Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Roseville and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Needs Assessment*. The following table and charts illustrate calculated demand by product type. It is important to recognize that housing demand is highly contingent on projected household growth; household growth could be considerably higher with available land for development and increased densities.

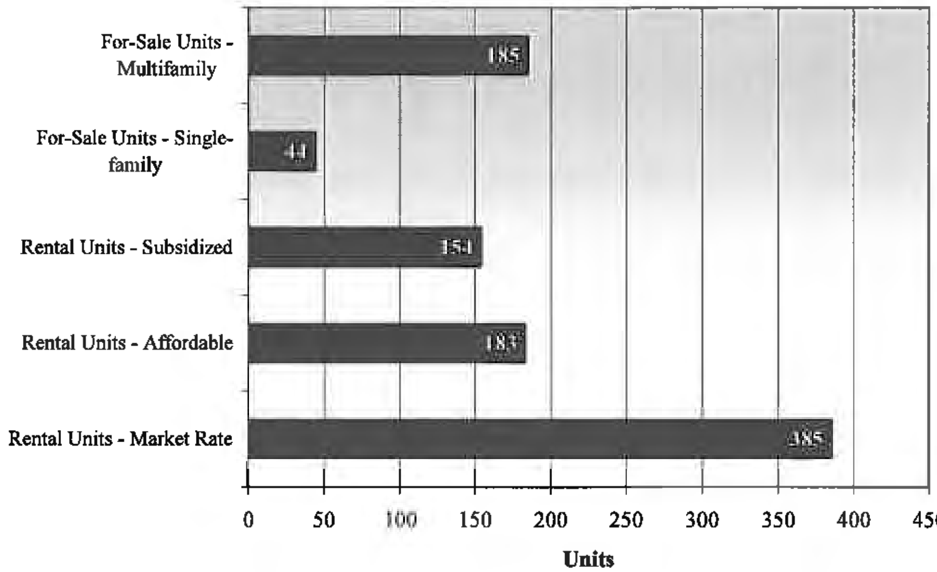
TABLE CR1
SUMMARY OF HOUSING DEMAND
CITY OF ROSEVILLE
JULY 2009

Type of Use	2009 to 2020	
General-Occupancy		
Rental Units - Market Rate	385	
Rental Units - Affordable	183	
Rental Units - Subsidized	154	
For-Sale Units - Single-family	44	
For-Sale Units - Multifamily	185	
Total General Occupancy Supportable	***951***	
	2009	2014
Age-Restricted (Senior)		
Market Rate		
Active Adult	326	317
Ownership	*168*	*149*
Rental	*158*	*168*
Congregate	26	12
Assisted Living	65	58
Memory Care	68	74
Total Market Rate Senior Supportable	***485***	***461***
Affordable/Subsidized		
Active Adult - Subsidized	135	188
Active Adult - Affordable	189	218
Total Affordable Senior Supportable	***324***	***406***

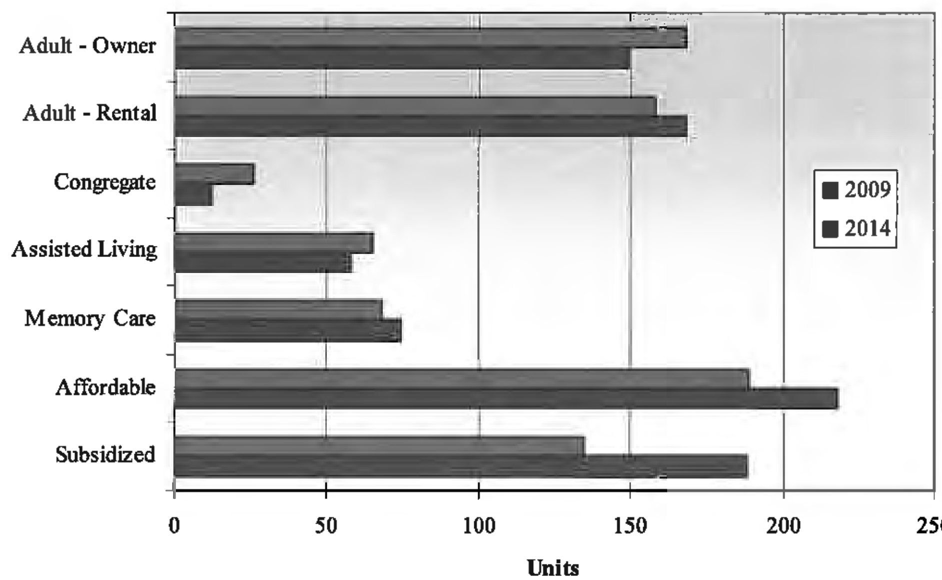
Note: Due to limited land availabilty, not all of the demand may be able to be developed in Roseville.

Source: Maxfield Research Inc.

General-Occupancy Demand by Type
2009 to 2020



Senior Housing Demand by Type
2009 & 2014



Based on the finding of our analysis and demand calculations, Table CR2 on the following page provides a summary of the recommended development concepts by product type for the City of Roseville. It is important to note that these proposed concepts are intended to act as a development guide to most effectively meet the housing needs of existing and future households in Roseville. Te recommended development types do not directly coincide with total demand as illustrated in Table CR1 due primarily to land availability and development constraints.

TABLE CR2
RECOMMENDED HOUSING DEVELOPMENT
CITY OF ROSEVILLE
2009 to 2020

	Purchase Price/ Monthly Rent Range[1]	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Housing				
Single-Family/Detached Townhomes[2]				
Move-up	$350,000 - $500,000	25 - 30	63%	2010+
Executive	$500,000+	15 - 20	38%	2011+
Total		**40 - 50**	100%	
Multifamily Townhomes/Twin Homes[3]				
Entry-level	$200,000 - $275,000	60 - 70	60%	2012+
Upper-end	$300,000+	40 - 50	40%	2012+
Total		**100 - 120**	100%	
General Occupancy Rental Housing				
Market Rate Rental Housing	$775 - $1,750	80 - 100	50%	2009+
Affordable Rental[4]	Moderate-income	80 - 100	50%	2009+
Total		**160 - 200**	100%	
Senior Housing				
Active adult affordable rental **	Moderate-income	50 - 60	21%	2009+
Active adult market rate rental **	$875 - $1,700	60 - 80	26%	2012+
Active adult owner	Market (coop/condo)	60 - 70	26%	2013+
Assisted Living	$2,600 - $3,900	40 - 50	17%	2013+
Memory Care[5]	$3,500 - $4,500	24 - 36	10%	2013+
Total		**234 - 296**	**100%**	
Alternative Development Concept**				
Active adult rental - mixed income	*Mix of MR & affordable*	*80 - 90*	*34%*	*2009+*

[1] Pricing in 2009 dollars. Pricing can be adjusted to account for inflation.

[2] Replacement need only. Development of single-family or detached townhomes will hinge on land availibilty. Due to Roseville's location, there is pent-up demand that exceeds the replacement need.

[3] Additional demand (65 - 85 units) can be fullfilled between 2015 and 2020. We do not recommend a condominium component until 2015 or later.

[4] Roseville could potentially support multiple affordable products through 2020. However, we recommend phasing affordable housing development over the next decade.

[5] Memory care housing could be a component of a assisted-living or service-intensive congregate building

** Alternative development concept is to combine active adult afforable and active adult market rate into one mixed-income community.

Note: Roseville may not be able to accommodate all recommended housing types based on land availibility and development contraints. Recommended development does not directly coincide with total demand.

Source: Maxfield Research Inc.

Single-Family Housing

As a first-tier suburb in the Twin Cities Metropolitan Area, the City of Roseville has a very limited amount of vacant land. Should the land supply be greater in the City, we acknowledge that demand for single-family housing would be very strong. However, due to the limitations of land availability, we recommend that the City optimize the remaining vacant parcels by developing a variety of multifamily housing product types rather than single-family housing. The modest number of single-family housing recommended for the City of Roseville in the following discussion is a factor of the replacement need of older single-family homes.

Due to the age, quality and price of Roseville's existing housing stock, most of the existing housing stock appeals to and meets the housing needs of entry-level homeowners. Homeowners who desire move-up and executive housing, which is typically priced at $350,000 and above, have likely been forced to relocate to adjacent communities, including Arden Hills, New Brighton, Moundsview, Shoreview and North Oaks, since modest housing product in this price range is available in the City. We believe there is an opportunity to offer higher-amenity homes that would be attractive to households in the existing resident base who desire to continue to reside in the City but find that little housing is available to meet their preferences.

We recommend that an additional 40 to 50 single-family homes be built in the City, of which 25 to 30 would be move-up homes priced from $350,000 to $500,000 and 15 to 20 would be executive homes priced above $500,000. As stated earlier, should additional land become available for single-family housing, we believe the City could support a much higher number of new single-family homes across a wider price point spectrum.

It is important to note that some demand for single-family housing will be satisfied by the existing housing stock (this turnover demand is not included in the above recommendations). As the study discussed, much of the growth in Roseville is forecast in the older adult and senior age cohorts, which will support demand for new senior housing products in the City of Roseville. As these older adults and seniors relocate to other housing options, their existing single-family homes will become available for new younger households to purchase a home in Roseville.

For-Sale Multifamily Housing

Based on the availability of land, demographics of the resident base and forecast trends, we find demand for 185 new attached multifamily housing units. These attached units could be developed as townhomes, twin homes or a combination of the two housing products. Due to the continued downturn in the condominium market, we do not recommend a condominium component through 2015. The following provides additional details on the target market and development recommendations for each for-sale multifamily housing product recommended.

In total, we recommend development of 60 to 70 entry-level multifamily units priced below $275,000 and 40 to 50 upper-end multifamily units priced above $300,000. Due to the current recession and slowdown in the for-sale market, we recommend that the City of Roseville wait until at least 2012 to move forward with additional for-sale multifamily housing product.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with four or more separate living units and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span.

  Households typically choose this housing product for the maintenance-free lifestyle and relative affordability for new construction housing. Although a primary reason for attached multifamily housing is affordability, we recommend that attention be placed on the visual and structural quality of housing as well as its compatibility with the architecture of surrounding homes.

- *Twinhomes and One-Level Townhomes* – By definition, a twin home is basically two units with a shared wall with each owner owning half of the lot the home is on. Some one-level living units are designed in three- or four-unit buildings in a variety of configurations. The swell of support for twinhome and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing. Housing products designed to meet the needs of these aging Roseville residents, many of whom desire to stay in the City if housing is available to meet their needs, will be needed into the foreseeable future.

  We recommend that development of twinhomes and one-level townhomes be a comprised of a lesser percentage of homes priced between $250,000 and $275,000 as well as a higher percentage priced above $300,000. Many seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a nicer, more efficient home that is similar to or slightly above the price point of their existing single-family home.

General Occupancy Rental Housing

Our competitive inventory identified that no new general occupancy rental product has been added to the City of Roseville for nearly two decades. Due to the age and positioning of the existing rental supply, a significant portion of units are priced at or below HUD guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. As a result, a limited portion of the existing rental stock actually caters to those who desire newer contemporary market rate rental housing.

Based on our analysis of the existing rental stock and availability of different general occupancy rental housing types, **we recommend development of 80 to 100 market rate rental housing units and 80 to 100 affordable units.** We believe these product types could be developed as soon as 2010.

- *Market Rate General Occupancy Rental* – The existing rental supply in Roseville has a significant mix of ages and household types represented. A new rental project will also have a diverse resident profile, but we anticipate that a higher proportion of young to mid-age professionals as well as singles and couples across the age span would be captured at the development. Additionally, due to the locations of Northwestern College and Bethel University, it is likely some units would be occupied by college students and/or recent graduates who reside as roommates.

The new market rate rental units should be designed and priced comparable to the two existing luxury properties in Roseville as well as contemporary properties located in the surrounding suburbs. We believe the addition of such a rental building will facilitate greater housing choice in the City and will better serve the needs of households that live and/or currently work in Roseville.

New rental properties under construction or recently developed in the Twin Cities are charging rents on average from $1.25 to $1.50 per square foot in suburban locations to $1.80 to $2.00 per square foot in high-amenity urban locations such as Minneapolis and St. Paul. New suburban properties in third and fourth-tier suburban communities such as Lakeville, Eagan and Woodbury are charging between $1.25 and $1.40, on average. A project in Roseville would fall within the aforementioned price per square foot range for suburban communities, approximately $1.25 to $1.35 per square foot.

- *Affordable Rental Housing* –

  Although there is demand for approximately 185 affordable units over the next decade, we recommend phasing the units with no more than 80- to- 100 units in the short-term targeting moderate-income household types. Much of the existing rental stock that functions as affordable housing is in multistory buildings with a higher percentage of smaller unit types, which often cannot comfortably accommodate family households. New affordable units would attract many existing Roseville residents residing in older market rate properties seeking larger unit sizes and more modern unit and building amenities. In addition, affordable housing will be attractive to households from outside Roseville who seek to reside in the community to have close proximity to employment, shopping, and schools. As a result, the demand for affordable products could be even higher than what is actually stated.

  We recommend an affordable family townhome component with a mix of two- and three-bedroom units that could be designed as rowhomes or back-to-back structures in order to manage the development costs of these units. Alternatively, a traditional three-story building would also accommodate affordable demand should the unit mix be weighted towards larger unit sizes. Over the next decade, affordable housing demand is sufficient to be able to accommodate housing types in both townhome-style and apartment-style buildings.

With new rental housing units added to the City of Roseville, there may be increased occupancies among the existing rental stock, particularly among older properties that are unable to compete with newer, contemporary market rate properties. According to Metro HRA, approximately 210 Section 8 housing vouchers are being utilized in the City. We recommend an increase in the acceptance of vouchers in order to meet the significant demand for subsidized housing in the City of Roseville.

Additionally, we believe the existing rental stock plays a critical role in providing (indirectly) affordable housing to moderate-income households. Efforts to maintain and/or improve the quality of these older properties may be needed in order to continue to provide high-quality housing that meets the needs of moderate-income households.

Senior Housing

As illustrated in Table CR1, strong demand exists for senior housing in the City of Roseville. Although Roseville already has an array of senior housing options, much of the forecast growth in Roseville is a result of the existing population base aging into the older adult and senior age cohorts. Development of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

Before moving forward in our discussion, it is important to note that similar to other established suburbs in the Metro Area, the age distribution is weighted toward the older adult and senior cohorts. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Roseville and other established communities: older adult and senior residents are able to relocate to new age-restricted housing in Roseville, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover.

- Active Adult Rental – In the near-term, **we recommend development of an 80 to 90 mixed-income active adult rental project** in the City of Roseville. Currently, no market rate or affordable (i.e. shallow subsidy) active adult rental housing is available in the City. Older adults and seniors who desire these housing products have either been forced to relocate to other communities outside the City of Roseville or are residing at general occupancy rental projects. We believe a mixed-income building would be an ideal development concept to create the most dynamic, inclusive community for active seniors and to temper stigmas and potential neighborhood opposition of affordable housing development.

  Due to the current recession and housing market slowdown, many markets have experienced delays in realizing demand for market rate active adult housing. These delays are the result of seniors who choose not to sell their homes or find they are unable to sell their homes, along with the fact that active adult rental housing is not need-based. While the affordable component of the mixed-income building could be built as soon as this year, we recommend that development delay until 2011 in order to allow the market to regain momentum. Alternatively, the project could be built in two phases (with affordable housing in the first phase) or, less ideally, developed separately due to the conditions.

- *Active Adult Ownership* – Currently, there are two active adult ownership projects in Roseville and both continue to perform extremely well. In addition, United Properties is moving forward with the first phase of a senior cooperative (51 units) while planning for a second phase (44 units) after the for-sale market rebounds. We forecast that owner-occupied, age-restricted housing will continue to be a product of choice for active seniors, and that demand for this housing product will increase into the foreseeable future. However, due to the slowdown in the housing market, it would be best to wait for a full market recovery before moving forward with this housing product (2013 or later). **We recommend development of a 60- to 70-unit senior cooperative or condominium building.** Should additional land be available, the City would be able to support an even greater number of senior cooperative or condominium units.

- *Service-Enhanced Senior Housing* – Based on our analysis, **we recommend development of an additional 40 to 50 units of assisted living housing and 24 to 36 units of memory care housing.** At this time, we do not find sufficient demand for additional congregate senior housing (i.e. independent living with services). Based on the various dynamics impacting the senior housing market in Roseville, we recommend that new service-enhanced housing not be delivered until 2013 or 2014. At that time, additional analysis of the market could be undertaken to determine the viability of new service-enhanced senior housing in the City.

Challenges and Opportunities

Table CR2 identified and recommended housing types that would satisfy the housing needs in Roseville over the next ten years. The following were identified as the greatest challenges and opportunities for developing the recommended housing types.

- **Land Constraints**. As previously stated, the City of Roseville has few existing areas within the community that can accommodate residential development. The City has a limited supply of residential lots suitable for single- or two-family housing developments, as such future development will likely occur on infill or redevelopment sites throughout the City. According to the Regional Multiple Listing Service of Minnesota, there are only 14 actively marketing land listings in the City, most of which are priced at or above $150,000 per lot. As a result, the City may not be able to accommodate all of the housing demand outlined in Table CR1 based on the current lot supply inventoried in Table HC3. Furthermore, the lack of supply drives up the cost of land which places upward pressure on housing price.

  Due to Roseville's location, housing demand could be significantly higher should Roseville have the available land to accommodate future growth. New single-family housing in particular would be highly desired.

- **Housing Densities**. In an effort to reach the demand potential with limited land, increased densities will allow for more diverse future housing products that maximize the housing types developable on a parcel. Higher density projects can capitalize on economies of scale to provide greater affordability. The City should allow for flexibility among zoning requirements and encourage creative site planning as a means to increase density and provide greater housing opportunities. Such flexibilities may include reductions in setbacks, parking requirements, floor area, lot area, etc. We especially encourage higher densities near employment and transit corridors and new urbanism and mixed-use development.

The chart on the following page shows net housing densities by product type that may be achieved. There is a movement in many Metro Area communities to smaller lot sizes through planned unit developments that results in higher densities and more affordable housing costs.

TYPICAL HOUSING DENSITIES BY PRODUCT TYPE	
Product Type	**Net Units Per Acre**
DETACHED HOUSING	
Single Family	
Executive (90' wide lot+)	1.75 - 2.50
Standard (60'-80' wide lot)	2.75 - 3.75
Small Lot (less than 50')	4.00 - 5.00
Detached Townhomes/Villas	4.50 - 6.00
ATTACHED HOUSING	
Twin Homes	6.50 - 8.00
Townhomes/Rowhomes	10.00 - 14.00
Low/Mid-Rise Multifamily	40.00 - 50.00
Six-Story Multifamily	65.00 - 75.00
Hi-Rise Multifamily	85+
Sources: Maxfield Research Inc., Urban Land Institute, *Site Planning*	

- **Affordable Housing**. Due to the older housing stock of both owner-occupied and renter-occupied housing, the need for general occupancy affordable housing is being mostly fulfilled by the product in the marketplace. First-time home buyers are able to purchase entry-level homes, and many market rate rental developments have rents that are considered affordable.

  However, there is a need for more diversity among housing types that are affordable, especially for families and seniors. Most of the existing housing stock cannot accommodate larger families that desire three or more bedrooms per unit. In addition, there is a need for affordable age-restricted housing with and without services.

  We also recommend targeting housing assistance programs towards producing housing for the workforce – or those households earning between 80% and 120% of AMI.

- **Financial Barriers.** The economics of developing affordable housing are difficult to achieve, especially with increasing land costs and property taxes. Partnerships between the City and developers should be sought to help alleviate some of the overall carrying costs. In addition, the City should offer developer incentives and/or housing bonuses and should consider donating City owned land to affordable housing developers.

- **Aging of Population**. As illustrated in the *Demographic Analysis* section of the report, Roseville is aging and will continue to age for the next few decades. The leading edge of the baby boom generation will be entering their mid-60s after 2010 and the demand for senior housing is expected to be strong past 2030 in the Metro Area. Many baby boomers will desire to retire near their single-family residence and will seek a maintenance free housing type initially, before desiring housing with services after 2020.

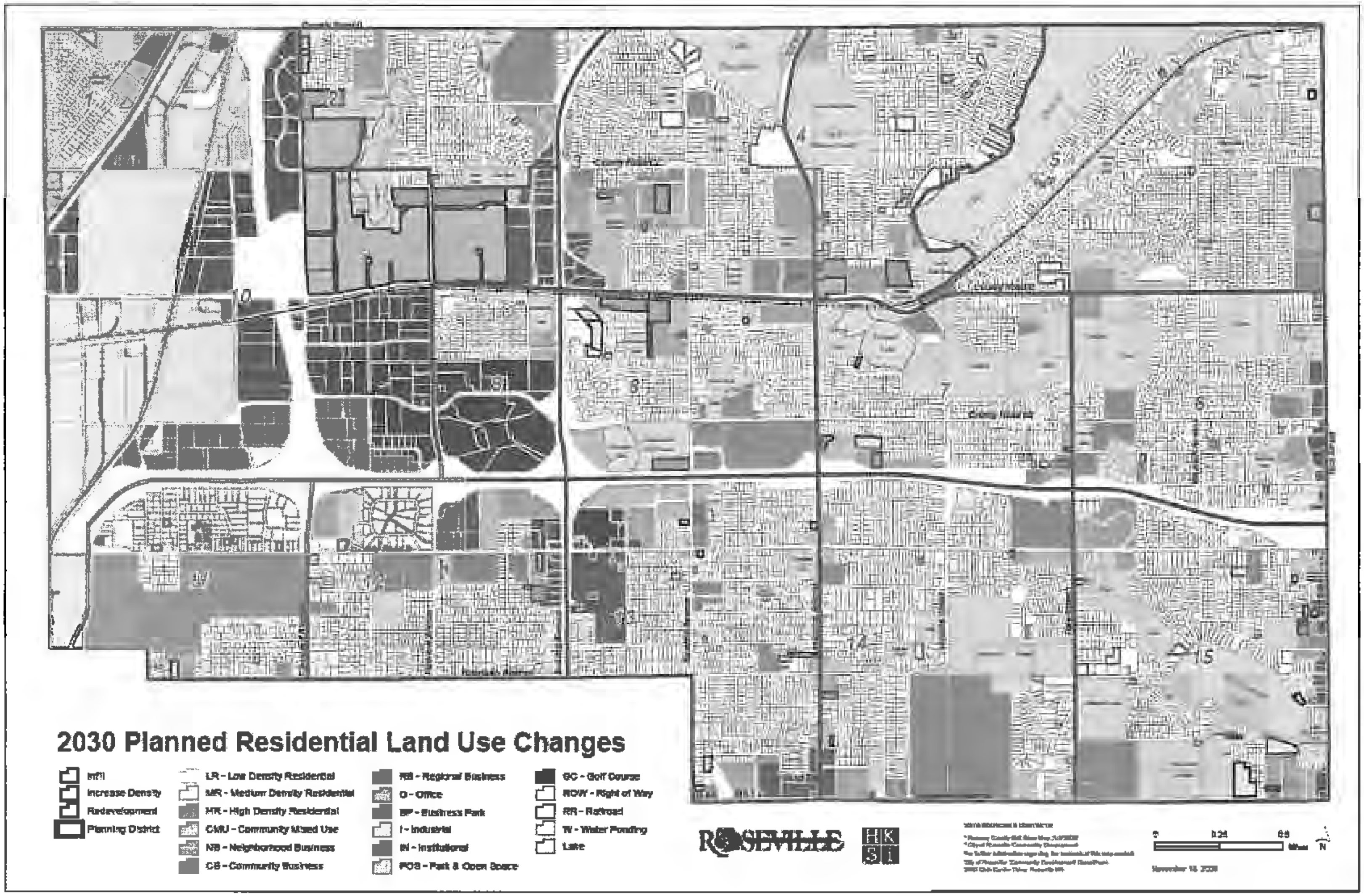
  The development of age-specific housing to accommodate this demographic shift will free-up the existing housing stock to allow new younger generations to purchase single-family housing in Roseville.

- **Land Banking.** Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing housing. The City should consider establishing a land bank to which private land may be donated and public property may be held for future affordable housing development.

- **Twin Lakes Redevelopment.** Over the past decade the City of Roseville has been planning for the redevelopment of 275-acres, of which about 170-acres remains available for redevelopment. The area is planned for a mix of real estate products, however residential uses could potentially absorb significant acreage. As a result, this area could create induced demand for additional housing products in Roseville.

Land Use Changes

As mentioned previously, new housing units in the City of Roseville will be the result infill development, increased housing densities and redevelopment. A map on the following page shows future housing development areas available in the City of Roseville according to the 2030 Comprehensive Plan.


2030 Planned Residential Land Use Changes
Infill
Increase Density
Redevelopment
Planning District
LR - Low Density Residential
MR - Medium Density Residential
HR - High Density Residential
CMU - Community Mixed Use
NB - Neighborhood Business
CB - Community Business
RB - Regional Business
O - Office
BP - Business Park
I - Industrial
IN - Institutional
POS - Park & Open Space
GC - Golf Course
ROW - Right of Way
RR - Railroad
W - Water Ponding
Lake
ROSEVILLE
HKSi

City Priorities

Based on the findings of our analysis, the following is a priority summary for the City of Roseville. Priorities are identified in sequential order, beginning with the task/product type deemed most important.

1. Develop an affordable active adult senior housing community with plans for a future second phase of market rate active adult housing.

2. Develop an affordable family rental housing community.

3. Develop market rate general occupancy rental housing positioned as an upscale rental community.

4. Increase availability of Section 8 vouchers among existing rental communities in the City.

5. Provide support for rehabilitation and replacement of existing single-family and multifamily housing. Educate homeowners and rental property owners about available loan programs.

6. Develop owner-occupied (cooperative preferred) active adult senior housing.

7. Develop general occupancy for-sale townhomes designed for entry-level buyers and older adult/senior households.

8. Reassess the need for additional service-enhanced senior housing products. Should housing need for service-enhanced housing be sustained, we recommend development of additional senior housing.