

## CHAPTER 3: HOUSING

Savage is the second largest community in Scott County, and its historic development has been predominantly residential – specifically low density residential. Since the late 1980's, the City has seen a substantial increase in both population and number of housing units, and that trend has continued through the present. Most of these new units have been single family detached, though the need for higher residential densities has become more apparent as the median cost of housing continues to increase. This chapter will provide insights into housing affordability and the general characteristics of the people who live in Savage's housing. This chapter will also outline goals and policies to meet the community's housing vision for the future. This vision includes continuing to provide single family development that has historically defined the community, providing a variety of housing options that will support senior citizens and those who need affordable housing, all while maintaining the character of Savage as a stable and attractive community to live in.

### SAVAGE VISION STATEMENT

The City of Savage has developed a Housing Plan that is intended to establish standards, goals, and policies for housing needs within the City. This plan also identifies strategies necessary to promote and encourage the development of low and moderate income housing as outlined by the Metropolitan Council.

The Housing Plan will assist the City in integrating housing as part of the Comprehensive Plan process as a means to achieving short and long term goals. The plan is intended to maximize the City's efforts to respond to and create opportunities for the development of affordable and life cycle housing, to promote compact, efficient and well-integrated development, and to maintain the City's neighborhoods and housing stock.

### HOUSING GOALS AND POLICIES

In order fulfil its vision, the City of Savage has adopted the following housing goals:

**Goal 1: The City of Savage supports a balanced housing supply, with housing available for people at all income levels, all racial and ethnic groups, people with disabilities, and people at all stages in the life cycle.**

1. The City will offer a variety of locations, to ensure affordable housing is not concentrated in any one neighborhood or section of the City.
2. A similar percentage of housing units in each neighborhood within the City should be made of housing for lower-income households.
3. The City recognizes that within the lower-income range there are those with very low incomes who will need deep rental subsidies, as well as lower-income households that may be able to afford home ownership.
4. Housing discrimination will not be tolerated, and efforts will be made to inform people of all racial/ethnic minority and socioeconomic groups of housing opportunities in the community.
5. People with disabilities need both rental and home ownership opportunities in all housing sizes and price ranges. Housing for these population groups should be in locations convenient to transportation and other services in the community.

**Goal 2: The City of Savage supports a unified community of neighborhoods, each offering a variety of housing choices and interconnecting with a full-range of services and facilities in the community.**

1. Narrower street widths are to be utilized in select areas in response to environmental constraints or as a means to further traffic calming. Sidewalks/trails are to be provided appropriately and not necessarily on every street.
2. The reduction of minimum lot widths and the construction of front porches are encouraged, along with the construction of alleys as needed. This approach is particularly appropriate for the Hamilton District and other select areas of the City.
3. Interconnections of nearly all residential streets are also recommended wherever possible, along with connections between single and multi-family residential areas.
4. Neighborhood shopping and service centers, as well as “clean” office and industrial areas, should be located throughout the community for easy residential access.

5. Each neighborhood should have a community gathering spot, such as a park or open space area, community center, or space in a commercial area.

**Goal 3: The City of Savage supports a community of well-maintained housing neighborhoods.**

1. To help ensure the continued good condition of the Savage housing stock, the City should consider adoption of a housing and property maintenance code.
2. Scheduled inspections could be based on the age of the housing (for example, each unit could be inspected at 30 years of age), or inspections could be scheduled for specific areas of the city, with a different area being inspected each year.
3. A housing rehabilitation loan or grant program using state, federal, or local funds, may be needed to improve the housing.

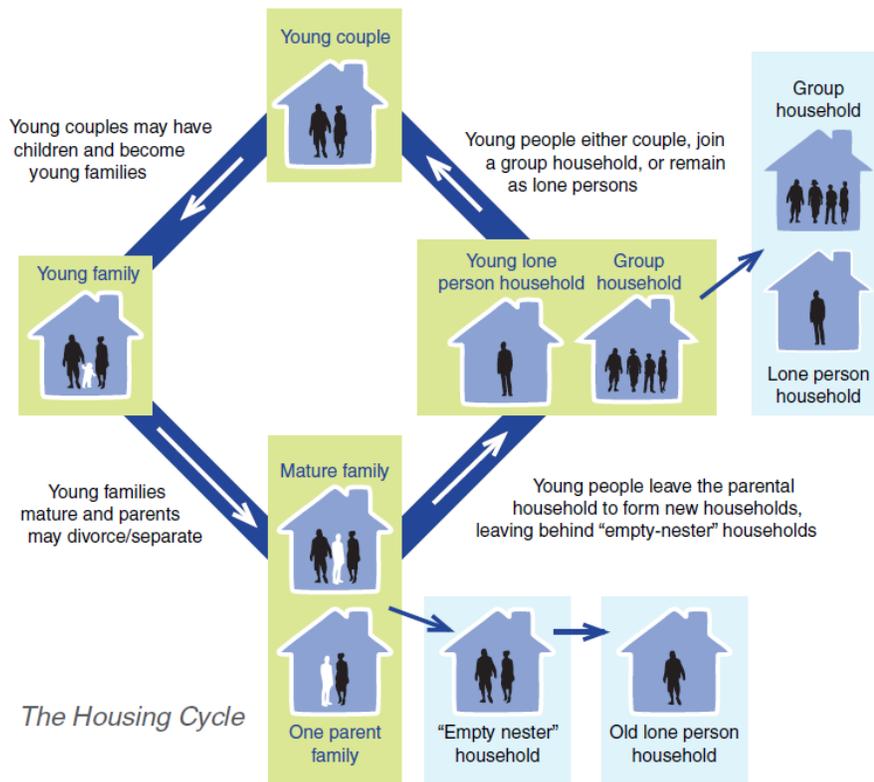
**Goal 4: The City of Savage supports housing development that respects the natural environment while striving to accommodate the need for a variety of housing types and costs.**

1. Planned Unit Development ordinances should be in effect in all environmentally sensitive areas.
2. Housing should be clustered in the buildable portions of sites, leaving environmentally sensitive areas as common open space.

## BACKGROUND

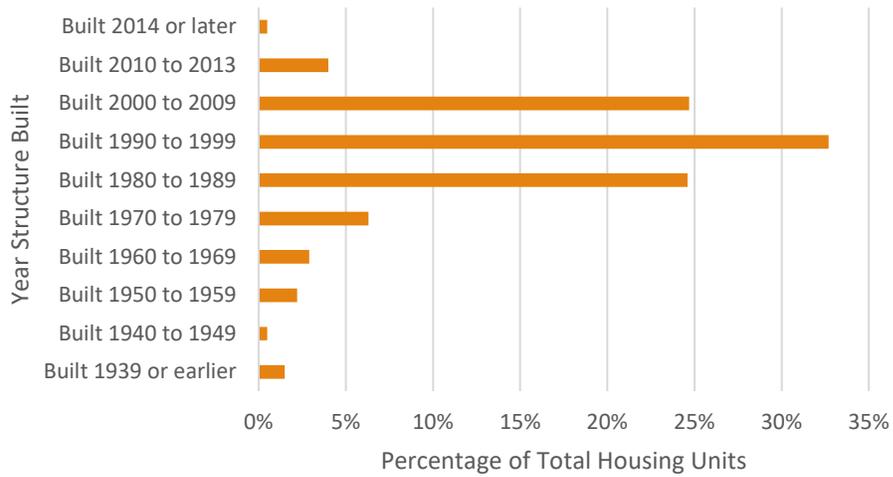
Savage experienced a significant housing boom between 1980 and 2009, with 82.7% of all housing units being constructed during this period (FIGURE 3-2). This rapid development of housing over a relatively short time period has resulted in housing stock and neighborhoods that are reaching the age when they will concurrently require significant investment.

FIGURE 3-1: THE HOUSING CYCLE



WSB & ASSOCIATES

FIGURE 3-2: AGE OF HOUSING UNITS



Source: ACS 2012-2016 Estimates

According to U.S. Census data, approximately 85 percent of the city’s housing stock is owner-occupied and 15 percent is renter-occupied (FIGURE 3-3). The share of renter-occupied units has remained constant over time. While the number of rental units has increased, the share of rental units has been stable.

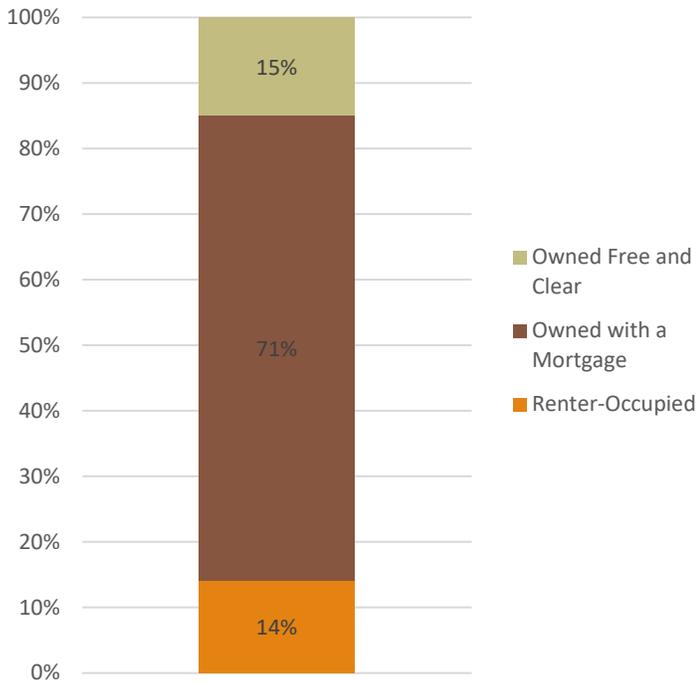
FIGURE 3-3: TENURE OF HOUSING UNITS



Source: ACS 2012-2016 Estimates

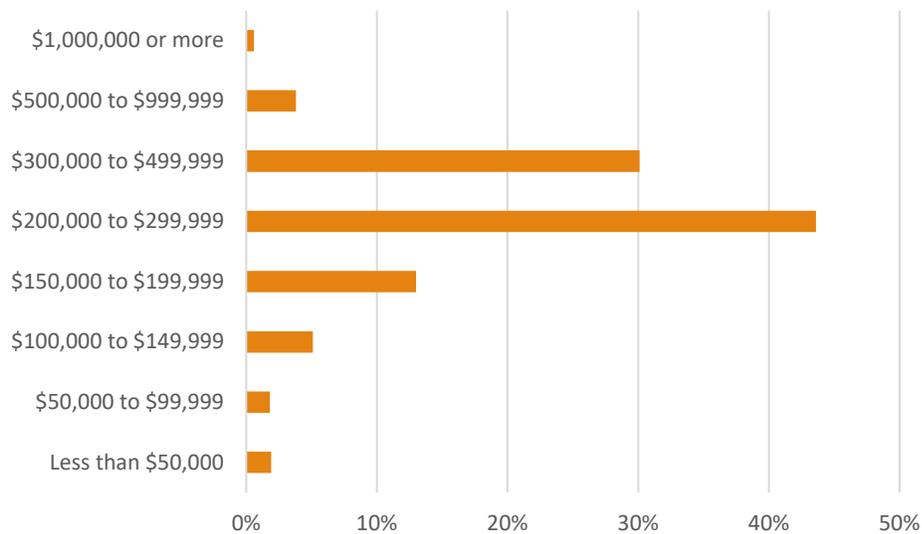
Of the occupied housing units, 15 percent are owned free and clear, without a mortgage. High levels of home ownership are illustrative of Savage’s residents staying in place for long periods of time. This desire to buy a home and stay in Savage highlights the need to ensure housing works for residents of all ages and abilities, over all periods of their lives.

FIGURE 3-4: HOUSEHOLDS BY OWNERSHIP STATUS



Source: ACS 2012-2016 Estimates

FIGURE 3-5: VALUE OF HOUSING UNITS



Source: ACS 2012-2016 Estimates

As shown in FIGURE 3-5, over 75 percent of Savage’s housing units are valued at over \$200,000, with the largest share (44 percent) falling in the value category between \$200,000 and \$299,999. Approximately 9 percent of the housing stock is valued below \$150,000.

### EXISTING HOUSING NEEDS

The Metropolitan Council looks at housing affordability through a lens of area median income, or AMI. For a family of four, regional AMI in the Twin Cities is \$85,800. Households that qualify for affordable housing have an income at or below 80% of the regional AMI. Median household income in Savage is \$94,620, which is 110% of the AMI for the Twin Cities for a household of four.

Since 1980, the average household size has decreased from 3.20 persons to 2.98 persons in 2010. This decrease is expected to continue in the future. The decrease in average household size is due to a combination of lower birth rates, an increase in single person households, and an aging baby boomer population.

FIGURE 3-6: HOUSING TENURE

Tenure	Housing units	Percent
Owner-occupied	8,565	84.73%
Renter-occupied	1,402	13.87%
Vacant	142	1.40%

Source: ACS 2012-2016

FIGURE 3-7: HOUSING UNITS BY TYPE

Housing Type	Housing units	Percent
Single-Family Detached	7,400	70.66%
Townhomes (Single-Family Attached)	1,932	18.45%
Duplex, Triplex, and Quad	204	1.95%
Multi-family	936	8.94%

Source: U.S. Census and Metropolitan Council Estimates

Changes in family size, family structure, and household size will impact future housing within the City of Savage. Changes in demographics, as well as smaller household sizes, will require that the City meet the demands of this change, while also tending to the affordability of the housing stock.

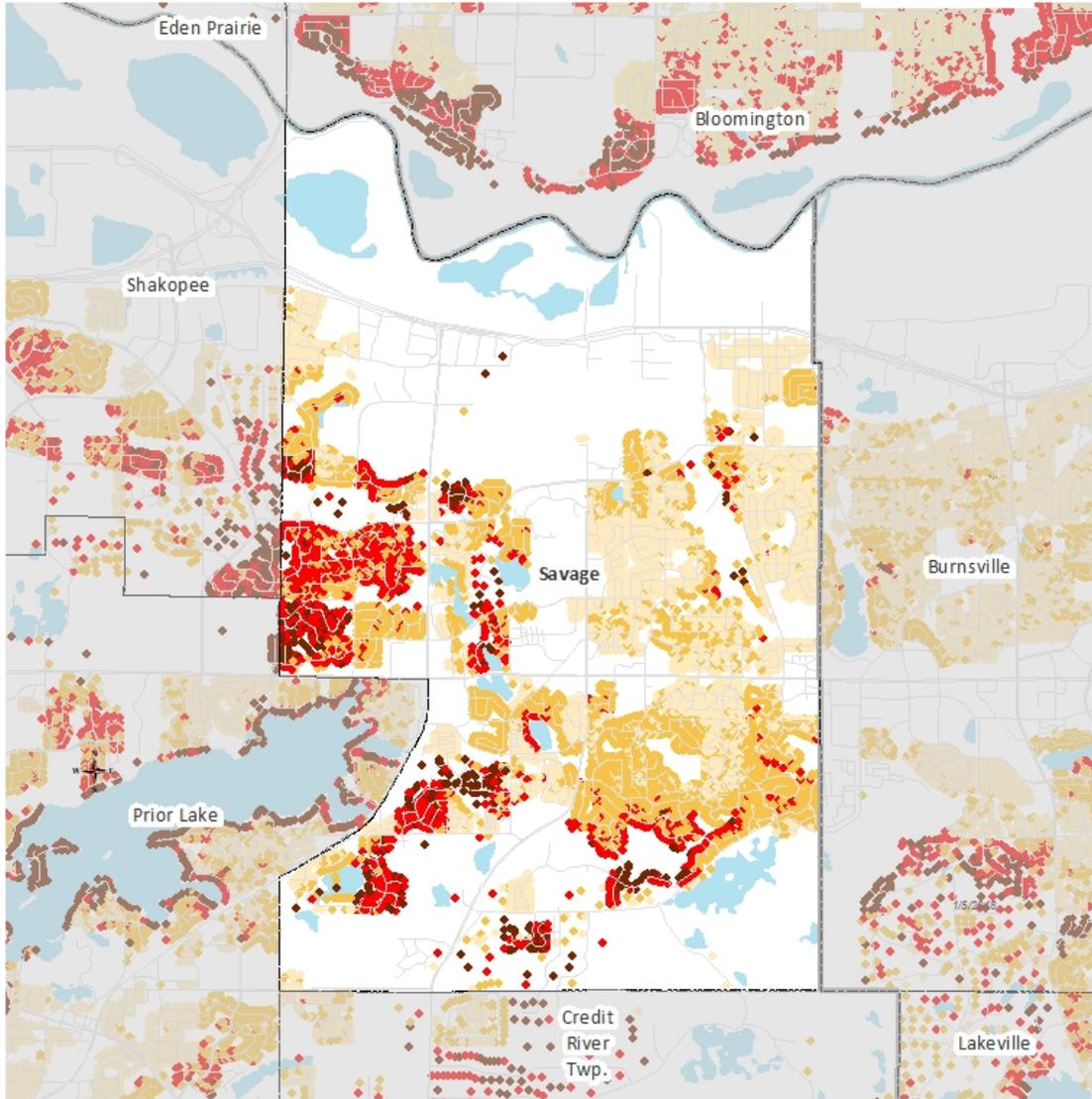
Currently, FIGURE 3-6 shows that most of Savage’s housing units are owner-occupied, single-family detached units. Future demographic changes will increase the demand for alternative units. As residents age, demand for single-family detached units may go down, while demand for smaller rental units may increase.

FIGURE 3-8 below shows estimated market value of owner-occupied housing units in Savage. The Metropolitan Council considers housing units valued below \$238,500 to be affordable to residents making 80% of AMI or below.

FIGURE 3-8: OWNER-OCCUPIED HOUSING BY ESTIMATED MARKET VALUE

**Owner-Occupied Housing by Estimated Market Value**

**Savage**

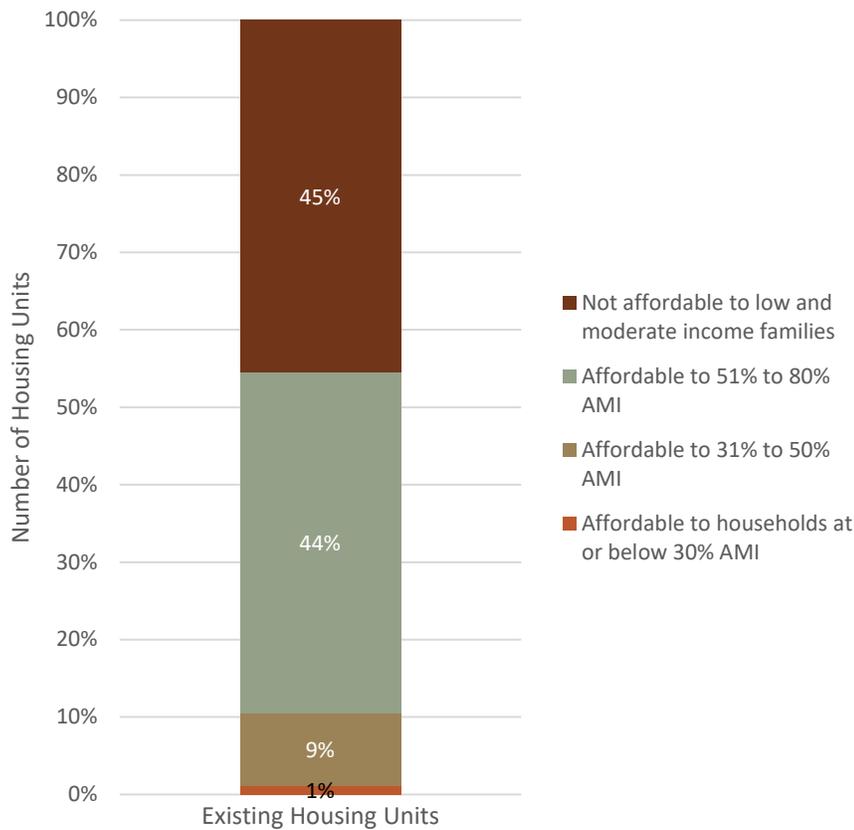


<ul style="list-style-type: none"> <li> County Boundaries</li> <li> City and Township Boundaries</li> <li> Streets</li> <li> Lakes and Rivers</li> </ul>	<p><b>Owner-Occupied Housing Estimated Market Value, 2016</b></p> <ul style="list-style-type: none"> <li> \$243,500 or Less</li> <li> \$243,501 to \$350,000</li> <li> \$350,001 to \$450,000</li> <li> Over \$450,000</li> </ul>	<p>1 in = 0.89 miles </p> <p>Source: MetroGIS Regional Parcel Dataset, 2016 estimated market values for taxes payable in 2017.</p> <p>Note: Estimated Market Value includes only homes/teled units with a building on the parcel.</p>
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Source: Metropolitan Council

About 20 percent of Savage households are making less than 50% of AMI, a percentage which is not quite mirrored in the city’s housing stock. Only 10 percent of Savage’s housing units are affordable to households making 50% of AMI or less. That said, of Savage’s 10,330 housing units, about 50 percent are affordable to low or moderate-income households that are at or below 80% of AMI, as shown in **FIGURE 3-9**.

**FIGURE 3-9: AFFORDABILITY OF HOUSING UNITS**  
 AREA MEDIAN INCOME = \$94,620



Source: Metropolitan Council Existing Housing Assessment (2015)

Publicly subsidized units often comprise the most deeply affordable units in a community. There are 182 publicly subsidized housing units in Savage, though none of them are specifically subsidized for seniors or people with disabilities.

While the price of housing units relative to area median income is one measure of housing affordability in a community, another way to examine the impact of housing costs is by looking at **cost-burdened households**. Households are “cost-burdened” if their housing costs are at or over 30 percent of their income. This is an indicator of households that are spending a disproportionate share of their income on housing. The implications of a housing cost burden are most severe for households in the lowest income tier.

FIGURE 3-10 illustrates the share of low-to-moderate income households that are cost-burdened in Savage, by AMI income level. Approximately 15% of Savage’s total households are cost-burdened, and 23% of the cost-burdened households are those whose incomes are in the lowest income tier.

FIGURE 3-10: COST BURDENED HOUSEHOLDS

	Number	Percent
Income at or below 30% AMI	373	3.6%
Income 31% to 50% AMI	394	3.8%
Income 51% to 80% AMI	830	8.0%
Total Cost Burdened Households	1,597	15.5%
Total Households (2015 METC Estimate)	10,330	100%

Source: Local Planning Handbook – Existing Housing Assessment

In comparing the number of cost burdened households with the number of housing units that are considered affordable, it appears that there is sufficient housing available at the 51% to 80% levels to accommodate those at the same income level - in fact, there is an excess. At this level, there are 830 households and 4,542 housing units. The same can be said of the number of cost burdened households at the 31% to 50% AMI levels, where there are 394 households and 978 housing units. The area of greatest disparity is for those who make 30% or less of the area median income, where there are currently only 112 housing units available in the community for the 373 households that fall into this category.

This assessment of the physical and cost characteristics of the housing stock in Savage, combined with the demographic analysis of the community, points to certain features of the housing landscape that are especially notable and worthy of special focus.

- **Homes in Savage, compared to other Scott County communities, are more expensive to homebuyers and renters alike.** Both Savage’s median home value and the median gross rent are higher than the average for Scott County. This likely makes the community less attractive to young families, younger or lower-income homebuyers, and populations looking to have the amenities and proximity of a suburban community at a lower cost.
- **Fifteen percent of Savage’s households are cost-burdened.** Despite more affordable housing costs in the city, a significant portion of the city’s residents pay more than one-third of their income toward housing. The lowest-income households feel this cost burden the hardest. Maintaining a range of housing options to meet the needs of residents at all income levels is one of the city’s goals for this plan.
- **The housing stock in Savage is new.** Over 80 percent of Savage’s housing units were built between 1980 and 2009. These newer units are a significant asset in attracting newcomers to the city. Savage must remain attuned to what modern households are looking for in housing, and maintain their existing housing stock as it ages.

## PLANNING FOR AFFORDABLE HOUSING

In 2014 the Metropolitan Council adopted its Thrive MSP 2040 Housing Policy Plan, which outlines the affordable housing need allocation in the Twin Cities area from the years 2014-2040. This report presents an updated forecast of the affordable housing needs in the Metropolitan Area during the time period of 2014 – 2040, and describes the process used in determining each community’s share of the regional need. The City of Savage adopted 15-year housing goals as part of its commitment to the Livable Communities Act in the late 1990’s and continues to pursue them in cooperation with the Metropolitan Council and other governmental agencies.

### **Affordability Defined**

Using federal Department of Housing and Urban Development criteria, the Metropolitan Council defines affordability for housing units for purchase or to rent. According to the Metropolitan Council, a home is considered affordable for purchase by a household earning 80 percent of area median income if the house was priced at \$236,000 or below. A rental unit was considered affordable for a household earning 50 percent of the area median income if the cost of a

two-bedroom apartment, including tenant paid utilities, was \$1,017 or less per month.

The City of Savage is committed to providing affordable housing options to meet the demands related to the change in demographics and household size. A component of this is providing affordable senior housing. Currently, there are no subsidized senior housing rental units located within the City, however the City will work with the Scott County CDA to assist with the provision of such units.

Savage, along with every community in the metro area, is responsible for retaining an adequate regional share of affordable housing. The Housing Element of Metropolitan Council's Thrive 2040 plan has determined the affordable housing requirement for every community by affordability level, as determined by a household's relationship to the Area Median Income (AMI).

The Metropolitan Council requires cities develop a housing element in the comprehensive plan. As part of that element, the City must:

1. Acknowledge its share of the region's need for affordable housing at three levels of affordability: <30% AMI, 31-50% AMI, and 51-80% AMI.
2. Guide residential land at densities sufficient to create opportunities for affordable housing using one of the following options:
  - a. Option 1: Guide sufficient land at minimum residential densities of 8 units/acre to support your community's total allocation of affordable housing need for 2021 – 2030.
  - b. Option 2: Guide sufficient land at minimum residential densities of:
    - i. 12 units/acre to address your community's allocation of affordable housing need at <50% AMI. This combines your community's allocation at <30% AMI and 31-50% AMI.
    - ii. 6 units/acre to address your community's allocation.

Given Savage’s past multi-family development densities, the densities and housing developments allocated in Option 1 would most adequately address the City’s housing affordability needs.

The table below illustrated the number of housing units the Metropolitan Council’s minimum density requirements would produce in the 2021-2030 timeframe, and how many units foreseen average densities will produce. Refer to the table below for further details.

Savage’s affordable housing requirement is shown in [FIGURE 3-11](#).

**FIGURE 3-11: AFFORDABLE HOUSING NEED ALLOCATION, 2021-2030**

Number of Units	
At or Below 30% AMI	291
From 31 to 50% AMI	190
From 51 to 80% AMI	2
<b>Total Units</b>	<b>483</b>
<i>AMI = Area Median Income</i>	

Housing calculations in [FIGURE 3-12](#) indicate that Savage has guided sufficient high density land at a minimum of 8 units per acre to produce 1,050 units of housing at affordable densities, which exceeds the Metropolitan Council’s affordable housing allocation of 483 units. The density gap between 12 and 14 DU/acre reflects the fact that observed development patterns in Savage will typically fall between 6-12 DU/acre and 14-20 DU/acre based on the type of product being built.

FIGURE 3-12: LAND USE GUIDANCE

	Land Use Type	TOTAL Dev. Acres	Acres 2019-2020	Acres 2020-2030	Acres 2031-2040	Density Range			Yield %	Minimum 2019-2020	Minimum 2021-2030	Minimum 2031-2040	TOTAL Minimum Units
						Min	Mid	Max					
2040 Future Land Use	Low Density Res	174.33	89.52	84.48	0.33	2	4	6	100%	179	169	1	170
	Medium Density Res	261.88	0	195.89	65.98	7	9.5	12	100%	0	1371	462	1833
	High Density Res	52.14	0	52.14	0.00	14	17	20	100%	0	730	0	730
	Mixed Use	61.76	10.71	40.00	11.05	16	20	24	50%	171	320	88	494
<b>Guided Total</b>		<b>519.23</b>								<b>0</b>	<b>2590</b>	<b>551</b>	<b>3227</b>
Community Designation Density		<b>6.21</b>											
Total expected housing units		4,689											
Units considered affordable (≥12 du/ac in 2021-2030 decade)		1050											

**Affordable housing implementation toolbox**

Simply guiding land at higher densities is not a guarantee that affordable housing will be produced. To increase the likelihood of affordable housing development, Savage has identified implementation tools that it is willing and able to use to advance its housing goals. The following section explains each of the affordability tools in greater detail

FIGURE 3-12

		Affordable Housing Goals			
		Support a balanced housing supply, with housing available for people at all income levels, all racial and ethnic groups, people with disabilities, and people at all stages in the life cycle.	Support a unified community of neighborhoods, each offering a variety of housing choices and interconnecting with a full-range of services and facilities in the community.	Support a community of well-maintained housing neighborhoods.	Support housing development that respects the natural environment while striving to accommodate the need for a variety of housing types and costs.
Local/Regional/Federal Programs and Support	MHFA Consolidated RFP	✓	✓		
	CDBG Grants	✓	✓	✓	
	Homebuyer Assistance Programs			✓	
	Repair & Rehab Support			✓	
	Foreclosure Prevention	✓		✓	
	Rental Assistance	✓			
	LIHTC Properties	✓		✓	
	Livable Communities Grant (Met Council)	✓	✓	✓	✓
	Supportive Referrals	✓			
	Site Assembly	✓		✓	✓
	Public Housing & Project-Based Assistance	✓			
Fiscal Devices	Development Authorities	✓			
	Tax Increment Financing	✓			✓
	Tax Abatement	✓		✓	
Official Controls	Zoning & Subdivision Policies that allow High Density	✓	✓		✓

### **Affordability tools**

Numerous programs are available to help the City meet its housing goals and policies. The City will continue to build a strong partnership with the Scott County Community Development Agency (CDA) to refer residents to these programs, as well as to use them to generate redevelopment that fulfills the City's housing needs. The Scott County CDA helps Scott County communities thrive by supporting housing stability and opportunity and by facilitating investment and economic growth.

The City is also committed to supporting the levies, incentives, and grant programs described below to preserve existing affordable housing and create new units when opportunities arise.

**MHFA Consolidated Request for Proposals:** The Minnesota Housing Finance Agency provides an annual request for proposals (RFP) that housing developers can apply for to secure funding to offset the development costs of constructing affordable housing. The City can work directly with developers to apply for funding for projects that benefit the community and provide for affordable housing at the 80% AMI level or below. The City has used this tool in the past and will continue to take advantage of it in the future.

**Community Development Block Grants (CDBG):** CDBG funds can be used to meet a variety of community development needs including investments in public infrastructure, single family or multi-family housing rehabilitation, homelessness assistance, business loans, or capital improvements for publicly owned buildings. The activities must benefit households with incomes at 80% AMI or below. While this is a tool that is not currently available in Scott County or the City of Savage, it may be considered in the future if eligibility requirements are met. CDBG is a useful tool to preserve both rental and ownership units affordable at 80% AMI and below.

**Homebuyer Assistance Programs:** The Scott County CDA offers educational workshops for prospective homeowners. It also provides one on one professional homebuyer counseling by appointment. Services address a variety of homebuying topics from budgeting and credit scores to home maintenance and mortgages to create savvy, smart homeowners in the process. Homebuyer assistance programs help educate buyers and preserve ownership units that are affordable at 80% AMI and below.

**Repair and Rehabilitation Support:** Deferred no interest loans up to \$50,000 are available from MHFA to households with incomes at or below \$99,500. Loans can finance projects that make homes safer and more livable including energy efficiency, accessibility, exterior painting, siding, windows, electrical, plumbing, or lead stabilization projects. Repair and rehabilitation support helps preserve existing housing stock of ownership units that are affordable at 80% AMI and below.

**Foreclosure Prevention:** The Scott County CDA provides post-purchase counseling to homeowners looking at options to refinance their mortgage as well as homeowners struggling with their mortgage payments. The CDA counseling team has established a track record of successful outcomes in nearly 70% of resolved foreclosure prevention counseling cases. The CDA is a HUD-approved housing counseling agency that works with homeowners to discuss options and create a plan over the phone or through in person sessions. Foreclosure prevention is a useful tool for creating stability and preserving ownership units affordable at 80% AMI and below.

**Rental Assistance:** The Scott County CDA oversees and administers the Section 8 housing voucher program, which provides rental assistance to qualifying renters to offset the cost of rental housing. The vouchers are portable within the County, though of limited quantity. Rental assistance provides for and preserves rental units affordable at the 80% AMI level and below.

**Low Income Housing Tax Credits (LIHTC):** The City supports projects that utilize federal housing tax credits to provide affordable housing at the 60% AMI level and below. The City has participated in this program, specifically for the Village Commons and Louisiana Lofts development projects.

**Livable Communities Grants:** Savage is a participating community in the Metropolitan Council's Livable Community Act (LCA) programs. These grants help to fund innovative development projects that provide unique amenities and serve populations with a diverse range of income levels. Savage is willing and able to apply for livable communities grants on behalf of developers who provide a level of affordable housing and the guaranteed length of affordability that generates a public benefit greater than the resources required to apply for and administer the livable community grants. LCA grants are a useful tool for the development of both rental and ownership units that are affordable at the

80% AMI level and below. The City used this tool most recently to assist the development of the Village Commons project.

**Supportive Referrals:** Savage staff will continue to work with Scott County CDA Staff who can serve as a resource for interested parties to learn about the wide variety of available affordable housing programs from the CDA as well as other agencies like MN Housing and the Metropolitan Council. This resource is available to those that have incomes at or below 80% AMI.

**Site Assembly:** The City has worked with the Scott County CDA to assemble land for projects supports policies that encourage land banking, reserving publicly owned properties, and existing brownfield cleanup/redevelopment as techniques to assemble land for projects that will provide affordable housing. This would target projects that provide affordable housing at the 80% AMI level or lower.

**Public Housing and Project Based Assistance:** The City supports federally funded public housing programs that provide affordable housing to those with incomes at or below the 80% AMI level.

### Fiscal Devices

Fiscal devices, such as revenue bonds, tax increment financing, or tax abatement can be used to help ease the construction and availability of affordable housing.

**Development Authorities:** The City of Savage EDA supports policies and incentives that promote affordable housing in the community as a broader economic development strategy. These policies would target projects that provide affordable housing at the 80% AMI level or below.

**Tax Increment Financing:** The CDA is authorized to establish site specific TIF districts throughout the county for housing, redevelopment, economic development, infrastructure and other public community improvements. The tax increment is used to increase and diversify property tax base, eliminate blight, support employment, and promote housing diversity through affordable housing. The City will prioritize TIF projects that include affordable housing for non-senior populations on redevelopment sites that have been identified on the city's future land use plan. This resource would provide incentives for

affordable housing at the 80% AMI level or below. The City utilized this tool as part of the development of the Savage Senior Living at Fen Pointe project.

**Tax Abatement:** Cities may issue bonds to support affordable housing, using a portion of the property tax received (tax abatement) from the development to finance these bonds. This removes the property from paying taxes for the services needed for the property, its residents, and the community in general. This can be used to provide for affordable housing at the 80% AMI level or below.

### Official Controls

Official controls and land use regulation can be used to assist in the construction of affordable housing units. Controls and regulations can also be used to simplify the process of expanding local housing options also.

**Zoning and Subdivision Policies:** There are a number of zoning and subdivision policy considerations that could increase affordable housing development in Savage.

- The City has the ability to adjust its zoning and subdivision regulations through a planned unit development (PUD). Zoning and subdivision regulation are created in part to mitigate the impacts that a development may have on adjoining properties. When considering a PUD for affordable housing, the City should determine when the level of affordable housing and the guaranteed length of affordability provide a public benefit great enough to justify the potential impacts that would result from a deviation in the zoning or subdivision regulations.
- The City may consider the options available for providing accessory dwelling units.

### Summary

Savage's strong residential character and suburban location continue to drive housing development in the community. As the regional need for affordable housing grows, it is important that the City maintain its support of policies and programs that allow and promote housing options for the full spectrum of income levels within the community, while maintaining the character that makes it a desirable place to live.