

Chapter 5 Housing Plan

5.0 Introduction

Housing is a critical and essential component of the quality of life in a community. The availability of a variety of housing types, styles, and price ranges, which allows residents to move through the life-cycle housing chain, is a key factor in maintaining a community's sustainability. Among other things, the diversity, affordability and quality of housing in a community plays a critical role in attracting and retaining businesses by providing places to live for a local work force.



Over the past ten years, the Fridley Housing and Redevelopment Authority's (HRA) focus has been on removing blight and providing home improvement loan opportunities for Fridley homeowners. The City Planning Division has been aggressively enforcing yard maintenance codes, completing over 1,000 cases in 2006. The City also hired a summer intern in 2007 to systematically inspect each residential property and rectify any current code violations. While the Planning staff's code enforcement efforts improve the appearance of neighborhoods, staff is somewhat limited in addressing building conditions under existing code language. There is growing public sentiment that the City should implement a housing maintenance code. The Fridley City Council has considered implementing such a code many times over the past fifteen years, however, the cost of staffing such a program during a time of City staff layoffs and serious long-term budget concerns has prevented the City Council from adopting such a code.

The 2020 Comprehensive Plan for Fridley promoted the development of more *life-cycle* housing. Like many fully developed communities, Fridley's vision to provide more diversity in housing has been met with neighborhood opposition to density. In an effort to educate the public about the need to plan for the growth of the region and increased density, the Fridley HRA completed a series of housing policy public forums in the fall of 2004. The Housing Policy Forums were organized around three basic objectives:

- Informing the public (and decision makers) about how housing works in the regional and local context.
- Engaging the public in a discussion (answering questions and receiving guidance) on housing issues and needs.
- Summarizing the information in a manner for review and subsequent action by the City Council.

The Housing Policy Forums served as an important information resource for housing planning in Fridley. Part of the Forums involved analyzing the housing goals of the 2020 Comprehensive Plan. Preserving the quality of existing homes and neighborhoods clearly received the greatest support in the goal evaluation process. On the contrary, policies of providing more affordable housing and generally expanding the housing supply received little support.

Another part of the housing forum exercise involved trying to develop new housing goals. However, no clear consensus was reached for new goals. Therefore, the housing policy forums did not result in any immediate need to revise the Housing Chapter of the Comprehensive Plan.

5.1 Existing Housing Supply

In order to develop a plan for housing, an analysis of the existing housing stock was performed. This analysis is based on a combination of sources such as 2000 Census, City surveys and inventories, building

inspection data, Anoka County Assessing data, RMLS data from the Minneapolis Area Association of REALTORS, and the Builders Association of the Twin Cities.

5.2 Age of Housing Stock

The majority of the City of Fridley housing stock was built during the 1960s or earlier. While most of the single-family housing stock in Fridley was built in the 1950's and 60's, most of the multi-family housing units were constructed in the 1960's and 1970's. The following table identifies age of the housing stock.

Table 5.1: Age of Housing Stock

Age of Housing Stock	Owned		Rental		Total	
	No.	%Total	No.	%Total	No.	%Total
Pre – 1950	468	6.2	17	.5	485	4.3
1950 – 1959	2,372	31.4	190	5.2	2,562	22.8
1960 – 1969	2,394	31.7	1,712	46.5	4,106	36.6
1970 – 1979	1,488	19.7	909	24.7	2,397	21.3
1980 – 1989	464	6.1	665	18.1	1,129	10.1
1990 – 1999	243	3.2	186	5.0	429	3.8
2000 – 2006	116	1.5	5	.1	120	1.1
Total Stock	7,545	100.0	3,684	100.0	11,228	100.0

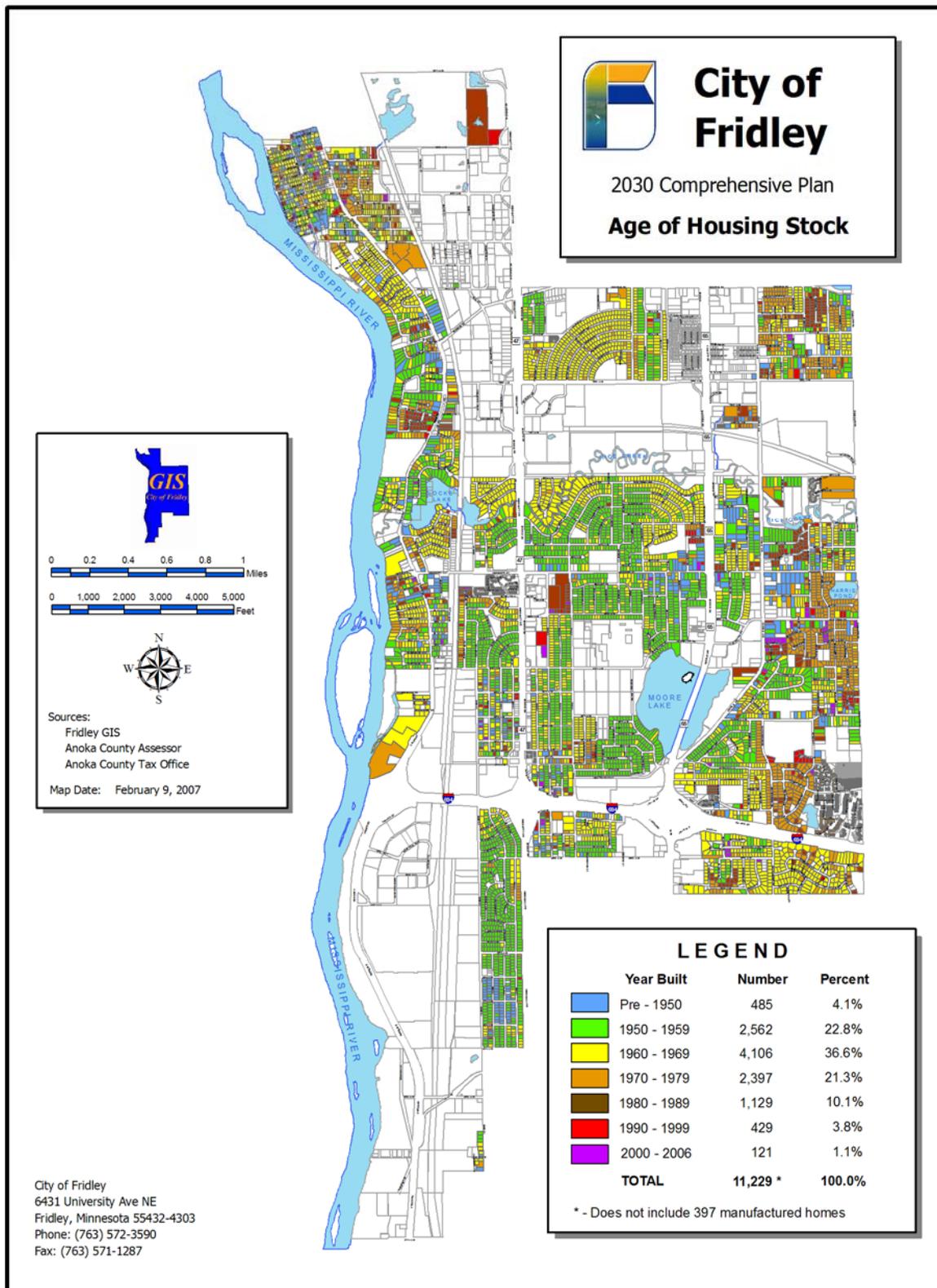
Source: Anoka County Assessors Office

Analysis does not include 397 manufactured homes as no year built data is available.

The significant result of reviewing current housing age data is that 95% of Fridley single family and multi-unit type homes will be over 30 years old by the year 2009 if no changes are made in the housing stock. This is of great concern since at 30 years of age, many major components of a building like roofs, siding, and windows need to be replaced to protect the structural integrity of the home. These are also very expensive items to replace on a structure.

However, a major wind storm in May 1998 and a mesocyclone in September 2005 both caused much property damage to Fridley homes. Many properties received major improvements – particularly new roofs as a result of insurance settlements following these storms. Staff felt strongly that one could not look at age of housing stock alone as an indicator of housing conditions because of these storm's impact on home improvements in Fridley. So, it was recommended that a housing condition survey be completed in Fridley as part of the Comprehensive Plan Update data gathering process. The Housing Redevelopment Authority agreed to pay for such a study, which was completed during the summer of 2007. The findings of that study are detailed in section 5.5 of this chapter.

Figure 5.1: Age of Housing Stock



5.3 Housing Type

The predominant housing type in the community is the single-family detached home. However, Fridley is well diversified in its multi-family housing stock maintaining a variety of multifamily housing units including townhomes, condos, duplexes, fourplexes and a variety of apartment buildings of different sizes. The following table represents housing units by type.

Table 5.2: Dwelling Unit by Type (2006)

Housing Unit Type	Estimated Total Units	Percent of Total Units
Single-Family Detached	6,605	56.84
Mobile Home Units	397	3.42
Total Single-family	7,002	60.26
Multifamily		
Duplex/Double Bungalow	378	3.25
Townhouse	655	5.64
Condominium	280	2.41
Apartment Building (10 or less units)	487	4.19
Apartment Building (10 or more units)	2,818	24.25
Total Multifamily Units	4,618	39.74
Total Units	11,620	100.00

Source: 2006 Anoka County Assessor's Data.

The predominant housing structure type in the community is the one level Rambler, most of which have full basements. These structures were commonly built during the 1950s and 1960s. As one level housing, these units are more suitable to elderly residents, allowing them to remain in owner occupied single family detached housing units for longer periods of time. The multi-level (split level and split foyer) housing style was a decade behind the Rambler and came into popularity in the 1960s and 1970s. Recent housing styles have consisted mostly of the townhouse and condominium type and some infill single-family detached housing units.



Table 5.3: Housing Structure Type

Residential Structure Types	No. of Structures	Percent of Total
Rambler	4321	52.1
Split Foyer	903	10.9
Split Level	540	6.5
Other	516	6.2
Townhouse	656	7.9
Manufactured Home	397	4.8
Two Story	314	3.8
Condominium	280	3.4
Duplex/Dbf Bungalow	188	2.3
Apartments	164	2.0
Twin Homes	16	.2
Total Structures	8295	100.0

Source: 2006 Anoka County Assessors Data.

5.4 General Occupancy

Owner occupancy dominated the tenancy of the housing stock in the early stages of development in Fridley until the 1960s. Then, nearly half of Fridley's existing rental housing stock was constructed in the 1960s. The majority of renter occupied housing units are located along the major north south corridors in the community and near neighborhood and community commercial centers. A significant number of single-family homes are also available as rental units. The over-supply of homes for sale in recent years has resulted in many detached single family homes being converted to rental. Assessing data shows that 89 single family housing units were converted to non-homestead in 2006 alone. It is unknown how many of these were townhome/condo units or how many were detached style homes. This change may be the reason for the slight increase found below in the renter occupied housing percentage from 1998 to 2006.

Table 5.4: Housing Occupancy, 1970--2006

Occupancy	1970	1980	1990	1998	2006
Owner Occupied	5,922 (74%)	6,941 (67%)	7,364 (67.5%)	7,658* (66%)	7,520* (65%)
Renter Occupied	2,081 (26%)	3,475 (33%)	3,545 (32.5%)	3,945 (34%)	4,107 (35%)
Total Occupied	8,003 (100%)	10,416 (100%)	10,909 (100%)	11,603 (100%)	11,627 (100%)

Source: 2006 Anoka County Assessors Information. Data is based on Homestead and Non-homestead classifications and excludes Mobile Homes prior to 1998. * Includes 397 units of manufactured homes.

5.5 General Condition of Housing

The decision was made in early 2007 to complete a citywide windshield survey of housing conditions. The Fridley HRA felt the survey could help guide their decisions on where to focus limited program funds. The City Council was hearing concern from the public regarding declining housing conditions, but before

revisiting the discussion of how to implement a housing maintenance code, wanted factual data supporting the need for such an undertaking.

The City had performed a comprehensive windshield survey in 1994, ranking housing conditions based on a number of standards limited to the general condition of exterior features such as siding, roofs, gutters, windows, doors, etc. This ranking was recorded into a database and linked to the City's Geographic Information System (GIS). The results of this analysis were:

- The majority of single-family detached housing units were in good condition.
- Properties that were not in good condition only had minor flaws.
- Some neighborhoods had clusters of homes with fair to poor conditions. (Hyde Park, Plymouth Addition, Melody Manor, Riverview Heights, Hackman Circle)
- Multi-family housing buildings were more likely to have exterior conditions which required repairs, most of which only needed a few repairs.
- Most of the multi-family housing buildings that did not receive good scores were isolated to a few areas. (Hyde Park Neighborhood, Satellite Lane, Island Park Drive/Charles Street, Cheri Lane, Channel Road)

Since the 1994 housing condition survey was completed, the Fridley HRA has issued over 700 rehab loans and grants, and completed 20 scattered site acquisitions of blighted residential properties.

City building permit data demonstrates that a damaging hail storm in May 1998 and a mesocyclone that hit the City on September 15, 2005 resulted in many Fridley homes receiving new roofs, siding, and windows as part of insurance settlements. It was unfortunate to lose a significant percentage of Fridley's urban forest in these storms, but the result was better exterior housing conditions across the City.

In the spring of 2007, the Fridley HRA hired a temporary staff person to complete an analysis of the exterior conditions of each housing unit in Fridley, including multi-family housing structures. Manufactured homes were excluded from the study as the criteria did not work for those structures. The condition of each structure was evaluated by viewing it from the street or sidewalk. The condition of the roof, siding, fascia and soffits, foundation, and windows was ranked in a three point system, with one being poor and three being good. This process was completed very quickly with a hand held computer out in the field that was custom programmed with ArcPad software. This allowed data to be downloaded daily into the City's GIS system and mapped.

The 2007 housing condition survey shows that 85% of Fridley residential properties rank as being in *excellent* condition. Only 11% were ranked in *good* condition, only 4% in *fair* condition, and less than 1% in *poor* condition. This ranking included all housing types except manufactured homes, which were not evaluated. When property zoned R-2 (duplex) were evaluated separately, the ratio was less favorable with 73% ranking in *excellent* condition, 20% in *good* condition, and 7% in *fair* condition. No duplexes ranked in *poor* condition. This is significant to note since there are 294 duplexes in the City of Fridley. When R-3 (multi-family) properties were evaluated separately, the percentages came out the same as all housing types combined.

Since there was marked concern about the condition of apartments in the Hyde Park neighborhood during the Neighborhood Planning Meetings, the condition of multi-unit housing was evaluated separately for the Hyde Park neighborhood. Results showed that there were not markedly lower exterior housing conditions in this neighborhood. In fact, no multi-family properties ranked *poor* in this neighborhood. Staff notes that while many multi-family structures in this neighborhood are in sound condition, they are often poorly designed with insufficient parking or dumpster space and there is widespread lack of yard maintenance.

5.6 Housing Values

Housing values data needs to be analyzed through a combination of tax assessed values data and recent private sale data. While tax assessed value covers all properties in the City, it is not as accurate as sales data. The disadvantage of using sales data is that only a small fraction of Fridley residential property sells each year.

The main reason for analyzing home values and rent levels is to determine affordability of the housing stock. Fridley has long been an affordable place to live. Affordability has changed significantly in the past decade in Fridley and across the Twin Cities area. According to the Minneapolis Area Association of Realtors, Twin Cities home prices grew dramatically during the recent boom years, and low interest rates and modest gains in consumer incomes weren't enough to keep pace. As a result, affordability conditions declined to their lowest point in two decades during 2006. Likewise, the Builders Association of the Twin Cities reported in a November 30, 2006 newsletter that median price grew 161 percent over the past 14 years, while at the same time, income had only grown 51 percent.

A look at the current assessed value figures in Table 5.3 shows a marked change in affordability. Whereas in 1998, 69 percent of Fridley's single family housing stock was valued under \$100,000, less than eight percent is now, and this is including the values of 397 manufactured homes, which appear to have been omitted from the 1998 study. Further, in 1998, only two tenths of one percent of Fridley's homes were valued over \$250,000. Now, nearly 13 percent are valued that high.

Fifty-two percent of Fridley's single-family housing stock was assessed at or below \$201,800 in 2006 (based on January 2007 "Modified Market Value" provided by the Anoka County Tax Office). This is the value level considered affordable by the Metropolitan Council for a family of four earning 80% of median income (\$78,500) for the Metro area in 2006 at a 6.5 percent interest rate on a 30-year fixed rate mortgage. Only 10.89 percent (6% if you do not include manufactured homes) of Fridley homes would have been considered affordable for a family at 60% of median, however, which was a value of \$148,250 or lower. Yet, 93% of Fridley homes would have qualified for the MHFA First Time Homebuyer program sponsored by the Anoka County HRA in 2006. Less than 3% of the housing stock is assessed at over \$500,000.

While Fridley still meets many measures of affordability, it is clear to see that the current trend is going to make homeownership more of a challenge in the future. The changes in Fridley home values over the past decade demonstrate why the Metropolitan Council needs to plan for future demands for affordable housing. They want 30 percent of the needed housing for forecasted growth in the Metropolitan area by 2030 to be affordable. Their plan includes distributing the need fairly across the Metropolitan area by allocating an affordable housing goal for the year 2020 (they do not feel comfortable forecasting out to 2030) to each city. The amount of affordable housing already existing in a community, and proximity to jobs and transit contribute to a community's affordable housing goal. Fridley's allocation of affordable units by the year 2020 is 116 new units.

Table 5.5: 2006 Assessed Valuation of Single Family Housing

Est. Assessed Value Range—2006	Number of Units in range	% of Total
Less than \$60,000	397	5.0
\$60,000 to \$99,999	224	2.8
\$100,000 to \$149,999	272	3.4
\$150,000 to \$199,999	3,098	39.0
\$200,000 to \$249,000	2,935	37.0
\$250,000 to \$349,999	850	10.7
\$350,000 to \$499,999	140	1.8
\$500,000 or more	26	.3
Total	7,942	100.0

Source: Anoka County Tax Office

Includes manufactured homes, townhomes, and condominiums

Assessors data for 1998 indicated a mean value of approximately \$94,000 for all single-family homes that have been assigned a state tax code of homestead (1A), partial-homestead (.51A, .51AB, .51B), blind homestead (1B) and non-homestead single family homes (4BB). In 2006, the median home value for the same classifications was \$209,116, not including manufactured homes. The mean value is \$199,348 if manufactured homes are included, but for comparison purposes, the higher number should be used as 1998 data did not include manufactured homes. The average Fridley home sale price in 2006, according to the Minneapolis Association of Realtors, was \$218,337.

According to Building permit data from 1998 to 2006, 120 new housing units (70 single family homes and 50 townhomes) have been constructed in Fridley.

Figure 5.2 Affordable Housing Stock (As applied by Metropolitan Council Affordable housing limits)

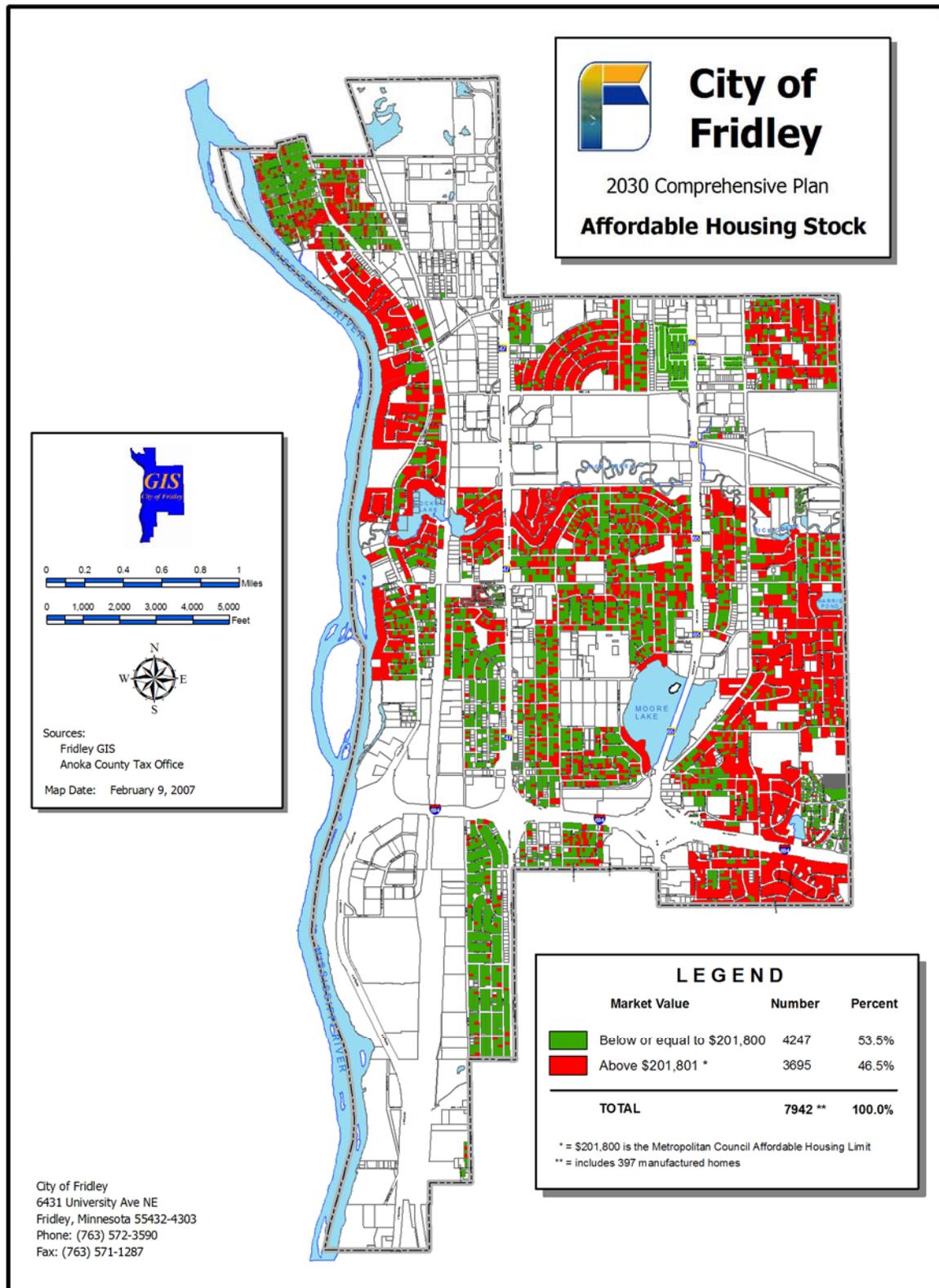


Figure 5.3: Values of Single Family Housing

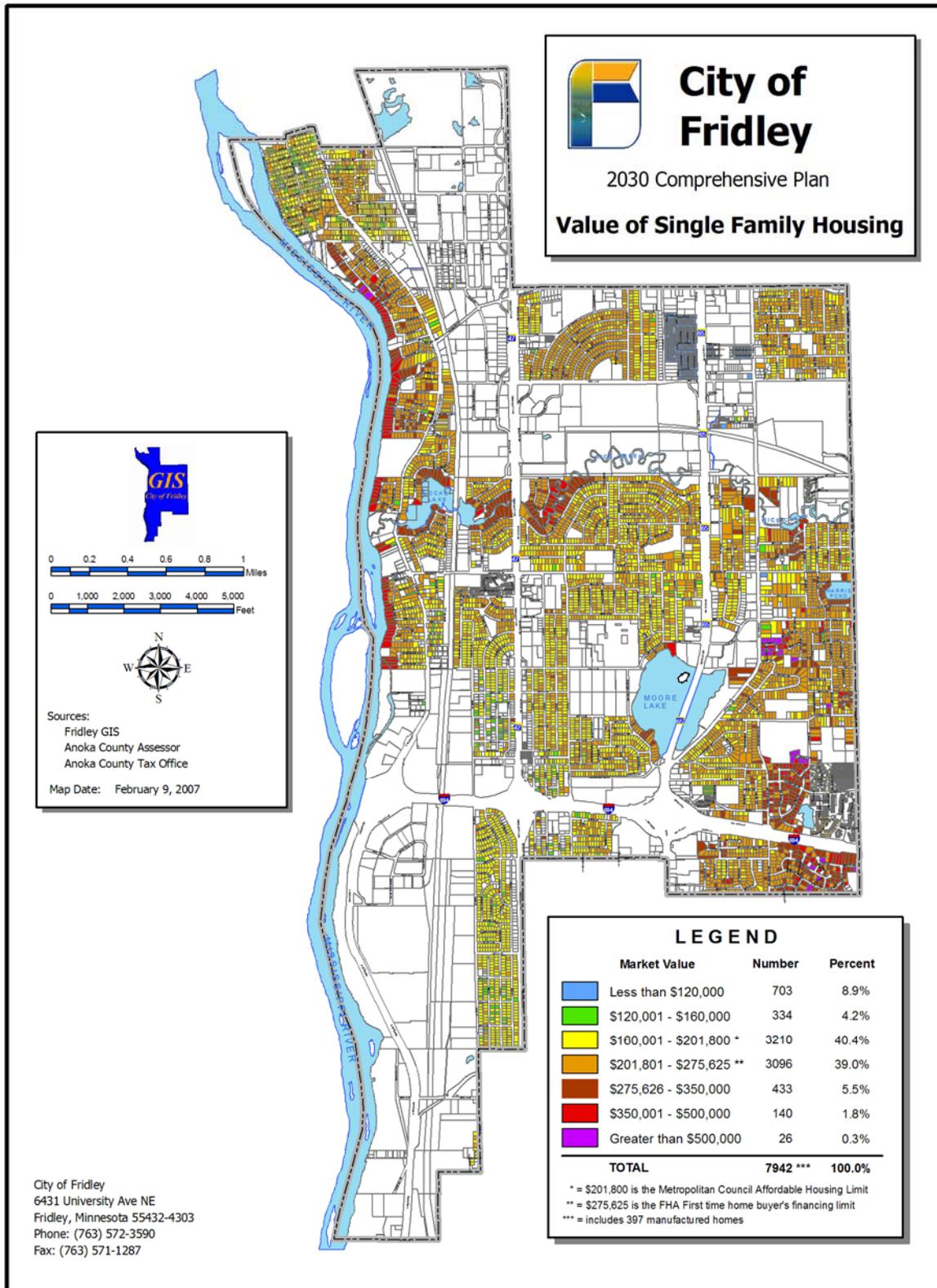


Table 5.6: Sales of Single-Family Homes through the RMLS from Jan. to Dec. 2006

Sales Price Range	Number of Sales City of Fridley	
	No.	%
Under \$120,000	10	3.5
\$120,000-150,000	9	3.2
\$150,001-190,000	60	21.1
\$190,001-250,000	152	53.3
\$250,001- 350,000	41	14.4
\$350,000 – 500,000	11	3.9
\$500,001 or more	2	.7
Total Sales	285	100

Source: Minneapolis Area Association of Realtors

5.7 Rental Rates

Since nearly all of Fridley's rental units are over 25 years old, many of the apartment units lack the amenities that are often desired by persons looking for apartments in today's housing market. Such amenities include underground parking, community rooms, in-unit laundry, and updated appliances. This is likely one of the reasons why Fridley's rent levels are lower than the Twin Cities metropolitan area average.

The comparison demonstrates that Fridley rents are more affordable than the average apartment in the metropolitan area. It also demonstrates that Fridley rents meet the affordability limits set by the Metropolitan Council in all categories except the four bedroom unit one if we can assume that these reported rent averages include utilities.

Table 5.7: Average Monthly Rents 1998 and 2006

Unit Type	1998		2006	
	Fridley Spring Lake Park Area	*Fridley and Surrounding Communities	Fridley/ Columbia Hts Area	Twin Cities Metro Area
Studio			\$580	\$605
1 BR	\$495	\$521	\$706	\$751
2 BR	\$603	\$633	\$810	\$947
3 BR	\$763	\$800	\$1,007	\$1,255
3 BR Den/4			\$1,459	\$1,490

Source of 1998 data was Apartment Search. * Surrounding communities included Blaine, Brooklyn Center, Brooklyn Park, Columbia Heights, Coon Rapids, Mounds View, New Brighton, and Spring Lake Park.

Source of 2006 data: GVA Marquette Advisors Apartment Trends at www.gvamarquetteadvisors.com

The Metropolitan Council considered the rent levels as listed in the following chart as affordable for households at 50 percent of median income for the seven-county metropolitan area in 2006. HUD has determined the median income for a household of four in 2006 to be \$39,250. These rent limits in the chart below reflect what a household at 50 percent of median could afford in monthly rents, including tenant-paid utilities, if they spent no more than 30 percent of their income on housing.

Table 5.8: 2006 Affordable Rent Levels

Size of Unit	Mo. Rent
Efficiency	\$687
1 BR	\$736
2 BR	\$883
3 BR	\$1,020
4 BR	\$1,138

Source: Metropolitan Council

It is understood that reported 2006 Fridley rent levels include most tenant-paid utilities. Therefore, Fridley average rents at all unit size categories meet Metropolitan Council's affordability levels. Average rent levels, however, have increased 24-30% since 1998, which is an increase of about 3.5% per year. This is likely a greater increase than increases in wages over the same time period.

It is important to note that only 37 new rental housing units have been built since 1998 (Brandes Place-2005 and Crown Commons-2000). Therefore, monthly rent increases are primarily on existing older buildings that have difficulty competing with newer rental housing in surrounding communities that offers more amenities. There has been no major redevelopment of any of the rental housing complexes in Fridley since 1998 with the exception of a seven unit building on Norton and Central which converted to condominiums. A private developer attempted to renovate several buildings in the Islands of Peace Park area in 2006, with the intent of turning the area into a cooperative, but failed and abandoned the project in 2007. One of those buildings, 151 Island Park Drive has since been rehabilitated inside. The lack of rental renovation can be attributed to the lack of attractive funding to entice owners to reinvest in their properties. In addition, vacancy rates are low, making it easier to rent less desirable units.



5.8 Publicly-Assisted Housing

A portion of the City of Fridley's housing stock is maintained at affordable levels through public subsidy. These units and subsidy types are summarized in the following table.

Table 5.9: Publicly Assisted Housing 2007

Subsidized Housing Type	Number of Units	Percent of all Rental Units
Section 8 vouchers	188	5
Project Based Section 8 General Occupancy Rental	16	.5
Project Based Section 8 Senior or Disabled Rental	153	4
Subsidized Senior Rental	44	1
All Publicly Assisted Housing	401	10.5

Source: Fridley City staff research. 2007

The units above are represented by four complexes, Banfill Crossing, Norwood Square, Village Green, and Brandes Place. Banfill Crossing contains 66 one and two-bedroom market rate units for seniors. This building has an additional 44 one-bedroom affordable units, where monthly rents are being subsidized due to the original financing of the project.

Norwood Square contains 50 one-bedroom apartment units for seniors age 62 and over. This is a project-based Section 8 facility. Residents pay 30% of their income to live there. They had 40 people on their waiting list currently.

Village Green is also a project-based Section 8 facility. It contains 101 one-bedroom units and two two-bedroom units for seniors and the disabled.

Brandes Place, which was just completed and occupied in 2006, contains 16 two and three bedroom units. This facility is built as family work-force housing with services.

Upon researching the number of subsidized rental units, staff found that waiting lists for each of these facilities was in excess of one year. Village Green had discontinued taking anymore applicants for their waiting list because the wait had grown too long.

The Fridley HRA owns one four-plex, which is managed by Anoka County Community Action Program (ACCAP) for transitional housing.

5.9 Rental and Owner Occupied Housing Vacancies

As with many Metro area communities, Fridley has experienced a rash of foreclosures recently, which has resulted in many single family homes setting vacant for long periods of time. In addition, an oversupply of housing construction and existing homes being listed for sale resulted in many homeowners having difficulty selling their homes, which has also resulted in homes setting vacant. The trend of an over supply of owner occupied housing appears to be shifting, however, according to the Minneapolis Area Association of Realtors.



Rental vacancy rates have increased slightly from where they were in 1998. Rental vacancy rates in the Fridley area, on average, were below one percent in 1998. Currently, area rental vacancy rates are 3-9 percent with Fridley (combined with Columbia Heights) coming in at 6.5 percent in 2006. A healthy vacancy rate, one that best equalizes the supply and demand, is said to be around 5 percent. Generally,

higher vacancy rates results in lower rental rates. However, monthly rents have significantly increased in Fridley since 1998.

Table 5.10: Rental Vacancy Rates by Type 2006

Communities	Third Quarter 2006 Vacancy Rates (%)				
	Studio	1BR	2BR	3BR	Average
Fridley/Columbia Heights	0	1.5	8.2	10.0	6.5
Blaine	-	2.8	3.9	2.0	2.9
Brooklyn Center	0	2.9	2.8	0	2.9
Brooklyn Park	0	4.1	4.1	11.1	6.4
Spr Lk Pk/Mounds View	-	4.8	4.6	18	9.1
Coon Rapids	6.1	3.9	5.7	6.5	5.5
New Brighton	0	5.1	4.	11.1	6.9

Source: GVA Marquette Advisors Apartment Trends, 4th Quarter 2006

5.10 Life Cycle and Affordable Housing

Life Cycle Housing

One of the goals that materialized in the neighborhood planning meetings was to provide for more diversity in Fridley's housing. As found through the 2020 Comprehensive Plan development, residents continue to desire a better mix of life-cycle housing in the community. Life-cycle housing includes different forms of housing that fulfill person's needs as they evolve through life. Many residents' response to questions indicated that they are not finding the one-level detached form of housing they desire to match their current lifestyle.

The City of Fridley is a participant in the Livable Communities Act, and as such is required to strive to achieve goals for life-cycle housing and housing affordability. The City of Fridley maintains a good supply of affordable housing in both the rental and owner occupied tenancy based on the regional definition of affordable housing.

In the 2020 Comprehensive Plan, providing more move-up housing was a goal. Over the past decade, the City has experienced the private construction of many higher end single family detached homes in addition to an HRA redevelopment project in the Hyde Park neighborhood, where 16 new single family homes in the \$350,000 range are under construction. Two large-scale, private, market-rate, senior condominium development projects have also received City approvals but have not been constructed due to lack of financing. If these two projects get built, the City will have made great strides in providing more move-up and higher end housing.

Affordable Housing

Communities in the seven-county metropolitan area are required by state law to plan for "sufficient existing and new housing" to meet their local share of the region's overall need for affordable housing. The law also requires the Metropolitan Council to assist communities to accomplish this planning.



As part of the decennial planning cycle, the Metropolitan Council makes an estimate of the region's overall need for new affordable housing units in the upcoming decade (2011-2020), and allocates that need among the region's communities that are connected to the regional wastewater collection and treatment system. Communities are responsible for identifying the amount of land needed to accomplish both their overall forecasted growth and their share of the region's affordable housing need.

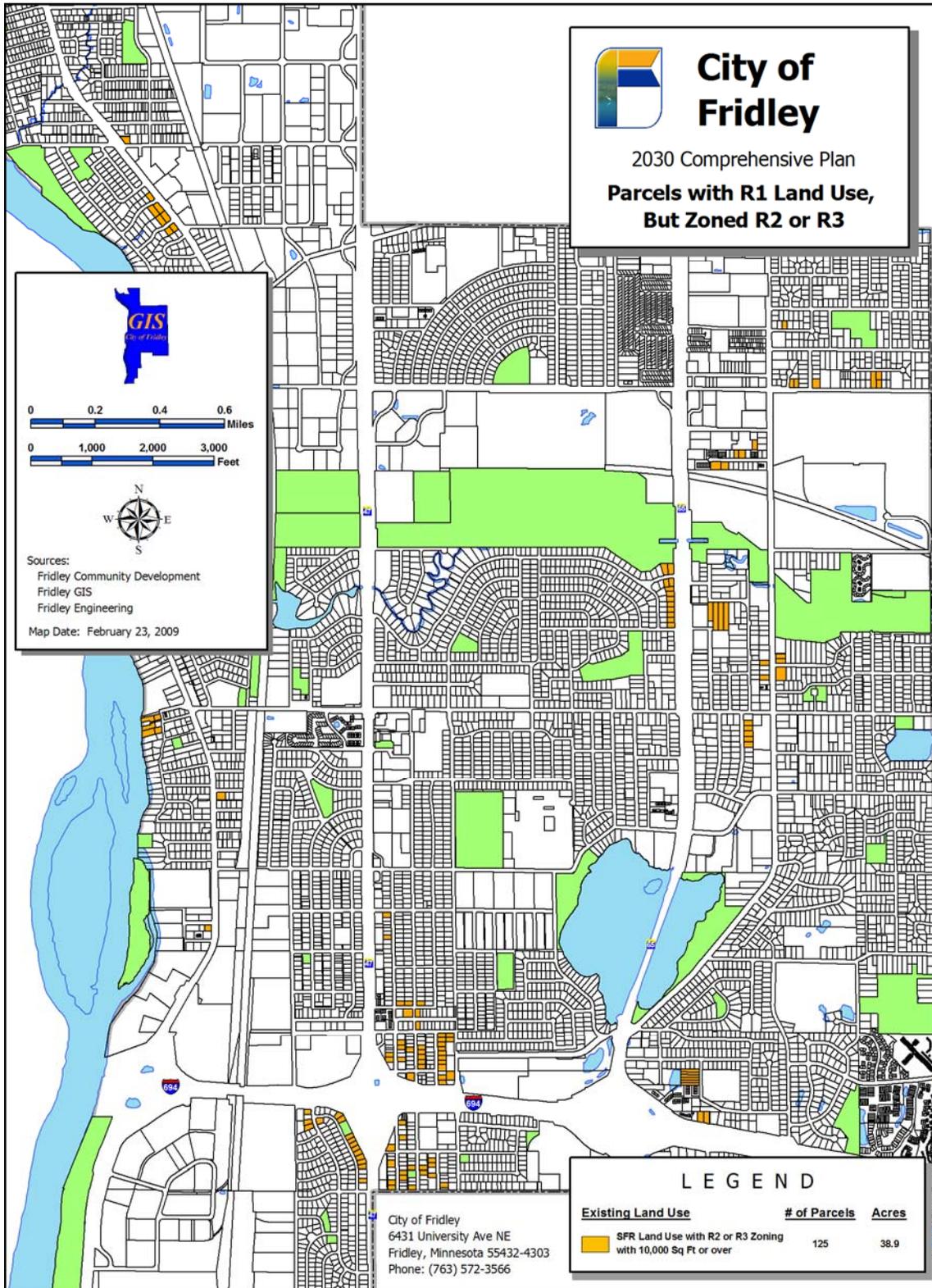
In Fridley's case, the Metropolitan Council is forecasting that the City will experience the growth of 1,000 new households between 2000 and 2030. During the upcoming decade (2011-2020), the need for

new affordable housing units in Fridley has been set at **116 units** by the Metropolitan Council. The 116 units equal roughly 39% of the net growth of 300 units they forecast Fridley to experience during the upcoming decade. This percentage is a result of calculations related to proximity to new job growth, the percentage of existing affordable housing, and the proximity to public transit services.

While the City is not required to construct and finance these 116 affordable housing units, and is only required to demonstrate in this plan that there is land properly designated to accommodate it, this was the most contentious issue discussed in the neighborhood planning meetings. The fear was that large blocks of single family property would need to be rezoned for higher density housing. Review of zoning and existing land use data has confirmed, however, that there is more than adequate residential land in the City which is currently zoned for higher densities than it currently contains. The following map demonstrates that 125 parcels are currently zoned either R-2, Two Family Housing, or R-3, Multifamily Housing, and meet the minimum lot size for two housing units but contain a single family house. This means that each of these 125 parcels could be redeveloped to contain affordable housing units by simple obtaining a building permit. No rezoning would need to occur. If 250 housing units were built on these 125 parcels, which contain a total of 38.9 acres, it would equal a density of 6.4 units per acre.

As staff indicated during the facilitation of the neighborhood planning meetings, the new 116 affordable housing units could be rental housing or owner-occupied. A key to making new housing affordable, however, is land costs. As it has become more attractive for commuters to live closer to the center cities' employment opportunities, first ring suburbs, like Fridley, have experienced an increase in raw land values. In addition to increased building material costs, the increased land costs closer to downtown make the construction of affordable housing in Fridley a great challenge. These factors are driving the need for increased housing densities. Fridley can easily meet the affordable housing land designation requirement without changing existing zoning.

Figure 5.4: Parcels with Single Family Use on R-2 or R-3 Zoned Property



Livable Communities Grant Program

The Minnesota Legislature created the Livable Communities Act (LCA) in 1995. Fridley has been a participant in the Livable Communities program since it began. The LCA is a voluntary, incentive-based approach to help the Twin Cities metropolitan area address affordable and lifecycle housing needs while providing funds to communities to assist them in carrying out their development plans. LCA funds have leveraged additional dollars in private and public investment in Fridley, which has provided new job and business growth on contaminated sites. Three redevelopment projects in Fridley received Tax Based Revitalization grants since the last plan update: Dealer's Manufacturing, Murphy Warehouse, and the JLT Group for the former Tiro Industries site.

Qualifying as a Livable Community enables the City of Fridley to apply for grants in three separate programs:

- Local Housing Incentives - Produce and preserve affordable housing choices for households with low to moderate incomes.
- Tax Base Revitalization - Clean up brownfields for redevelopment, job creation and affordable housing in areas already served by transit.
- Livable Communities Demonstration - Support development and redevelopment that demonstrates efficient and cost-effective use of land and infrastructure, and achieves connected development patterns linking housing, jobs and services.

Meeting the Metropolitan Council's requirements to remain a Livable Community has become increasingly difficult over the years for Fridley. Increased housing values, shrinking City reserve funds, and changes to eminent domain law (which eliminate it as a financially feasible option to complete redevelopment projects) have all greatly impacted the City's ability to meet affordable and life cycle housing goals for the City. The City and HRA will continue to have difficulty funding affordable housing subsidies.

5.11 Existing Housing Programs

The Fridley Housing and Redevelopment Authority (HRA) provides a variety of housing programs to help Fridley residents maintain and improve their homes and apartments. The following is a summary of the programs available. All of the single and multiple family programs are administered under contract by the Center for Energy and Environment (CEE), a non-profit agency based in Minneapolis.

Single-Family Housing Programs

Revolving Loan Fund - This program offers loans up to \$35,000 at a below market interest rate. Maximum repayment term is 20 years. The program is available to any homeowner with an income up to \$80,000 per year, dependent upon family size. Some credit restrictions also apply. Loans can be used to improve owner-occupied properties with up to four units and are funded through the Fridley HRA. Other programs can also be used in conjunction with this program.

CEE Home Improvement Financing - This program offers loans up to \$35,000 at lower than market interest rates. Income limit is \$90,000 per household. Repayment terms are flexible and most permanent improvements are eligible.

CEE Home Energy Loan - Provides a low interest fixed-rate loan up to \$10,000. Funds must be used for energy related improvements only and paid back within 5 years. No income restrictions apply.

Last Chance Loan - For low-income homeowners who are unable to qualify for a regular home improvement loan, this program may provide assistance. The funds are provided in the form of a deferred-payment loan. In order to qualify, applicants must meet certain income guidelines, which are based on household size.

CDBG Loans: In addition to the Fridley HRA loan programs, CDBG Rehab loans are also available from Anoka County.

Rental Property Housing Programs

Rental Rehabilitation Loans - This program provides loans up to \$10,000 per unit (max. \$100,000 per structure) for improvements made to rental property. A below market interest rate is charged to owners and the maximum repayment term is 15 years. Applicants must meet additional underwriting criteria. The Minnesota Housing Finance Agency funds the program.

Rental Energy Loans - The Minnesota Department of Public Services finances this program which is intended to address energy-related repairs and improvements. The maximum loan is \$10,000 at a low interest rate with a 5-year payback.

Housing Replacement Program

The Housing Replacement Program was established in 1995 for the purpose of revitalizing neighborhoods by removing older, substandard housing stock and replacing it with new housing.

The substandard homes are acquired on a voluntary basis, torn down and the remaining vacant lots are sold to homebuilders. Since initial efforts began in 1993, a total of 27 properties have been acquired and 17 new homes have been built or are underway. As a way of recouping some of the project costs, the Fridley Housing and Redevelopment Authority (HRA) can collect the increased taxes generated by the new home for 15 years. From time to time the HRA has lots available for sale.



First Time Homebuyer Program

This program, which is administered by the Anoka County Community Development Department, provides below market rate mortgage loans. Interest rates vary according to market conditions. The purchase price limit for either a new or existing home is \$298,125. To qualify, a borrower must have good credit, be able to meet normal underwriting requirements and be within the income limits as established annually by HUD (Housing and Urban Development.) HUD 2006 income limits were as follows:

Table 5.11 HUD Income Limits (2006)

Household Size	Income Limit
1	\$63,000
2	\$63,000
3	\$63,000
4	\$63,000
5	\$68,500
6	\$73,500
7	\$78,500
8	\$83,500
9	\$88,500
10	\$93,500

Fridley Home Remodeling Fair

In addition to the programs and services mentioned, the Fridley HRA sponsors Home Remodeling Fairs. The fairs hosted displays by more than 80 vendors, workshops on various home improvement topics and drawings for free door prizes. The Fridley HRA will continue to co-sponsor the remodeling fair with other communities (Blaine, New Brighton, and Mounds View).

Remodeling Advisor

This is a free service available to all Fridley homeowners. The program offers advice and other information on various home improvement topics. In addition, the Home Remodeling Advisor can provide referrals to other important resources such as home improvement financing, building code and zoning issues and methods of selecting a contractor. This service is provided by the Center for Energy and the Environment.

Also available at no charge to Fridley residents is the Fridley Remodeling Handbook. The handbook contains suggested floor plans and much more for the remodeling and expansion of typical Fridley rambler homes.

The Fridley HRA also participated in developing a second planbook with 14 other cities in 1999. “Cape Cods and Ramblers: A Planbook for Post World War II Houses” was written by a residential architect and focused on three different case studies of families who live in different types of ramblers and cape cod houses. The suggested plans were aimed at providing practical solutions to common family/household situations in an effort to encourage existing residents to stay in their homes as opposed to moving to outer ring suburbs.

Rental Assistance Program (Section 8)

The City of Fridley provides administration services and office space for a multi-city Section 8 Rental Assistance Coordinator within the City offices. Providing this service gives the City an added connection to the owners of and conditions of Fridley’s rental housing and the needs of those seeking affordable rental housing.

The Section 8 Program is a federal housing program, funded through the U.S. Department of Housing and Urban Development (HUD), which assists in providing affordable housing for low- and moderate-income families. The purpose of the program is to provide families rent assistance by utilizing the existing housing stock.

The program allows families and individuals to rent all housing types in a variety of areas to avoid large concentrations of assisted housing. The success of the Section 8 program is largely due to the willingness and cooperation of nearly 2,000 property owners and managers in the Metro area. Nearly 5,000 families throughout Anoka, Carver, Hennepin, and Ramsey Counties, (excluding St. Paul, Minneapolis and small cities) participate in the Section 8 program.

Eligibility: Initially a family or an individual is eligible if their gross annual income does not exceed the federal income limit guidelines. A family becomes eligible for the rent assistance program, not a housing unit. The owner screens and selects tenants.

The intent of the rent assistance program is to lessen the financial burden on the family so they are better able to make timely and full payments to owners. Owners can expect to receive a portion of the rent from Metro HRA on the first of each month.

A Housing Quality Standards (HQS) inspection of the Section 8 units provides valuable information to owners about recommended or required repairs. Timely maintenance can help reduce costly repairs later, improve resale value and aid in re-renting the unit.

5.12 Rental Unit Licensing

To address the condition of the rental housing stock, the City of Fridley adopted a Residential Rental Property Maintenance and Licensing program in 1994. Through this program, the City conducts periodic inspection of all rental housing to identify any building or code deficiencies that require building maintenance or renovation by the owner. Through this program, the City is able to continually monitor the condition of the City's rental housing stock and order owner compliance with the Rental Housing Maintenance Code.

Rental licensing inspections and administration is managed by the Fire Department. Rental inspections are completed by firefighters when they are not on calls. This has created a very cost efficient way to administer the program, but is a frustrating system for rental property owners when an inspection has to be rescheduled due to an emergency, calling staff away in the midst of a scheduled inspection time. Despite the cost efficiencies of this inspection system, annual rental license fees (a total of \$75,543 in 2006) currently do not cover the administration costs of the program.

The three main components of the Rental Housing Program are annual licensing, routine inspections, and complaint inspections.

Annual Licensing

Each year the City licenses 500+ properties. Multiple City departments have the opportunity to provide the Fire Department input on whether or not to issue a license. Section 220.13, Subd. 2 of City Code states that "No operating license shall be issued or renewed unless the residential property or condominium conforms to the provisions of this Chapter, the ordinances of the City, and the laws and regulations of the State of Minnesota"



Routine Inspections

The rental license inspection program operates on a four-year cycle. During the cycle a property will receive two inspections. One inspection is a "complete (full) inspection" of the property which includes the interiors of all rental units (apartments), all interior common areas of the building, all utility areas, building exterior, accessory buildings, and the general property. The other inspection is a "common area only inspection" which includes all interior common areas of the building, all utility areas, building exterior, accessory buildings, and the general property. On a common area inspection the only space that does not get inspected is the interior of the rental units (apartments). As a result, rental properties are inspected every other year. To manage the 500+ properties they inspect each year, the Fire Department staff conducts about ¼ of the complete (full) inspections and ¼ of the common area inspections each year.

Complaint Inspections

The Fire Department also conducts inspection of a rental property based on complaints received. These inspections are above and beyond the routine Inspections.

Failure to comply with any of the three areas listed above can result in a revocation, suspension, or denial of a rental license. In addition, the Fire Department has the authority to post a property to prevent occupancy as detailed in City Code section 220.12.10.

There are currently 3,809 rental units licensed in the City of Fridley. This total number includes 167 single family homes, 130 duplexes, 16 tri-plexes, 59 four-plexes, and 160 buildings five units or larger in size. There appears to be a trend of more single family homes being rented. It is difficult for the Fire

Department to know when a single family home converts to rental. The current system relies on homeowner's honesty in applying for a rental license. If the Fire Department hears of a home converting to rental, the staff mails the property a notice informing them of the licensing requirement. A recent GIS analysis of the number of single family homes classified as non-homestead in County tax records showed that over 400 are non-homestead. Non-homestead homes do not require a rental license by code if they are rented to a family member. When the Fire Department recently sent out letters to all non-homestead properties, however, they discovered another 100 homes, which needed to be licensed.

5.13 Chores and More

The City of Fridley's Recreation Department provides a senior services office in the Fridley Community Center. Through that office, they coordinate many senior services. One service that helps seniors stay in a single family home is the Senior Chores and More program, where staff matches up seniors, who need assistance with lawn maintenance and home repairs, with individuals who have the necessary skills. Seniors pay an hourly fee for the services, but the City uses Federal Title III-B funding to provide reduced cost chore services to low income seniors.

As Fridley's population ages, the demand for this program is increasing. In 2006, the program had 384 clients, which included 296 households. A total of 5,785 service hours was provided to these clients throughout the course of the year. Mid-year 2007 numbers show that participation and number of service hours are greater than 2006. The department is working hard to secure more Federal funding as the need keeps increasing.

5.14 Housing Policies

Several policies were evaluated and discussed during the Housing Committee meetings. The following policy recommendations were made:

- Only about 8% of Fridley's housing is of the townhouse or condominium structure type, yet 23% of Fridley's residents were over age 55 in 2000, and that percentage is growing. To accommodate senior citizen's desires to live in maintenance-free housing (no yard/house exterior care), more of this type of housing is needed in the community. An alternative is the availability of private maintenance services to allow seniors to stay in their existing detached single family home. It's also critical that seniors have affordable public transportation and in-home personal-health care opportunities in order to be able to stay in their homes.
- The City and HRA need to encourage and promote senior townhome and condominium projects. Special attention needs to be given to ensure that buildings that are being marketed to seniors are truly well designed to meet the physical limitations of seniors.
- The City could encourage neighborhood landscape service contracts for yard care and snow plowing in single family neighborhood areas where there is a high concentration of elderly homeowners who desire to contract for such a service.
- One way to allow seniors to stay in their existing single family detached home is to redesign the home to be accessible and truly one-level living. For example, this could involve construction of a main floor laundry area. The HRA could promote the Remodeling Advisor Service as a means to help folks assess the feasibility of making these changes in their home and the Anoka County and HRA Home Improvement Loan programs could be used to help income-qualifying households pay for the improvements.
- Better educate seniors about the Senior Outreach Program, which can connect them to the available services in the community, like the Federally-funded Chore Services program. Continue to distribute ACCAP's booklet on area senior services at the Fridley Senior Center.
- There is a continued long-term (four decades) trend of a reduction in the percentage of owner-occupied housing. If we eliminate the inclusion of manufactured homes in **Table 5.4**, owner-occupied is really down to 63% and rental is up to 37%. This trend does not match what Fridley

residents reported their future housing needs to be. The City and HRA should focus on supporting the development of more market rate and affordable owner-occupied housing.

- Based on input at the neighborhood planning meetings, any support from the City or HRA towards encouraging the development of affordable housing should consider reduced zoning restrictions and funding from Federal, State, or regional grant funds. The quality of design and building products should not be compromised.
- Over half of the City's housing is still considered affordable for homeownership, according to Metropolitan Council standards, despite the marked increase in values. With 93% of Fridley's homes qualifying (by assessed value) for the MHFA First Time Homebuyer Program, Fridley will continue to be a great attraction to buyers seeking affordable home ownership. The City should continue to promote the first time homebuyer program as an effort to attract young families into the community.
- Fridley's rental units are still affordable on average for all unit sizes, according to Metropolitan Council guidelines. However, there is concern regarding the age and condition of Fridley's rental housing. Since multifamily housing rehabilitation loan programs on the State level have ceased, Fridley has seen little reinvestment in rental housing at a time when many structures are of the age where major renovations are needed. Vacancy rates remain low as the demand for affordable rental housing remains high. But, if that situation changes, Fridley's rental housing cannot compete with newer rental housing in nearby communities that offers amenities like below grade parking and recreational facilities. Since relocation costs make it cost prohibitive for the HRA to acquire and redevelop multi-family properties, private reinvestment and redevelopment of existing multi-family housing structures must be promoted and encouraged. Adoption of a housing maintenance code and enforcement of the existing rental inspection program will be used to address ongoing maintenance.
- The extensive waiting lists at publicly-assisted rental housing buildings in Fridley demonstrates the growing need for subsidized housing in the region. City officials need to consider this fact when neighborhood opposition mounts against subsidized housing developments.
- It was expected in 1998 that the addition of the Medtronic World Headquarters to Fridley would result in an increased demand for *executive* housing. However, that demand has not materialized to the level expected. No action. Let the market drive the demand.

5.15 Housing Goals and Objectives

There was one clear housing goal that emerged from the 2007 neighborhood planning meetings, with several objectives falling within the goal of **Maintaining Fridley As A Desirable Place To Live**. The following objectives placed under this goal in Chapter 1 of this plan are the ones which are addressed in this chapter:

1. Maintain the existing housing stock, both owner occupied and rental
2. Maintain a mix of ownership/rental that meets the demographic needs of the community
3. Provide more housing diversity
4. Make Fridley a place where the aged can stay
5. Keep Fridley's welcoming, small town feel

5.16 Conclusions and Action Steps

Several general conclusions can be drawn from the analysis of the existing housing supply. The following conclusions have been discussed and debated and related action steps have been developed:

1. Fridley's housing stock is aging. By 2009, 95% of Fridley's housing stock will be over 30 years old, if no changes are made to the housing stock. The 2007 Housing Condition Survey found that 85% of

Fridley homes are in good condition. Despite current condition, the age of Fridley's housing is of concern and protections should be put in place to ensure continual housing maintenance.

Action Step. To ensure that most homes continue to remain in good condition in Fridley, a housing maintenance code should be adopted and enforced.

Action Step. The HRA should continue to offer home improvement loans, the Remodeling Advisor Service, annual multi-city home remodeling fair, and other services that encourage home improvement. In addition, the HRA should target the home improvement loan program to those homes that scored poorly in the housing condition survey through a direct mailing effort.

Action Step. Through the Fridley Senior Center, help income-qualifying seniors who have accessibility issues connect to non-profit agencies and service clubs who help with the design and construction of access ramps.

2. The increase in mean single family home values from \$94,000 (1998) to \$209,116 (2006) in just eight years is an increase of 122%. Average rent in a two bedroom apartment in Fridley increased 34% since 1998. With these increases in housing costs, it is going to be increasingly difficult for Fridley to continue to meet the requirements of the Livable Communities program.

Action Step. The benefits of this program need to be evaluated on an annual basis by the City Council and the HRA against the costs to the City to remain a Livable Community.

3. Fridley is experiencing an increase in diversity in its population like all other areas of the region. Addressing the discrepancy between the cultural perceptions of the responsibilities of homeownership between existing and new residents will be a growing issue for the City to address. Diverse ethnic groups owning homes for the first time brings language barriers and culture differences regarding home maintenance to the community, which result in added strain on code enforcement.

Action Step. Develop a simplified home owner's manual specific to Fridley to help first time home owner's transition into their new homeownership role. This publication could explain common code requirements, neighborhood crime watch, City staff resources, and other area resources. This publication could be printed on the back of something useful like a City trail map and ideally should be hand-delivered to every new homeowner in the City.

4. The Fire Department's Rental Licensing statistics show that the City is licensing 167 single family homes in 2007. However, calculations on non-homestead properties revealed that 444 Fridley single family homes are classified non-homestead for tax purposes, which are likely being rented to a non-family member. This discrepancy causes concern that there are homeowners that are not getting their rental properties licensed as required by code.

Action Step. The Fire Department will continue to investigate the ownership status of properties that have a different address for the owner than the property address to determine code compliance for rental licensing. The City will continue to work towards development of a uniform property data base, which allows the sharing of all public data related to a property across departments.

5. Fridley homeowners likely do not realize the historical significance and value of the 1950's and 1960's vintage ramblers in the community. This housing type is historically unique and should be preserved for future generations to enjoy.

Action Step. Work with the Fridley Historical Society to develop metal signs, describing the history of how this housing type became so dominant in Fridley and how it related to the post World War II development of the City. These signs could be posted in the public rights of way in neighborhoods where this housing type is prevalent.

6. A great deal of concern about the condition of rental housing in the Hyde Park Neighborhood materialized in the neighborhood planning meetings "opportunities" mapping exercise. The HRA has spent millions of dollars in this neighborhood over the years in scattered site acquisition, tax increment financing, and loan programs, which has spurred much private reinvestment in single family homes. However, the impediment to private redevelopment of multifamily housing in this

neighborhood will continue to be the overlay zoning of this neighborhood as S-1. This special zoning designation limits redevelopment of multi-family properties to single-family development. This is a financial disincentive to reinvestment for multifamily property owners who have no legal means in the future of recouping their investment. In addition, future construction of the Northstar Rail Station directly west of this neighborhood will instill new pressures for redevelopment of old structures.

Action Step. The City needs to consider amending the S-1 Hyde Park zoning district to allow the redevelopment of property that is currently zoned multifamily into new multifamily housing.

5.17 Summary

The opportunities for improving Fridley's housing fall into these main areas:

- Maintaining an aging housing stock
- Creating more life cycle housing
- Slowing or reversing the trend to more rental housing
- Meeting future affordable housing demands
- Meeting the future housing needs of our growing seniors population

While the condition of Fridley's housing remains mostly *excellent*, there is great concern in the community in protecting property values by eliminating the few eyesores that exist. There is also a growing need to transition aging residents into housing that better meets their needs. The City will suffer if we continue to see our older, long-term residents, who have been active in the community and desire to stay here, moving out of Fridley in order to find the type of housing they desire to age in. The City needs to strive over the coming decades to provide the appropriate housing type to accommodate our residents. Accomplishments are also necessary to provide the necessary services and amenities that encourage our residents to keep Fridley the place they call home.