



Urban Land Institute of Minnesota/ Regional Council of Mayors

Opportunity City Pilot Program Summary Report

City of Rosemount

August, 2009

Urban Land Institute (ULI) Mission:

ULI provides responsible leadership in the use of land and in the creation of thriving communities worldwide.

ULI Minnesota Mission:

ULI Minnesota actively engages public and private sector leaders in land use planning and real estate development to learn, network and join in meaningful, strategic action. The future holds many challenges and opportunities; we need the diversity of ULI Minnesota's professional community to meet them wisely.

Regional Council of Mayors (RCM)

Supported by ULI Minnesota, the nationally recognized Regional Council of Mayors represents Minneapolis, Saint Paul and 36 municipalities in the developed and developing suburbs. This collaborative partnership provides a nonpartisan platform that engages mayors in candid dialogue and peer-to-peer support, and builds awareness and action for a more connected, more sustainable and more prosperous region.

Opportunity City Pilot Program Report

Summary – Rosemount’s Story

Program Goals/Outcomes:

The goal of the Opportunity City Pilot Program is to build on the collaborative relationships among Regional Council of Mayors (RCM) and Urban Land Institute (ULI) professionals to identify and implement best practices that support a full range of housing choices for economic stability and regional prosperity.

The City of Rosemount is one of five metropolitan suburban communities selected to participate in the ULI MN/RCM Opportunity City Pilot Program. Rosemount’s Mayor, William Droste, is an active participant in the RCM. The Rosemount staff contributed countless hours in the collection of information, evaluation of tools and strategies and coordination related to the housing audit.

By working together and learning from each other, the expected outcome of the process is to develop an approach that identifies local housing tools and strategies that can serve as a model for other cities and be brought to scale at the regional level. In addition, implementation of new tools and strategies will enable suburban cities to better prepare themselves for the future through preservation, rehabilitation and production of quality housing units, use of regulatory incentives, incorporating sustainability and connecting housing to jobs and transportation networks.

Process: The Housing Audit:

- 1.) Review of the housing framework.
- 2.) Analyze the Community Change Report as it relates to demographic and household data.
- 3.) Review and evaluation of existing city tools and strategies surrounding the preservation and production of housing choices.
- 4.) Identification of specific recommendations for local implementation.

Attachments to the summary report include: Housing framework review, community factors questions, Community Change Report, program review detail, and performance review template.

Rosemount’s Story

The City of Rosemount is one of the oldest third-ring suburbs in the Twin Cities with a population of 22,450 residents.

Originally a village in 1875 with a farming history and later adjoining the Federal Gopher Ordnance Plant and the University Research Center, the City started suburban growth in the post-WWII era for those who wanted a small town environment within the surrounding agriculture community.

Over the past 60 years, Rosemount has evolved into a developing single family community with new housing surrounding the historic downtown. Few apartments were needed until the 1990’s.

The current housing sector makes up more than 85% of the City’s tax base. Housing affordability within owner occupied older homes, limited apartments, and newer town homes is planned to provide the basis for young professional and young family growth to more than 42,000 people by 2030. This growth can help to stabilize the Rosemount (and nearby) schools, wherein an estimated 2,800 to 3,200 households with children are needed to retain the current base of facilities.

There will continue to be extensive growth of new single-family detached housing stock as well as mixed opportunities for a mix of housing options on the UMORE site which includes over 3,000 vacant acres in Rosemount. Therefore, continuing to work with the housing market to provide diverse new opportunities as well as plan for, reinvest in, and reinvent the existing homes to meet market demands by offering tools and strategies that meet the needs of new (and young) households will remain important. Availability of existing affordable housing is another issue.

With the exception of first time buyer town homes, there are few choices for young householders, since existing apartments are older, having fewer units per building, with limited amenities. The older single-family homes are attractive as starter homes and are mostly affordable as first-time purchase options, if available. Aging in place is a phenomenon that Rosemount has just started to experience. For the past 20 years, as the young households grow, there

Opportunity City Pilot Program Report

Summary – Rosemount’s Story

have always been newly constructed move-up housing opportunities. Rosemount's overall retention rate is higher than most cities evaluated. If current patterns continue and without a more diverse housing stock, Rosemount's large 35 to 54 age group will age in place for 20 or more years. Opportunities for mixed uses, mixed housing types and values will be important as the City ages and evaluates its redevelopment areas.

As the City moves forward, continuing to invest in the neighborhoods and housing stock while providing more diverse options for young and older households, both owner occupied and rental, is an important community housing (and economic development) policy and family\household retention strategy. Retaining the existing schools is an important element of the community's neighborhood plan and social fabric. By understanding the community demographic balance and supporting enough housing for younger child-raising families, the City will have a stabilizing effect upon the schools within the community. Helping spur development so that mixed income and higher density development can occur will allow the City to be economically and competitively viable, offering a choice of housing types as well as providing housing price diversity.

Thank you to the following participants in the ULI MN/RCM Housing Initiative Opportunity City Pilot Program.

- **Rosemount Mayor and Council**
 - William Droste, Mayor
 - Kim Shoe-Corrigen, Councilmember
 - Mark DeBettignies, Councilmember
 - Jeff Weisensel, Councilmember
 - Kurt Bills, Councilmember

- **City of Rosemount Staff**
 - Dwight Johnson, City Administrator
 - Kim Lindquist, Community Development Director
 - Eric Zweber, Senior Planner

- **ULI Minnesota Consulting Team**
 - Caren Dewar, ULI Minnesota Executive Director
 - Cathy Bennett, Bennett Community Consulting
 - Dennis Welsch, Center for Policy Planning and Performance
 - John Carpenter, Excensus

City Housing Goals and Policies:

The Opportunity City Pilot Program has five key themes in support of a full range of housing choices:

- Production of housing units that support varied resident life cycles and incomes.
- Preservation and rehabilitation.
- Use of regulatory incentives
- Sustainability
- Jobs/housing balance connected to transportation systems.

The review of the City of Rosemount's policies indicates support for these key themes. The various community goals are incorporated into the City's 2008 comprehensive plan and are summarized below.

Diversify housing stock—new, infill, & redevelopment

- Encourage life cycle owner and renter opportunities.
- Create “move-up” housing to retain families as they grow.
- Support redevelopment in the old town center that provides opportunities for social interaction.
- Create neighborhoods that provide recreation and protect natural resource open space.
- Create and locate different housing styles in appropriate areas

Maintain existing housing stock

- Support maintenance and code enforcement.
- Encourage quality materials and design.

Provide a mix of housing types and values to accommodate a mix of incomes

- Target programs to families and seniors in need through partnerships with Dakota County CDA.
- Review land use and zoning ordinances to allow housing diversity.
- Promote the development, management and maintenance of affordable single family housing and apartments.

Maintain and enhance “home town” character of the City

- Support walkability and neighborhood interconnection.
- Provide housing that meets the changing resident needs.
- Encourage green building.
- Target density and scale that creates and preserves neighborhood character.

Evaluate Community Factors:

In every city, there are internal and external factors that challenge the city's ability to provide a full range of housing choices. In Rosemount, some factors were evident, as determined through interviews with staff and review of city documents.

Reliance on housing market and need to diversity land uses

- Over 85% of the property tax value within the community is based upon housing.
- The volatility of housing values can have a significant impact on tax capacity and ultimately local budgeting.

Middle-income housing is the predominant type

- Smaller, older single-family homes, if well maintained, are attractive to growing families.
- There is a limited variety in apartments—mostly 1–2 bedroom, same style.
- In lieu of new apartments, there are many new single family attached ownership housing opportunities for young professionals and young families.
- There is a limited supply of housing for lowest-income young and older residents.

Community opposition to rental and affordable housing

- The city has experienced negative perceptions by residents regarding rental and affordable housing.

Reliance on County Community Development Agency

- Dakota County CDA provides funding for affordable and housing rehabilitation.
- While Dakota County CDA has been very responsive to any city request for projects and/or funds use of existing programs are limited.

Transportation\Transit Limitations

- Limited transportation and transit service.

Program Review:

Rosemount partners with the Dakota County Community development Agency (DC-CDA). The partnership supports a variety of housing programs for home renovation and redevelopment as well as affordable low income family and senior housing. The programs target a wide range of household incomes and specific housing issues from health and safety items to large renovations and infill development. Old Town Center redevelopment has been a key priority for many years and has resulted in new mixed use multifamily units—targeting the young and older population. The following is a summary of the programs reviewed as part of the housing audit.

Single-Family Reinvestment Approach. Several programs target single-family renovation. The DC-CDA invests an estimated \$125,000 in single-family renovation annually.

- **CDBG deferred home renovation loans.** Targets health and safety renovation and serves lower incomes. The City’s older housing and population base is a good market for the use of the program, but funds are not being fully utilized. The City residents use approximately 5 percent of the county-wide funds annually and contributes approximately \$375,000 in city tax revenues to the County HRA levy. The average loan was approximately \$17,000.

Senior Housing. The DC-CDA, in cooperation with Rosemount, targets senior affordable housing through its Senior Housing Program.

- Supports older adults over age 55 with household incomes of approximately \$49,200 or less for a family of two.
- Provides rental apartment housing for rent at \$640 for one bedroom and \$810 per month for two bedrooms.
- The most recent units within Rosemount are the 44 unit Cameo Place development.

Family Housing. The DC-CDA, in cooperation with Rosemount, targets family affordable housing through its Family Townhouse Program.

- Supports families with incomes of approximately \$48,540 or less for a family of four
- Provides rental housing for less than \$700 per month.
- The most recent units within Rosemount are within 32 unit Carbury Hills development.

Scattered Site Family Housing. The DC-CDA, in cooperation with Rosemount, targets scattered sites for affordable family housing throughout the City.

- Supports families with incomes of approximately \$61,500 or less for a family of four.
- Provides rents based on not paying more than 30% of adjusted monthly income.
- There are 31 scattered site units in Rosemount.

Old Town Center – Stonebridge Apartments. The DC-CDA, in cooperation with Rosemount, provided project assistance with city issuance of TIF, CDBG, and tax exempt bonding for this downtown redevelopment project.

Foreclosure Program. The DC-CDA, in cooperation with Rosemount, provided homeowner foreclosure financial assistance as well as acquiring properties in foreclosure for resale through its “Silver Lining Program” or the DC-CDA land banking program.

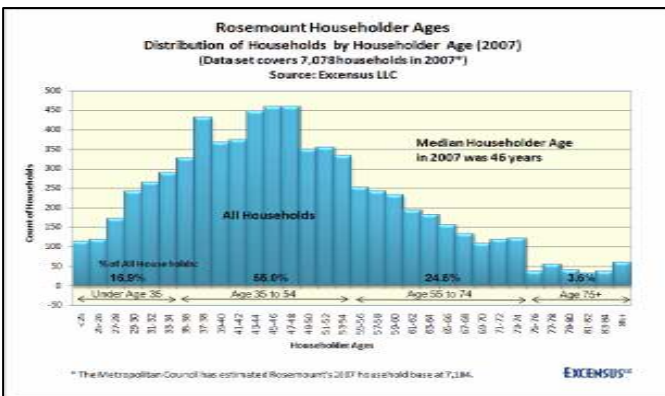
City Official Controls & Land Use Strategies. In addition to specific housing programs, the City uses several methods through its land use and official controls to support and promote development and redevelopment of the City’s housing stock and use of land.

- **Planned Unit Development (PUD).** The City uses the PUD process to accommodate a variety of densities and transitions to existing neighborhoods.
- **Tax Increment Financing (TIF).** The City uses TIF for redevelopment and has a policy that dedicates 20% or more of the housing as affordable housing units in such projects.
- **Property Acquisition.** The City proactively purchases property within redevelopment areas of the city.
- **Sequential Code Enforcement.** The City proactively reviews neighborhoods annually to ensure that homes are being properly maintained.
- **Waive Fees for Affordable Housing.** The City has waived development fees in support of quality affordable housing.
- **Rental Licensing.** The City supports the use of a rental licensing inspection program to help ensure minimum housing maintenance standards. The city has over 609 rental units, of which 402 are licensed by the end of 2008. In the past year over 540 property inspections have been done, with compliance reached on 523.

Community Change—Key Points:

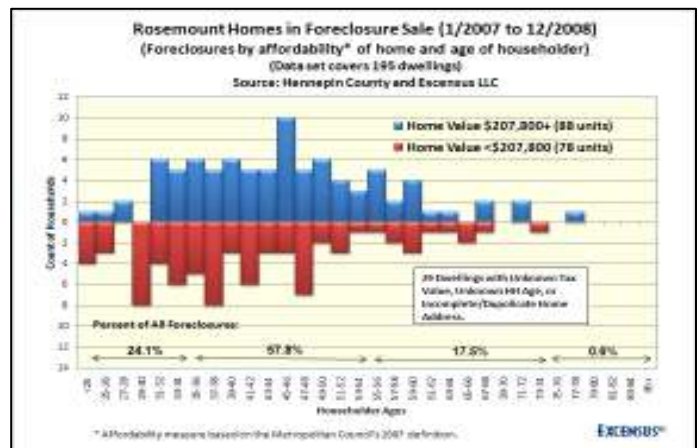
The City of Rosemount has a diverse base of households with a sizable number of householders in each age category. The median householder age is 48. The City enjoys a high homeownership rate for households for all age groups which, along with an expanding under 35 age group, can provide some stability to local schools, commercial businesses, and services. With more than 55 percent of the total city householder population within the 35-54 age group, the City can expect a sizable number of middle-aged households that will age-in-place as they near retirement age. There is concern that the lack of more diverse young family and senior housing options may accentuate a recent drop in turnover among older households age 45 to 74. Low turnover reduces the availability of housing needed by younger replacement households.

These and other conclusions are part of the demographic change report provided to Rosemount. The following is a brief summary of the key statistics. [The full change report is provided in Appendix 5.]



- The majority (72%) of Rosemount’s households are younger than age 55 with relatively few (3.8%) older households over age 75.
- A large portion of the ownership single-family detached housing is occupied by those 35 years of age.
- By housing type, 48 percent of renters and 27 percent of owners moved into the City during 2004-07.
- Only 14 percent of all owner-occupied single-family detached homes are affordable, based on the 2007 Metropolitan Council’s threshold value of \$207,800.
- Sixty one percent of the owner occupied single family attached homes are considered affordable by the same standard. A large portion of those owners under age 35 (82%) were in the attached single family homes.

- Foreclosure rates of 3 percent (195 units) are consistent with other Dakota County cities. However, households under the age of 35 accounted for 24 percent of the City's foreclosures.
- Over 53 percent of the rental householders have remained in their housing units for at least three years indicating stability in the rental market or a lack of other choices to move into.
- Turnover for all age groups and housing types is larger than most cities evaluated at an average of 5 percent.
- During 2004–07, the City was able to retain 35 percent of residents that moved. This was the highest retention rate of any City evaluated.
- Nearly half of the incoming households came from homes in Rosemount or adjacent cities while three-quarters of the move-outs relocated nearby, generally in the same school district.
- Rosemount resident workers (8,931 or 91%) commute to their jobs outside the city, most on or south of the 494 corridor.
- As of 2006 there were 5,701 workers employed in Rosemount. Only 14 percent actually lived in the community.



Recommendations to Increase the City's Capacity to Provide a Full Range of Housing Choices:

Several key themes emerged through the Opportunity City Process in Rosemount. Overall, the City is managing the new growth well and preserving its existing housing, but will need to diversify housing types and require quality and higher densities to meet its projected housing needs in the next 10 to 20 years. The City relies on its partnership with Dakota County's Community Development Agency (CDA) to address single-family affordable housing maintenance, renovation, and preservation needs. In addition, the CDA provides affordable new family and senior housing in the community and adjoining communities. Additional private and city\county investment in the future should be focused on new and the older apartment complexes. It is essential to ensure that existing programs and any new efforts are properly funded—particularly when there is limited funding and staff capacity. The following is a summary of recommendations resulting from the housing audit, community change information and review of City goals, policies and community factors.

Communication and Education. Due to the increasing new and diverse resident base, the City and CDA will need to expand its communication and education efforts regarding their housing programs, ownership and rental opportunities and expectation for home maintenance. Some examples may include:

- Partner with the School District, Faith based organizations and CDA to increase the availability of home renovation, purchase assistance and homeowner classes.
- Provide educational sessions/fact sheets on available home ownership options available in the City with CDA and non-profit assistance.
- Increase city\county coordination for a more holistic approach in increasing neighborhood trust regarding development and neighborhood issues. eg. Brooklyn Park's Neighborhood Action Committee.
- Expand connections of the current and future housing opportunities to local jobs by working with employers and U-MORE to determine housing needs and evaluating links between employment wages and housing values.
- Increase partnerships with non-profit and for-profit resources to expand the City's capacity to address housing issues.

Program Improvements. Rosemount has built a formidable base of single family middle income housing and should diversify the housing types, densities and programs to meet future needs as projected in its comprehensive plan. This is especially true for entry-level housing to young families and for older adults as they age in place and seniors looking for a "down-sized" home option or senior care facilities. To enhance the existing tools in the tool box, the City should consider modification and expansion of some programs and their delivery to ensure that they are meeting the needs of current and future residents.

- Evaluate one-stop shop city\CDA approach for financial and remodeling adviser services to reduce homeowner confusion and increase efficiency.
- Continue to fund neighborhood reinvestment in older homes through the CDA. Consider the benefits of incorporating sustainability into existing programs—expand program requirement to include incentives for energy efficiency and renewable products.
- Evaluate options for providing existing small apartment and homeowner architectural assistance, eg. St. Louis Park's partnership with AIA.
- Provide a housing element into the City Council annual work plan and create an annual or bi-annual report explaining housing benchmarks and accomplishments.

Apartment Reinvestment & New Rental Opportunities. Apartments in Rosemount are some of its most affordable housing—as well as some of the oldest and physically inaccessible housing. While this housing type serves a great need for a broad range of residents, particularly younger households, it has few child supportable amenities and many times lack accessibility for seniors. Expanding the City\CDA capacity to improve the apartment stock while enabling redevelopment, especially in the old town center, in a sensitive, cost-efficient manner that increases value and sustainability will be important to the future success of City efforts. Surrounding cities are converting condominium sites into multi-family rental sites which will absorb some of the new rental market and set a foundation for future population changes. Supporting opportunities for additional modern apartment complexes in the City will provide new choices for young households and empty nesters wanting to remain in the city.

Recommendations & Next Steps

- Evaluate ways to increase capacity to improve older apartments through deliberate and expansive partnerships with owners, non-profit/for-profit organizations that specialize in older apartment preservation/renovation and redevelopment.
- Determine if there are ways to effectively ensure that older apartments become more marketable/sustainable by combining units to increase bedroom counts, adding modern amenities and energy efficiencies, linking residents to social services and ensuring proper connections to transportation, parks, recreation and essential services.
- *Evaluate opportunities in redevelopment and vacant residential areas to add new apartment living options* with modern amenities, design and energy efficiencies. Any new multi-family development should provide connections to transportation options, parks, recreation and essential services as outlined in the ULI MN Community Site Principles [Appendix 6].
- Hold an annual or biannual multi-family and senior housing strategy meeting with elected and appointed officials, developers and local property owners to evaluate community needs, evolving trends and new designs and housing products.

Land Use Controls and Other Housing Strategies. City leaders have a variety of public tools and strategies they use to determine their participation in land use decisions, maintenance standards and the facilitation of redevelopment and renovation. Continuing to be part of the solution and helping to change the way land is used and buildings are maintained takes strong local leadership and vision. Many decisions that policy leaders make are controversial. Understanding the long-term effect of those decisions will help prepare the City for future growth and re-growth.

Additional recommendations relating to specific public policy decisions are:

- Consider implementing a Point of Sale Program and continue the Rental Licensing programs that help provide consistent maintenance standards for existing housing stock. Even in a time of economic uncertainty and for cities where there is a newer housing stock, providing methods to ensure that existing homes are properly maintained is essential.
- Evaluate alternate ways to zone land that would better manage and promote redevelopment. Understanding the components of form-based or performance-based zoning is an option that supports more walkable, mixed-use development. Form- and performance-based zoning provide a framework for how future uses fit into the surrounding area through the placement and design of buildings on the site, rather than tying the land to a specific future use.
- Consider the use of third party land use meeting facilitators for difficult development or neighborhood issues, such as the Corridor Development group within the non-profit Twin Cities LISC organization.
- Support building and land development requirements that promote sustainability and long-term energy efficiency. Local efforts can help reduce the regional carbon footprint, increase long-term affordability (through lower utility and maintenance costs) and support healthy living.
- Consider the use of Housing Improvement Area local government authority to address older common interest communities, mobile home areas, and townhome projects to promote an affordable renovation option.
- Support long term affordability by incorporating land trust and Habitat for Humanity units within future mixed use and mixed income developments.

Next Steps:

The Opportunity City Program is only the first step in supporting a full range of housing choices in the community. Key policy leaders need to support next steps that make valuable changes to the way that the tools and strategies are delivered throughout the City. Many of the recommendations have budget implications and affect staff resources. Prioritization of the recommendations is essential. The next steps associated with implementation of the recommendations should include:

- Gaining acceptance of the ULI MN/RCM Opportunity City report by the City Council, which includes incorporating community site principles into future land use decisions.
- Preparing a work program that outlines the steps and time needed to effectively implement the recommendations. Determine how the recommendations affect land use codes, program service providers and staff workload. Include performance targets to track the progress. Setting performance targets and tracking the progress of local tools and strategies against benchmarks will provide a level of understanding to public officials and residents that become critical during the annual budgeting process. [*Detail on performance measures as related to housing tools and strategies is provided in Appendix 7.*]
- Evaluating budget and staff resource implications tied to each recommendation. Prioritizing recommendations that will have the largest impact in supporting housing goals for a full range of housing choices.
- Evaluating the need to amend the City's comprehensive plan based upon implementation of recommendations.
- Discuss the broader meaning of the demographic data as it compares to current market conditions and evaluate how the data relates to the region. Incorporate future data updates and the online neighborhood-level data tool.

A special thanks to the Opportunity City Pilot Program Sponsors. Without their financial contribution, the program would not be possible

Family Housing Fund

Metropolitan Council