



SHERBURNE

Economic Development



NMLS 308436

MollyNadeau.com



**WELCOME TO THE
SHERBURNE COUNTY HOUSING SUMMIT**

THANK YOU SPONSORS!!



HOUSEKEEPING ITEMS

Feel free to get up & grab a beverage or whatever you need to be comfortable at any time.

Restrooms are out the door to the left, on the right-hand side.

This Summit is intended to be an interactive discussion. To help facilitate this, we will be utilizing Slido throughout the afternoon.

- Please pick up your phone and scan the QR code on your table or on the presentation screen.
- This is a public meeting & your questions and feedback will be displayed on the big screen. This meeting is also recorded 😊

Share on your socials!!
#SherburneCountyHousingSummit
#SCHS2023



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If you had to eat one meal every day for the rest of your life, what would it be?

ⓘ Start presenting to display the poll results on this slide.

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What professional field do you represent?

ⓘ Start presenting to display the poll results on this slide.



ST. CLOUD STATE
UNIVERSITY
SCHOOL OF PUBLIC AFFAIRS

KING BANAIAN
DEAN & PROFESSOR OF ECONOMICS

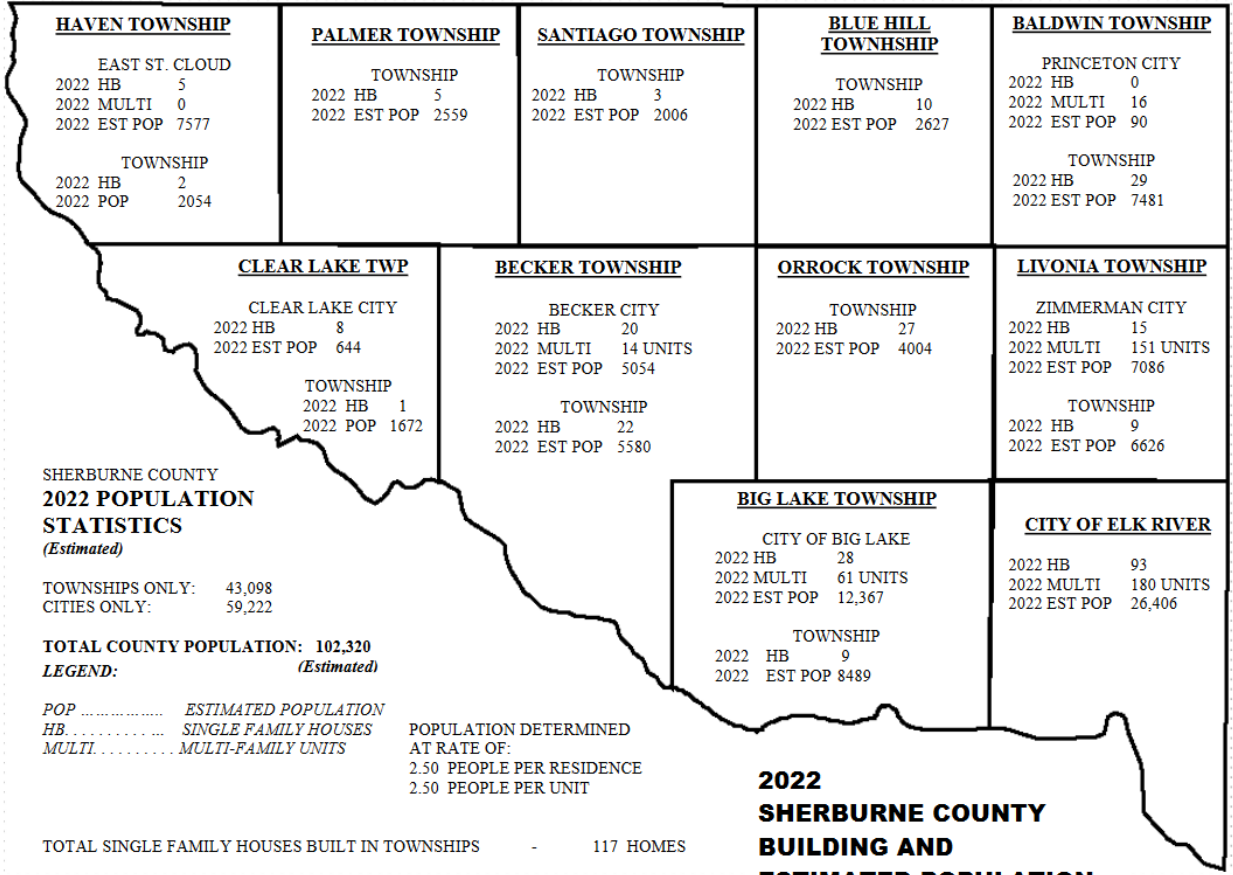
An abstract graphic consisting of several thin, black, overlapping lines that form various geometric shapes and polygons, primarily located in the upper left and center of the page.

SOME THOUGHTS ON SHERBURNE CO. HOUSING

King Banaian, SCSU

OUTLINE

- Current trends
- Demographics
- Outlook for housing



SHERBURNE COUNTY
2022 POPULATION STATISTICS
(Estimated)

TOWNSHIPS ONLY: 43,098
 CITIES ONLY: 59,222

TOTAL COUNTY POPULATION: 102,320
(Estimated)

POP ESTIMATED POPULATION
 HB SINGLE FAMILY HOUSES
 MULTI MULTI-FAMILY UNITS

POPULATION DETERMINED
 AT RATE OF:
 2.50 PEOPLE PER RESIDENCE
 2.50 PEOPLE PER UNIT

TOTAL SINGLE FAMILY HOUSES BUILT IN TOWNSHIPS - 117 HOMES
 TOTAL SINGLE FAMILY HOUSES BUILT IN CITIES - 169 HOMES
 MULTI-FAMILY UNITS: - 422 UNITS

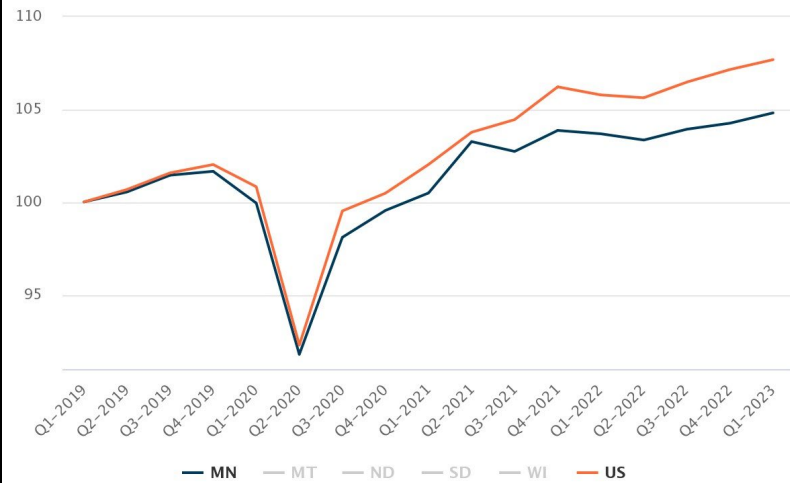
2022 SHERBURNE COUNTY BUILDING AND ESTIMATED POPULATION REPORT
 1/23/2023

BOTH OUTPUT AND EMPLOYMENT LOWER IN MN THAN U.S.

Real GDP

Real GDP (gross domestic product) measures the value of goods and services produced by an economy with prices held constant. This indicator helps us understand the overall productivity, growth, and size of the economies in the Ninth District.

Index: Q1 2019 real GDP = 100



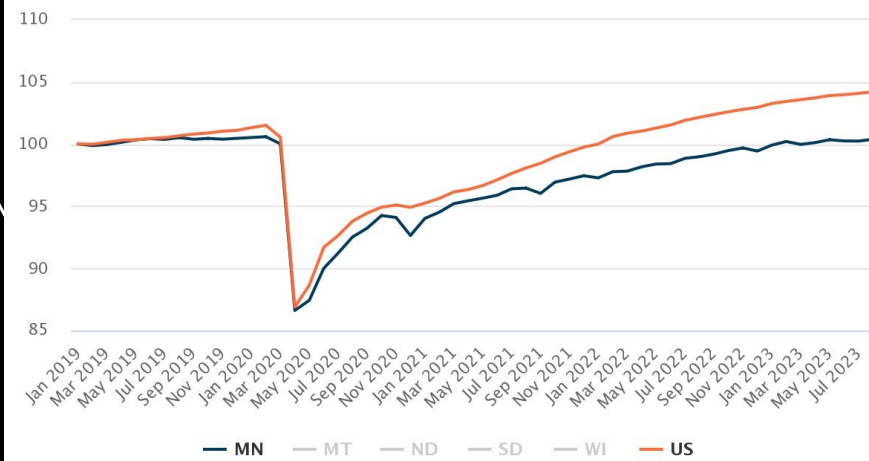
Source: Bureau of Economic Analysis via Haver Analytics

Note

Nonfarm employment

Nonfarm employment refers to the number of people employed in Ninth District states excluding farm workers. Monitoring employment growth is an important part of making sure that the economy is growing for everyone.

Index: January 2019 employment = 100



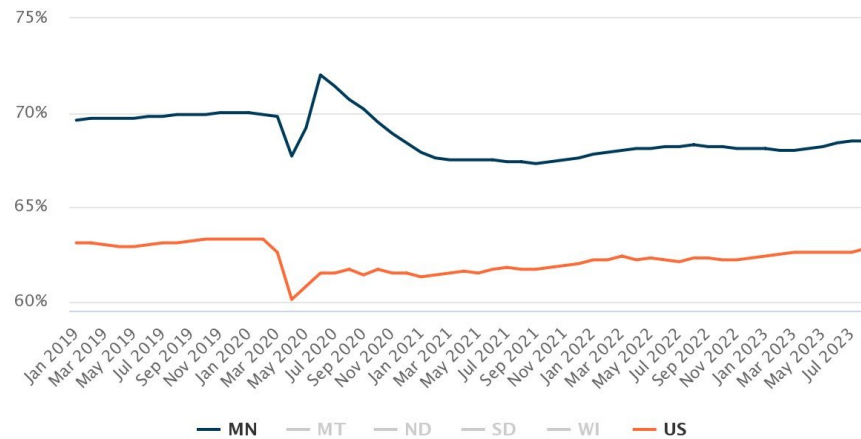
Source: Bureau of Labor Statistics via Haver Analytics

Note

SOME IS POORER RELATIVE PERFORMANCE OF LABOR FORCE PARTICIPATION, PARTLY OFFSET BY LESS QUITTING

Labor force participation

Labor force participation measures the percent of people in a population that are either employed or unemployed but looking for work. Labor force participation falls when people leave the labor force completely for reasons such as retirement, becoming a stay-at-home parent, going to college, disability, or becoming discouraged about their ability to find a job.



Source: Bureau of Labor Statistics via Haver Analytics

Highcharts.com

Quits rate

The quits rate measures the number of people who have voluntarily left their job as a percent of total employment. This measure helps us understand the amount of turnover happening in the workforce and how workers are reacting to current labor market conditions.

3-month moving average



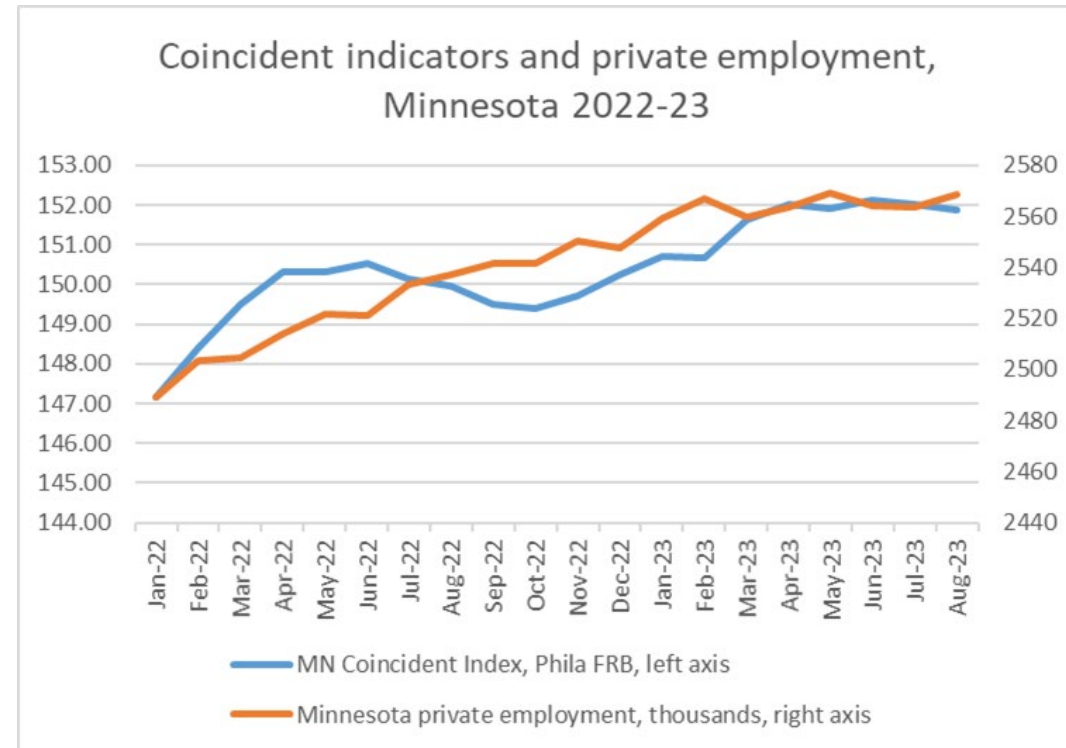
Source: Bureau of Labor Statistics via Haver Analytics

Highcharts.com

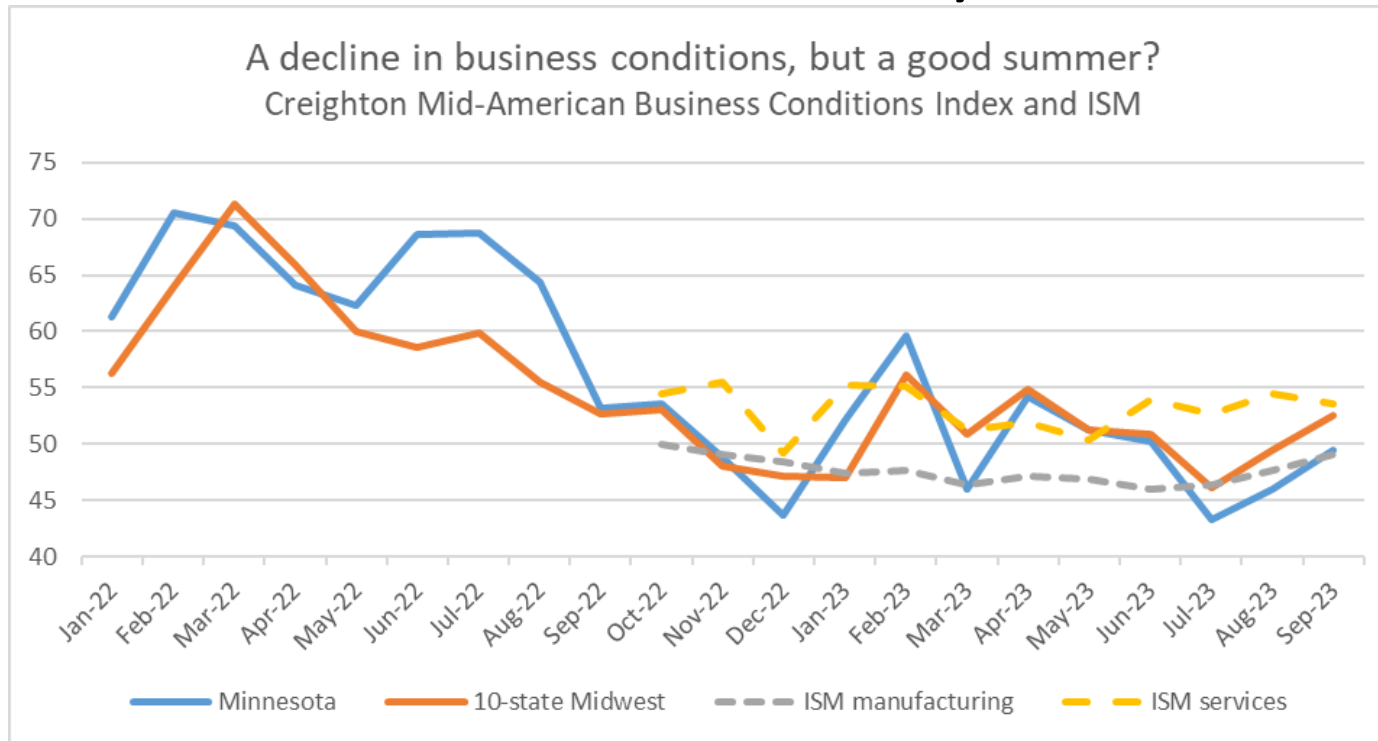
PRIVATE EMPLOYMENT HAS SLOWED

Growth in employment 2022 = 2.8%

Growth in employment 2023 = 1.2%



Think of Sherburne having both a suburban and a rural economy. Here's suburban



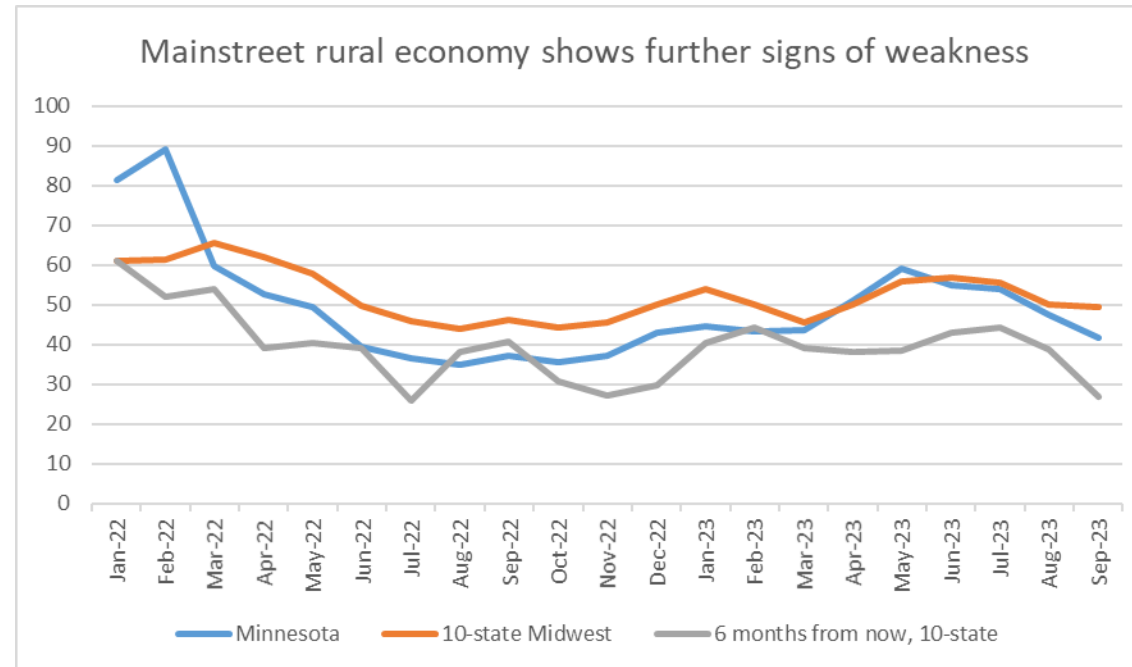
Minnesota Main St.	Sept.	Aug.
Overall, including	49.5	46.0
New orders	48.6	45.3
Sales	50.0	46.9
Delivery lead times	57.2	51.8
Inventories	51.6	45.1
Employment	40.0	40.9



SCHOOL OF
PUBLIC AFFAIRS
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UNLEASH **LEADERSHIP**

And here's rural...

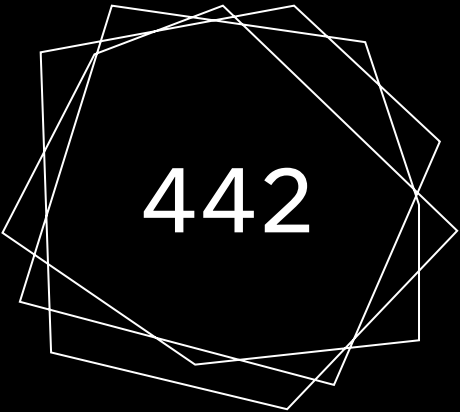


SHERBURNE COUNTY INDUSTRIES THAT BRING INCOME FROM ELSEWHERE



METALWORKING TECH

Metal processing, fasteners and metalworking machinery



TRANSPORTATION

Largely trucking



FURNITURE

Wood cabinets

Notice how
growth slows

Growth rates in

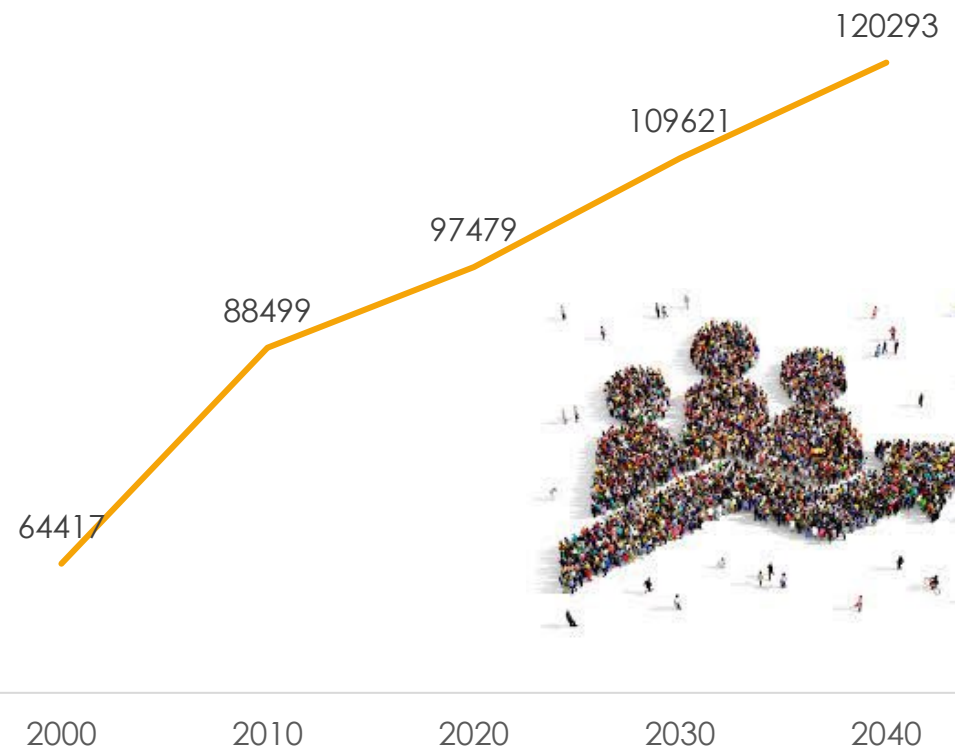
2000s 3.2%!!!

2010s 1.0%

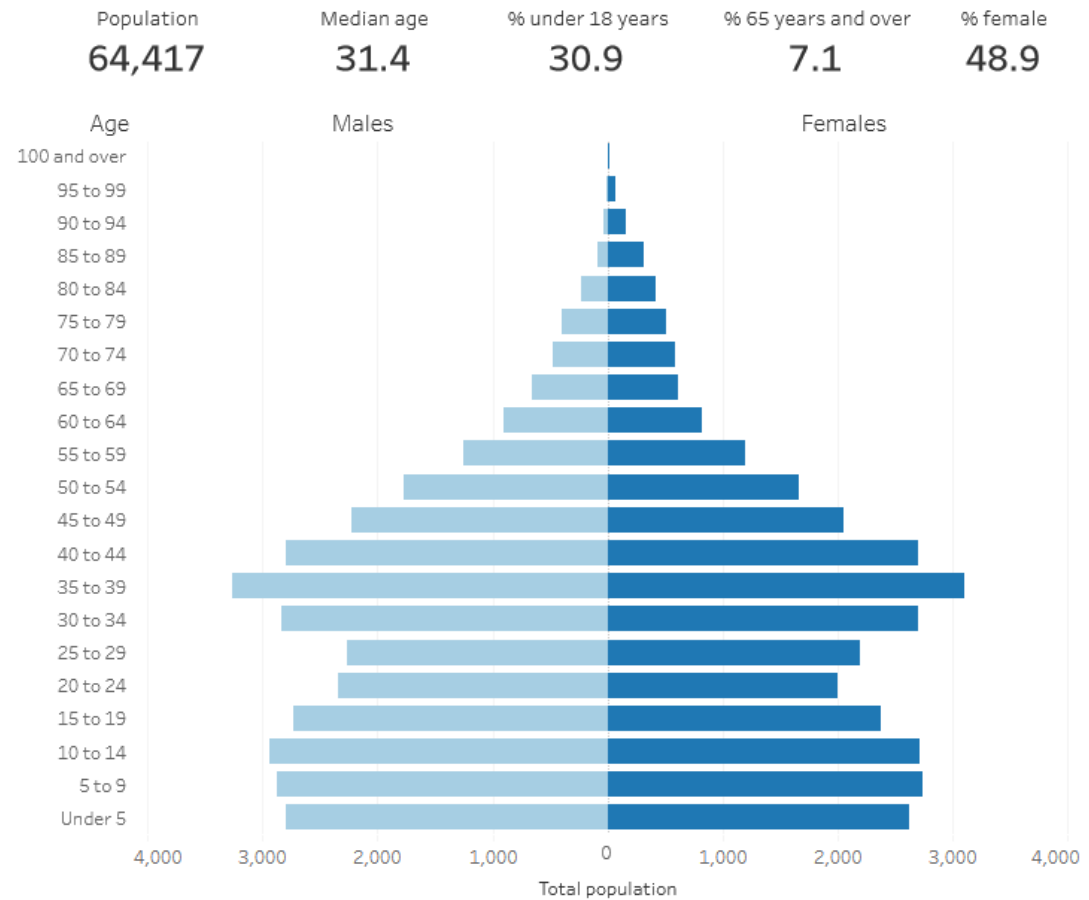
2020s 1.2%

2030s 0.9%

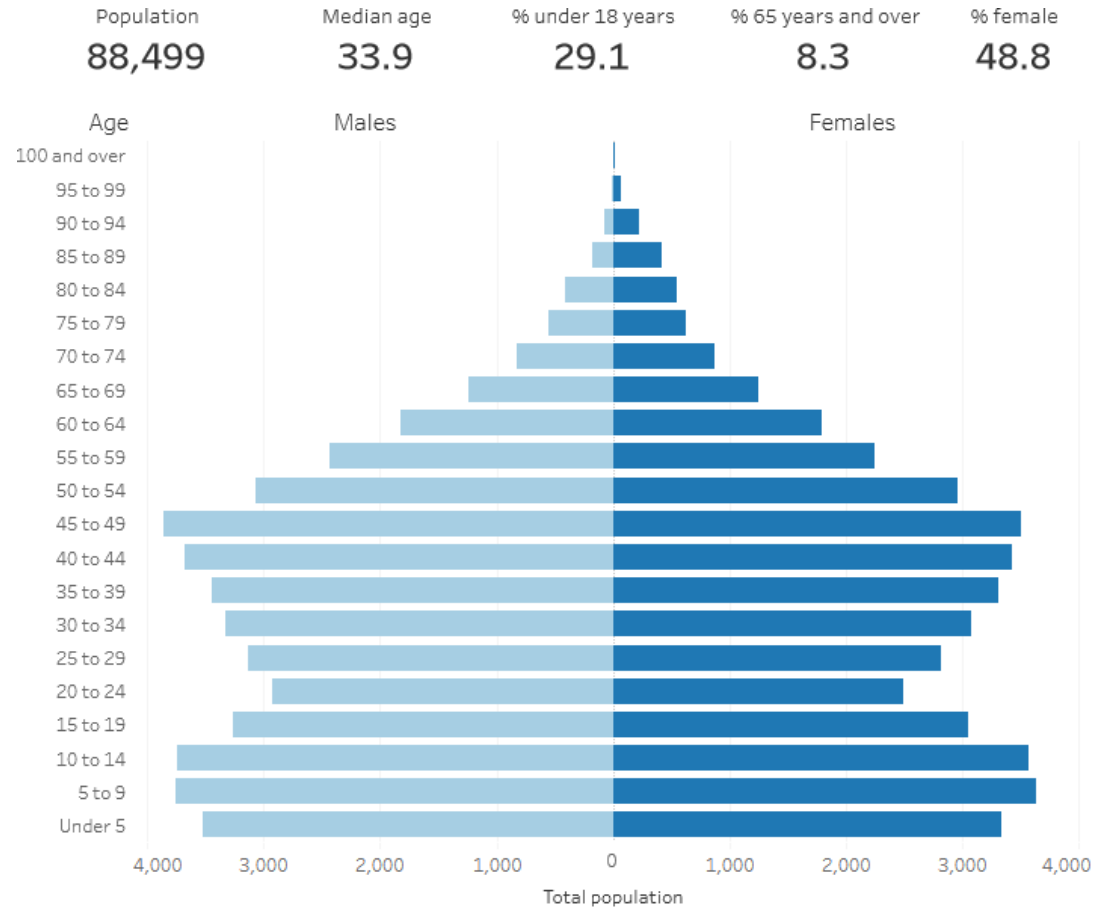
Sherburne County Population (MN State Demographic Center)



Sherburne County, Census 2000

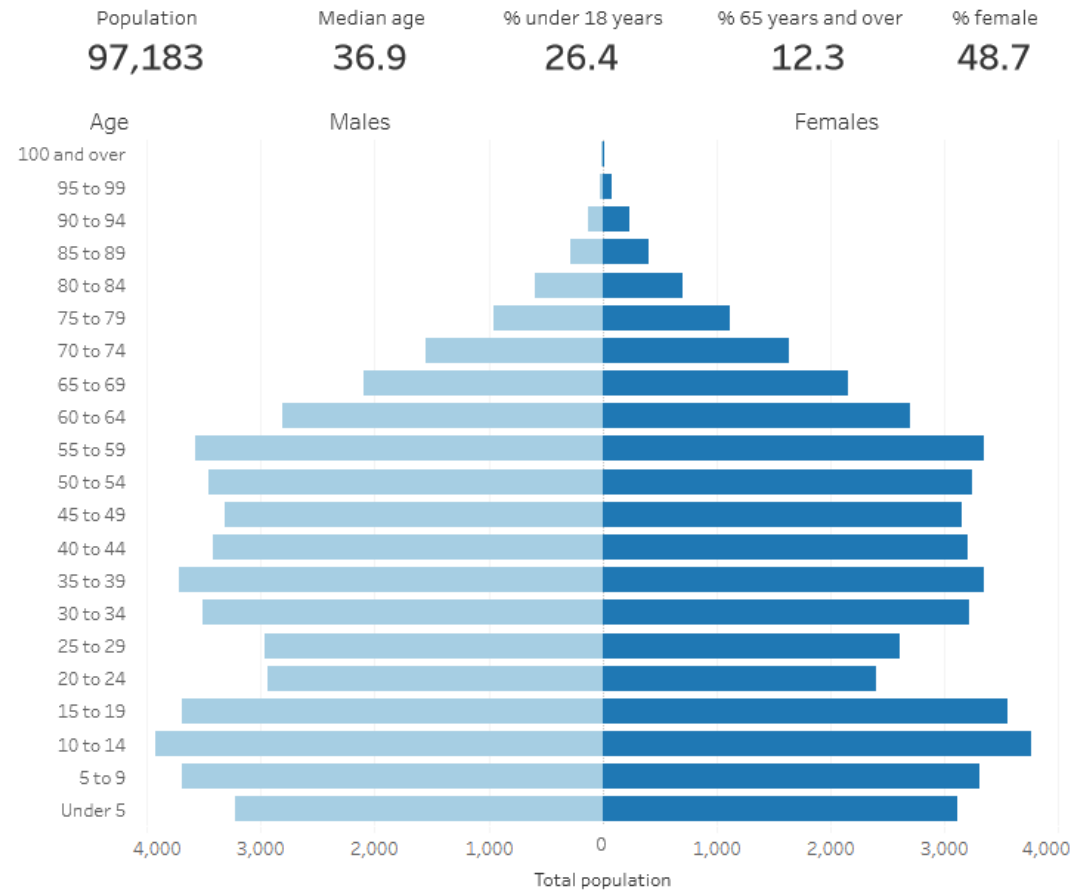


Sherburne County, Census 2010



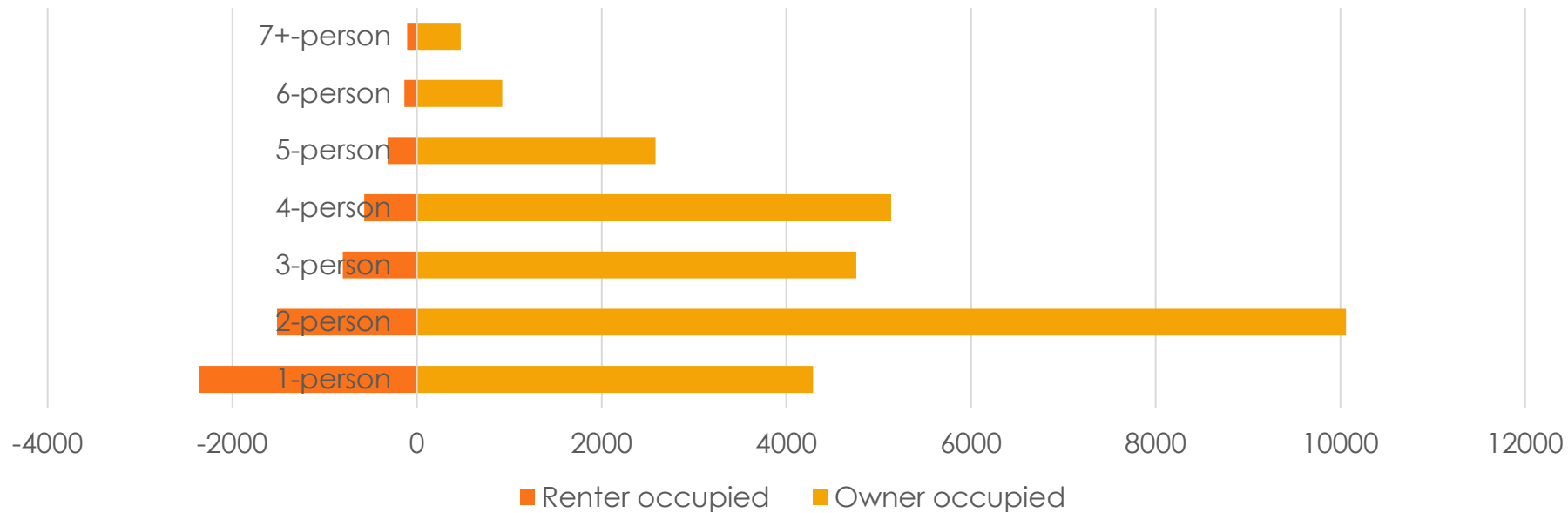
Sherburne County, Census 2020

Population is not only rising
but getting older.



34,035 Housing Units on April 1, 2020

Housing Tenure by Household Size, Sherburne Co., 2020 Census

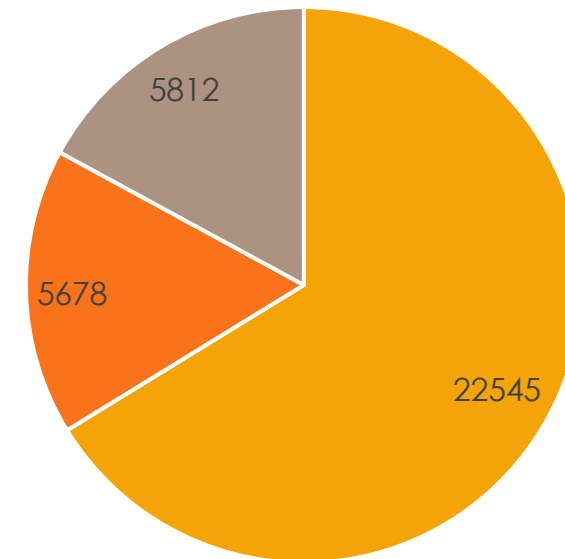


Two-thirds of housing owner occupied with a mortgage or loan

Have higher interest rates locked in many of these residents who currently hold lower mortgages?

Between 2014 and 2019, 1,770 units built.

Tenure



- Owned with a mortgage or loan
- Owned free and clear
- Renter occupied

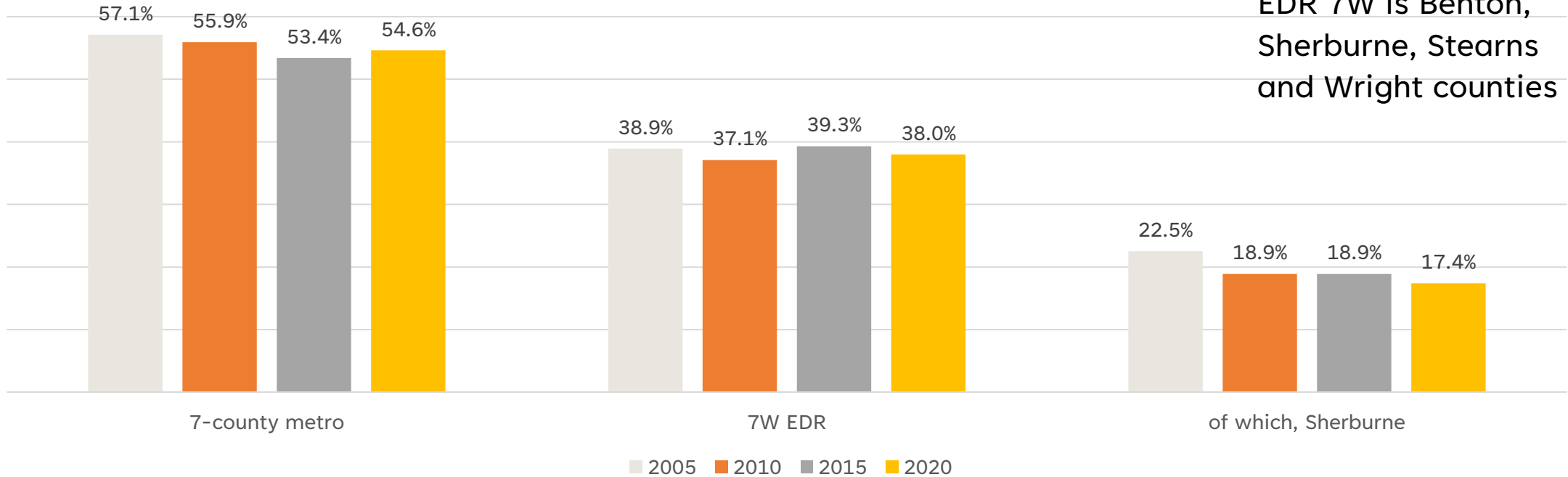
From 2020 Census, 82.9% of county lives in owner-occupied housing

	Owner Occupied	%	Renter Occupied	%
Married couples				
Under 35 years old	2,626	7.7%	400	1.2%
35-64 years old	12,799	37.6%	690	2.0%
Over 65 years old	3,523	10.4%	201	0.6%
Unmarried				
Other family present	3,565	10.5%	1,461	4.3%
Living alone	4,290	12.6%	2,363	6.9%

SHERBURNE BECOMING SLIGHT MORE OF A BEDROOM, BUT TO OTHER PLACES

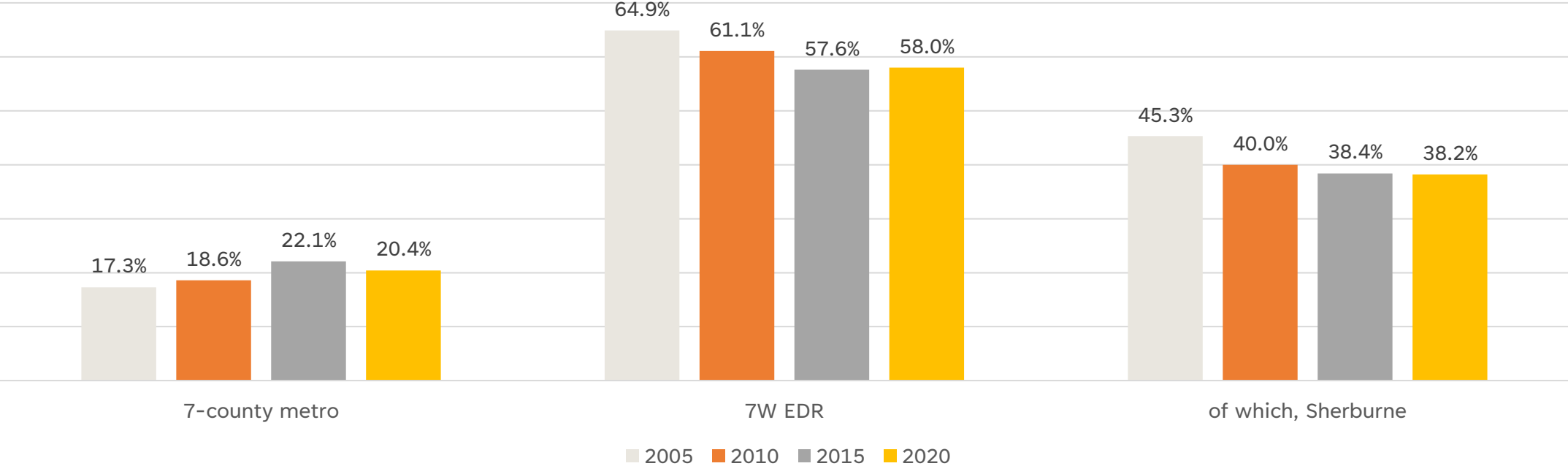
Share of Sherburne residents going to work in these destinations

EDR 7W is Benton, Sherburne, Stearns and Wright counties



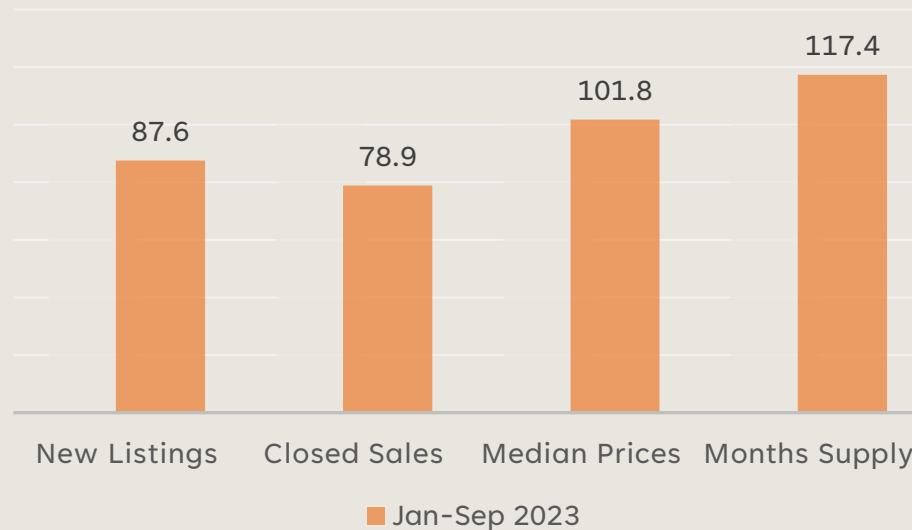
SHERBURNE IS ATTRACTING MORE WORKERS FROM OUTSIDE THE COUNTY

Share of Sherburne employees by residence



EDR 7W HOUSING STATISTICS (STEARNS, BENTON, SHERBURNE, WRIGHT COS.)

2023 Housing Stats as % of 2022



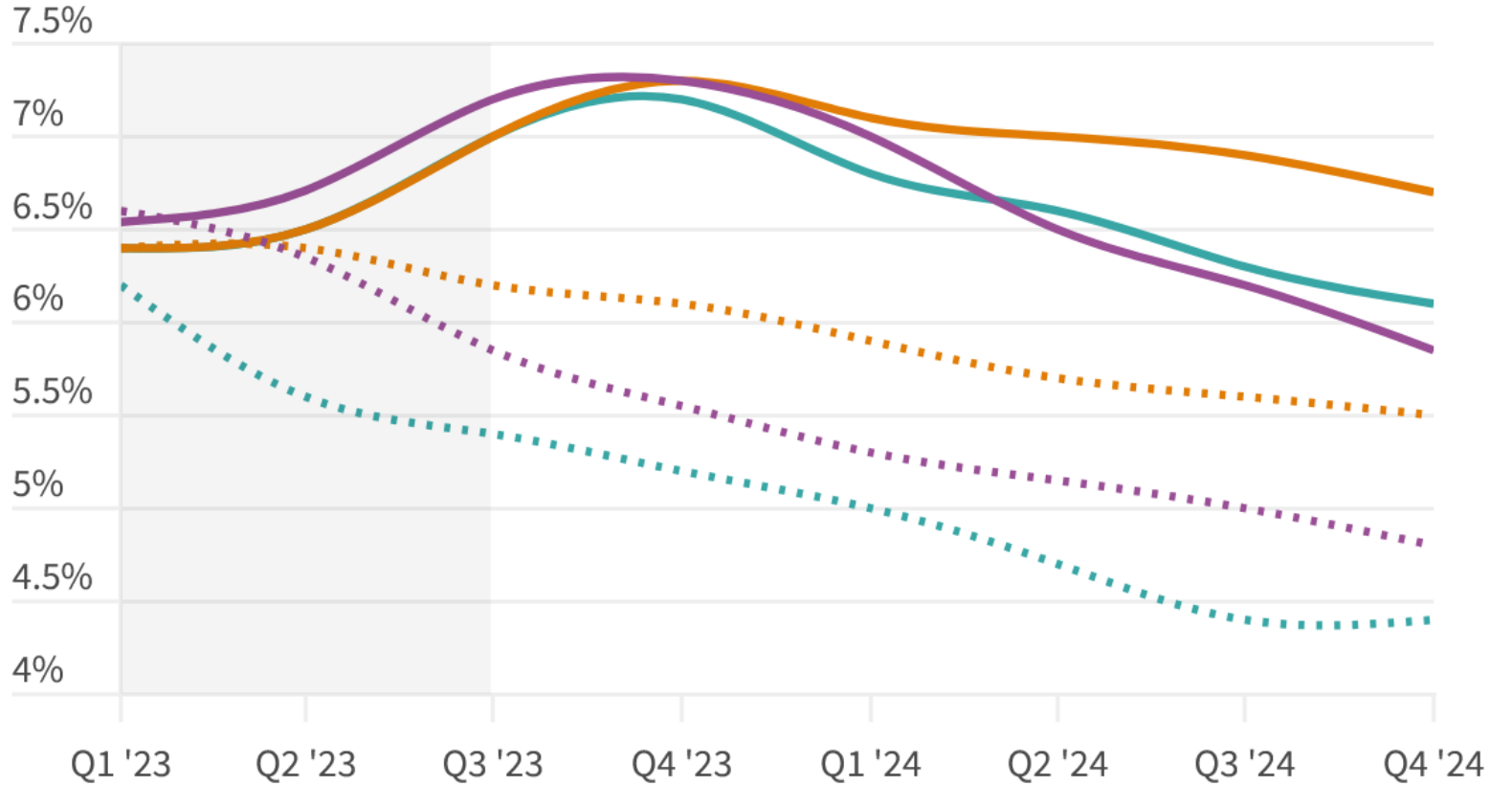
It's an odd market

- Sales down
- Inventory up (September data only)
- Prices slightly higher

Source: MN Realtors

30-Year Fixed Mortgage Rate Forecasts

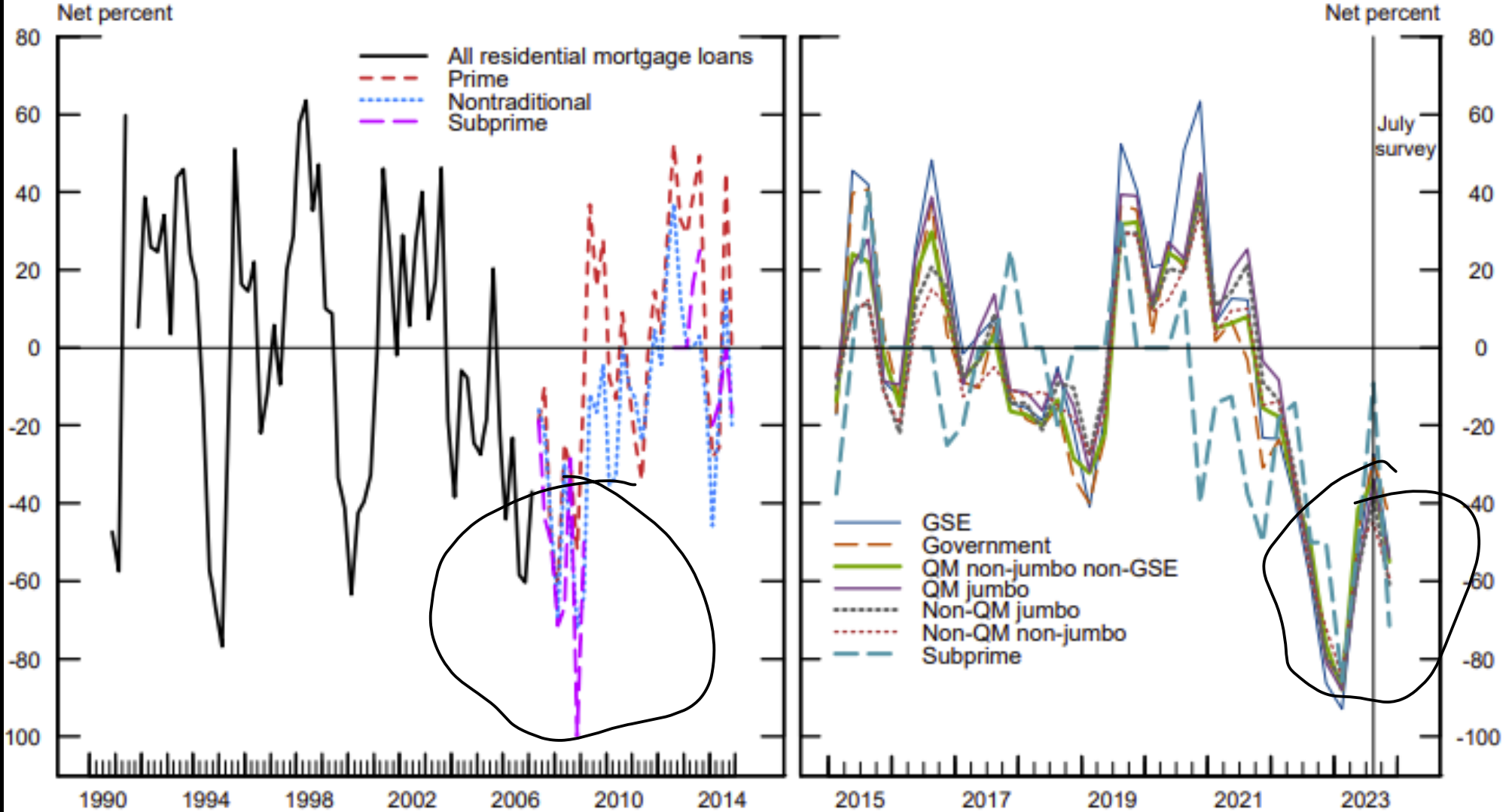
Fannie Mae, Wells Fargo, Mortgage Bankers Association



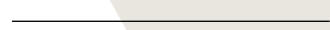
Sources: [Fannie Mae](#), [Wells Fargo](#), [MBA](#)

Solid lines represent current forecast (Oct); Dashed lines represent previous forecast (Jan). Shaded area represents actuals.

Net Percent of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



TRENDING DOWN



But won't be long – normal recessions are less than a year long.

DEMOGRAPHICS



Population pyramid becoming more square
Growth is slowing

HOUSING



In short run higher rates are challenging people who want to move.
In longer run, homes for an older population



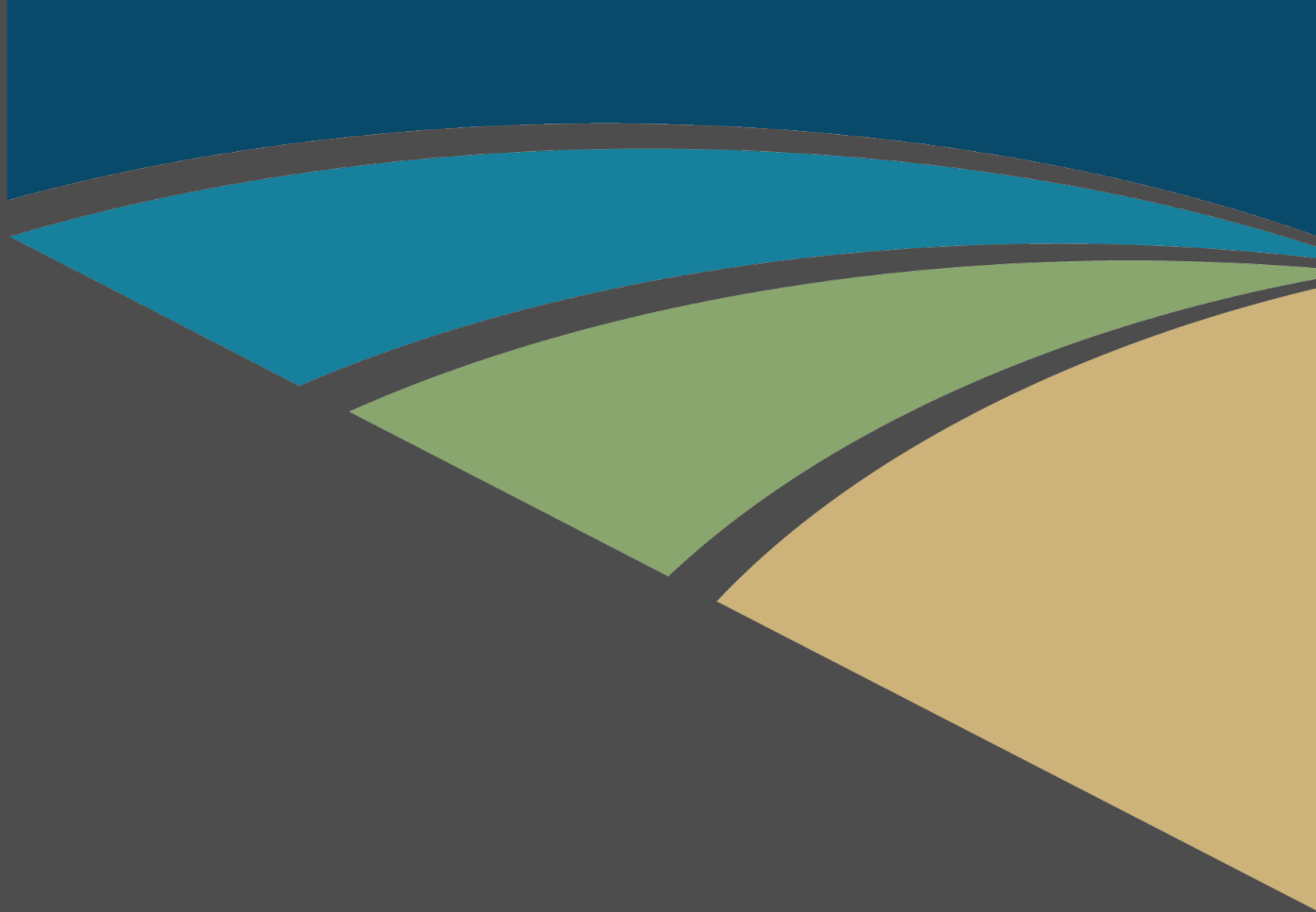
CONCLUSIONS

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Audience Q&A Session

i Start presenting to display the audience questions on this slide.



SHERBURNE COUNTY HOUSING: CURRENT SITUATION

Jessica Barthel

Economic Development
Coordinator

5-YEAR STRATEGIC PLAN 2023 - 2028

The Sherburne County Economic Development Strategic Plan was approved earlier this year. This is a five-year outline that will enhance the economic well-being of the community through efforts that entail job creation, business retention, property tax base enhancements, and quality of life improvement initiatives.

Strategic Plan Areas of Focus:

1. Business Retention & Expansion
2. Workforce
3. Housing
4. Policy Review & Updates
5. Broadband
6. Childcare
7. Federal Regional Economic Development District Designation
8. Transportation
9. Marketing

SHERBURNE: THE COUNTY OF CHOICE

The investment of EDA time and resources to create partnerships and develop solutions to the housing shortage, including the utilization of financial incentives and other development tools efficiently, is imperative to continued growth for Sherburne County.

Housing Goals:

- Update Housing Study
- Attract housing developers to increase all housing options in the County
- Develop an inventory of raw land
- Facilitate the development of one acre lots for senior housing
- Explore Local Housing Trust Fund & Land Trust



Figure 1. Population Pyramid, 2000-2022

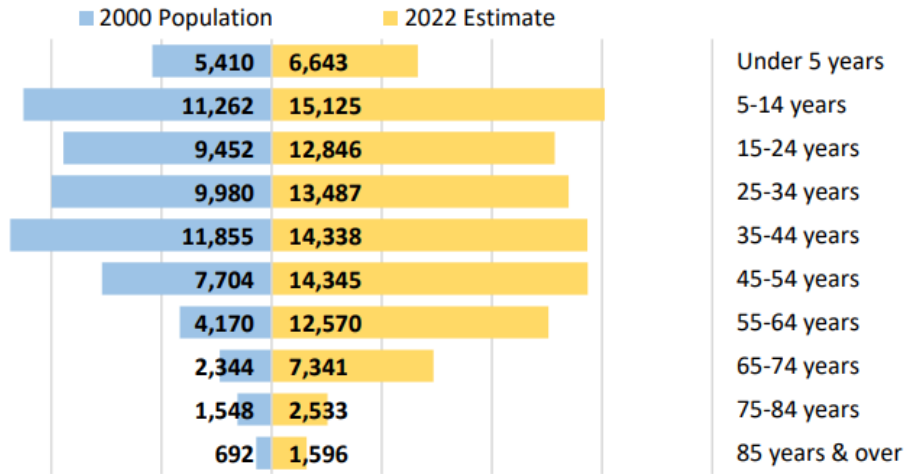


Table 1. Population by Age Group, 2022		
	Number	Percent
Under 5 years	6,643	6.6%
5-14 years	15,125	15.0%
15-24 years	12,846	12.7%
25-34 years	13,487	13.4%
35-44 years	14,338	14.2%
45-54 years	14,345	14.2%
55-64 years	12,570	12.5%
65-74 years	7,341	7.3%
75-84 years	2,533	2.5%
85 years & over	1,596	1.6%
Total Population	100,824	100.0%

Source: Census Population Estimates, 2017-2021 ACS

2000 – 2022 POPULATION

20-YEAR POPULATION PROJECTIONS

- 44% of population growth in the next 20 years is projected to be from residents 65+ years old
- About 23% will be from people younger than 25 years
- 32% of the new residents are expected to be 25-64 years
- Sherburne County's rate of change (10.8%) far outpaces the State of Minnesota (4.5%)

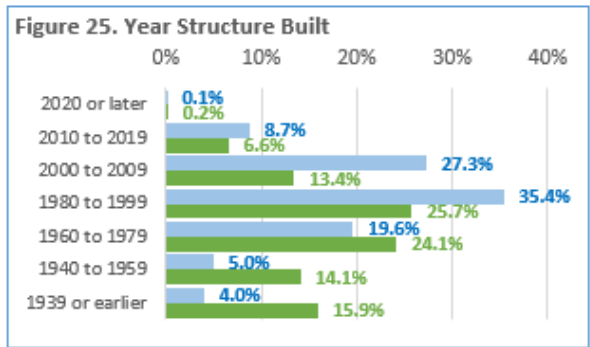
Sherburne Co.	2025 Projection	2035 Projection	Numeric Change	Percent Change
Under 5 years	6,745	7,206	461	6.8%
5-14 years	15,093	16,573	1,480	9.8%
15-24 years	13,067	13,731	664	5.1%
25-34 years	13,023	14,083	1,060	8.1%
35-44 years	15,319	16,413	1,094	7.1%
45-54 years	13,268	15,570	2,302	17.4%
55-64 years	12,961	12,141	-820	-6.3%
65-74 years	9,049	11,179	2,130	23.5%
75-84 years	4,181	6,439	2,258	54.0%
85 years & over	1,176	1,769	593	50.4%
Total Population	103,882	115,104	11,222	10.8%

Source: Minnesota State Demographic Center

AGE OF CURRENT HOUSING STOCK

	Sherburne Co.		Minnesota	
	Number	Percent	Number	Percent
Occupied Housing Units	33,825	100.0%	2,229,100	100.0%
Owner-occupied	28,500	84.3%	1,610,801	72.3%
Renter-occupied	5,325	15.7%	618,299	27.7%
Occupied Housing Units	Sherburne Co.		Minnesota	
Units in Structure	Total	Percent	Number	Percent
1, detached	27,318	80.8%	1,485,917	66.7%
1, attached	2,297	6.8%	176,654	7.9%
2 apartments	172	0.5%	45,886	2.1%
3 or 4 apartments	346	1.0%	46,659	2.1%
5 to 9 apartments	247	0.7%	49,125	2.2%
10 or more apartments	2,998	8.9%	367,882	16.5%
Mobile home or other	447	1.3%	56,977	2.6%
Total	33,825	100.0%	2,229,100	100.0%
All Housing Units	Sherburne Co.		Minnesota	
Year Structure Built	Total	Percent	Number	Percent
2020 or later	39	0.1%	4,392	0.2%
2010 to 2019	3,101	8.7%	161,978	6.6%
2000 to 2009	9,677	27.3%	331,807	13.4%
1980 to 1999	12,549	35.4%	636,001	25.7%
1960 to 1979	6,952	19.6%	596,322	24.1%
1940 to 1959	1,759	5.0%	347,368	14.1%
1939 or earlier	1,414	4.0%	392,615	15.9%
Total	35,491	100.0%	2,470,483	100.0%

Source: 2017-2021 American Community Survey, 5-Year Estimates

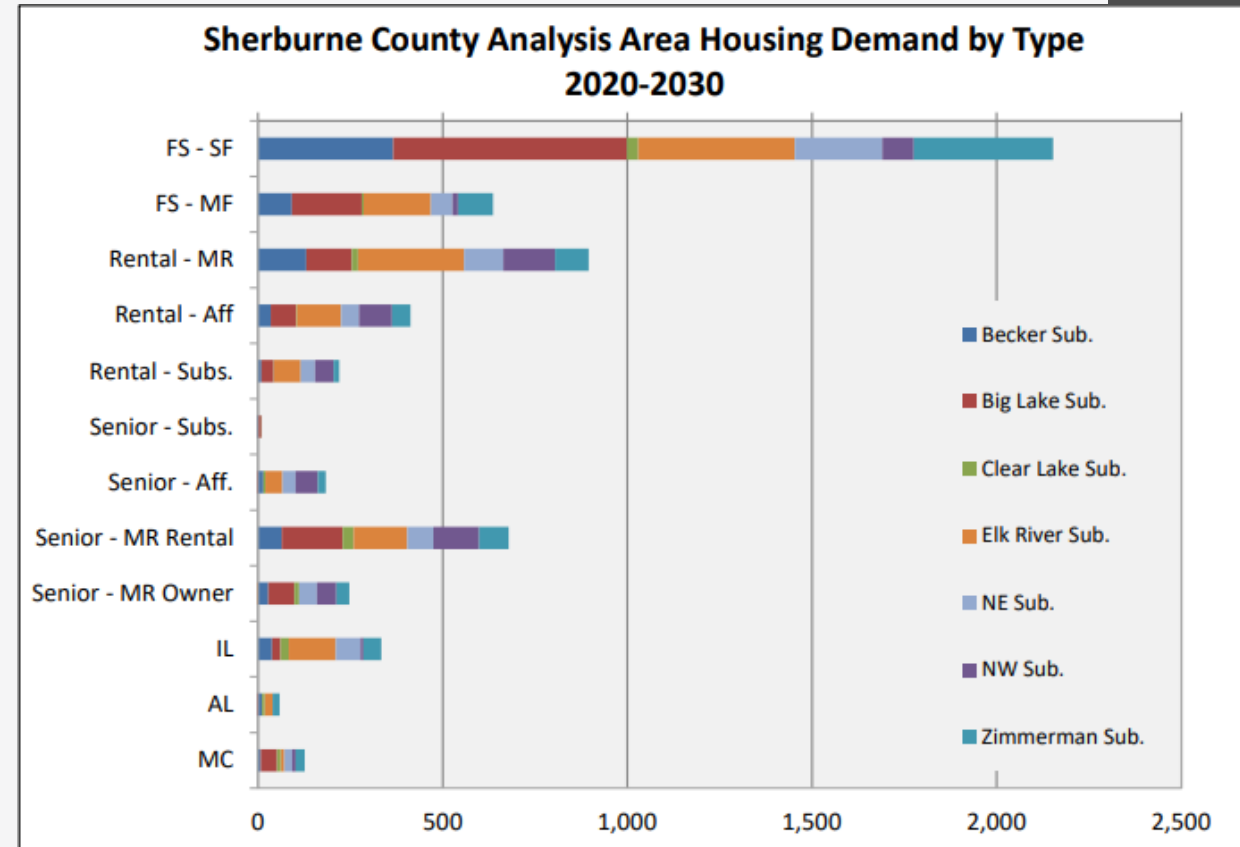


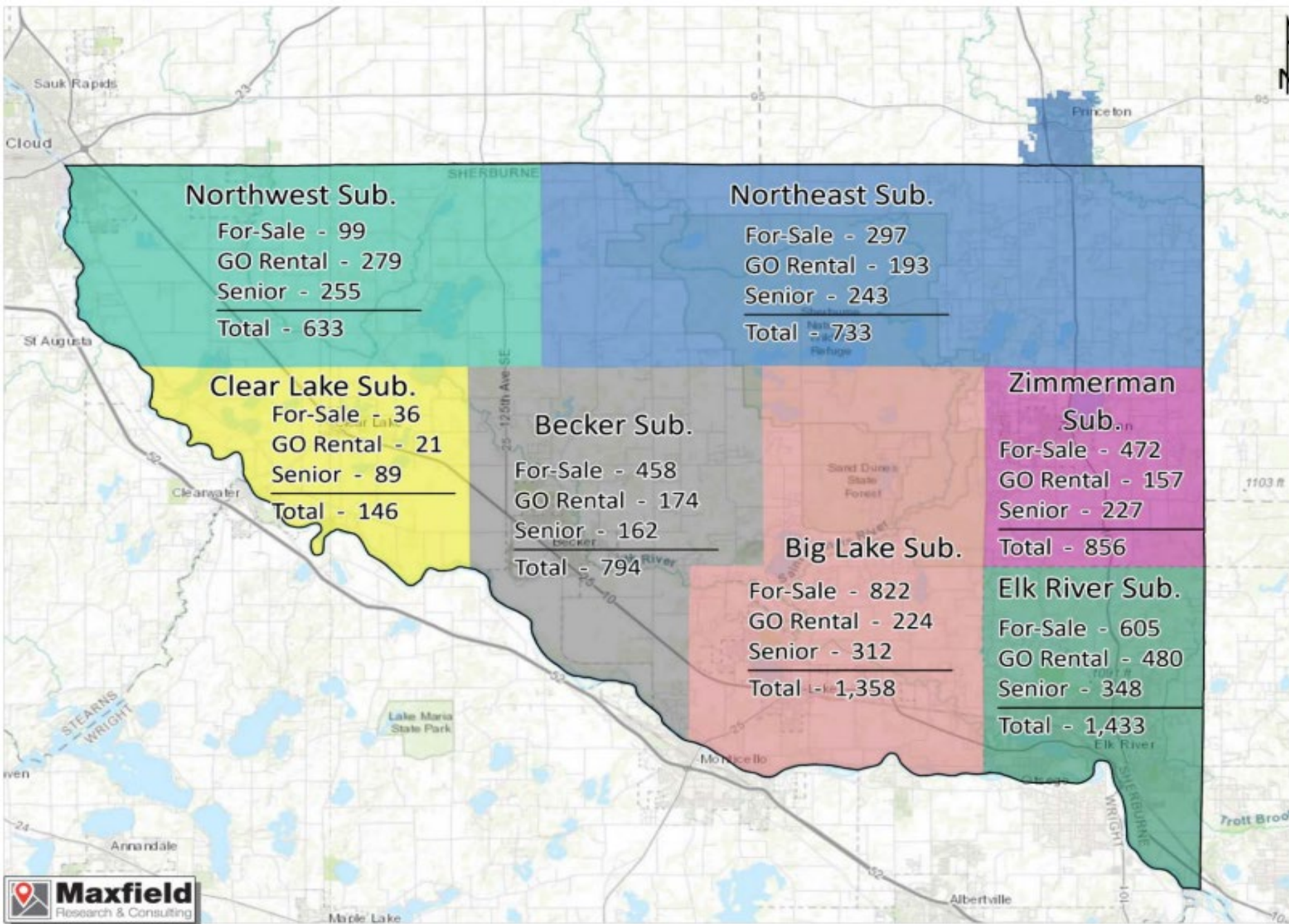
SHERBURNE COUNTY ANALYSIS AREA DEMAND SUMMARY

The housing demand calculations indicate that between 2020 and 2030 there will be a need for:

- **2,789 for-sale housing units**
- **1,528 general occupancy rental units**
- **1,218 total senior units**

...to satisfy the housing demand for current and future residents.





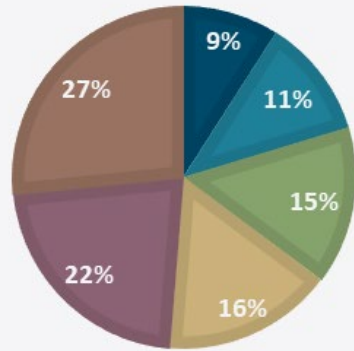
DEMAND BY TYPE, 2020-2030

TROUBLE SPOTS

- There are not enough vacant developed lots to meet the future long-term demand of 2,150 single-family housing units through 2030.
- Given the aging population & high growth rate in the 55+ population, Sherburne County needs to diversify its housing stock.
 - Demand was calculated for 636 new multifamily for-sale units through 2030 in the form of twin homes, detached townhomes, cottages, villas, townhomes or any combination.
- Aging general occupancy rental housing.
 - Demand for 900 market rate units
 - Demand for over 630 affordable to low-to-moderate income households
 - Demand for 1,600 senior housing units (mostly active & independent living)

SHERBURNE COUNTY HOUSEHOLD INCOME, IN 2022 INFLATION-ADJUSTED DOLLARS

■ Less than \$25,000
 ■ \$25,000 - \$49,999
 ■ \$50,000 - \$74,999
■ \$75,000 - \$99,999
 ■ \$100,000 - \$149,999
 ■ \$150,000 or more



In Sherburne County, 65% of households have income of \$75,000 or greater.

Family Cost of Living is \$66,127- about 1/4 of Sherburne County households have a household income less than the cost of living.

Sherburne County Basic Needs Cost of Living Estimates, 2022									
Typical Family: 2 Adults (1 working full-time, 1 part-time), 1 child	Family Yearly Cost of Living	Hourly Wage Required	Monthly Costs						
			Child Care	Food	Health Care	Housing	Trans- portation	Other	Taxes
Sherburne Co.	\$66,127	\$21.19	\$566	\$798	\$575	\$1,348	\$898	\$588	\$738
Minnesota	\$60,540	\$19.40	\$579	\$822	\$561	\$1,151	\$772	\$540	\$620
Single Adult, 0 children	Single Yearly Cost of Living	Hourly Wage Required	Monthly Costs						
			Child Care	Food	Health Care	Housing	Trans- portation	Other	Taxes
Sherburne Co.	\$38,232	\$18.38	\$0	\$349	\$161	\$1,066	\$764	\$387	\$459
Minnesota	\$33,708	\$16.21	\$0	\$359	\$157	\$903	\$663	\$345	\$382

Source: DEED Cost of Living tool



Year	# of Sales	Median Sale Price
2012	503	\$177,300
2013	720	\$196,400
2014	913	\$207,500
2015	1185	\$215,900
2016	1271	\$230,500
2017	1381	\$245,400
2018	1348	\$259,600
2019	1308	\$271,700
2020	1507	\$293,600
2021	1543	\$344,000
2022	1435	\$360,550

HOME VALUES ON THE RISE

NEW HOUSING UNIT DEVELOPMENT

- The Housing Study completed in 2020 identified demand for nearly 6,000 housing units through 2030.
- During the first 3 3/4 years of the 10-year projection period 2020-2030, there have been 2,276 housing units developed.
- 37.5% of the way through the 10-year projection period, 37.9% of the projected housing units needed have been developed.

Multi-family Housing Units Developed					
	2020	2021	2022	2023 YTD	Total
Becker	2	14	14	12	42
Big Lake	105	0	61	0	166
Elk River	0	60	180	52	292
Zimmerman	8	149	151	0	308
Princeton	0	0	16	0	16
TOTAL					824

Sherburne County New Home Permits	
2020	455
2021	474
2022	286
2023 YTD	237
TOTAL	1452

Total Multi-family Units & New homes built = 2,276

THINGS TO CONSIDER

- Covid-19 permanently impacted the housing mix needs in Sherburne County.
- From 2021 – 2022, Sherburne County added 3,351 residents- the 5th most of all counties in the state.
- Updates to the Housing Study to reflect the impact of Covid-19 and the population increase is necessary to guide development.
- As home prices and interest rates continue to remain high, the ability to afford a home in Sherburne County remains out of reach for many.
- All types of housing in Sherburne County are underbuilt, including more affordable options such as apartments, townhomes, or other income-adjusted housing.

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Given these known conditions- what is your idea to increase access to housing in Sherburne County?

i Start presenting to display the poll results on this slide.



SHERBURNE COUNTY HOUSING: 2040 COMPREHENSIVE LAND USE PLAN

Marc Schneider

Senior Planner

Project Website



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Have you had to interact with the County's Planning and Zoning Office for a permit or inquires?

ⓘ Start presenting to display the poll results on this slide.

PURPOSE OF COMPREHENSIVE LAND USE PLAN

The Comprehensive Land Use Plan is the guiding document that serves as the basis for the County's official controls (Zoning and Subdivision Ord.) per MN Statute 394.27

This Plan established the **values**, **goals** and **policies** for addressing land use and development issues for the County for the next 20 years.

Sherburne County first adopted a Comp Plan in 1970, and there have been 4 significant rewrites over the past 50 years.

Sherburne's 2040 Plan was adopted YESTERDAY!



OUR VALUES



VALUE STATEMENT ON **LAND**

We value our natural resources, rich history, and diverse communities. Through thoughtful land use planning and growth management practices, we will work to strengthen community character and identity, while being respectful stewards of our county's resources.



VALUE STATEMENT ON **QUALITY OF LIFE**

We value land use practices that enhance our quality of life. We will measure our outcomes through strategic initiatives and partnerships that elevate opportunities for future generations to thrive. A stronger focus will be placed on decisions that improve the public's health, safety, and welfare.



VALUE STATEMENT ON **PARTNERSHIPS**

We value our stakeholders that are working to build stronger communities. We will foster these partnerships and strengthen new ones to help implement the 2040 Sherburne County Comprehensive Land Use Plan. Together, we are able to accomplish much more than we would be able to accomplish separately.

LAND USE MAP

The **Land Use Map** is one of the most prominent elements in the County's Comprehensive Plan. The Land Use Map provides a visual representation of what the County is expected to look like in the next 20 years. It also serves as the framework for any changes to the County's **Zoning Map** and supporting Ordinances.

New Land Use Plan Categories

- Shoreland Residential
- Energy Production

Expand Land Use Categories

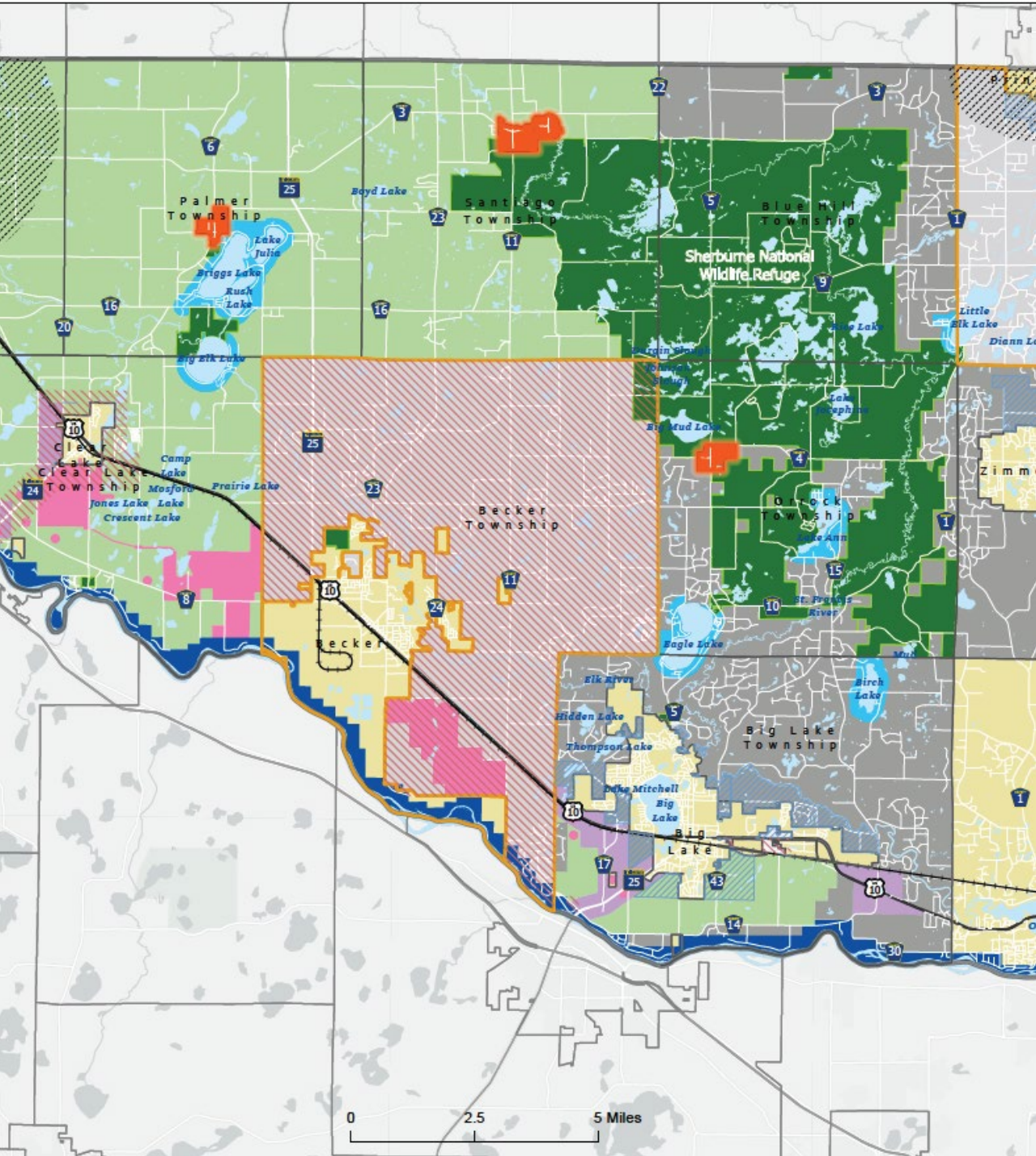
- Hamlet **Mixed Use**

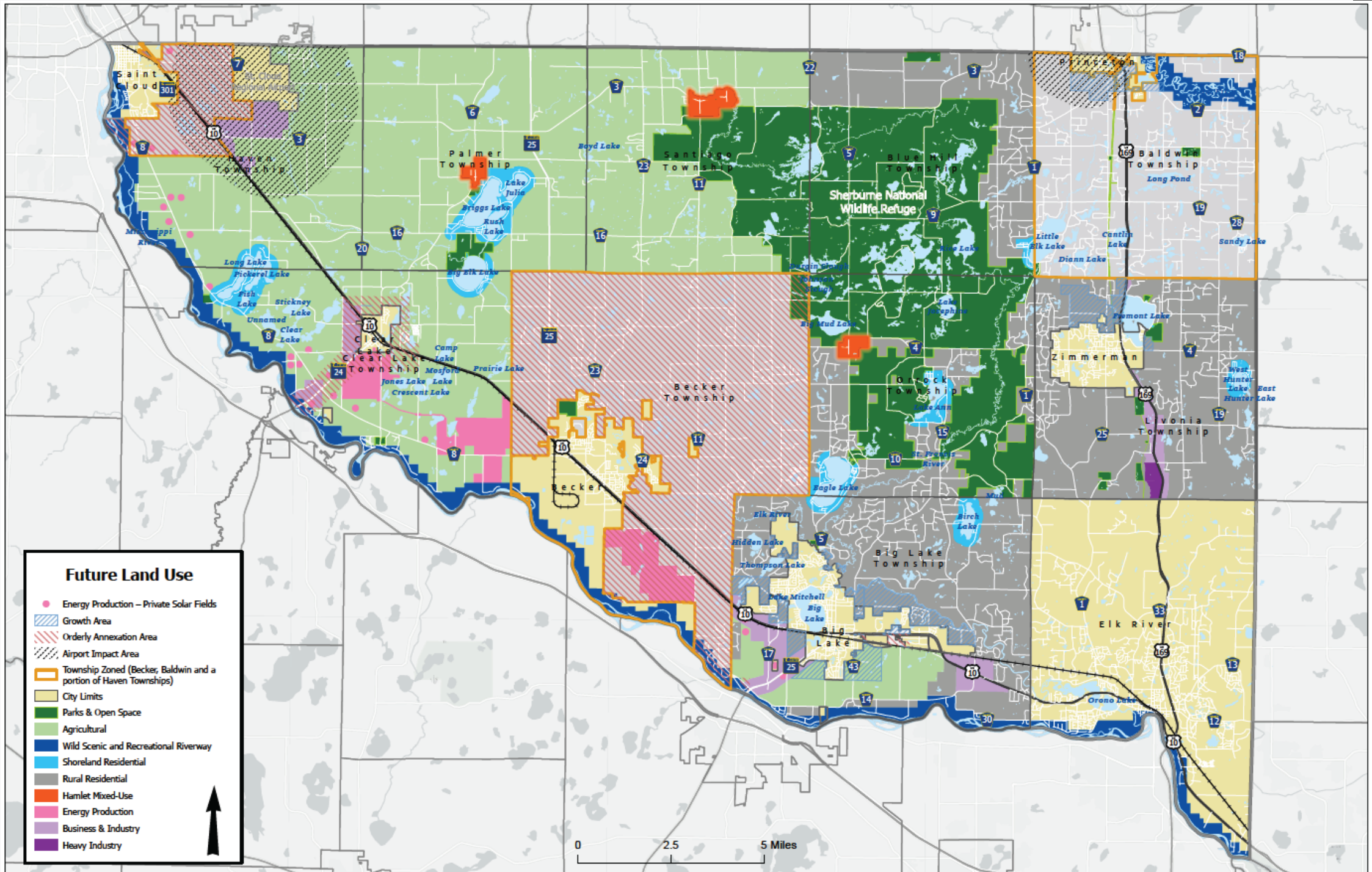
Expand Business and Industry

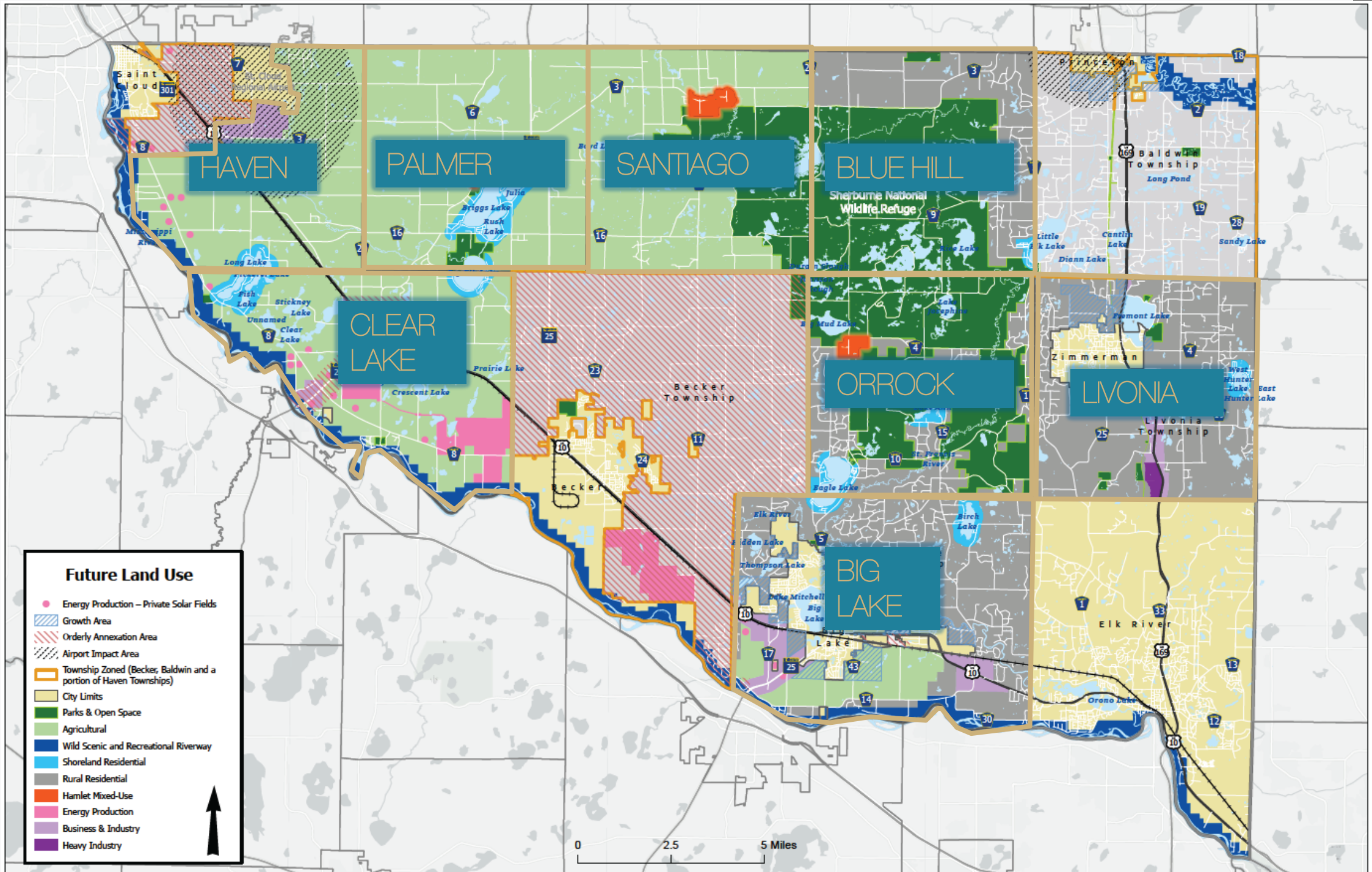
- Along State and Fed Hwys.

Update the Land Use Plan Map

- To better reflect growth area plans
- Changes in existing land uses

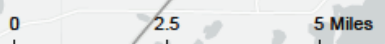






Future Land Use

- Energy Production – Private Solar Fields
- Growth Area
- Orderly Annexation Area
- Airport Impact Area
- Township Zoned (Becker, Baldwin and a portion of Haven Townships)
- City Limits
- Parks & Open Space
- Agricultural
- Wild Scenic and Recreational Riverway
- Shoreland Residential
- Rural Residential
- Hamlet Mixed-Use
- Energy Production
- Business & Industry
- Heavy Industry



WHAT WE HEARD | UPDATES MADE

- Be Strategic | Developed 28 Policy Areas and a Work Plan
- Diverse Land Use Types | Maintained land use guidance for the majority of agricultural and rural areas
- Natural Resources are Valued | Integrated stronger natural resource themes throughout the plan
- Housing is a Need | Created polices and strategies that address a variety of housing needs
- Protect Personal Independence | Identified barriers that make it difficult to do more with one's property
- Plan for Future Generations | Recognized emerging trends to shape policy areas
- Provide Greater Flexibility | Created policies and strategies that provide greater opportunities to thrive
- Farming is Evolving | Recognized emerging trends to shape policy areas



WHAT WE HEARD ABOUT HOUSING

FINDINGS

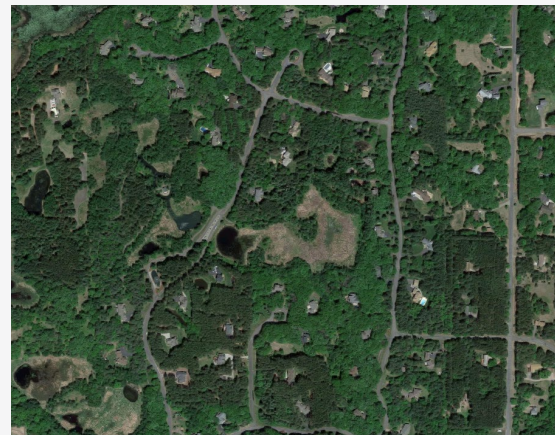
- Greater pressure is being put on the urban fringe. While majority of those surveyed still support minimum 2.5 acre lot size.
- Demand for apartments continues to rise in the cities within the County.
- Workforce housing in the rural/agriculture areas are on the rise.
- New “Missing Middle” housing is a growing need for many communities.
- Demand exists in Sherburne County for a variety of housing types such as townhouses, twin homes, villas, and condominiums.
- The idea of Live/Work is not new, but the last 3 years have reminded us of the potential.
- The need to explore what the concept of Life-Cycle Housing means to Sherburne County



Smaller Lots (? < 2.5 acres)



Large Lots (>2.5 acres)



Items of Note:

- Local governments must consider the long-term cost associated with infrastructure (roads and utilities)
- There is a stronger market and shift towards smaller lots compared to traditional large lot development.
- Risk of impacting character of area.

POLICY AREAS (HOUSING FOCUSED)

The Policy Areas describe the general course of action or way in which the County and its partners may conduct programs and activities to make progress towards the Comprehensive Plan's value statements, goals, and desired land use patterns.

1. **Accessory Housing Options**
2. Agriculture
3. **Agriculture Housing**
4. Airport Zoning
5. Broadband/Internet
6. County Parks and Recreation
7. Development Review Process
8. Economic Development
9. Energy Transition
10. Extreme Weather Events
11. Farm to Market Routes
12. Food Access
13. **Growth Management**
14. **Hamlets**
15. Highway Business & Industry
16. Home Extended Business
17. Home Occupations
18. **Life-Cycle Housing**
19. Long Range Transportation Plan
20. Public Health
21. Public Nuisances
22. **Rural Residential Lot Sites**
23. Shoreland
24. Short-term Rentals
25. Solid Waste Management
26. Subsurface Sewage Treatment Systems
27. Transportation Infrastructure
28. Zoning Consistency

Housing Focused Polices

HOUSING POLICES

Policy 1. Accessory Housing Options: It is the County's policy to provide opportunities for accessory dwelling units (ADU).

- Applicability: Rural Residential and Agricultural Areas
- Strategies: The County should **develop and adopt an ADU ordinance**. List of potential components of an ADU ordinance that should be considered (e.g. IUP or License, Owner Occupied, ADU Size limits, Design Components, Septic).

Policy 3. Agricultural Housing: It is the County's policy to provide greater flexibility for housing in agricultural areas to support the needs of the farming community and changing demand in housing types.

- Applicability: Agricultural Areas
- Strategies: The five (5) acre lot size and the 75% wooded requirement is perceived as a barrier by the farming community and is difficult to meet, especially in western portions of the county where land is primarily unwooded. **The County should consider modifying these requirements to create greater flexibility for farmstead housing in the agricultural areas.**

HOUSING POLICES

Policy 13. Growth Management: It is the County's policy to use the Comprehensive Plan's Growth Management Framework when facilitating and approving development proposal in proximity to urban edges.

- Applicability: Growth Areas and Orderly Annexation Areas
- Strategies: **Require minimum densities in areas designated for growth or establish lower densities (1 unit per 10+ acres)** until city services are extended to for urban development. Create a review process to ensure that new developments are balanced communities providing a full range of services, housing, and employment, rather than isolated subdivisions.

Policy 14. Hamlets: It is the County's policy to provide a greater flexibility in land uses in Hamlets to support the existing town needs and anticipated future needs for the residents of these communities.

- Applicability: Hamlets
- Strategies: It is the County's policy to provide a greater flexibility in land uses in Hamlets to support the existing town needs and anticipated future needs for the residents of these
- communities. Housing Options: **Use infill or development sites to expand the mix of housing in Hamlets (e.g., row/townhouses, affordable units, and senior living).**

HOUSING POLICES

Policy 18. Life-Cycle Housing: It is the County's policy to promote an increase in new housing types (owner occupied and rental) to meet the needs of people at all stages of their life.

- **Applicability:** Countywide
- **Strategies:** The County should expand and define a broader range of housing types that are allowed in the Zoning Ordinance's zoning districts. Develop required design standards for new housing types (e.g., ADUs and courtyard/ cottage housing) in the Zoning Ordinance, so that they can become permitted uses in one or more residential districts

Policy 22. Rural Residential Lot Sites: It is the County's policy to maintain a minimum lot size of 1 acre and a density range of 1 unit per 2.5 acres in rural residential areas. The County will consider smaller lot sizes when subdivisions apply conservation design techniques.

- **Applicability:** Rural Residential
- **Strategies:** The County may want to create or amend its zoning codes to support these types of development patterns. Smaller lots sizes are encouraged to create more Compact Development, Planned Used Developments to provide flexibility, and Residential Conservation Subdivisions.

WHAT'S NEXT FOR SHERBURNE PLANNING AND ZONING

November 2023-November 2024 | Work on Updating Zoning Map, Zoning and Subdivision Ordinance to Align with the Updated Comprehensive Plan.

1. Accessory Housing Options	Develop and adopt an Accessory Dwelling Unit (ADU) ordinance.	Agricultural and Rural Residential
14. Hamlets	Adopt a new zoning district that allows new land uses (e.g., businesses and townhomes) to occur in and around Hamlets. This may include higher densities and design guidelines/standards.	Hamlets
18. Lifecycle Housing	Expand and define a broader range of housing types that are allowed in the County's zoning ordinance (zoning districts).	Agricultural, Hamlets, Rural Residential, and Shoreland District
22. Rural Residential Lot Sizes	Consider reducing the minimum lot sizes for Residential Planned Unit Development (R-PUD) Overlays. Currently, the overlay district allows for a minimum lot size of 1.5 acres with individual septic systems. The overlay district also allows for a minimum lot size of 0.5 acres with a common septic system only where the developer and a local government authority have agreed to establish a subordinate service district.	Rural Residential

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Audience Q&A Session

 Start presenting to display the audience questions on this slide.



10 MINUTE BREAK

PLEASE RETURN TO YOUR SEAT WHEN YOU HEAR THE MUSIC VOLUME BEGIN TO INCREASE 😊



HOUSING  FIRST

M I N N E S O T A SM

Your Building Industry Association

Mark Foster

*Vice President, Legislative &
Political Affairs*

LEGISLATIVE UPDATE



What's Happening in New Housing?

Mark Foster, VP, Legislative & Political Affairs | Housing First Minnesota

Market Update

By the Numbers

- Interest Rates ↔
 - 30-yr hovering below 8%
- Inventory of Homes ↓
 - 9.4% decrease year-over-year
- Permits ↑
 - Single-family construction up 110% since October 2022

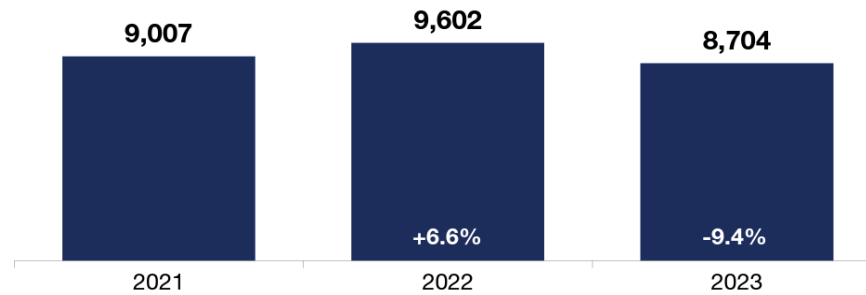
Inventory of Homes for Sale

Inventory of Homes for Sale

The number of properties available for sale in active status at the end of a given month.

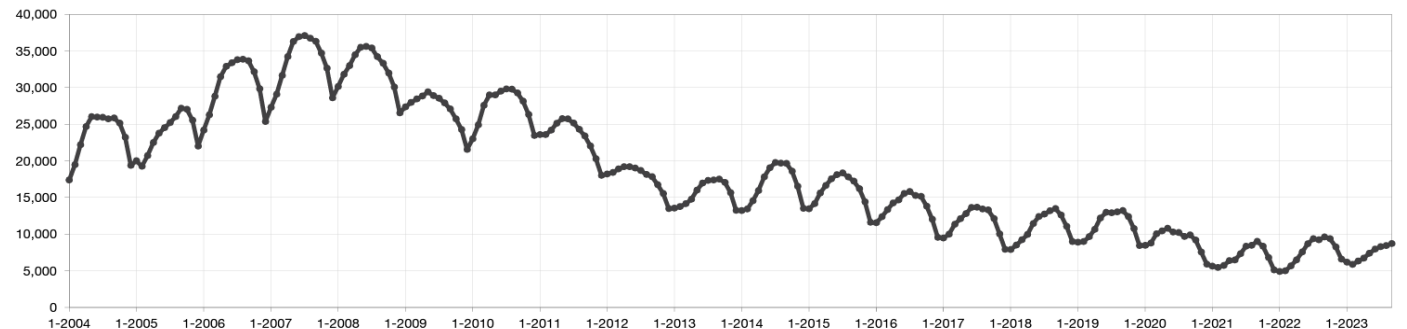


September



Homes for Sale	Prior Year	Percent Change
October 2022	8,338	+12.1%
November 2022	6,787	+21.4%
December 2022	5,094	+29.2%
January 2023	4,883	+26.2%
February 2023	4,976	+17.5%
March 2023	5,649	+11.6%
April 2023	6,444	+4.0%
May 2023	7,542	-2.4%
June 2023	8,657	-8.4%
July 2023	9,348	-11.7%
August 2023	9,197	-8.5%
September 2023	9,602	-9.4%
12-Month Avg	7,487	+6.8%

Historical Inventory of Homes for Sale



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New Housing Inventory

Total Housing Inventory

Under Construction MOS

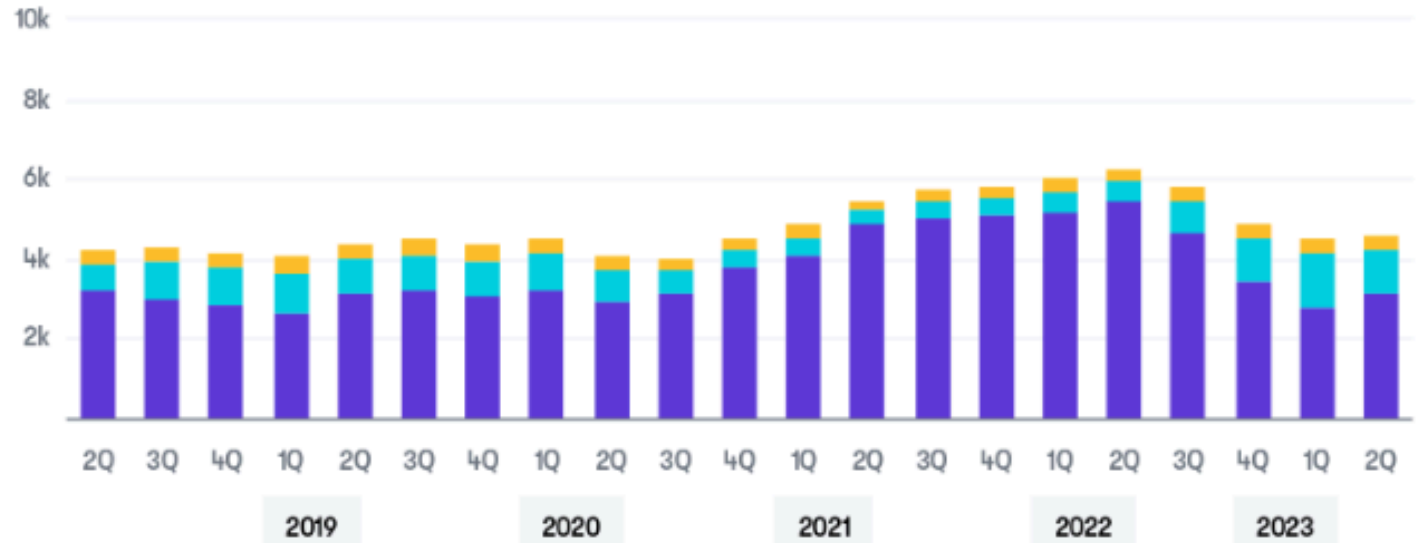
4.8 ↓

3Q 2023

Finished Vacant MOS

2.5 ↑

Under Construction Finished Vacant Models



New Home Sales

New Home Sales

Sales	Avg. Sales Rate	Last Month Avg. Sales Rate
5,909 ↓	1.2 ↑	1.2 ↓
Last 12 Months	Last 12 Months	Sep. 2023

■ Sales ● Avg. Sales Rate



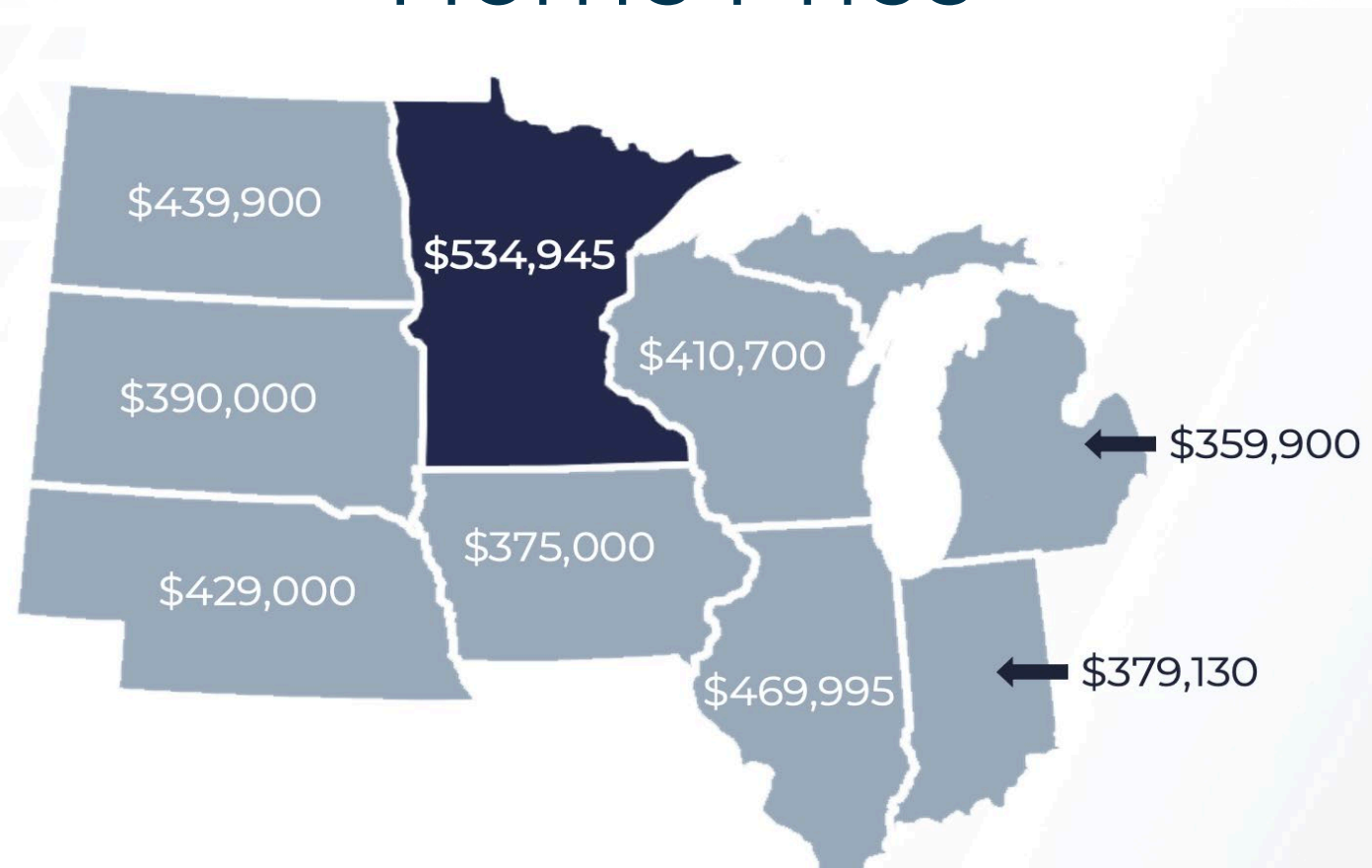
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MINNESOTASM

Homebuilding Remains Strong

- Permits for new single-family homes in the Twin Cities were up 110% in October
- Motivated buyers are finding more flexibility and incentives available in the new construction sector

Midwest Median New, Single-Family Home Price



Legislative Update

Housing Toplines

2023 MN Legislature

- DFL Trifecta priorities included large funding for housing investment and subsidy programs.
- Other priorities included climate change, consumer protection, and union labor.
- Lifting roadblocks to allow greater consumer choice received little attention.

Legislative Wrap

Industry Defender:

- X** **Housing Tax:** Local government option to tax for future transportation projects. Ruled illegal by MN Supreme Court in 2018.
- X** **Energy Code Expansion:** Proposal to allow climate emergency threshold to update code
- X** **EV Charging Requirement:** Would have required EV-ready garages in all new homes
- X** **Ban on SF for Rent Construction:** Movement to ban all SF for rent construction
- X** **Contractor Recovery Fund Expansion:** Initiative to expand pay-outs for judgements against non-fund contributors

Wage Liability Update

Wage Liability

- **Responding to Wage Liability:**

- The new law provides that a contractor “*has assumed a subcontractor’s liability . . . for the full payment of wages, gratuities, and overtime compensation.*”
- If a subcontractor fails to pay its employees, the general contractor is liable to those employees and subject to prosecution by the Department of Labor and Industry and direct claims by the subcontractor’s employees including payment of attorneys’ fees and costs incurred by the employees.

Wage Liability, cont.

- **Responding to Wage Liability:**

- The Statute applies to all “Construction contracts,” for the “construction, reconstruction, erection, alteration, remodeling, repairing, maintenance, moving, or demolition of any building, structure, or improvement, or relating to the excavation of or the development or improvement to land
- Exemptions: does not apply to home improvement contracts for one or two-family dwellings “except where such contract or contracts results in the construction of more than ten, one or two family owner/occupied dwellings in one project site annually.”
- Union contractors are exempted from the new wage law, provided that they have a grievance process for wage-related issues

Wage Liability, cont.

- **Responding to Wage Liability:**

- 10-Unit Exemption:

- The ten-unit annual exception is ambiguous about what is a “project site.” For example, is a project site a single platted development, and thus each plat is a separate “project site”? What if the project is part of a larger development and the contractor is merely a builder in several plats, does the exception apply?
- Statute also fails to define what “annually” means. That is, if a contractor constructs 12 single-family homes between June 30, 2024, and July 1, 2025, but does not construct 10 homes in either 2024 or 2025 on a calendar basis, does the exception apply?

Wage Liability, cont.

- **Responding to Wage Liability:**

- Limiting Contract Liability:

- The new law also prohibits the contractor from entering into any agreement whereby the contractor could be indemnified by either the employee or the subcontractor for liability under the Statute. The contractor's only remedy if a subcontractor fails to pay its employees, is the statute permits the contractor to bring a legal claim against the subcontractor.

Wage Liability, cont.

- **Responding to Wage Liability:**

- Considerations:

- Revise Subcontractor Agreements
- Subcontractor Proof of Financial Strength
- Bonding
- Strategic Number of Homes Constructed.
- Require Third-Party Payroll Services
- Seek Legal Advice

Looking Ahead

POLLING

Which of these statements fits more closely with your point of view?

- A) Property owners should have the right to choose what to build on lots zoned as residential in cities without strict limits on location, type, and size, OR
- B) City governments should have the right to adopt ordinances on the types, size and location of housing that property owners can build.

STATEMENT A.....69%
STATEMENT B.....26%
DON'T KNOW/REFUSED.....5%

How likely are the chances you will buy a home in the next five years - 100%, 75%, 50%, 25%, or little to no chance at all?

100%.....	3%
75%.....	3%
50%.....	26%
25%.....	18%
LITTLE/NO CHANCE.....	47%
DON'T KNOW/REFUSED.....	2%

- 55% of voters oppose local government mandates increasing the minimum number of garage stalls.
- 61% of voters oppose requiring all garages in new single-family homes to have electric vehicle chargers.

POLLING

During the most recent legislative session, the Legislature and Governor signed off on over \$1 billion in new funding for state housing programs.

77. During the next legislative session, which should be the higher priority?

- More funding for housing.....18%
- Modernizing zoning laws and regulations
in ways that would allow for the
creation of more new housing.....30%
- Both more funding and modernizing laws.....38%
- Nothing - see what the new funding
does before taking additional steps.....13%
- DON'T KNOW/REFUSED.....1%

Do you believe that some local governments utilize zoning ordinances to exclude types of housing, such as entry-level homes or higher density apartments?

YES.....	55%
NO.....	33%
DON'T KNOW/REFUSED.....	12%

Duplexes and accessory dwelling units (ADUs) are popular.

56% of voters support allowing duplexes and accessory dwelling units on all properties zoned for single-family homes, nearly double those that oppose it (36%). 90% of supporters still backed the proposal even if it meant that a duplex or ADU would be next door to them.

What to Expect in the 2024 Legislature?

- **What's Next:**

- A growing coalition of stakeholders is asking for a greater review of the state's housing policies including land use, zoning, and allowing for more housing options.
- Legislature returns in February.
- Legislative leadership has indicated that there will be a greater review of housing policies since it is a policy year instead of a budget year.

Thank You

Mark Foster

VP, Legislative & Political Affairs

mark@housingfirstmn.org

Twitter: [@robmarkfoster](https://twitter.com/robmarkfoster)

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Senator Eric Lucero

Minority Lead on Senate Housing
Committee, Real Estate Broker,
Building Contractor

LEGISLATIVE UPDATE

Sen. Lucero Bio

- Senator Lucero represents District 30, which includes the communities of Rockford Township, Hanover, Saint Michael, Albertville, Otsego, Elk River, Nowthen, and Western Oak Grove, previously served eight years in the Minnesota House of Representatives, and has lived in the community for close to 25 years.
- Sen. Lucero is a licensed real estate agent, a licensed general contractor, and with Erum, his wife, is owner-manager of multiple companies including real estate brokerage, commercial, and residential property management companies with nearly 20 years experience in the real estate industry. Sen. Lucero is the Minority Lead on the Senate Housing Committee.
- Sen. Lucero's academic background includes an MBA from the Carlson School of Management, a Bachelor of Applied Science in Computer Forensics and a Bachelor of Science in Law Enforcement from Metropolitan State University, a Computer Networking Design and Development Degree from NEI College of Technology, and minors in Mathematics and Psychology.

Workforce Homeownership Program (MS 462A.38)

- Seeks to increase supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota
- The program makes grants to cities, counties, Tribal governments, nonprofit organizations, cooperatives, and community land trusts
- Funded at \$20.25 million in FY 2024 and \$250,000 per year thereafter

Manufactured Home Park Infrastructure Grants and Loans Program (MS 462A.2035, subdivision 1b)

- Funding can be used for water and sewer upgrades, storm shelter construction and repairs, electrical work, road and sidewalk improvements, and other infrastructure needs in manufactured home parks
- Cities, counties, or community action programs receiving funds under the program must give preference to households at or below 50% of the area median household income
- Funded at \$16 million in FY 2024 and \$1 million per year thereafter

Manufactured Home Parks: Cooperative Ownership

- In many manufactured home parks, residents own their home but do not own the land underneath making financing a new home more expensive and subjects resident to potential rent increases of the lot
- Home park land owned as a cooperative allow for greater price stability and tend to have lower rents, and pride of ownership
 - What would have been profit for the park owner is returned to the cooperative
- Cooperative Ownership model can be used to allow even those with low incomes to access the benefits of home ownership
- Northcountry Cooperative Foundation (NCF) received a \$10 million one-time appropriation in the omnibus bill to capitalize a revolving loan fund to convert home parks to cooperative ownership

- New Leaf Neighborhood
- Northfield
- By NCF

New Leaf Neighborhood:

A new development that's beautiful, desirable, affordable, efficient, safe and stable.

New Leaf is a neighborhood for working families. About 55% of Northfield's residents today could afford to live in the community. A new 1,100 square-foot, three bedroom, two bath home will likely cost between \$150,000 and \$175,000.

Homes in New Leaf will be affordable for families who earn about \$67,100 a year. A family of four earning this income in the Northfield community today are new teachers, utility workers, and hourly workers at the colleges, hospital, Post Holdings, All-Flex, or Aurora Pharmaceuticals. These owners will be part of a cooperative homeowners' association that will set the rules, goals and governance standards for the community.

Location, location, location



The 65-home neighborhood is proposed in Northfield's Southbridge area. Developer Northcountry Cooperative Foundation (NCF) intends to work with Northfield Housing and Redevelopment Authority to develop 12.5 acres owned by the city today.

Building New Leaf on city-owned land helps the \$19 million project to qualify for state funding and grants. The funds are used to keep the homes affordable. Working in partnership with the city also means that the neighborhood developer meets specific quality standards as it creates modest, pleasant homes that are affordable to buy and maintain.



Beautiful, desirable

The city's existing zoning rules ensure this neighborhood is designed like any other. The tree-lined streets are within walking distance to Northfield Middle School, Aspen Park and Spring Creek Park.

New Leaf connects to walking and bike paths, and a community center and playground will anchor the neighborhood. The community center hosts neighborhood meetings. It also serves as a storm shelter.

Economic Development and Housing Challenge Program (MS 462A.33)

- Challenge Program funds can be used for new construction or rehabilitation of both rental and owner-occupied housing
- Challenge Program grants/loans may be made to a city, a federally recognized American Indian tribe or subdivision located in Minnesota, a tribal housing corporation, a private developer, a nonprofit organization, or the owner of the housing, including individuals
- Funded at \$60.425 million per year in the FY 2024-25 biennium

Greater Minnesota Workforce Housing Development Program (MS 462A.39)

- Provides grants to local units of government to build new **rental** housing outside of the metro
- Funded at \$19.5 million per year in the FY 2024-25 biennium

MHFA Website

- <https://www.mnhousing.gov/policy-and-research/agency-planning.html>

Why do Twin Cities homes cost so much? We went to find out.



MINNPOST

Why it's so expensive to build a house in Minnesota right now



By **Bill Kelley** and **Tina Kaul**

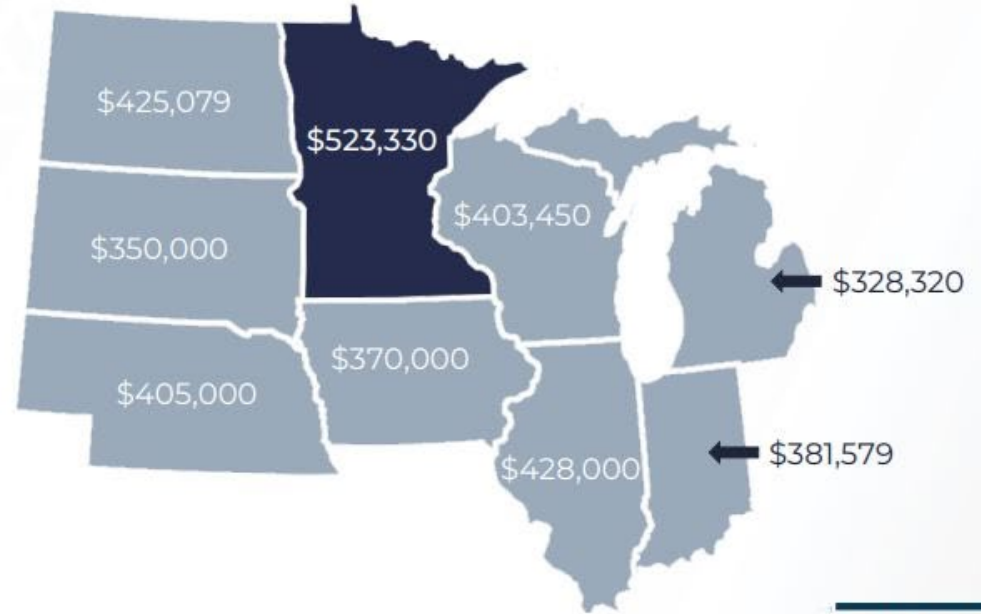
The inflation-adjusted median price of a new home in Minnesota is more than double what it was in 1970.



MinnPost file photo by Bill Kelley

By **Greta Kaul** | Associate Editor

Midwest Median New, Single-Family Home Price



Source: Zonda, March 2023



Root Cause vs. Legislation Focused on Symptoms

- The question is NOT:
 - Why is the cost of housing expensive in MN?
- But instead:
 - Why is the cost of housing **MORE** expensive in MN?
- Same climate as surrounding states
- Same cost of building materials as surrounding states
- Major difference is government mandates in MN vs. surrounding states
 - Building code
 - Labor regulations
 - Land price influenced by Met Council's Metropolitan Urban Service Areas (MUSA) line for sewer service determining which land will be developed
 - Land inside MUSA line much more expensive than outside...most metro areas nationwide have no such regional lines

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Audience Q&A Session

 Start presenting to display the audience questions on this slide.



5 Minute Stretch Session while we transition to our panel discussion 😊

PANEL DISCUSSION & AUDIENCE ENGAGEMENT

Moderated by:

Molly Nadeau ~ *Loan Officer at Treadstone Mortgage*

Panel of Industry Experts:

Linda Schultz ~ *Realtor® at Keller Williams Classic Realty NW*

Corey Wemple ~ *Director of Real Estate Lending at The Bank of Elk River*

Chad Christian ~ *Vice President at Christian Builders & Remodelers*

Kris Thompson ~ *Realtor® at Sota Homes eXp Realty*

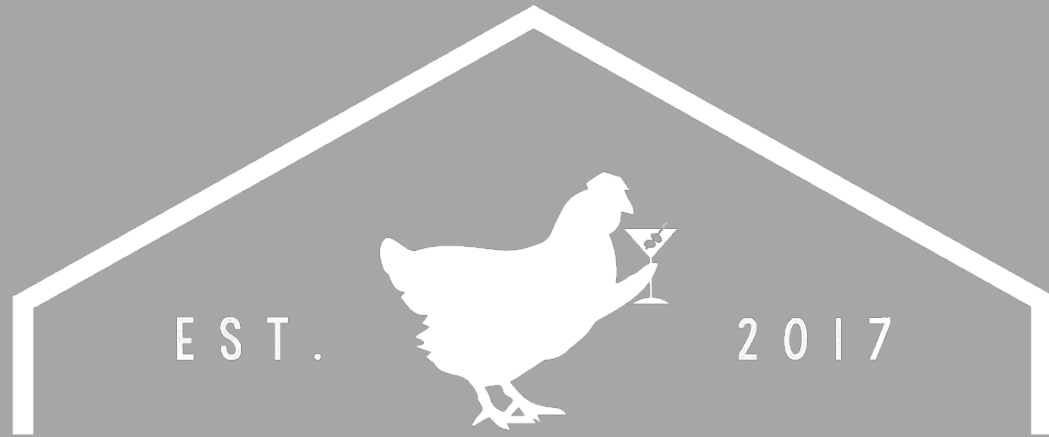
Denny Nelson ~ *President of Progressive Builders*

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Audience Q&A Session

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TIPSY CHICKEN

KITCHEN & COCKTAILS

**THANK YOU
AND PLEASE
JOIN US FOR
NETWORKING!!**

Appetizers Provided, One Drink Ticket, Cash Bar..... & Great Conversation!