Hi, I’m here today to share with you the exciting work that we do at the Minnesota District Council of the Urban Land Institute with a specific focus on our housing initiative and the importance of connecting data with housing tools and strategies.
The topics I will cover include a summary of ULI MN and the Regional Council of Mayors - their key strategic initiatives with a focus on the Housing Initiative and the housing audit process - this will include a summary of the key data findings.

I will also talk about what was learned through the process and what ULI MN/RCM plans to do next in 2010.
ULI Minnesota’s mission is grounded in developing, nurturing, and expanding relationships. All of our work brings together the public and private sectors...across political boundaries to collaborate on issues of regional importance and more importantly to take direct action to make our region more prosperous and sustainable.

It is through these strong relationships that we can achieve the goals and vision for our region.
At ULI Minnesota, we want to ensure that the work we are pursuing is timely, relevant, grounded in analysis, and on an implementation track.

All of our work is made up of these basic building blocks. We start with the good intention of our mission...to create thriving and sustainable communities, then we explore what has worked here and in other places and tweak it to fit our particular situation.

We gather the data we need to substantiate our recommendations and measure results, and we craft our work so that it can be implemented by our partners who are in a position to put these practices into place in their own communities.
The major way that we are able to transform the good intentions of our mission and best practices into implementation and action is through the Regional Council of Mayors, established by ULI MN in 2005.

This is a body of the top city executives from around the region. Mayors come from urban, suburban and exurban areas. They are action-oriented. They have the talent and drive to enact change. They also understand that we are a metropolitan economy and must work together to create a more connected, more sustainable and more prosperous region.

The RCM is a collaborative and non-partisan partnership. It engages mayors in candid dialogue and peer-to-peer support. It builds awareness and action around key issues. A significant benefit of the RCM has been the commitment to bring together leaders from different sectors, people who do not typically spend time with each other.

This mix allows for provocative discussions and a deepening understanding of the complex issues that impact regional growth.
With the goal of creating a more connected, sustainable, and prosperous region, ULI MN and the RCM are focusing on these four strategic issue areas. The Environment, Transportation, Jobs and Housing. Each area is guided by a task force—chaired by Mayors and business leaders who participate regularly in the work.
Today I will provide more detail regarding the Housing Initiative but all of the initiatives are outlined on the ULI MN website at minnesota.uli.org
In 2007, the Family Housing Fund, an organization that invests tens of millions of dollars in the creation & preservation of the region’s affordable housing, sought to broaden their work in the suburbs. They approached ULI to do this work b/c of the content we could provide and the policy-relevance of the RCM. Our partnership was critical in our ability to attract funding for this work.

Our goal with the housing initiative is to provide a full range of housing choices in all of our communities and to create more sustainable places.

Last year we worked with 5 suburban communities providing technical assistance and a learning environment as part of the Opportunity City Pilot program. The participants represent fully developed and developing communities, with older and new housing stock in the first and second ring suburbs. They brought political and financial commitment to the program in both time and financial support.
Working Together are the key words in describing the Opportunity City Pilot Process which includes:

1\textsuperscript{st} - A **Housing Audit** that helped cities/local policy leaders evaluate if their goals and land development policies and program delivery were meeting their current household and housing needs.

This is the work that is closely tied to local demographic data which helped to understand community change and relate that back to local programs and policies. We will focus on the importance of that data to the process today.

2\textsuperscript{nd} – We provided **Specific site analysis assistance** to illustrate if a city identified site has the potential for meeting future housing needs – we developed 11 community site principles that connects housing development with jobs, services and transportation networks.

Finally - all of this learning has been pulled together into a new web-based tool box that was developed in partnership with the National Center for Housing Policy.
The three things I want to talk about regarding the Housing Initiative is why, how and the outcomes.

First - When we talk with policy leaders we needed to set the context of why - *why is connecting data important to cities and why should they care about development, housing preservation and growth?*

– *then we developed the how? – How did ULI MN and the RCM develop a process over the past 18 months surrounding these issues*

– Finally – what did we learn together & what can be taken away from the process that leads to action both for ULI MN/RCM and the cities who participated in the process to strengthen the region – this is the outcomes of the work.
First the Why?

We illustrate this through data.

I will begin with some national data and later on in the presentation - I will provide a summary of how we drilled down into the localized data - providing specific details related to what is happening in the region and within specific cities by applying the Excensu Community Change information to housing and households.

We all know that the changing housing demand is not only being shaped by external forces but by profound demographic changes that started even before the economic downtown.

It is well known that our population is aging and our single households are growing. Fewer households have children. In fact it is projected that by 2035, almost 3/4s of households in the Twin Cities region will not have children. This mirrors a national trend that has been underway over the past several decades (see above.)

These demographic changes are fueling a new demand for different types of housing and communities.
Two demographic groups, the aging Baby Boomers and the young Millennials, also known as “Gen Y” or the “Echo Boomers”, will have a major impact on development patterns moving forward.

In 2004, a national survey revealed that many Boomers are looking for a low-maintenance lifestyle that supports independence and connection. They are looking for places where grocery stores, banks, parks, health services, and restaurants are nearby. Many have made third places, like Starbucks, Barnes and Noble and Borders their community centers. This is not the retirement communities we have traditionally known.
At the other end of the age spectrum, Generation Y (or the Millennials) now makes up the largest share of the US population. They are more than one-and-a-half times larger than Gen X, the generation that precedes them. There are more Millennials than Baby Boomers, and more than a third of them are already earning as much as Baby Boomers do.

The Twin Cities Metropolitan Council data projects that from 2010 and beyond, the Millennial cohort will be larger than that of the Baby Boomers in the Minneapolis-St Paul region.

Their desires, like that of the Baby Boomers decades earlier, are going to have a profound impact on many aspects of the economy – specifically housing types and styles.
When it comes to choosing places to live, Millennials want choices, connectivity, and convenience and they are willing to pay for it.

According to research conducted by Robert Charles Lesser, 1/3 of Millennials are willing to pay more to be able to walk to amenities; 2/3s of them say that living in a walkable community is important. This group values proximity to destinations, with more than ½ of those surveyed indicating they’d chose proximity to work and shops over a larger lot size.

The emerging economy allows this group of young and talented workers to settle wherever they like. For us, offering lively, attractive, walkable neighborhoods and centers is more than a cosmetic gesture; it’s an economic necessity.
For many years, our development patterns have been shaped by the fact that we could essentially build anything, anywhere and it would sell. But a 2006 national study predicts that in 2025 the demand for attached and small lot housing will exceed the current supply by 35 million units. And by 2025 we will have an oversupply of single family homes on large lots. (Arthur Chris Nelson. “Leadership in a New Era.” JAPA, Vol. 72, n.4, 2006.)

What we are learning is that the “trade-up” product type that is disconnected from destinations and services is not going to be in high demand.

Much of this product type is found within the suburbs. However, as we look to the future, there is an opportunity to modify these units and provide opportunities for suburban town centers to meet the demand for more convenient, connected, and walkable places. The question we ask ourselves and what policy leaders within cities wonder - is our region ready to meet this demand and what can we do to help meet this demand and remain competitive by capitalizing on these opportunities.
These issues led to the development of the ULI MN Housing Audit process which is structured in a way to help cities/local policy leaders evaluate if their goals and policies surrounding the development of land and delivery of programs and services are meeting their current households and housing needs. The process provides an opportunity for the collection of information - both through community data and city programs – to understand the effectiveness of local land use strategies and programs.

There are Four Key Steps involved in the Housing Audit process:

1. First – we outline a Framework with the city – take a close look at what tools and strategies the city is using and understanding how they are used.
2. Second – we collect and apply community level data - a significant part of the process - to help answer the questions - what is the makeup of the community? Who lives in the city and in what type of housing? Where did the households come from and/or where did they go when they moved? This is the part of the process that I will review in more detail.
3. Third - is the evaluation of programs and land use tools – digging deeply into understanding the effectiveness of local programs and how the city is applying current and available land use tools that support a full range of housing choices. Through this process we evaluate if the city is utilizing their regulatory controls and power to achieve community goals. We also review who the program is serving rather than just how many loans and/or people the programs are applied to.
   • A key part of the evaluation is applying what has been learned through the process related to a specific opportunity sites in the community. This helps policy leaders and staff apply the knowledge they have gained through the community data and evaluation of their tools and strategies to a specific site. In addition, technical expertise is applied to the site review through...
Looking closer at the 2nd part of the housing audit is the data – what is the data, how is it different and what are the key data findings that were revealed through this work?
Reviewing local data is very important in helping local policy leaders make informed decisions about supporting a full range of housing choices and about what tools and strategies they should invest in for a prosperous community.

With financial support from the Metropolitan Council we were able to collect and analyze household and parcel level data to measure household changes in our pilot communities over a span of several years. This data (provided by Excensus) was crucial for evaluating city programs and strategies and illuminated future development and reinvestment opportunities.

The data is new and unique. By design, it is based on household changes by specific property parcels tracked over a four year period (2004 to 2007) for the 7-county metro area. The information tracks households, housing usage and turnover – with over 1 million profiled addresses.

In addition, these are counts with 95% coverage – not estimates (census).

Another benefit is that the specific parcel information can be rolled up (or drilled down) to almost any area within a 4-household level.

The data also shows household change and usage flows rather than a snapshot in time (census).

The data is not intended to be a replacement for census data but acts as a companion and more precise measure of an area that can be evaluated over time along with the census estimates.
The Community Change reports are the cornerstone of our work. The data has proven to be an extremely important tool to help communities plan strategically.

We looked at a regional, county and city level information through the process. Each city learned a tremendous amount about their demographics and were able to relate this to their housing policies and programs.

Aside from what was learned within each city, 3 key regional themes emerged.

1. There is first ring suburban regeneration occurring
2. The Southern Suburbs are attracting move-up households
3. When there is a lack of housing options – older households are confined to age in place and younger residents are not able to move in.

I will talk about each one of these themes in more detail.
The thermal shading shows the destination areas of moves from Minneapolis between 04-07 with the highest density of moves in the darker color.

Of the 25,000 moves by Minneapolis households between 2004 and 2007, 1/2 found housing elsewhere in the city and the other ½ went beyond the City’s borders. Of those that moved beyond the city borders - 56% of these moves were to Owner-occupied single family homes. Looking a bit deeper at these moves to single family homes - 60% of them were a move from Rental housing to Owned SF and almost ½ of those moves (46%) involved households under the age of 35.

What is significant about this change?

These moves were likely a result of a strong housing market demand for:

1 available affordable existing housing stock in established neighborhoods – in the first ring suburbs.
2. smaller homes near established amenities
3. During that time - the availability of many different mortgage products for home purchases - and finally it could be a result
4. An inflated housing market during that period - that created value for those older households who wanted to move and had enough equity to sell their home and move into a different product type.

This migration data as well as current economic trends provide strong evidence that there is “regeneration” of the first-ring suburbs where housing stock that is affordable to younger households is available.
These age charts provide pictorial view of first ring suburban regeneration and how the diversity of households is related to the availability of a full range of housing choices.

Left is the northern suburb of Shoreview. For many reasons they tend to lack affordable housing options for young households with only 12% under the age of 35. Looking closer at the data, these younger household live in the few apartment or multi-family units in the city. The majority of their households are aging in place because they want to stay in the communities but they do not have a choice of housing options to move into – opening up existing housing for the younger generation. The trend is likely to continue unless the city identifies future housing options to retain and expand options for older and younger households – This shows that Shoreview is not regenerating – Older Households are staying because there is less choice.

To the right is Richfield - an older suburb south of Minneapolis – In this case there are many more young and middle aged Households – 22%. Looking closer at the data, 31% of all households that relocated to Richfield came from Minneapolis (04-07) – and 47% were under the age of 35. Half of those are now Richfield homeowners in single family detached homes. Also, 44% of these Richfield households under the age of 35 were homeowners -- one of the highest rates in the Twin Cities. Regeneration is occuring in Richfield.
The suburban regeneration occurring within the first ring suburbs is generally a factor of the availability of affordable single family homes.
Also – the data is showing that many move up and move down households (middle age and downsizing households) moved to the southern suburbs because there were more housing choices.

Of the incoming households moving into southern twin cities – specifically Dakota County - 65% ended up in owner-occupied single family homes. 1/3 (36%) of those who moved from another single family detached home chose to move into a townhome or condo rather than another SFD home. And more revealing is the proportion choosing a different housing type (townhome/condo) increased with householder age – increasing from:

  * 15% for households under age 35,
  * 38% for age 35 to 54,
  * 58% for ages 55 to 74, and
  * 67% for households ages 75 or older.

We believe this is a result of more housing choices available – This part of the region has made a concerted effort to develop a wide range of housing choices in a wide range of styles and prices over the years – though strong county community development agency efforts and local land use policies.
Another theme – is the lack of housing choice – Through the data, we looked at the turnover rate (rate at which households over 45 were moving) and the Retention rate (percentage of moves within the same city).

A low Turnover/Retention Rate indicates a lack of housing choice –

Many of the second ring suburbs had a very low (2% or below) turnover rate – only 2% of the households over 45 are moving from their owned single family home. The question asked was – Why are they not moving? – one answer is – there are fewer move-up and/or down-sizing housing options – so they remain in place. Essentially, they can’t move out. We suspect that this trend will continue and even escalate based upon the housing recession and loss of housing value experienced over the past couple years.

This coupled with a– a lower retention rate (below 20 percent) – meaning that only 20% of the households move within the city - provides clear evidence that households who do not have a choice in housing types are either staying put or moving out of the community, both factors impact a community’s ability to remain vital – highlighting the importance of a full range of housing options.
The lack of housing choices also results in fewer opportunities for young professionals and families to buy homes in these communities - they can’t move in.

What happens when there are a lack of housing choice – such as in many second ring suburbs - is that there are fewer opportunities for the baby boomer talked about earlier to downsize in their own community results in less opportunity for the Millinieums (young households) to move in.
Another useful component of the data is the ability to track household moves from one type of housing to another.

This is showing the moves within Richfield and Shoreview from Single Family homes to another housing type within the City. (Single family detached, multi family (townhomes, condos) and apartments)

- 15% of Richfield moves from a single family home ended up in another single family home where in Shoreview 22% ended up in another single family home. However, 40% of those moving from their single family home in Richfield ended up in a multi family home (condo or townhome) and 27% moved to an apartment. This was equal in Shoreview at 29%.
Conversely - This chart shows the moves within Richfield and Shoreview from Apartment to another housing type within the City.

What is revealing here is that a sizable 25% (more than any other community we looked at) in Richfield moved from an apartment into a single family detached home whereas – only 9%

of Shoreview households who moved from an apartment were able to move to a single family home in that community.

This indicates that there is a lack of housing options in Shoreview for those currently living in an apartment who want to move to a single family home.
That data really was a critical piece of the housing initiative work – and there is much more that we could talk about and show you. However, I want to spend some time going through what was learned by reviewing the data and going through the housing audit process. How did the data help inform the policy leaders related to local housing programs and regulatory decisions?
One of the key major themes was that when there is a lack of housing choice - there is less movement or turnover - This was shown in the data. Through discussion it was revealed that a lack of choice creates

- a change in service needs – less ballfields, more passive parks – active community center – senior center

Policy leaders and community planners ask themselves -

Are ball fields needed anymore? Do new families moving into the community need different community services?

*Is the community centers that are geared toward families sufficient for an aging populations or will there be a shift to more emergency service needs, etc.*

This also has an affect on:

Commercial market - realign to accommodate an aging population– seniors on fixed incomes with less mobility will use commercial (retail) services in a community less. Current commercial market may not be as marketable & no longer economically viable

Will there be an increase in deferred housing maintenance? - older households may not have the capacity (and/or the desire) to invest in existing home that they live in. New investment typically occurs when there is turnover –either to sell or make your own.

Schools – will there be a destabilization of school enrollment levels and how will this...
In addition, through the process - the cities and policy leaders had a better understanding of the following issues based upon the Housing Audit process and evaluation of the data.

1. There was a general appreciation and understanding of the importance of rental housing. It was revealed that - young rental households (under age 35) transition to existing single family or new attached single family home when this housing type is available – they become future homeowners. Also, rental is an important housing choice across all household ages for many reasons (incomes, jobs, lifestyle, transition, etc.). Rental housing is not only for those who can’t afford to own a house.

2. Housing Choice helps stabilize the community - even though Single Family Detached homes are still the majority housing choice for ages 35-54 (move-up housing) as people age they tend to choose another option and younger households look to townhomes and condos as an affordable, low maintenance choice. – Therefore it is important to have choices so households can move within the community.

3. It was also revealed through the evaluation that - current city programs and land use tools are not meeting the current market demand and future demographics.

4. And city land use policies and school policies need to be better connected.

The full summary report and finding can be downloaded from the ULI MN website. minnesota.uli.org
We were challenge with how to pull all this information together and expand the knowledge gained through the work within the 5 cities over the past 2 years?

At the end of October 2009 we launched the first state-specific tool box on the award-winning HousingPolicy.org website. We were really excited to be able to take a national model and customize it for Minnesota communities – so that when users go to this site, they’ll get the best of national and MN specific housing solutions.

We also expanded the national framework to add components that are important to ULI MN related key to providing a full range of housing choices - such as supporting connected livable communities and talking about a full range of housing choices.

The site will serve as an active resource for cities, counties, housing providers and developers. – moving beyond the silos and offering real strategies to build complete communities that offer a full range of housing choice that are connected to jobs and transportation systems.
The data and technical assistance that we were able to provide through the ULI MN/RCM housing initiative is leading to change in the Opportunity City communities. In each of the cities we are seeing a renewed commitment to providing a full range of housing choices that meets community goals and they are implementing many of the recommendations provided through the process.

There are more questions than answers regarding this issue but we did learn from the selected cities through our Housing Initiative and the Opportunity City Program (and the process we developed – housing audit, site evaluation and tool box) that suburban cities must be more strategic to help shape future housing decisions - preservation and development – they also need the resources (technical guidance, financial) to be influential in shaping development and redevelopment of land.

The data is a critical piece of this work and in all of the cities – the outcomes would not have been as clear and revealing without this local, accurate data that is able to clearly show household composition, movement and turnover.
Finally – what are the next steps
Next Steps

- **Opportunity City Program** – 2 cities, education cluster
- **Continue Learning Opportunities** – Mayors, ULI MN Members
- **Evaluate Land Use Tools Collectively**
  - **SW Corridor** – Fixing Redevelopment Tools, Coordinated Investment Strategies
- **Raise Awareness**
  - Develop Communication Tools/Education
- **Rethinking Housing** – Financing & Housing Design
- **Apartment Preservation & Renovation** – Partnership with FHF/McArthur Foundation
- **Promote Living Where You Work** – importance of driving less, matching jobs (wages) with housing (type and value) – Terwilliger Housing + Transportation Cost Calculator
- **Update Local Community Change Information**

ULI MN - with continued funding support from the Family Housing fund – will continue to work with our members and the RCM to raise awareness and take action in support of a full range of housing choices.

We plan to..................(read each)
2010 Excensus Change Reporting

- Excensus™ Online web-mapping tool
- New collaborative partners – data and tools
  - Opportunity Cities
  - County Family Services & School Districts
  - County HRA/CDAs and Cities
- Expanded migration and housing choice data
  - Family and student breakouts
  - More detailed turnover and housing choice history
- Special studies (preliminary list)
  - Foreclosure impacts
  - Senior turnover
  - Regional cost calculator enhancements
  - Housing cost burden analysis/indicators
  - SW Corridor Station Area Profiles
  - GIS Walkability Analysis (CTOD)
Excensus™ Online Demographics

2009 Demographic Profiles & Tracking

- Custom area
- Segmented Data*
- Choice of Reports

- 2009 Owner-occupied housing units with Tax Value under $200K

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### Area Profile Report

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*Source: Excensus LLC, 2010
Questions

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