

INTRODUCTION

The Metropolitan Land Planning Act requires all communities to include a housing element in their Comprehensive Plan. The plan must include official controls and goals and policies to promote the availability of land for the development of low and moderate-income housing. The City of Forest Lake has taken a concerted effort to prepare this chapter to meet and address the requirements of the planning act and requirements of the Metropolitan Council's Development Framework.

An Affordable Housing Task Force was created in 2007 to undertake an extensive housing study that reviewed demographics, current housing supply and future housing demand. The Comprehensive Housing Study will serve as Appendix A of the updated Comprehensive Plan. The Comprehensive Housing Study provides an assessment of the current housing stock, number, tenure, value, rents, age and condition of residential structures. The study also compares Forest Lake to a study area consisting of all adjacent cities and townships. This study fulfills the demographic and housing component of the Metropolitan Council requirements.

The Affordable Housing Task Force used the information from the Comprehensive Housing Study as well as information from housing advocacy experts to create goals and policies for housing. The goals are aimed at improving existing affordable housing and expanding the amount of affordable housing in Forest Lake and include the use of official controls and fiscal devices available to the City to address the needs identified. The intent of this chapter is to provide a foundation for local decision-making to guide residential development and redevelopment in Forest Lake. Since early 2007 (when the Housing Study was prepared and presented to the task force and goals and policies were created) many accomplishments have occurred in Forest Lake that directly meets the intent of the goals and policies. It is important for the City to celebrate and acknowledge these accomplishments.

The plan chapter begins with a demographic overview of population and household trends. This overview is



followed by a discussion of housing issues for diverse populations, particularly minority groups. Next, a summary of housing trends, including housing tenure, price, building trends, and future housing demand is presented. This information provides a better understanding of existing and potential housing needs in the community, a major component of the Comprehensive Plan. Neighborhoods and housing are one of the most important aspects of the plan because they directly influence nearly every aspect of a community. The demographic and housing trend informed the development of the City's housing goals, which conclude the housing chapter of the plan. Through the implementation of this Housing Chapter the City acknowledges a responsibility to share in the region's need for low- and moderate-income housing.

EXISTING CONDITIONS

The following sections provide a summary of population and household demographics and current trends in housing. More detailed information regarding housing can be found in the Comprehensive Housing Study completed in 2007.

TOTAL POPULATION: HISTORIC AND PROJECTED GROWTH TRENDS

The demographic information was collected utilizing information from the 2004 Comprehensive Plan Update, Metropolitan Council forecasts and 2000 Census data. Information is gathered and displayed in a number of tables.

Table 4.1 Population History and Forecasts									
	Actual					Estimate	Forecasts*		
	1960	1970	1980	1990	2000	2005	2010	2020	2030
Forest Lake** (combined City/Town areas)	3,967	6,197	9,927	12,523	14,440	17,335	22,200	33,300	38,300
<i>increase</i>	x	56.2%	60.2%	26.2%	15.3%	20%	28%	50%	15%
Washington County	52,432	83,003	113,571	145,896	201,130	224,857	258,502	316,043	365,570
<i>increase</i>	x	58.3%	36.8%	28.5%	37.9%	11.8%	15%	22.3%	15.7%

Source: 2000 U.S. Census
* Metropolitan Council forecast estimates, April 1, 2005
** These figures were calculated by adding corresponding Former City and Former Township figures together.

Table 4.1 shows historical census population of the City. The figures were calculated by adding the City and former Township totals together for years prior to 2000. The table also contains Metropolitan Council’s and the City’s revised population forecasts for 2010, 2020 and 2030.

Table 4.1 outlines the historical household growth of the community and the County and includes the revised forecasts for 2010, 2020, 2030 are determined by the Metropolitan Council.

The Forest Lake area’s population grew rapidly during the 1960s, 1970s, and 1980s. This growth slowed down somewhat in the 1990s. This slow down, however, was reversed with increases in housing construction not only in Forest Lake but the metropolitan region as a whole in the early 2000s. Over the years, the Metropolitan Sewer Board acquired the City’s and Town’s sewer system, thus improving services in the City and providing additional capacity for the construction of new homes and businesses. Improvements to the sewer system continue, ensuring that the City continues to adequately accommodate growth. It is important to note that population and household growth is closely tied to the housing market, particularly in developing areas such as Forest Lake that contain a significant amount of land available for new home development. Thus, the City of Forest Lake saw significant population growth between 2000 and 2005 while the housing market was extremely active. Since 2005, the housing market nationwide and in the metropolitan area has slowed significantly, resulting in a surplus of existing and new homes on the market. Therefore, it is likely that many cities in developing areas will see slower growth in the next few years until the housing market recovers.



Table 4.2
Household History and Forecasts

	Actual			Estimate		Forecasts*		
	1970	1980	1990	2000	2005	2010	2020	2030
City of Forest Lake** (combined City/Town areas)	1,770	3,311	4,424	5,433	6,666	8,500	13,000	15,000
<i>increase</i>	x	87.1%	33.6%	22.8%	22.6%	27.5%	53 %	15.4%
Washington County	21,314	35,001	49,246	71,462	81,645	97,729	122,744	145,517
<i>increase</i>	X	64.2%	40.7%	45.1%	14.2%	19.7%	25.6%	18.5%

Source: 2000 U.S. Census
 * *Metropolitan Council forecasts estimates, April 1, 2005.*
 ** *These figures were calculated by adding corresponding City and Former Township figures together up to 2000*

As with population, the number of households in the city grew rapidly in the 1970s and 1980s, relative to the county's rate of growth. Growth then slowed to a pace more similar to the County in the 1990s. The household rate of growth decreased from 33.6% between 1980 and 1990 to 22.8 percent between 1990 and 2000. However, the rate of growth has held steady at 22.6 percent between 2000 and 2005. During this same time period, the number of households in the County increased by 14.2 percent. The city is forecasted to grow at a faster rate between 2005 and 2030 than the county.

AGE DISTRIBUTION OF THE POPULATION

Figure 4.1 presents Forest Lake's age distribution in 1990 and 2000 (both from the U.S. Census) and the projected distribution in 2010 (calculated by DSU/Bonestroo).

During the current decade (2000-2010), notable growth is expected among all age cohorts, with significant growth in two cohorts: the influx of the older adults and seniors, also known as the baby-boom generation (1), and the increase in young adults, age 25-34, also known as the "echo boom" generation (2). More tempered growth is projected in the Under 18 population (3).

AGE DISTRIBUTION OF RACIAL AND ETHNIC MINORITIES

Figure 4.2 displays ages of ethnic minorities in Forest Lake compared to the surrounding communities (study area) and to the Metropolitan Region as a whole. The chart shows that racial and ethnic minorities are far less represented in Forest Lake and the Study Area than compared to the entire metropolitan area. However, Forest Lake is becoming more diverse over time because its younger generations are made up of an increasing percentage of minorities.

A map was prepared for the year 2000 that displays where minorities live in Forest Lake (Figure 4.3). Each dot represents one minority person. The map indicates that the minority population is well distributed in the community. Areas with higher densities have higher concentrations of minority residents, just as they have a higher concentration of non-minority residents. The minority distribution is in line with the population as a whole. The second map (Figure 4.4) displays the U.S. Department of Housing and Urban Development's (HUD) 2000 census data on location of very low, low, and moderate income households in Forest Lake.

Figure 4.1- Age Distribution

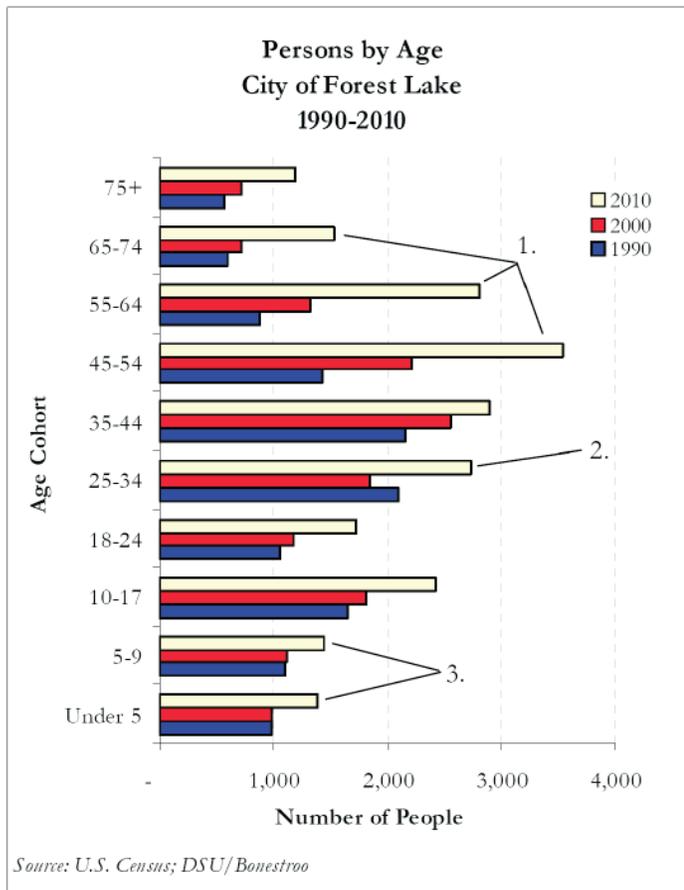
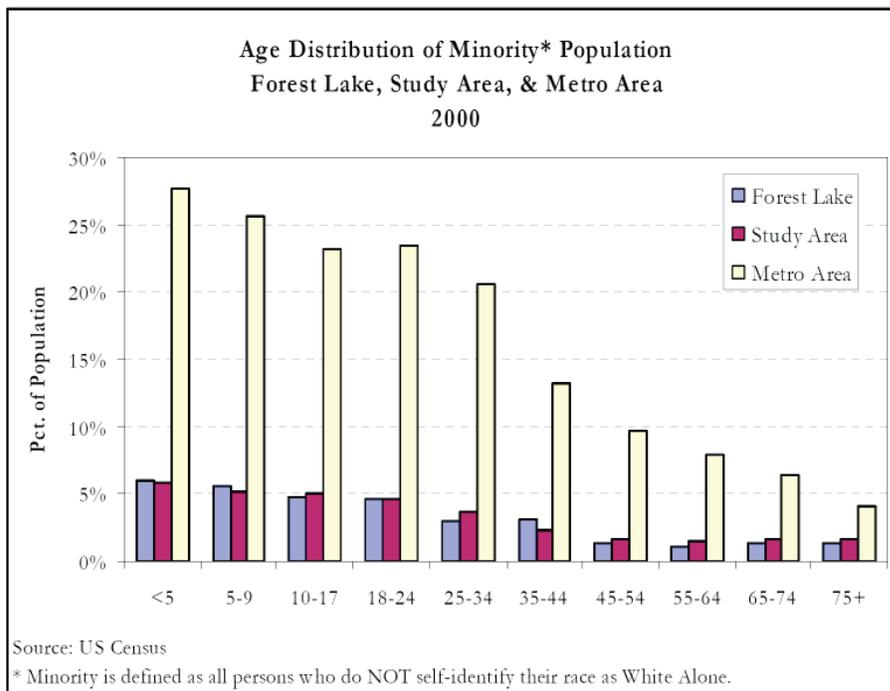


Figure 4.2- Age Distribution of Minority Population



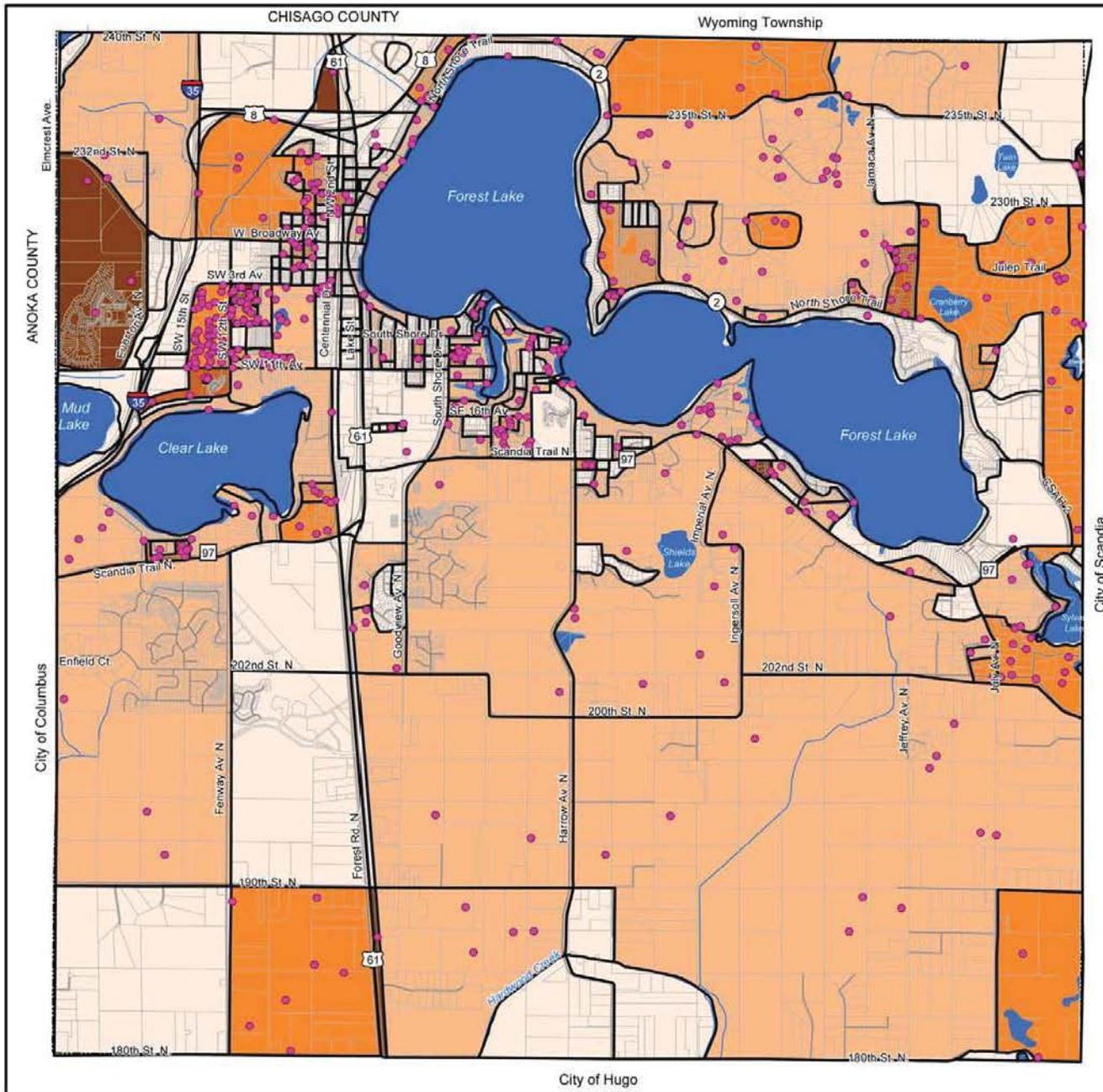


Figure 4.3
City of Forest Lake

Minority Distribution

- 1 Dot = 1 Minority Person
- Percent of Minority Population:

 - Up to 1%
 - 1% - 5%
 - 5% - 10%
 - 10% - 20%
 - More than 20%

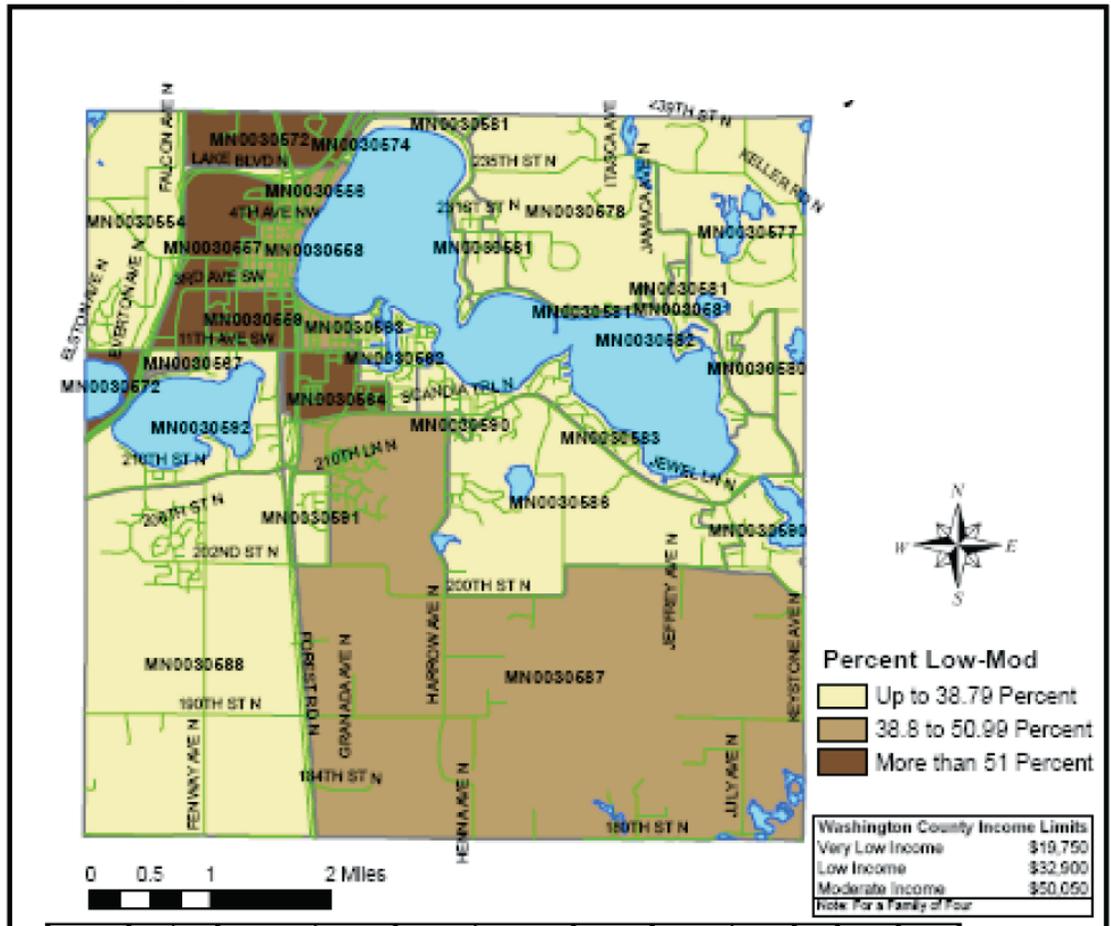
- Wildlife Management Area
- ⋯ Existing MUSA Boundary (2010)
- Road
- Section Line
- Corporate Boundary
- Stream, Ditch
- ▨ Wetland
- Lake

January 12, 2007

3,200 0 3,200 Feet

K:/165/16506212/gis/maps/final_maps/minority.mxd

Figure 4.4- City of Forest Lake Low & Moderate Income Analysis



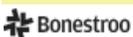
HOUSING AND DIVERSE POPULATIONS

Minority individuals/families (Hmong, Latino, African-American, Somalia, etc) often face additional challenges when it comes to finding housing and more specifically affordable housing. It is important to acknowledge and address these concerns when preparing goals for improving existing housing and creating opportunities for new affordable housing.

The *Washington County Consolidated Plan for 2001-2002* (prepared for HUD), identifies some of the challenges and obstacles faced by minority groups, particularly lower-income groups. HUD has also investigated the frequency and types of discrimination and other obstacles experienced by minority and disabled individuals seeking housing. In a series of reports on housing discrimination from 2002-2005, HUD detailed and measured these obstacles. Some of the obstacles faced by

lower-income minority groups included a lack of transportation, a limited number of units that can accommodate families, a limited number of affordably priced units (particularly during periods of low vacancy) and discrimination during the approval process, either in processing mortgages or rental applications.

The study also identified the practice of “Geographic Steering”, which occurs when renters or buyers are given more information about homes in neighborhoods whose occupants share the same ethnicity or race as the applicant. Discrimination, including more subtle practices such as geographic steering, and other obstacles, can result in racially segregated communities. Housing obstacles for minorities, including both individuals living alone or families should be considered when creating new goals to foster positive attitudes around affordable housing and creating more affordable housing opportunities.



BARRIERS

Barriers of affordable housing affect not only minorities but all lower income populations. Main barriers found across the metropolitan area identified in the Washington County Consolidated plan include 1) not enough land zoned for high-density; 2) property and other tax polices; 3) land assembly and construction costs; 4) attitudes and public opinion. Many of these barriers are addressed in the housing goals identified later in this chapter. Addressing community attitudes and public opinion is more difficult. Negative public opinion in regards to an affordable housing process can become a barrier in itself.

Disabled individuals and families have other unique challenges and also frequently have difficulty finding housing. Because disabled persons may often have limited incomes, it can be very challenging to find housing that is affordable. Additionally, it can be difficult to found housing that is handicap accessible, and in locations that have access to alternative transportation modes for those who are unable to drive.

The challenges facing lower income individuals and families, minority and disabled groups should not be ignored. The City is making significant efforts to address these challenges by creating new goals and policies to improve the availability of affordable housing in Forest Lake.

HOUSEHOLD CHARACTERISTICS AND GROWTH TRENDS

Total Households: Historic and Projected Growth Trends

The term “household” refers to an occupied housing unit. Figure 4.5- Household Growth Trends displays the growth between 1980 and 2000, Forest Lake added 2,231 households. The recent surge in construction and the numerous new housing units either underway or planned for future development in the City point toward more significant household growth by 2010. The Metropolitan Council projects 1,834 households could materialize between 2005 and 2010, and another 5,200 by 2030, more than the past two decades combined.

Figure 4.5- Household Growth Trends

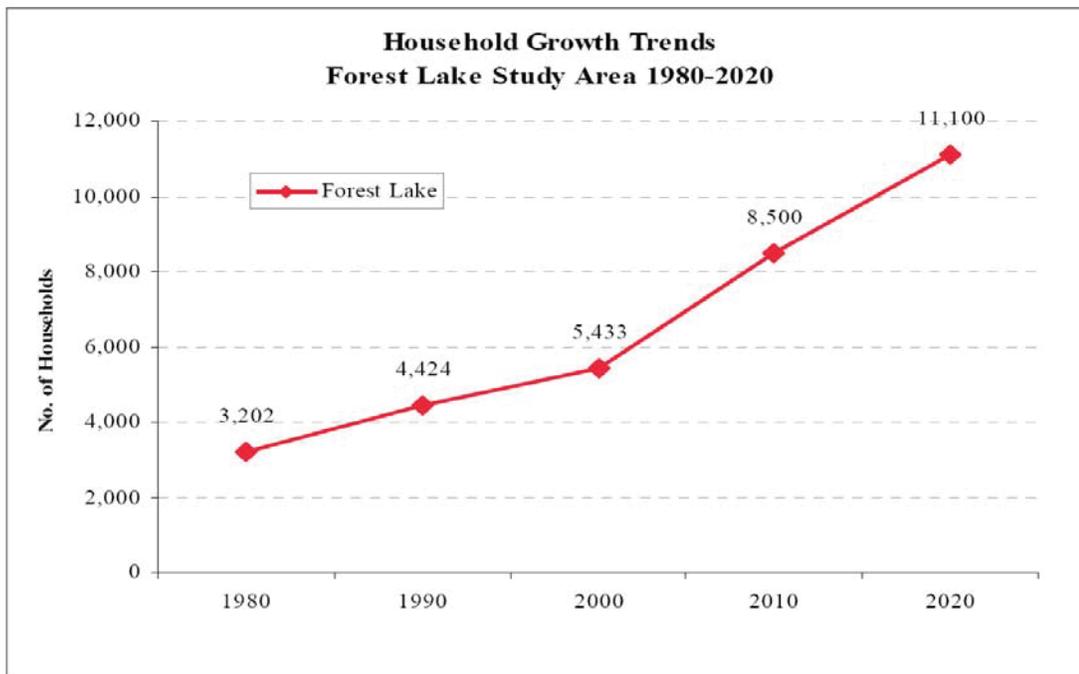
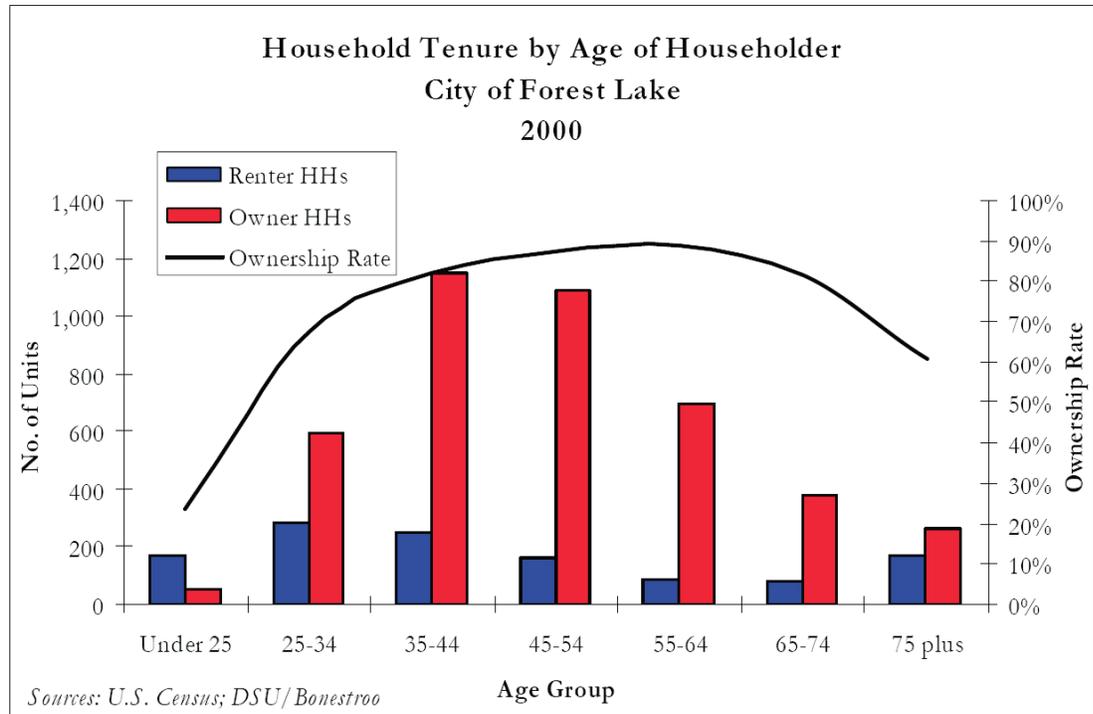


Figure 4.6- Household Tenure



Tenure by Age of Householder

Figure 4.6- Household Tenure shows the distribution of renter-occupied and owner-occupied housing units in Forest Lake in 2000. It also shows the gradual change in the rate of home ownership (distribution of owners versus renters within each age cohort) in the City.

The graphic breaks down the number by age cohort (from under 25 to 75 plus), as housing needs tend to differ at key stages of a person’s life. Rental housing is generally most popular with young adults (under 35) and older seniors (75 and older). This appears to be the case in Forest Lake, as well. Younger households require more flexibility in their housing situation and prefer the lower costs and maintenance generally associated with renting, as do many seniors and empty nesters.

In Forest Lake, the homeownership rate was relatively consistent in 2000 between 35 and 75 years of age, ranging from 82% to 89%. The overall ratio for the City in 2000 was 78:22 (owner:renter), compared to 75:25 in 1990. The shift in increased ownership can be traced to the addition of 916 owned housing units, compared to only 93 rental units, between 1990 and 2000.

The ability to own a home is based on household income and wages. To better understand incomes and wages in Forest Lake, Table 4.3 illustrates the differences in employment and wages between Forest Lake and the metropolitan area. From this table, it is evident that the job base in Forest Lake is heavily concentrated in the retail, education/healthcare, and hospitality sectors, which tend to have below average wages. This is not surprising given that Forest Lake is the regional center for many large retailers, such as Target and Wal-Mart, and is the center of a large and growing school district. In addition, the chart also highlights that many higher paying jobs in sectors such as professional and business services are not well represented in Forest Lake. Therefore, many of the higher-income households that live in Forest Lake commute to jobs outside the area. This is also evident by the relatively low wages in the community compared to the metropolitan area as a whole. For example, the financial activities industry has the highest average annual wage among all industries at the metropolitan level (\$68,000). However, within Forest Lake, the average annual wages for jobs in the financial activities industry is just over \$33,000 per year.

Table 4.3- Industry & Wages

INDUSTRY	Forest Lake							Twin Cities 7-County Metro Area						
	No. of Jobs		Distribution		Chg. 00-05		05 Avg.	No. of Jobs		Distribution		Chg. 00-05		05 Avg.
	2000	2005	2000	2005	No.	Pct.	Ann. Wage	2000	2005	2000	2005	No.	Pct.	Ann. Wage
Goods Producing Domains														
Natural Resources & Mining	0	5	0.0%	0.1%	5	--	--	3,220	3,581	0.2%	0.2%	361	11.2%	\$27,352
Construction	174	313	2.6%	4.3%	139	79.9%	\$36,658	75,143	78,398	4.7%	4.9%	3,255	4.3%	\$51,792
Manufacturing	666	521	10.0%	7.1%	-145	-21.8%	\$34,782	217,072	186,329	13.6%	11.7%	-30,743	-14.2%	\$57,044
Service Producing Domains														
Transportation & Utilities	279	269	4.2%	3.7%	-10	-3.6%	\$36,431	167,840	157,595	10.5%	9.9%	-10,245	-6.1%	\$57,460
Retail Trade	2,022	2,013	30.4%	27.5%	-9	-0.4%	\$23,355	173,346	170,280	10.8%	10.7%	-3,066	-1.8%	\$25,272
Information	44	46	0.7%	0.6%	2	4.5%	\$29,952	54,188	44,466	3.4%	2.8%	-9,722	-17.9%	\$60,736
Financial Activities	287	433	4.3%	5.9%	146	50.9%	\$33,155	126,960	136,746	7.9%	8.6%	9,786	7.7%	\$68,172
Professional & Business Services	481	417	7.2%	5.7%	-64	-13.3%	\$33,549	263,823	244,043	16.5%	15.3%	-19,780	-7.5%	\$60,112
Health & Education Services	1,382	1,683	20.8%	23.0%	301	21.8%	\$29,466	263,829	302,514	16.5%	19.0%	38,685	14.7%	\$39,208
Leisure & Hospitality	872	1,093	13.1%	14.9%	221	25.3%	\$10,584	138,720	151,022	8.7%	9.5%	12,302	8.9%	\$17,628
Other Services	364	376	5.5%	5.1%	12	3.3%	\$18,658	55,631	55,302	3.5%	3.5%	-329	-0.6%	\$28,132
Public Administration	83	151	1.2%	2.1%	68	81.9%	--	60,763	63,764	3.8%	4.0%	3,001	4.9%	\$47,684
Total, All Industries	6,654	7,320	100%	100%	666	10.0%	\$25,634	1,600,535	1,594,040	100%	100%	-6,495	-0.4%	\$46,644

Sources: MN Dept. of Employment and Economic Development; Bonestroo

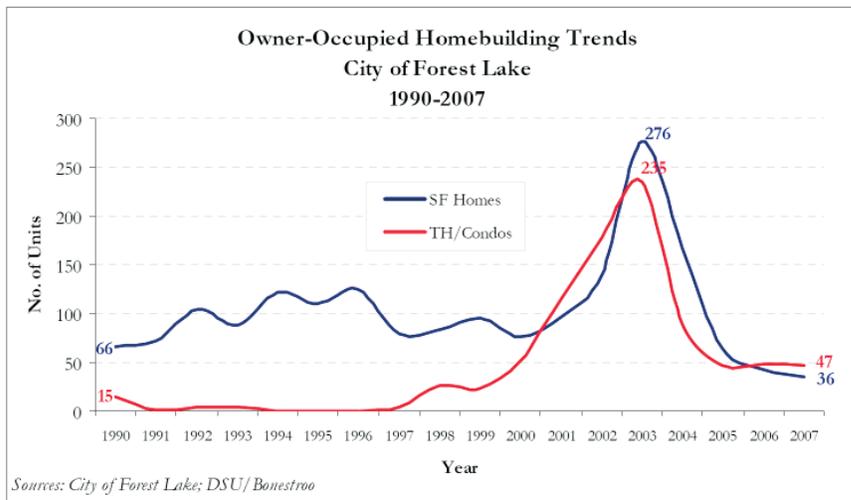
It is important to consider how the average wages within Forest Lake relate to the community's housing needs. According to the Metropolitan Council 2007 affordability Limits, the area median income for the seven-county Minneapolis-St. Paul (MSP) area adjusted by HUD to be applicable to a family of four is \$78,500 in 2007. Eighty percent of the median household income is \$62,800; 60% is \$47,100 and 50% is \$39,250. Applying an interest rate on a 30-year fixed-rate home loan of 6.2 percent for 2007 and other payment factors to the 80 percent area median income, yields an affordable purchase price of \$206,800 in 2007. It should be noted that the average wage in Forest Lake is significantly less than metropolitan area median income; therefore it may be difficult for many who work in Forest Lake to find housing in the community that is affordable. Additional information regarding wages is included in Chapter 7, Economic Development.

NEW HOUSING DEVELOPMENT, 1990-2007

Trends in new home construction in Forest Lake over the past 16 years (from 1990 to 2006) were analyzed to gauge the annual shifts in building trends and the distribution of new unit types within the community. A numerical breakdown of the City's residential building permit history over this period is displayed in the Comprehensive Housing Study (Appendix A).

Figure 4.7 tracks the development of owner-occupied homes in the City, separating total permits into single-family and multi-family (townhomes and/or condominiums). According to City records, 2,738 new owner-occupied homes have been added since 1990. Nearly 50% of those units were added in a four-year span between 2001 and 2004.

Figure 4.7- Homebuilding Trends



Sources: City of Forest Lake; DSU/Bonestroo



The figure shows that the annual rate of home construction has increased in recent years. From 1990 through 2000, 105 homes were added annually, on average; from 2001 through 2004, 324 homes were added, on average. Since 2005, however, new construction has slowed somewhat as the annual average has dropped down closer to 100 units per year.

Much of the recent surge in homebuilding has stemmed from a dramatic increase in the construction of owned multi-family homes, beginning in 2000. It should be clearly noted that multi-family refers to townhomes, including rental and owner occupied as well as apartments and condominiums. In terms of more recent construction, the majority of multi-family development consists of townhomes. In fact, multi-family home construction outpaced single-family building in Forest Lake in both 2001 (116 to 97) and 2002 (178 to 139).

New construction of rental units has been sporadic since 1990. The most significant addition of rental housing occurred in 2002, when 102 new units were added to the City's housing stock. It is important to note that 46 of those units were in an assisted living environment. More recently, a large number of rental units were constructed in 2006 for the Forest Ridge development, which consists of 38 rental townhome units.

Rental housing trends and market indicators are examined in greater detail in the Comprehensive Housing Study (Appendix A).

HOUSING CONDITIONS

Housing conditions were reviewed in Forest Lake through a combination of field research (exterior conditions) and a review of key Census data that indicate substandard housing (interior conditions). Overall, the review revealed that Forest Lake's housing stock appears to be in good condition.

Field research and visits to rental housing complexes and active developments enabled the City to assess exterior conditions throughout the community.

- In Forest Lake, only 8 of the City's 5,613 housing units (0.1%) were estimated by the Census to be lacking complete plumbing facilities, and only 35 units (0.6%) lacked complete kitchen facilities.
- Although Forest Lake has approximately 500 housing units more than 60 years old, much of this older housing stock remains well-maintained. Older properties are generally concentrated in three areas of the City: 1) the blocks immediately west of the Downtown; 2) the blocks on the south side of the west end of the Lake on both sides of the Channel; and 3) the lots immediately surrounding both Forest and Clear Lakes. In each area, there is ample evidence of older homes having been torn down and replaced by newer homes. This is especially true among the lots that surround the two lakes. Within these older neighborhoods there are a few homes with evidence of deferred maintenance, such as peeling exterior paint, broken front doors or windows, and unkempt lawns. However, these properties are the exception and generally do not detract from their respective neighborhoods.
- Forest Lake also has a number of newer neighborhoods, which are concentrated in three areas 1) immediately south of the high school and Century Junior High; 2) south of Highway 97 and east of Fenway Avenue; and 3) on the west side I-35 south of Broadway.



DEVELOPMENT POTENTIAL

Utilizing a geographic information system (GIS), the City created a summary of all the remaining vacant residentially zoned land, which totaled 1,196.61 net acres (of land in current staging plans). This total is under “current” conditions and does not take into effect changes made to land use as a result of the goals and policies and Future Land Use plans presented in the Land Use Chapter.

- Rental property is largely concentrated in two areas of the City: 1) the blocks along the north side of 11th Avenue SW extending generally from 4th Street SW to 12th Street SW; and 2) the area immediately east of Highway 61 at about 14th Avenue SE. For the most part, rental properties in Forest Lake are well-maintained, though much of the rental housing stock is over 30 years old.
- The two areas of the City that exhibit the most widespread evidence of deferred maintenance would be the mobile home park located at Highway 61 and Lee Street and a small pocket of detached single-family homes and townhomes that are bounded by 11th Avenue SW, 8th Street SW, 9th Avenue SW, and 12th Street SW. Although the homes in this area are less than 30 years old, there are numerous examples of peeling paint, broken windows, and doors, unkempt lawns, and strewn pieces of garbage or other unwanted items. Despite such evidence, there are still plenty examples of well-maintained homes in this area. Moreover, there are two newly built homes along 9th Avenue SW that are currently for-sale, which helps to enhance the image of the area.
- The Census data and informal field assessment supports the assertion that housing is by and large well-maintained by homeowners and rental property owners. Real estate agents echoed these sentiments, complimenting the local “pride in ownership” evident throughout the community.

In terms of future land use, Figure 3.2 – 2030 Future Land Use from Chapter 3 displays the various proposed land use categories and density ranges for five residential land use categories as well as the downtown and mixed use categories, which will allow for residential uses as well.

The tables below (4.4-4.9) displays the existing zoning categories and current densities allowed in each district. The densities were developed based on what the current zoning ordinance permits. Some land use categories allow for a range of densities. Using this information, the number of potential new housing units has been determined for each staging category based on vacant net acres (not including wetlands). In the calculation of new units, all acreages were adjusted to allow 15% for right-of-way requirements.

**Table 4.4-
Permitted Densities for
Residential Development**

Zoning Category	Density Allowed
RR	1-5 /acre
SF	1-2/acre
MXR-1	3 units/acre
MXR-2	2-6 units/acre
MXR-3	6-10 units/acre
MF	10-15 units/acre

**Table 4.5-
Expected New Residential Units- 2000**

Zoning Category	Vacant Net Acres	New Units
RR	8.99	2
SF	226.89	96
MXR-1	0	0
MXR-2	5.9	10-30.1
MXR-3	2.72	14-23
MF	6.67	57-85
Total	251.17	179-236

**Table 4.6-
Expected New Residential Units- 2005**

Zoning Category	Vacant Net Acres	New Units
RR	12.51	2
SF	60.2	26
MXR-1	145.49	371
MXR-2	0	
MXR-3	0	
MF	0	
Total	218.20	399

**Table 4.7-
Expected New Residential Units- 2010**

Zoning Category	Vacant Net Acres	New Units
RR		
SF		
MXR-1	253.54	647
MXR-2	0	
MXR-3	0	
MF	0	
Total	253.54	647

**Table 4.8-
Expected New Residential Units- 2015**

Zoning Category	Vacant Net Acres	New Units
RR		
SF		
MXR-1	286.55	731
MXR-2	0	
MXR-3	0	
MF	0	
Total	286.55	731

**Table 4.9-
Expected New Residential Units- 2020**

Zoning Category	Vacant Net Acres	New Units
RR	31.02	5
SF		
MXR-1	156.13	398
MXR-2	0	
MXR-3	0	
MF	0	
Total	187.15	403

The largest opportunity for providing new units is in the MXR-1 district that allows a mix of single-family and townhouse development including up to 8 units per building. This district requires an overall ratio of 3 units per acre; however, the development of this land use and others is restricted according to the current staging plan. Through the update to the Land Use component of the Comprehensive Plan, the City will work with the Metropolitan Council to create additional opportunity for residential land uses, including opportunity for higher-density uses and corresponding zoning designations. Due to the City's extensive amount of natural features and abundant wetlands, larger amounts of contiguous land are needed to provide ample opportunities for new residential development. In addition, through the Comprehensive Plan Update, the City will need to address redevelopment goals described later in the chapter to increase available land for housing.

METROPOLITAN COUNCIL 2020 LCA GOALS

As part of the 2030 Regional Development Framework, the Metropolitan Council estimates that approximately 50,000 additional affordable housing units will be needed in the region between 2011-2020. The Metropolitan Council will be working with communities to adopt new agreements in 2011 for the next ten year planning cycle. In order to determine new benchmarks and goals for individual communities, the Metropolitan Council conducted a study "Determining Affordable Housing Need in the Twin Cities 2011-2020". With this new plan the Metropolitan Council has changed its definition of affordable housing from the current definition of 80% of area median income to 60% of area median income. The study then developed a method for allocating affordable housing to all communities within the region based on the following four criteria:

- Household Growth Potential (based on forecasts)
- Ratio of local low-wage jobs to low-wage workers
- Current provision of affordable housing
- Transit Service (amount of available or planned transit)

Based on its analysis, the Metropolitan Council's new affordable housing goal for Forest Lake is to create 551 new affordable housing units between 2011 and 2020. The level of affordability is important to understand when assessing the amount of current affordable housing and the price point for new units to meet this goal.

According to Metropolitan Council 2007 affordability Limits, the area median income for the seven-county Minneapolis-St. Paul (MSP) area adjusted by HUD to be applicable to a family of four is \$78,500 in 2007. Eighty percent of the median household income is \$62,800; 60% is \$47,100 and 50% is \$39,250. Applying an interest rate on a 30-year fixed-rate home loan of 6.2 percent for 2007 and other payment factors to the 80 percent area median income, yields an affordable purchase price of \$206,800 in 2007. The purchase price will be lower than this at the new 60% level beginning in 2011 when the new requirement will become effective. It is the new 60% benchmark that will be required for the 551 new affordable housing units anticipated between 2011-2020 in Forest Lake.

FUTURE HOUSING DEMAND

The City is taking the proper regulatory measures, which is its most effective tool to encourage affordable housing and to meet demand for all new housing, including new affordable units. The City is taking an aggressive stance in planning for potential new growth within its urbanized areas and at higher residential land use densities to promote the development of life-cycle housing and affordable housing across the city. The plan identifies areas of medium and high density residential uses to provide a mix of housing options for residents, and to create opportunities for affordable housing in the City. The plan provides for a potential minimum of 4,550 medium and high density housing units by 2030 based on the Future Land Use Plan.



During the preparation of the future land use plan, a citizen Advisory Panel, City Council and Planning Commission developed Future Land Use plans that went beyond the Metropolitan Council forecasts for future population and households. The plan results in a significant increase in the number of households for Forest Lake as it provides for a substantial increase in higher density housing options.

To forecast potential housing growth, the densities were applied to the appropriate land use category acreages to determine potential total units. Although a range of densities was developed for each land use category, the minimum of the density range was used to forecast potential units, as this presents a more realistic forecast of the city's growth, since some areas may not develop to their potential. The following land uses and minimum densities are assumed:

- Low Density Residential: 1.5 units/acre
- Low-Medium Density Residential: 3 units/acre
- Medium Density Residential: 6 units/acre
- High Density Residential: 10 units/acre
- Mixed Use: 10 units/acre

These densities result in draft plan forecasts that were slightly higher than the 2005 Metropolitan Council estimates (Table 4.10). The City and Metropolitan Council worked cooperatively and prepared agreed upon forecast revisions that are included in 4.11- Revised Forest Lake Sewer Forecasts.

The City will work to pursue higher residential densities when there are opportunities with the understanding that both the City and Metropolitan Council will monitor growth against these forecasts and make necessary adjustments in the future.

**Table 4.10-
Met Council- System Statement Forecasts**

	1990	2000	Revised Development Framework		
			2010	2020	2030
Population	12,523	14,440	21,700	27,800	34,200
Households	4,424	5,433	8,500	11,100	13,700

**Table 4.11-
Revised Forest Lake Sewer Forecasts**

Year	Sewered Population	Sewered Households
2006	17,424	6,723
2010	19,700	7,540
2015	25,350	9,820
2020	31,000	12,100
2025	33,500	13,100
2030	36,000	14,100

HOUSING PRINCIPLES

The City of Forest Lake encourages diversity among its citizens, their housing choices, and their activities within the reasonable limitations of the law. By encouraging diversity through housing, Forest Lake encourages imagination, innovation and the highest quality of life for all of its residents. Forest Lake further encourages housing development that not only supports efforts for housing need and variety but that enhance, preserve and increase access to natural features and amenities. Segregation of people through zoning and land use provisions is injurious to the community and against public policy. Forest Lake will abide by Federal Fair Housing Laws and other related laws.

The intention of these principles is to allow all people who work in Forest Lake to also be able to afford to live in Forest Lake. The City of Forest Lake considers "affordable housing" as housing that is affordable to those working in the community in occupations such as an entry level teacher, fire fighter, police officer, health aid, etc. When used in reference to owner occupied housing "affordable housing" shall mean affordable by a family earning 60% of the area median income, and when used in reference to rental housing shall mean affordable by a family earning

30-60% of the area median income as calculated and updated from time to time by HUD for the Metropolitan Statistical Area. These affordability limits match the requirements of the Metropolitan Council. However, the City will strive to do all it can to encourage and support the development of housing affordable to residents with even lower incomes to reach an even greater need.

As mentioned earlier, the intent of this chapter is to provide a foundation for local decision-making to guide residential development and redevelopment in Forest Lake. Since early 2007 when the Housing Study was prepared and presented to the Taskforce and goals and policies were created to promote affordable housing, many accomplishments have occurred in Forest Lake that directly meet the intent of some of the goals and policies. It is important for the City to celebrate and acknowledge these accomplishments. Some of these accomplishments have been through new affordable housing development and others through City efforts to promote programs and partner with other agencies to promote funding available for maintenance activities.

Items that have been accomplished or are considered on-going and attended to on a daily/weekly basis, or currently allowed and applied through city practices and procedures, are listed below:

LIVABLE COMMUNITIES HOUSING SCORE

The Metropolitan Council provides a housing score to each city based on the amount of affordable housing the city supports. Forest Lake’s score has seen moderate increases since 2002 with larger increases starting in 2006. The score for 2008 is 79. Scores for each year are shown below.

Year	Score
2002	27
2003	31
2004	32
2005	33
2006	28
2007	59
2008	79
2009	76

HOUSING ACHIEVEMENTS 2006 THROUGH 2009:

- City supported a \$15 million dollar, 70-unit Affordable Senior Housing Development, approved by the City through a streamlined process to reduce cost and save time for the Washington County HRA any way it could.
- Provided regulatory flexibilities through the Headwaters PUD for high density housing to reduce the cost of housing.
- Amended the Comprehensive Plan and Zoning Map to allow high density housing in a new development area where it did not exist to support affordable housing.
- Obtained a \$700,000 Livable Communities Grant to support the purchase of the site for the Washington County HRA building and reduce the cost of housing.
- The City supported and approved the creation of a new County TIF district for the Washington County HRA housing project to reduce the cost of housing.

- The City encouraged and supported the County to achieve units to serverents at 60%, 50% and 30% AMI to meet the housing needs as determined by the City’s housing market study and goals of the Comprehensive Plan Housing Chapter.
- Approved a 206-unit senior rental housing project which includes independent and assisted living units, personal care and memory care units as well as nursing beds.
- Approved Gateway Green project for 84 multi family units and 32 senior units.
- City contributed valuable land as part of a land exchange to allow a desirable design of the overall senior housing campus in the Headwater’s development.
- City supported the Washington County HRA CDBG application for funding to reduce the cost of housing.
- City waived \$150,000 in development and building fees to reduce the cost of housing for the Washington County HRA project.
- Supported a rezoning and comprehensive plan amendment to high density for a multi-family unit up to 120 units. This change is now reflected in the comprehensive land use plan.
- In late 2007, the Two Rivers Land Trust purchased, remodeled, and sold a single family home to a first-time homebuyer. Household income of this homebuyer was 52.83% of the area median income. This is an effort to create affordable ownership housing.
- LOA provided \$200,000 to the Two Rivers Community Land Trust for the acquisition, rehabilitation and selling of up to nine single-family homes that have been in foreclosure. Funds will be used in six cities in Washington County including Forest Lake.
- Obtained \$500,000 in LCA funds for 72 work force housing units serving 60% AMI in the Headwater’s development. Forest Oak Apartments to reduce the cost of housing.

- Washington County HRA received \$500,000 LAAND acquisition funds to support the Forest Oaks Apartments project in the Headwater's development.
- Two Rivers Land Trust received \$300,000 in LAAND acquisition funds to purchase 6 lots in the Ivy Estates development.

REPORT TO THE MINNESOTA LEGISLATURE ON AFFORDABLE AND LIFE-CYCLE HOUSING

- For 2006 Forest Lake was among the top ten communities producing new affordable renter-occupied units.

These recently approved affordable housing projects are a direct result of the efforts and cooperation the City of Forest Lake has made and will continue to make to create opportunities for affordable housing. These units and any new units constructed under the new 2030 Future Land Use Plan shall be considered for the 2020 LCA goals.

2009 report by University of Minnesota rating Forest Lake Comprehensive Plan #1 in metropolitan cities for addressing affordable housing.

OTHER ON-GOING PRACTICES AND PROCEDURES

- A policy that allows a reduction or waiver of City fees for planning and building application permits, and park and trail dedication requirements for development meeting the requirements for construction of affordable housing.
- Support and actively promote 1st Time Home Buyer programs to assist new homeowners entering the market for existing homes.
- Support and actively promote housing rehabilitation programs for existing owner-occupied homes and rental buildings or units. Encourage all people to improve their property. Actively pursue rehabilitation of existing rental and owner-occupied housing to become affordable.
- Partner with government agencies and other organizations for specific projects to

create, maintain or fund affordable housing.

- Partner with, support and market programs offered by the Washington County HRA, MHFA and any other agency or private entity providing funding assistance to first time homebuyers, rehabilitation loans and grants and other funding mechanisms aimed at maintaining and improving existing affordable units.
- Use Planned Unit Developments and innovative site planning techniques to increase affordable housing.
- The City shall leverage the sale and use of city-owned land in order to attract and increase affordable housing.
- Support and actively promote 1st Time Home Buyer programs to assist new homeowners.
- Support public/private partnership for construction of new affordable housing, specifically in the securing of funding.
- Create a project or partner with a public/private developer that meets the guidelines and requirements of the Livable Communities Act (LCA) and apply for grant funding from the LCA program.



Many of these accomplishments are not one-time events but methods the City will continue to employ to meet affordable housing objectives. These items should be considered as part of the City's Housing Plan.

Other goals and policies that were prepared in early 2007 will be accomplished with the approval and adoption of the 2030 Comprehensive Plan. These are listed below:

- A policy that provides for a balanced housing supply of rental and owner occupied units available for all people of all income levels and at all stages of life (life-cycle housing).
- Areas for high-density residential in multiple areas of the community, along important transportation and job corridors, high service areas, and institutional use areas.
- Improved relationships between higher density housing development, employment, and transportation to better serve the community.
- A preference for higher density housing developments between the western border of the City and one mile east of Highway 61.
- A sufficient supply of land guided and zoned for medium and high density residential development that allows the opportunity for affordable housing goals set by the City and the Metropolitan Council to be reached at 150% of estimated growth in affordable housing units. This includes affordable housing goals of 1,275 ownership units and 500 rental units, 230 of which will be affordable, for the period 2005 through 2010 and an additional 551 new affordable units from 2010 to 2020.
- Affordable housing should not be highly concentrated in any one area of the City.
- Encourage a variety of affordable housing product types and or styles throughout the community.
- Encourage affordable housing in existing and pending developments using tools spelled out in this chapter.

HOUSING PLAN GOALS

The Affordable Housing Task Force and City of Forest Lake developed goals for the future of housing in

the community. These goals serve as the Housing Implementation Program. Housing diversity means more than just providing affordable housing, although that is an important element. It also means providing ample land use and variety of residential land uses spread across the community to provide opportunities for a wide range of life-cycle housing opportunities. It also means providing support and fiscal means to maintain and promote existing housing.

To carry out the broader housing principles, the City of Forest Lake agrees to the following goals related to existing housing, development of new housing and maintenance efforts for existing and new housing. These goals apply to both market rate and affordable housing with specific goals to **improve and maintain existing housing and increase availability and expansion of new affordable housing.** The goals apply to owner occupied and rental housing. The goals contain strategies for regulatory policy, funding, and implementation to assist in carrying out the goals. Many of the goals particularly related to funding mechanisms and facilitation opportunities cross over into all three categories and apply in all categories. Many of these items are things the City itself can do, while others will occur through partnerships the City will seek to provide for and maintain housing quality and increase affordable housing opportunities. Items that have been listed above as “accomplished or on-going practices and procedures” are part of this Housing Implementation Plan and not duplicated below. Items that will be accomplished by approval and adoption of the 2030 Comprehensive Plan are also components of the Housing Implementation Plan and not duplicated below.

Goals for Existing Housing:

Regulatory:

- 1) Prepare a City Wide housing maintenance code to maintain housing stock.
- 2) Prepare a Truth in Housing ordinance to maintain housing stock.

- 3) Prepare a Rental Licensing or Registration Program for rental units including single family, townhouse units, and apartments.
- 4) Create zoning districts and supporting ordinances for mixed-use districts.
- 5) Allow the conversion of existing public and commercial buildings to affordable housing units through zoning regulations.
- 6) Allow creative use of site planning, building design and flexible development of infill lots to increase density and provide greater housing opportunities. This may include but is not limited to reduction in lot size, floor area, setbacks, street width, building design requirements, parking requirements and variety of housing designs and styles to attract and increase affordable housing through the use of a PUD.
- 7) Allow use of accessory units, and conversion of existing single-family to multi-family structures (duplex or more) with flexibility to setbacks, lot area, parking (allow on-street parking by residents) and other requirements to increase affordable housing through site plan approval, variance of PUD, or whichever land use application would be appropriate to achieve housing goals.
- 8) Allow owners of existing owner-occupied housing to convert their house to a duplex or where appropriate some other multi-family combination with reduced zoning and other ordinance requirements, subject to agreement to restrictive covenants that such units qualify and will continue to qualify as affordable housing for a minimum period of 30 years through the Zoning Ordinance. Owners accepted for conversion may be permitted to receive an on-street parking permit, issued by the Police Department, without compromise to public safety.
- 10) Create City funded activities aimed at rehabilitation or acquisition of existing properties for maintenance of existing affordable units, conversion to affordable units, or creation of new affordable units. Examples include creating loan and mortgage programs, purchase of tax forfeit properties for affordable housing, and rehabilitation loans and grants for owner-occupied and retail properties.
- 11) Designate a portion of existing Tax Increment Financing (TIF) money that may be permissible by law to fund conversions, or other related activity to increase affordable housing, and encourage the consent of other taxing authorities to join the City in making new TIF money available to attract and increase affordable housing.
- 12) The City shall purchase tax forfeiture properties to attract and increase affordable housing through public, private, and nonprofit partnerships.

Implementation:

- 13) Utilize an existing Land Trust in the creation and preservation of long-term affordable ownership housing.
- 14) Create City staff structure to effectively implement and maintain City run programs.

Goals to Increase Affordable Housing:

Regulatory:

- 15) Create an Inclusionary Housing regulation through the Zoning Ordinance that includes the following requirements: Developments of ten or more dwelling units shall be required to provide that 20% of new rental units be affordable by a family earning 30-50% of the area median income or 20% of new owner-occupied units be affordable by a family earning 50% of the area median income as calculated and updated from time to time by HUD for the Metropolitan Statistical Area. Rental and

Funding:

- 9) Programs and policies to encourage well-maintained neighborhoods including market rate, affordable ownership, and rental housing through preservation and improvement.

owner-occupied units in the same development shall be added together for purposes of applying this requirement, but the developer may elect any combination of affordable rental and owner-occupied units to comply with the 20% requirement. Housing units shall be subject to agreement to restrictive covenants so such units qualify and will continue to qualify as affordable housing for a minimum period of 30 years.

Provision shall be made for a developer to buyout from the forgoing affordable housing requirement by depositing into the Forest Lake Affordable Housing Trust Fund a sum equal to the most recent Area Median Income for a family of four calculated for the Metropolitan Statistical Area by HUD times the number of affordable housing units required by this policy.

The City shall create affordable housing bonuses and incentives, including, but not limited to, reduction or waiver of fees, accelerated plan review, reduction in water and sewer availability fees, relaxed density and lot, house and garage square footage requirements, property tax deferrals enforced by restrictive covenants or special buyout provisions.

Developers shall not be eligible for affordable housing bonuses or preferred treatment without implementing appropriate income screening and other financial controls to assure those initially purchasing or renting and later residing in housing required to be affordable are the intended recipients of affordable housing.

Exception to the policy includes reconstruction of destroyed housing due to Act of God.

- 16) A one-for-one replacement policy that addresses the loss of existing affordable housing units.
- 17) The City shall amend current zoning to establish an ordinance chapter specific to affordable housing. Examples include:

A) Reduce the ten (10) acre requirement to the three (3) acre minimum to qualify for a Planned Unit Development in order to qualify

more parcels of land to achieve flexibility in development. The City Council may waive the 3-acre minimum for affordable housing.

B) Allowing the construction of one (1) car garages and reducing garage size minimum requirements from 528 square feet to a 400 square foot minimum size to reduce building costs.

C) Eliminate the requirement that multi-family building sites with more than one (1) multi-family principle structure on an individual parcel of land are required to be processed as a Planned Unit Development.

D) Increase maximum density requirements (accomplishing this through updated Comprehensive Plan).

E) Allow flexibility of zoning requirements and encourage creative use of site planning and building design to increase density and provide greater housing opportunities. This may include but is not limited to reduction in lot area, floor area, setbacks, street width, building design requirements and parking requirements without compromise to public safety, through the use of a PUD.



- 18) Zone for high-density and mixed-use housing opportunities across all areas of the City where municipal services are available.
- 19) Encourage and promote through policy and regulations housing types and services that permit independent living for elderly people. Such housing types include apartments, townhomes, condos, cooperatives, and accessory units with shared housing and personal care, meeting space and provision of accessibility and universal design.

- 20) Encourage and promote through policy and regulations housing types and services that permit independent living for disabled people. Such housing types include apartments, townhomes, condos, cooperatives, and accessory units with shared housing and personal care, meeting space and provision of accessibility and universal design.
- 21) Require every new public facility project (library, government offices, etc) to be evaluated for inclusion of affordable housing.

Funding:

- 22) An Affordable Housing Trust Fund to receive grants, buyouts from affordable housing requirements, sales of affordable units subject to restrictive covenants and other funds and utilize and leverage these funds to attract and increase affordable housing.
- 23) A City staff structure to implement effectively and maintain City run programs, marketing efforts, grant writing, housing inspection and nuisance abatement enforcement, rental licensing and enforcement; and will coordinate, support and guide developers both public and private to programs and resources for financial housing, assistance and encourage new affordable housing through public/private partnerships. Create and or utilize existing educational programs to assist homeowners in preventing foreclosure.
- 24) An increased level of participation by the already established HRA and/or EDA to be active in support of new affordable housing opportunities, development programs, and monitor the City's affordable housing efforts and report to the City Council.
- 25) Develop a variety of City funding sources to promote development of affordable housing including, housing revenue bonds, TIF, land write downs, land trusts, tax credits, use of city-owned property, and purchase of tax forfeit properties for conversion to affordable housing or for new affordable housing development. Limit the use of subsidies to projects which include affordable housing.

- 26) For affordable housing retention purposes, all new affordable housing units built with public financing assistance shall be subject to covenants that units remain affordable housing for a minimum of 30 years. Any sale within ten years of construction at a net profit shall result in the net profit being returned to the Affordable Housing Trust Fund and distribution of net profits thereafter shall be shared between the owner and the Trust Fund according to a sliding scale agreed to at the time of the initial sale. "Net profit" means the amount by which the Selling Price, less unpaid debt and other encumbrances and costs of sale, exceed the area median income for the Metropolitan Statistical Area prepared by HUD in effect at the time of any resale.
- 27) Designate a preference for publicly subsidized affordable housing rather than relying on less costly design schemes or materials to improve blending into the community.
- 28) Expedite review of planning and building applications and permits.

Implementation:

- 29) A public relations communication program related to affordable housing to foster City pride and develop an environment that values affordable housing.
- 30) Through tax forfeiture property acquisitions provide lots to Habitat for Humanity and other affordable housing developers and non-profit organizations for construction of new affordable housing.
- 31) Create City staff structure to effectively implement and maintain City run programs.

Goals to Increase Housing Maintenance

Regulatory:

- 32) Encourage maintenance and rehabilitation of older neighborhoods and identify City improvement projects for these neighborhoods including but not limited to street maintenance/reconstruction, sidewalks, trails, upgrades to existing parks, street lighting improvements. The City shall budget annually for such projects.



- 39) Create City staff structure to effectively implement and maintain City run programs.

Funding:

- 33) Create property tax policies that encourage the maintenance and rehabilitation of both owner occupied and rental housing.
- 34) Create new City programs for remodeling and maintenance programs for owner occupied and rental housing.
- 35) Create new programs to actively pursue rehabilitation of existing rental and owner-occupied housing to become affordable.

Implementation:

- 36) Work with the Washington County HRA and MHFA and other providers to promote remodeling and maintenance loan and grant programs.
- 37) Work with local financial institutions to create programs aimed at remodeling and maintenance efforts in the City.
- 38) Create City programs promoting pride in the community and ownership such as housing remodeling fairs, neighborhood watch programs, City beautification and contest programs for gardens, holiday lighting, City wide clean-up and recycling events, adopt a street or park programs, and cul-de-sac improvement programs.