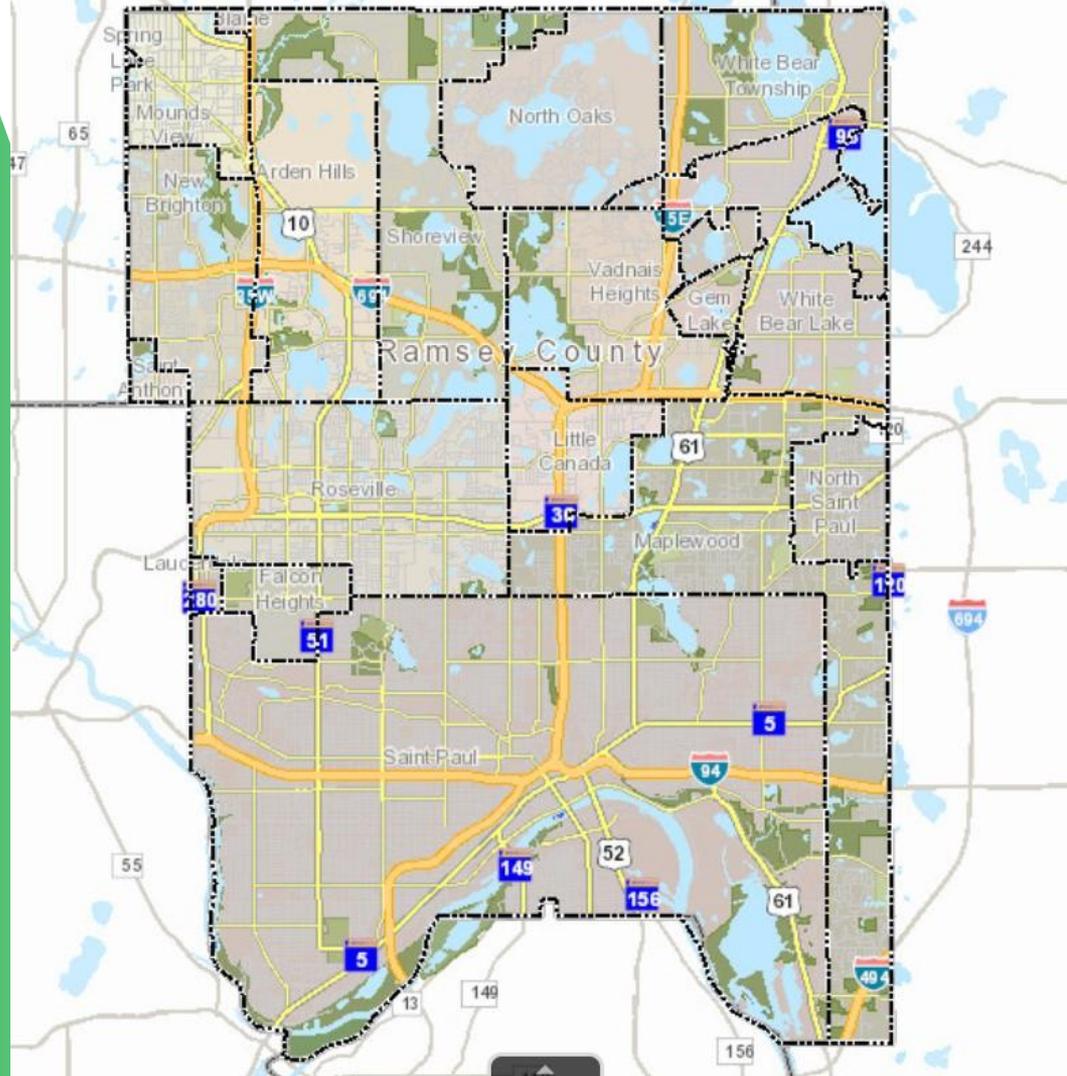
Mapping Prejudice in Ramsey County



<https://www.mappingprejudice.org/>



Ramsey County Housing Analysis



COVID-19 Uncertainties

Most of the data was compiled prior to current circumstances:

- 1) We are tracking how COVID's impact on the economy affects current trends and assumptions on housing, but there are many unknowns and few precedents.
- 2) We expect that the pressures on affordability, supply of affordable units, racial disparities, and public resources used to fund the supply of housing will worsen due to the current financial crisis.



The State of Affordable Housing

The consultant team reviewed reports and housing data sets within the last few years (2018 - 2020).

- St. Paul + Regional Market Watch
MN Housing Partnership
- Housing and Economic Growth
Family Housing Fund
- Metropolitan Council
Affordable Housing, Projections and Data
- City Needs Assessments
Roseville + Maplewood

What We've Learned

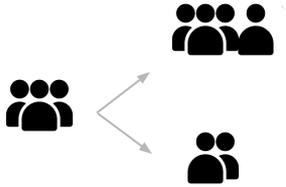
- Region-wide need for affordable rental housing
- Regional rents are rising and are less affordable for people of color
- Vacancy rates are declining and production is not keeping up with demand
- Need for preservation of Class C - 30+ year old, low rental rate units in less desirable low-income neighborhoods
- COVID-19 is amplifying trends



Affordable housing production is not keeping pace with the County's current and future needs

Components of Housing Demand

Housing Unit Demand is driven primarily by three things:



1. Population Change

Result: Housing Unit Demand + / -

Population change has a big influence on housing demand. A growing population will lead to increases in housing unit demand. A declining population will lead to decreases in housing unit demand.



2. Household Formation

Result: Housing Unit Demand +

Increasingly smaller household sizes will result in an increase in housing unit demand. In areas with no population change, increases in household formation will mean increases in housing unit demand.



3. Naturally Occurring Vacancy

Result: Housing Units = 110% of Households

There are more housing units than households. Over the last twenty years, naturally occurring vacancy (necessary for a functioning housing market) has meant there is an average of 10% more housing units than households.

Region-Wide Housing Assessment - PreCOVID

- Rents in many communities are unaffordable and rising at 8%
- Biggest need is affordable rental units
 - 80% of cost-burdened renters are working age
 - 93% of cost-burdened renters earn less than \$50K
- Above 50% AMI, there are more cost-burdened homeowners.
- Ramsey has historically been slower to recover from recessions, will this hold true and impact Post-COVID housing needs?

Region-Wide Housing Assessment (Other Needs)

- Above 50% AMI, there are more cost-burdened homeowners.
 - Are they seniors or making an explicit choice?
- Home prices are rising but lower than the rest of the MSA
- Population and jobs projected to grow, but more slowly than the MSA (Pre-COVID)
 - If these projections hold Ramsey will add 22,610 new households
 - 4,200 earning less than \$25K
 - 5,000 earning \$25K-\$49K
 - 4,000 earning \$50K-\$74K
 - 10,000 earning \$75K+

Centering Equity and Inclusion

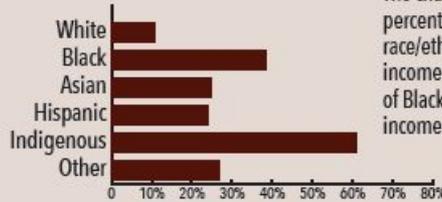
Ramsey County's housing and racial disparities pose unique challenges and require us to be flexible with our approach as we develop policies and programs needed to address the county's circumstances.

Less than 30% AMI \$30,000 and below

for a four-person household

33,900
total households

Homeless | People with disabilities | People with service needs | People exiting incarceration



The chart to the left shows the percentage of households by race/ethnicity who fall in this income tier. For instance, 38% of Black households fall in this income tier.



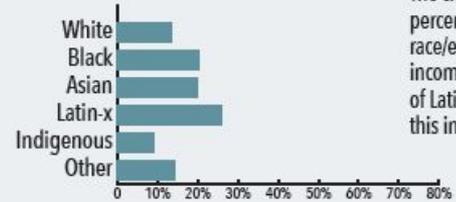
- 84% of households at this income tier are cost-burdened
- 62% are severely cost-burdened

30% to 50% AMI \$30,001 - \$50,000

for a four-person household

32,100
total households

Working poor | People with episodic housing crises and service needs



The chart to the left shows the percentage of households by race/ethnicity who fall in this income tier. For instance, 26% of Latin-x households fall in this income tier.



- 72% of households at this income tier are cost-burdened
- 27% are severely cost-burdened

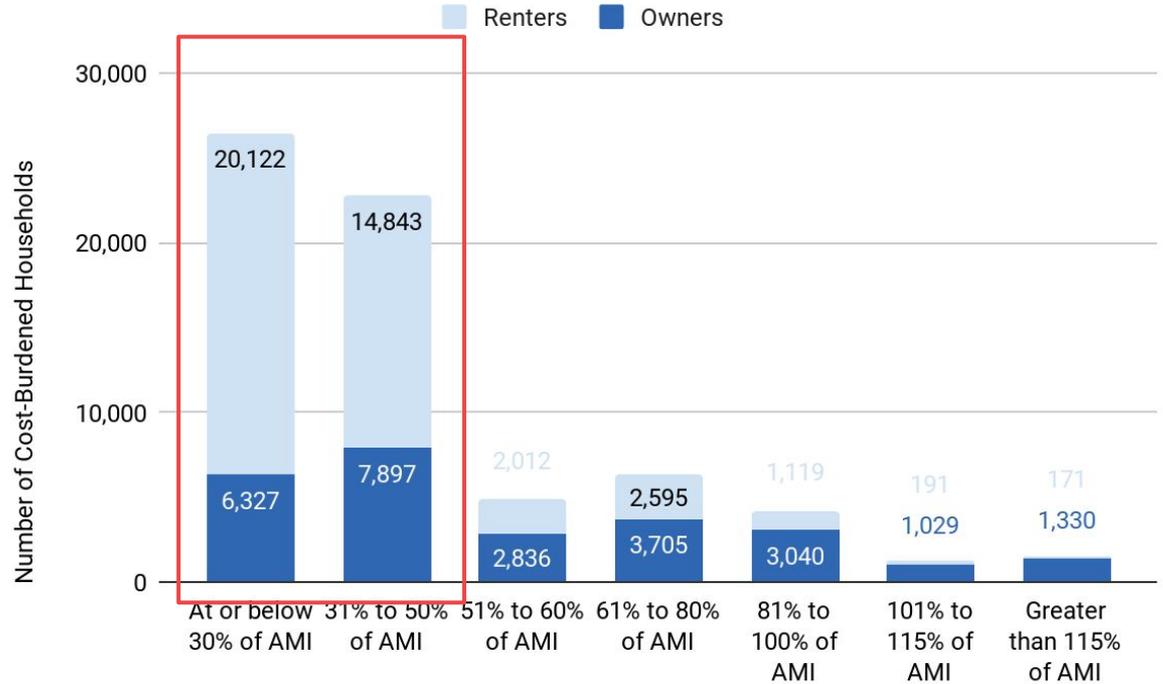
Most minority cost-burdened households are earning < 50% AMI, with minority renters more likely to be cost-burdened

Cost-Burdened Households by AMI Levels

Ramsey County has more than **67,000** cost-burdened households

Most of these are renters earning less than 50% of AMI.

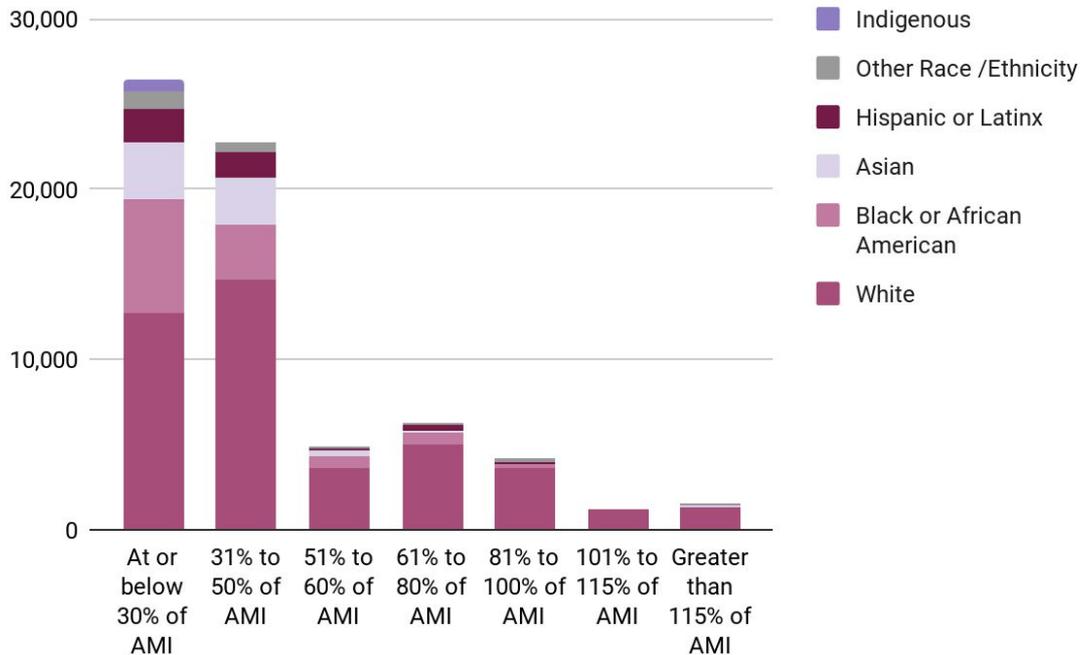
Above 50% of AMI, the number of cost-burdened owners exceeds the number of cost-burdened renters.



Cost-Burdened Households by Race and Ethnicity

Minority households that are cost-burdened are overwhelmingly earning 50% AMI or lower.

The majority of cost-burdened households are white, but minority households are more likely to be cost-burdened (e.g. 48% of African American households outside Saint Paul are cost-burdened, but they account for only 4 percent of the cost-burdened households in Ramsey County.)



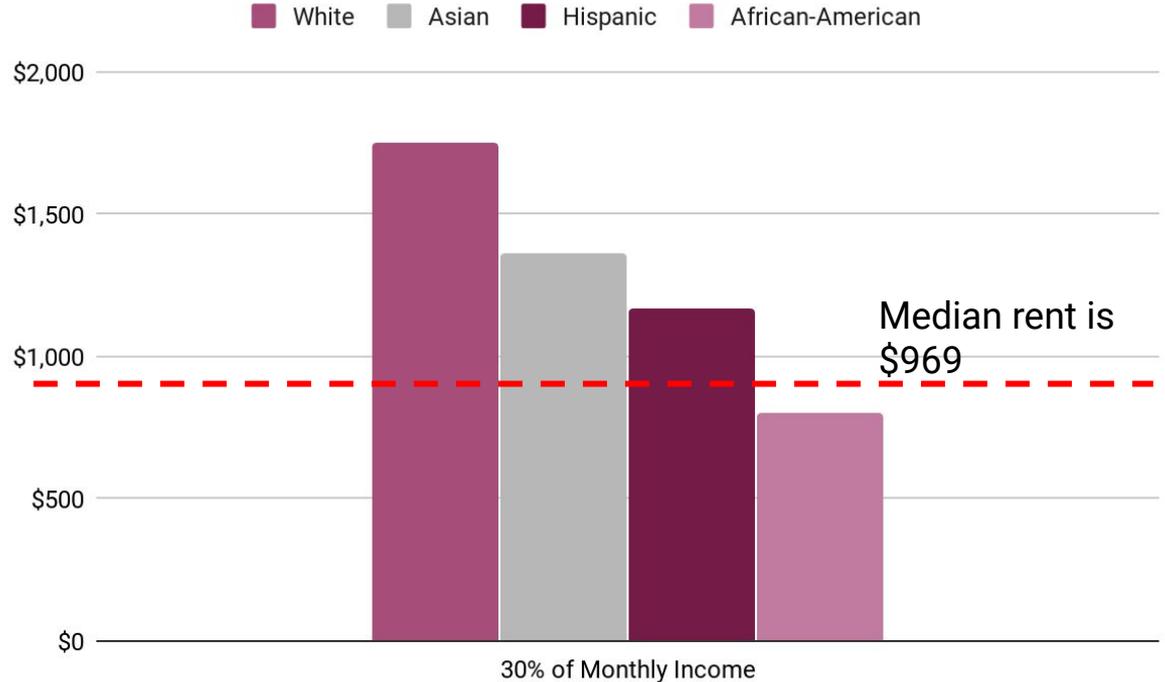
Income Disparities Drive Unequal Housing Opportunity

What this means for housing is that the median White household can afford **\$1,753** per month in housing costs compared to:

\$1,361 for Asian households

\$1,165 for Hispanic households

\$802 for African-American households





Suburban Ramsey County Housing Analysis

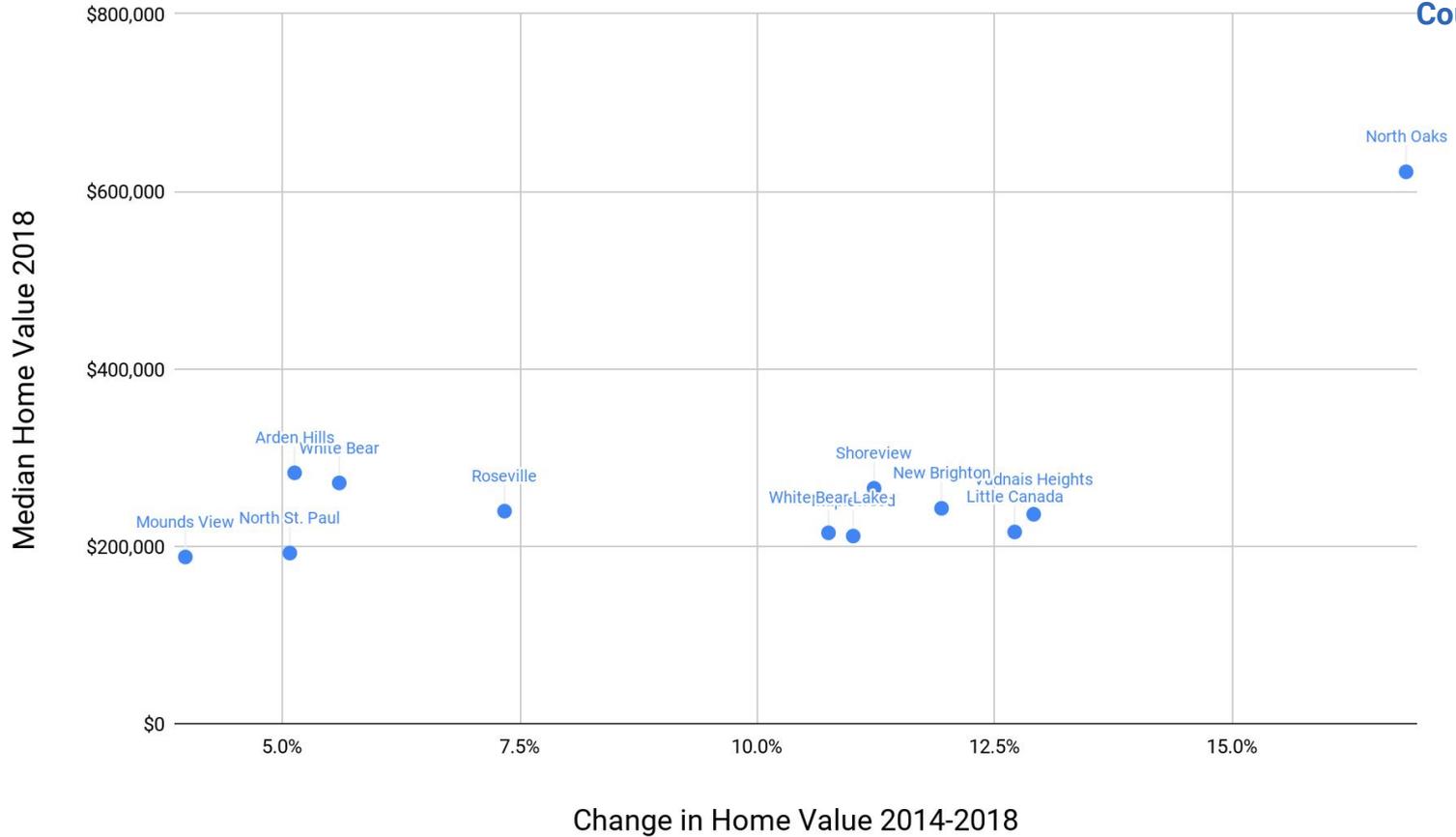
Pre COVID-19 housing trends show rents across Ramsey County increasing by 8 - 10 percent or more.

Home values were not increasing as rapidly until the past year

Home Values Across the County



Ramsey
County

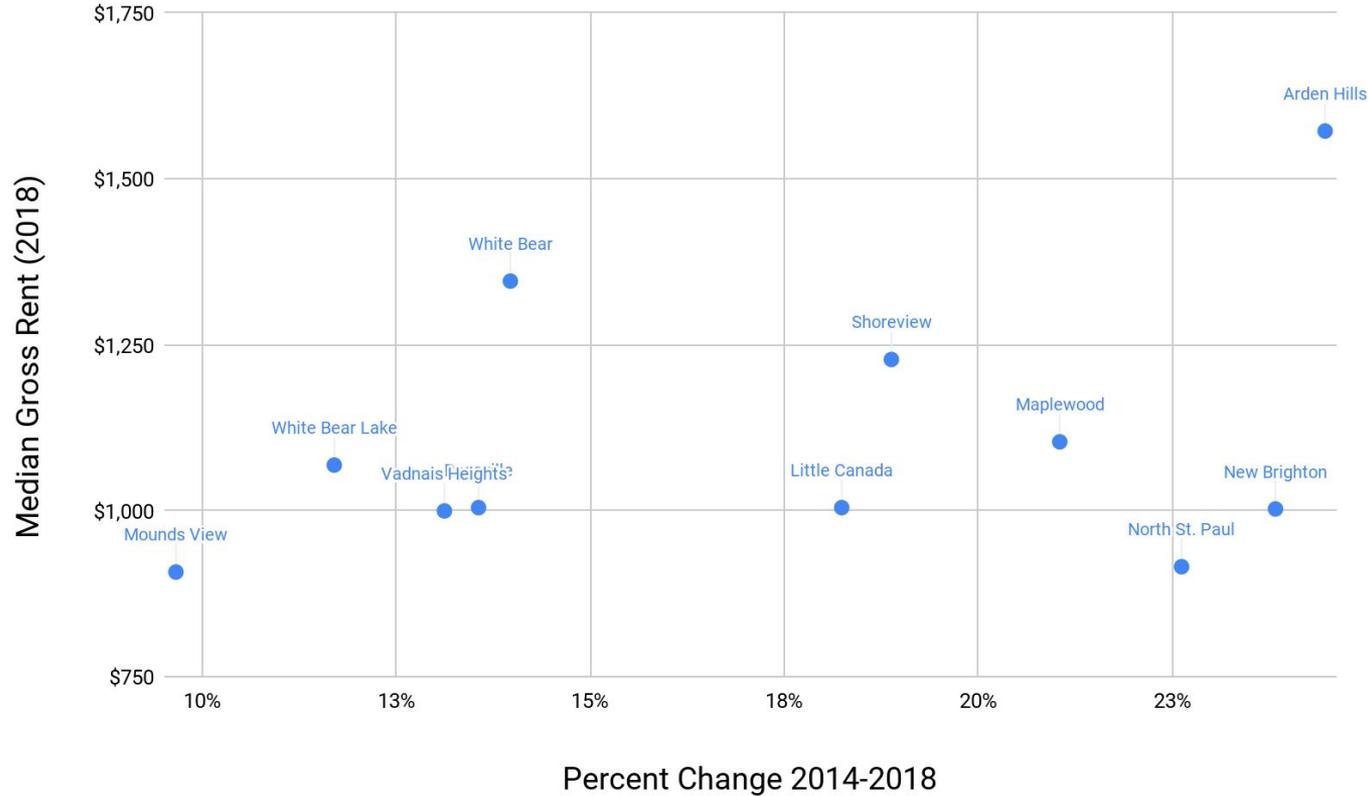


Source:
US Census
Bureau
2014-2018
ACS
estimates

Rental Cost by Selected Areas



Ramsey
County



**Note: Excludes
North Oaks and
Gem Lake**

Source:
US Census
Bureau
2014-2018 ACS
estimates

Ramsey's Suburbs' biggest need is affordable rental units for households earning less than \$30,000 per year.

The overall gap in supply that needs to be addressed at this income level is 1,258 units.

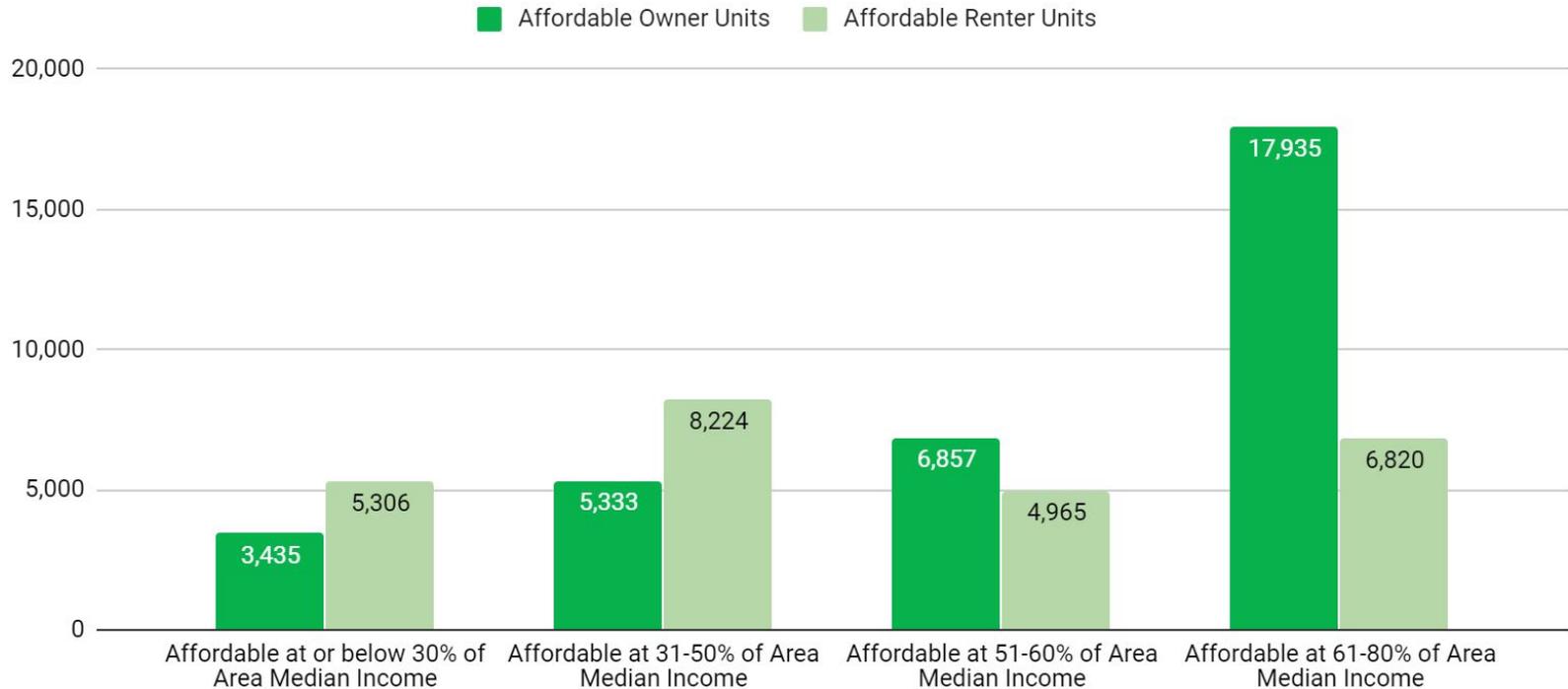
Affordability of Units by AMI Levels (2018)

There is an existing gap or need for more units - or more subsidies - for households at or below 30% of the AMI.

Based on projected growth, Ramsey county could add 6,000 households earning less than \$65,700 (80% AMI) by 2030

	Number of Households	Number of All Housing Units	Housing Surplus (Gap)
Affordable at or below 30% of Area Median Income	9,999	8,741	(1,258)
Affordable at 31-50% of Area Median Income	11,282	13,557	2,275
Affordable at 51-60% of Area Median Income	4,700	11,822	7,122
Affordable at 61-80% of Area Median Income	8,156	24,755	16,599

Total Affordable Units in Ramsey's Suburbs (2018)



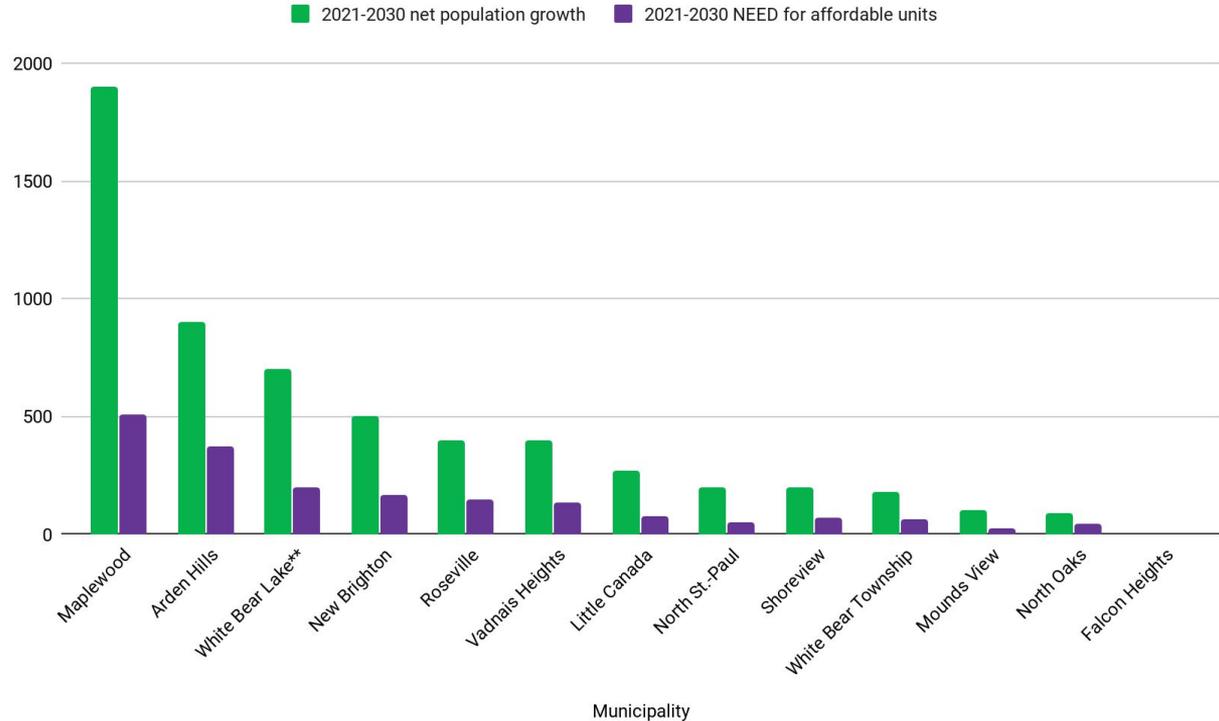


Affordable housing production is not keeping pace with the County's current and future needs

Affordable Housing Allocation Need

The Metropolitan Council projects that Ramsey County's suburban population will grow by 5,840, and the affordable housing need will grow by 1,860 between 2021 and 2030.

Ramsey County can prepare for increased demand by ensuring that housing is available and accessible.

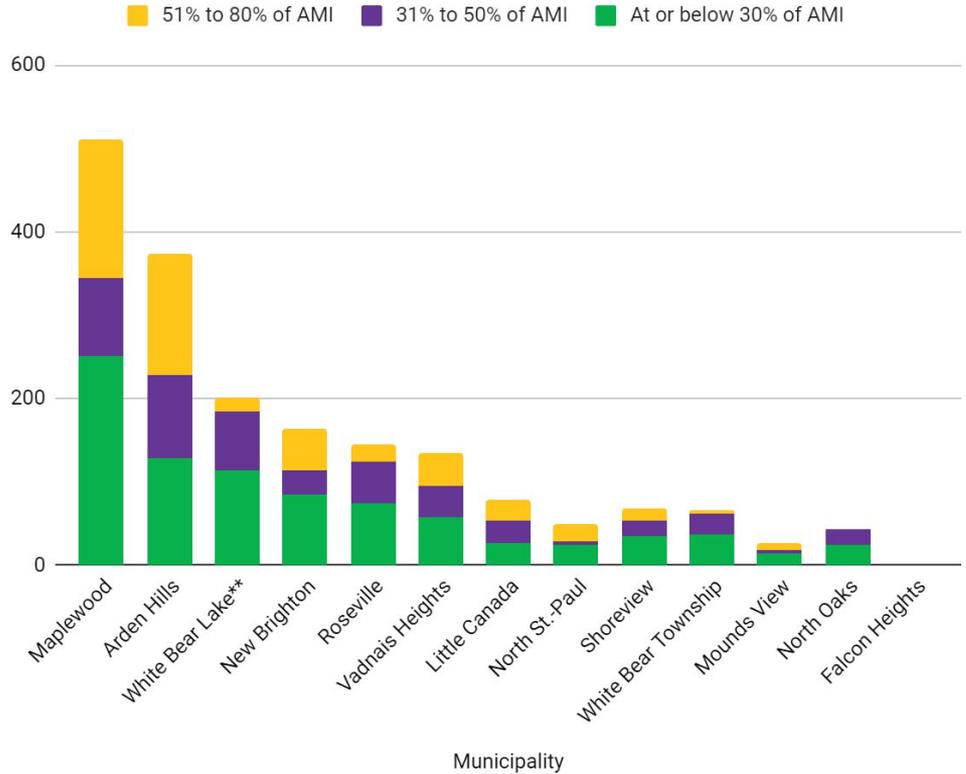


**Cities that are split between two counties are shown in the county with the largest share of households. Note: The 2021-2030 NEED for affordable units (total) includes an adjustment to make all communities' allocations sum to the regional total, so it is not the exact sum of the NEED numbers by AMI level.

Housing Need by Suburb

Maplewood and Arden Hills overwhelmingly have the highest affordable housing need.

**Cities that are split between two counties are shown in the county with the largest share of households. Note: The 2021-2030 NEED for affordable units (total) includes an adjustment to make all communities' allocations sum to the regional total, so it is not the exact sum of the NEED numbers by AMI level.

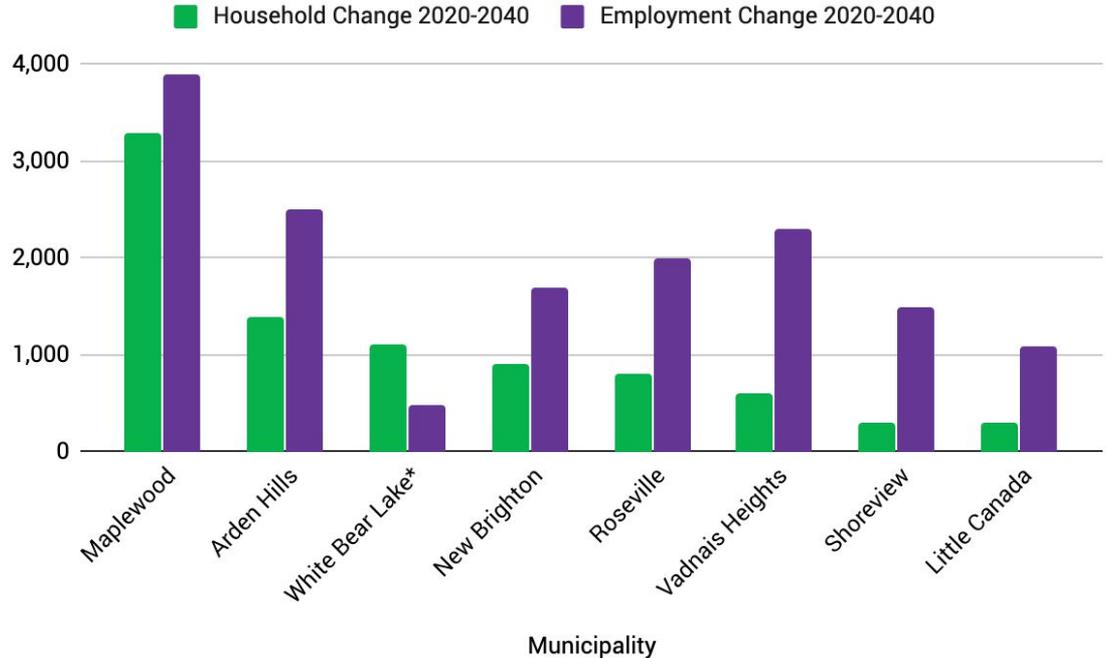


Higher Growth Communities

Communities with higher employment growth may need more affordable housing or transit service to support the job growth

These communities will have a higher housing costs making housing less affordable

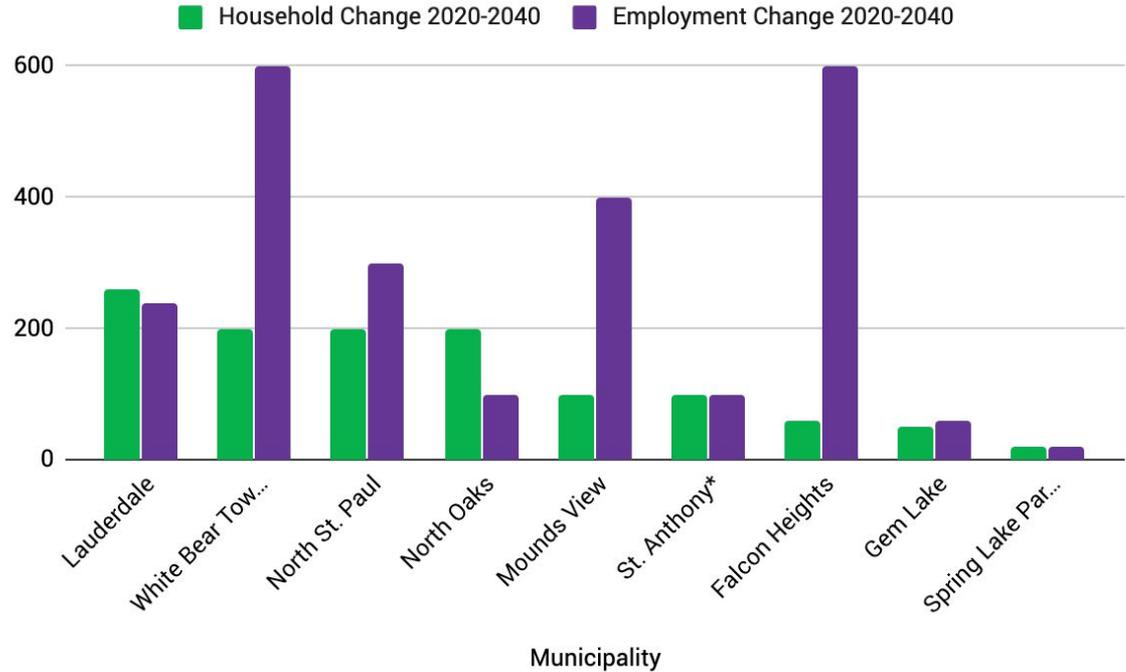
Saint Paul is expected to add 12,700 households and 18,800 jobs by 2040



Lower Growth Communities

Communities with higher employment growth may need more affordable housing or transit service to support the job growth

These communities will have a lower housing costs and may already have more market-rate affordable homes



Affordable Housing Land Availability

There are 5,358 acres of vacant residential land available across Ramsey County's suburbs. Shoreview and North Oaks possess 74% of the total vacant residential land available.

*Vacant Residential from the parcel assessment data, excludes exempt vacant land (schools, churches, cemeteries, etc)

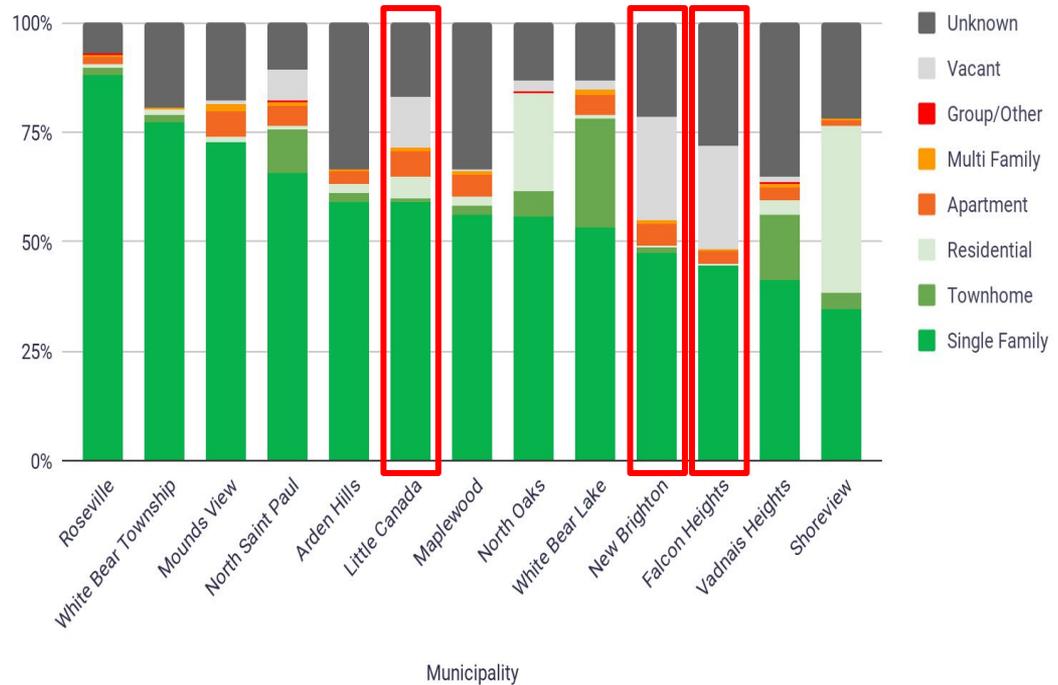
Municipality	Vacant Residential Acres
Shoreview	2,718
North Oaks	1,262
Maplewood	380
Vadnais Heights	264
White Bear Township	219
Roseville	109
White Bear Lake	101
Little Canada	96
North St. Paul	90
Arden Hills	48
New Brighton	35
Mounds View	34
Total	5,358

Acres of Land by Residential Type and Suburb

Most of the suburban communities are dominated by single-family residential uses.

Parcels that are vacant or with unknown land use are potential development opportunities.

*Vacant Residential from the parcel assessment data, excludes exempt vacant land (schools, churches, cemeteries, etc)



What Does it All Mean?

- Housing that is affordable to all is needed in our communities.
- The pace of affordable housing production is not keeping pace with demand.
- This, in turn, impairs the economic health and competitiveness of our communities.
- Ramsey County is analyzing these issues through its Economic Competitiveness & Inclusion Plan.

Discussion

- **How can Ramsey County develop solutions to its pressing housing challenges, esp. for those who are most cost-burdened?**
- **What actions can the County take to work with local communities to provide more housing opportunities affordable for people who need them?**

How to Stay Involved

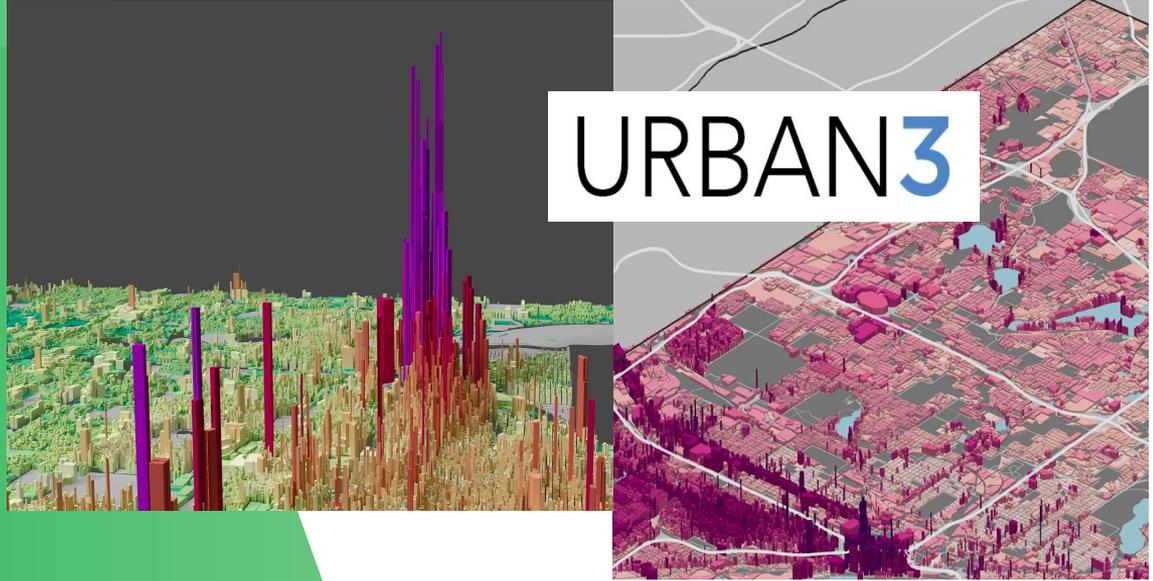
- Join a virtual Build Session on Affordable Housing Development to continue this conversation and consider policy solutions.

Tuesday, September 1 - 3:00-5:00 p.m.

- Join Mapping Prejudice's project to map Ramsey County racial covenants.
 - <https://www.mappingprejudice.org/get-involved/index.html#build-the-map>
- Track progress on the Economic Competitiveness & Inclusion Plan
 - <https://www.ramseycountymeansbusiness.com/about/ecip>
 - bit.ly/eicstrategy



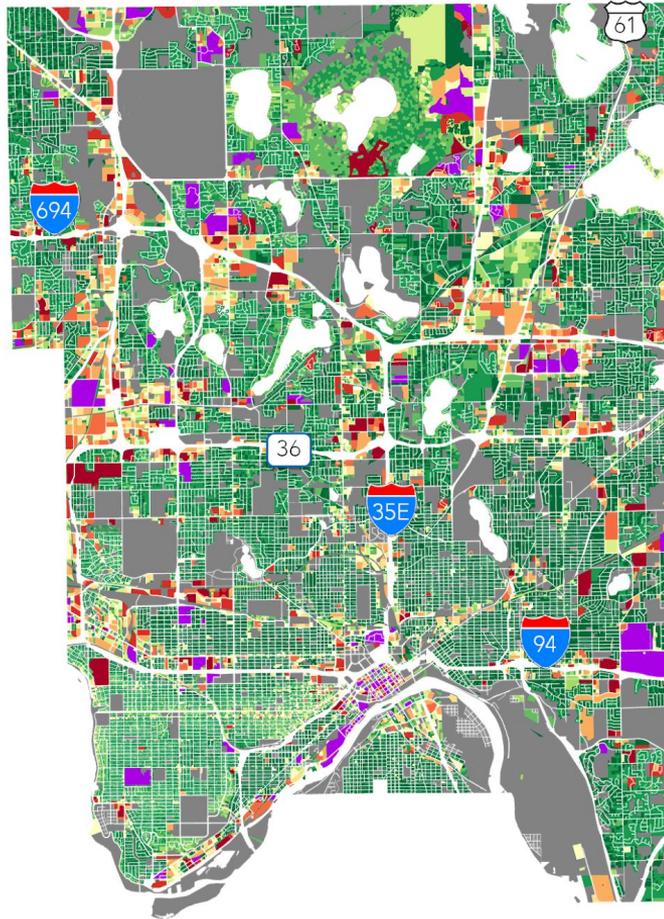
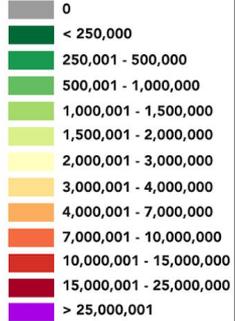
Ramsey County Fiscal Health Analysis



Total Taxable Value

Ramsey Co, MN

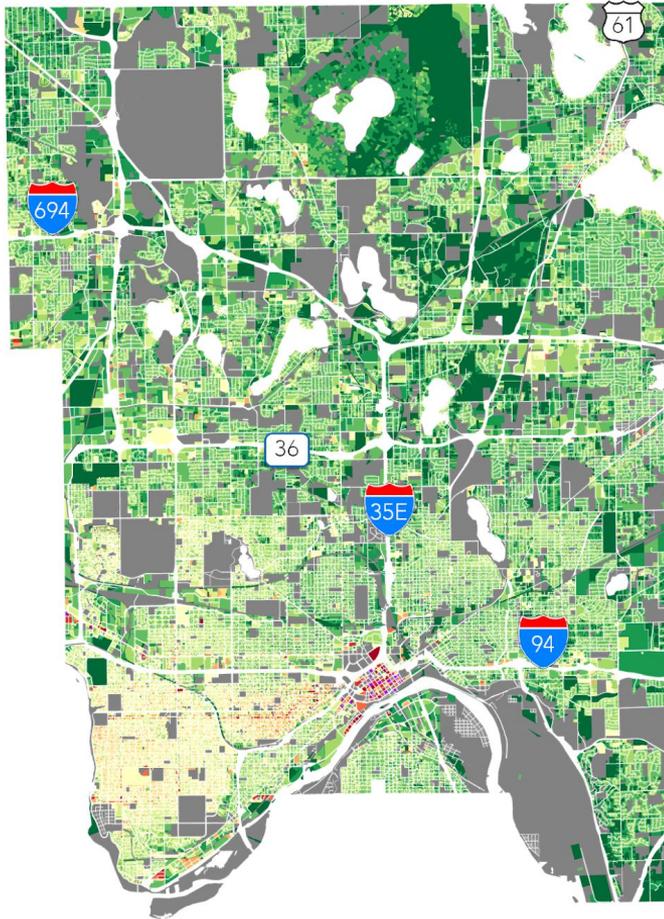
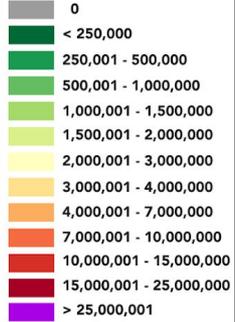
Total Taxable Value (\$)



Value Per Acre

Ramsey Co, MN

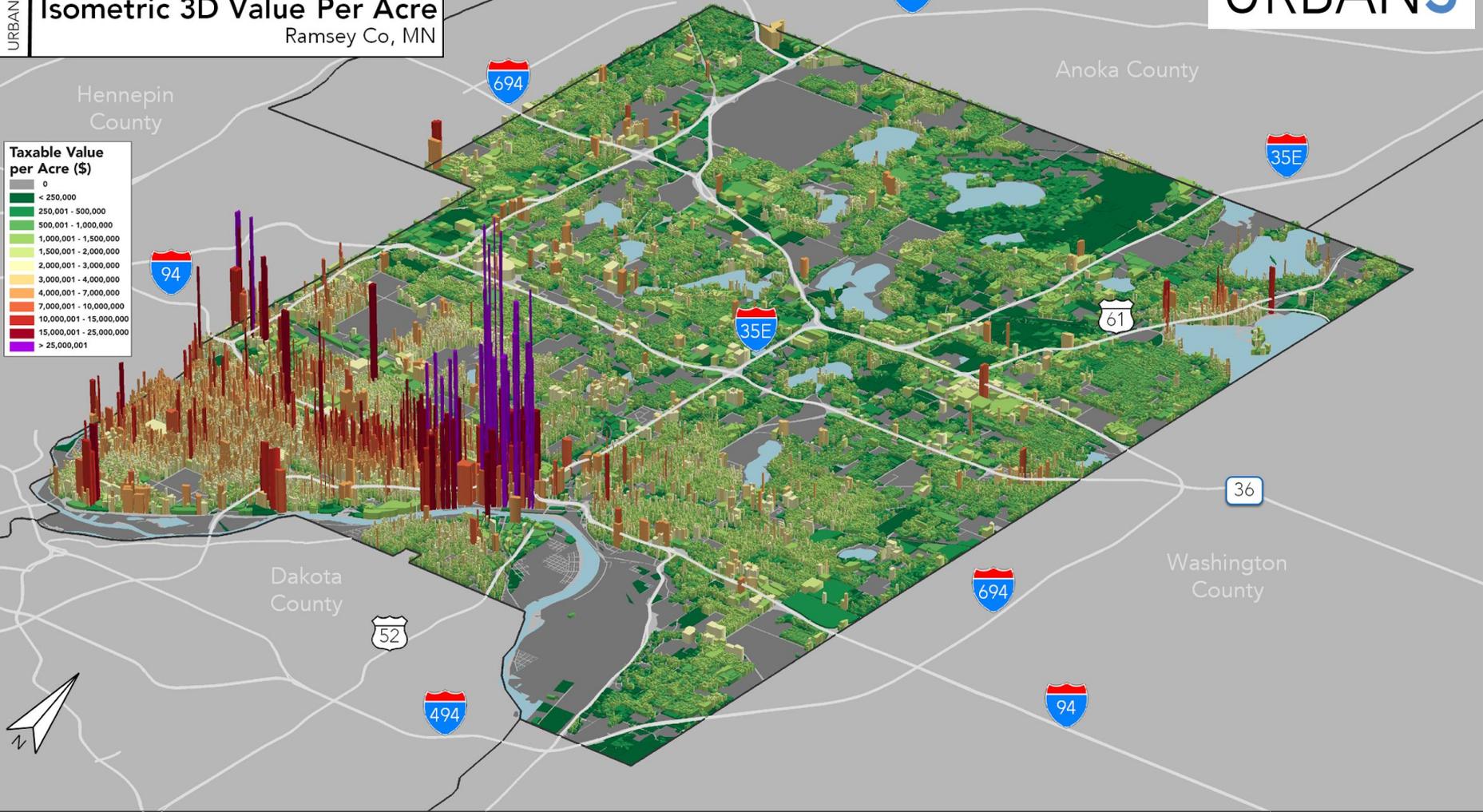
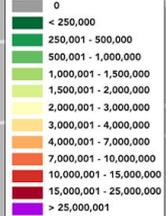
Taxable Value per Acre (\$)



Isometric 3D Value Per Acre

Ramsey Co, MN

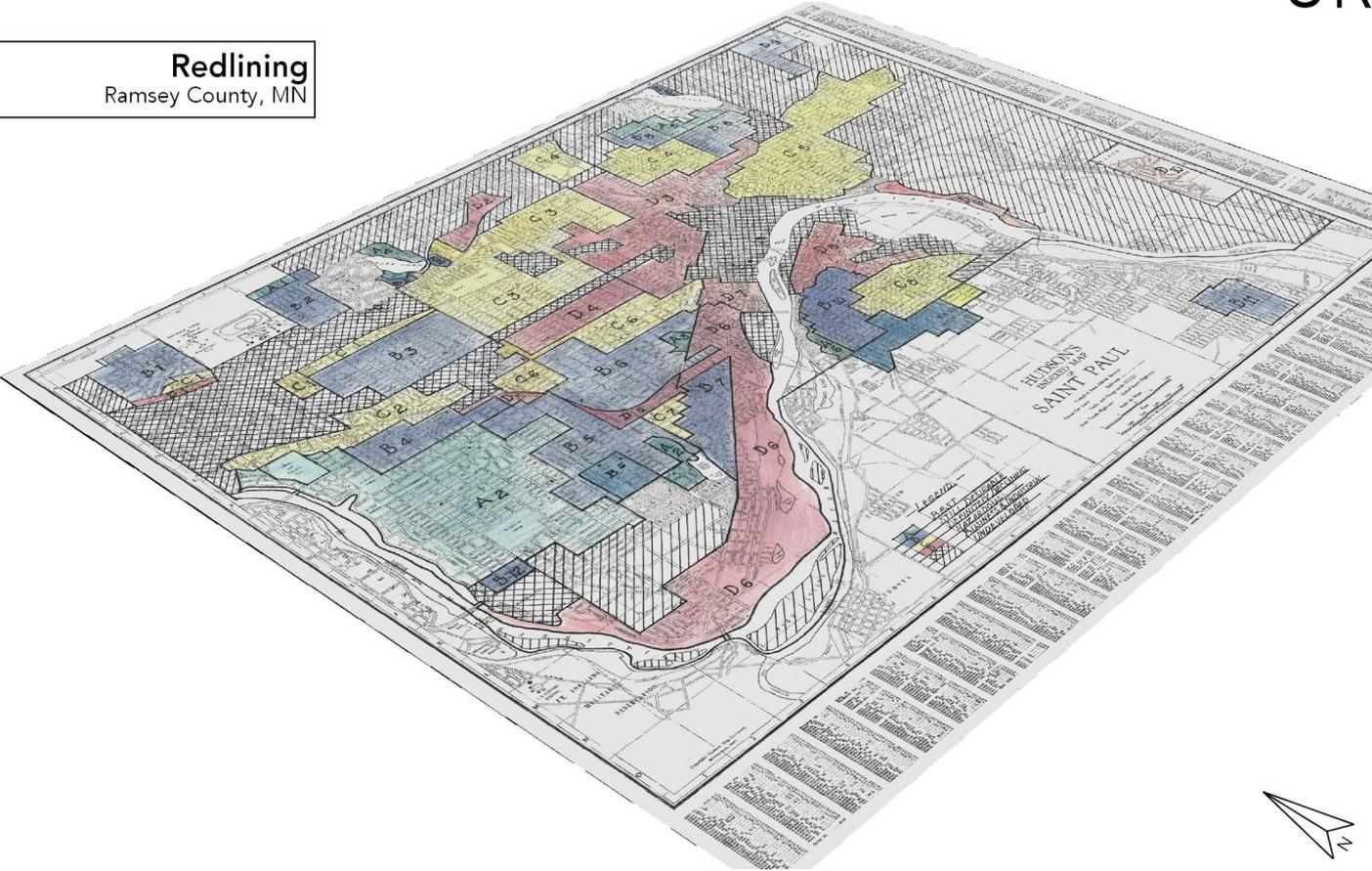
Taxable Value per Acre (\$)

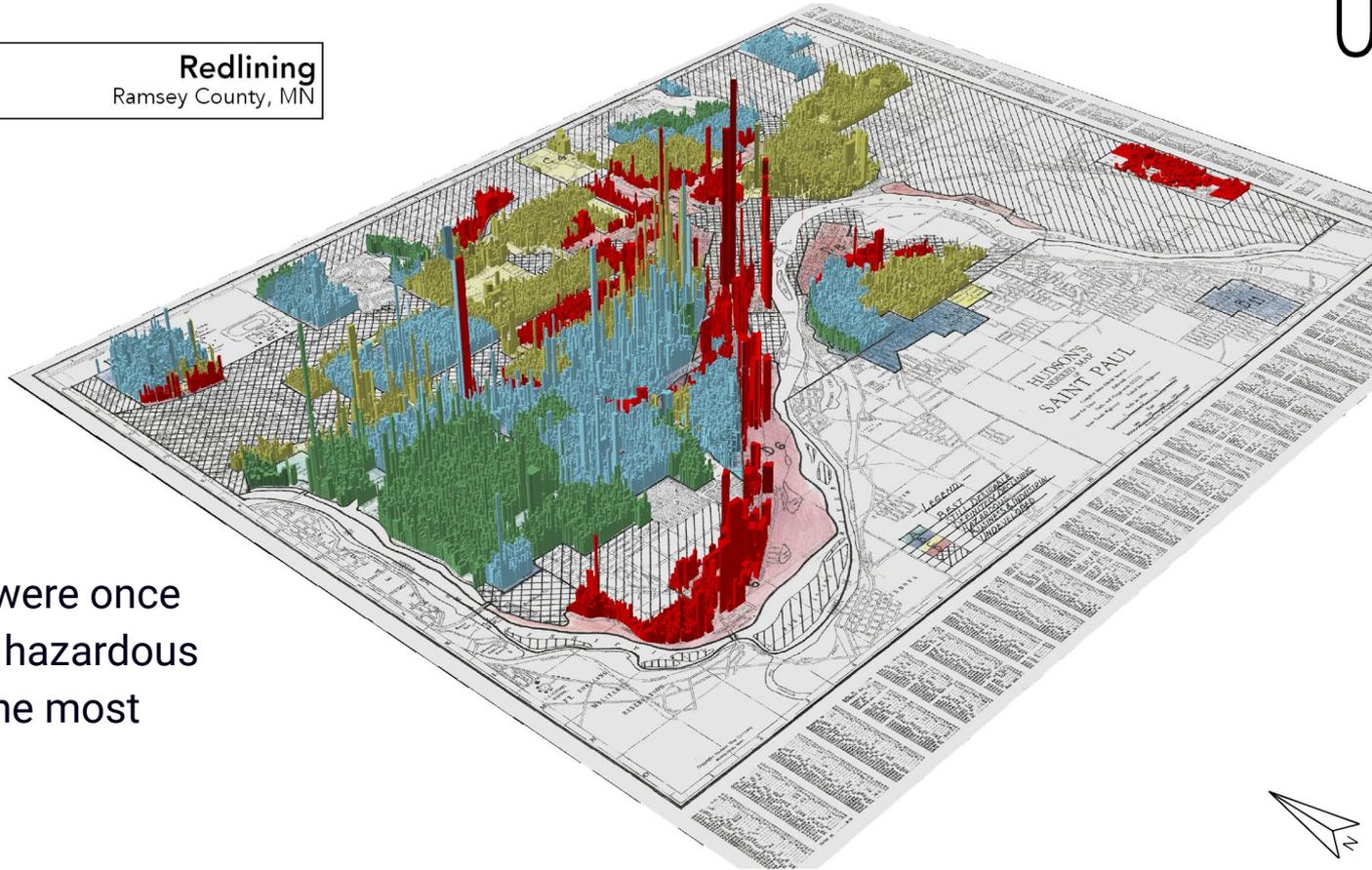


URBAN3

Redlining

Ramsey County, MN





Areas that were once deemed as hazardous now have the most value.



Context

Need

- 15,000 cost-burdened renters at AMI-30
- Met Council projects need of @ 3,900 NEW units (1,900 in Saint Paul). This far exceeds the current scale of production and yet is below the total need.
- Adding about 500 new low income households per year

Supply

- 10,800 LIHTC units but 3,200 will expire by 2030
- 4,800 HUD Multi-Family units, about 1,800 expire by 2030
- Should be stable: 4,270 HUD Public Units with 9,863 residents
- 10,300 vacant housing units in Ramsey (<5%)
- Ramsey has produced an average of 83 AMI-30 units per year and about 500 units of affordable housing at/below 80% AMI

Responding to the data

- Are these the right 3 priorities?
- How bold is the County willing to be?
- How do we balance constraints (budgets / authority)?
- Can we utilize carrots and sticks?
- Willingness to explore new tools, ie levy authority?

1. **Improve and preserve affordable rents and home prices**
2. **Address racial disparities among who is most cost burdened**
3. **Increase amount and type of housing options for lowest income households and end NIMBYism**

Responding to RC's top 3 housing challenges

1. Improve and preserve affordable rents and home prices

Possible solutions:

- Increase housing production, esp moderate to lower-income housing stock and in higher growth communities;
- Create TOD-focused programs: for developers (ie Hennepin), for landlords
- Increase funding for preservation and/or implement a County Right of First Refusal program;
- Reduce costs of construction and preservation, ie. modular construction
- Increase # of available housing subsidies/vouchers;
- Revise local zoning codes to support MF (inc duplex, triplex, four-plex)

Q: How could HRA Levy Authority be utilized to support goal and solutions?

Responding to RC's top 3 housing challenges

2. Address racial disparities among who is most cost burdened

Possible solutions:

- Prioritize subsidies and funding to BIPOC renters, homeowners
- Expand emergency rental assistance programs / target to landlords
- Create a County Housing Reparations program to support BIPOC move into ownership within racially/ethnically historic communities (ie Rondo, Frogtown, Tribal)
- Expand community-ownership models, inc Community Land Trusts
- Increased partnership with BIPOC and legal aid organizations to support eviction protection / mediation programs

Q: How could HRA Levy Authority be utilized to support goal and solutions?

Responding to RC's top 3 housing challenges

1. Increase amount and type of housing options for lowest income households

Possible Solutions:

- Create stronger incentives for localities to revise land use and zoning;
- Increased prioritization of CDBG/HOME funds;
- Target/expand surplus public land policies to support affordable housing;
- Create gap financing tool (in partnership with LISC or other type of financial intermediary);
- County tax incentives to boost LIHTC specifically for units at/below 30% AMI
- Ease zoning restrictions and allow for density and creativity in terms of where housing is made available.

Q: How could HRA Levy Authority be utilized to support goal and solutions?

Positioning for Regional Competitiveness

County Program Comparison	Ramsey	Anoka	Dakota	Hennepin	Washington
Economic Gardening	✓	✓	✓	✓	✓
Community Development Block Grants (CDBG)	✓	✓	✓	✓	✓
HOME Funds	✓	✓	✓	✓	✓
GreaterMSP	✓	✓	✓	✓	✓
Property Assessed Clean Energy	✓	✓	✓	✓	✓
Environmental Response Funds	✓		✓	✓	
Open To Business	✓	✓	✓	✓	✓
Transit Oriented Development				✓	
Predevelopment/Redevelopment Finance Fund			✓	✓	✓
Corridor Planning Fund	✓			✓	
Business District Initiate Grant				✓	
Affordable Housing Gap Financing/Incentive Fund			✓	✓	✓
Lead Program				✓	
County Owned Affordable/Senior Housing		✓	✓		✓
Levy?		✓	✓	✓	✓
Source of Levy	HRA	HRA	CDA	HRA/Gen Levy/CIP	CDA



Affordable Housing Income Levels (Twin Cities Region)

HUD FY 2020 Income Limits	Persons in Family		
	1	4	8
Extremely Low (30%) Income (\$)	21,700	31,000	44,120
Very Low (50%) Income (\$)	36,200	51,700	68,250
Low (80%) Income Limits (\$)	54,950	78,500	103,650

Using what we've learned, we are going to take a look at how you and your neighbors are being impacted by low housing supply, and thus high housing costs.

What Could Affordable Rents and Home Prices Look Like?

If we think about affordable housing prices that would ease cost burdens amongst ourselves and our neighbors, these are some price ranges that we should consider.

Affordable Rent	Persons in Family	
	1	4
Extremely Low (30%) Income (\$)	\$543	\$775
Very Low (50%) Income (\$)	\$905	\$1,293

Affordable Homes	Persons in Family	
	1	4
Extremely Low (30%) Income (\$)	\$77,800	\$111,100
Very Low (50%) Income Limits (\$)	\$129,750	\$185,300

How Housing Impacts Families

Housing Cost Burden Example

The 30% rule of thumb that describes housing as “affordable” when a household pays no more than 30% of income on housing is pertinent across the full array of households. But it neglects to account for the remaining differences in income available for other life needs, as illustrated below.

HOUSEHOLD A (LOW INCOME)

Family of four

Monthly gross income: \$3,500

30% of income (housing costs): \$1,050

Income for other life expenses (transportation,
food, clothing, child care, insurance, etc.)

\$2,450

HOUSEHOLD B (HIGH INCOME)

Family of four

Monthly gross income: \$15,000

30% of income (housing costs): \$4,500

Income for other life expenses (transportation,
food, clothing, child care, insurance, etc.)

\$10,500

Let's walk through a few more specific examples...