



# 8. HOUSING

## OVERVIEW

The following chapter addresses housing-related topics in the Penn Avenue corridor. This chapter discusses characteristics of the existing housing stock and housing market, as well as future housing development opportunities. The chapter is divided into two parts:

- Inventory of Housing Development (including home values, vacancy, tenure, sales activity, and foreclosures)
- Residential Development Opportunities and Challenges



### COMMUNITY INPUT: HOUSING

Residents expressed concerns about “problem” properties -- those that are vacant or not properly cared for. Some attributed these issues to too much low-income or subsidized housing, too many renters, and renters who cannot take proper care of their homes or property; bad landlords were also mentioned. There were numerous comments about too many vacant lots or vacant/abandoned houses, and the need for vacant homes need to be made presentable and appealing to potential buyers. Some worried about negative stereotypes about the area and expressed a desire for residents to better maintain their properties to make the neighborhood more attractive to current and prospective residents. Others suggested awarding grants or providing “community funds” to improve homes in the neighborhood.

Several people noted that home costs and rents are too high or higher than surrounding areas, and the need for affordable housing was specifically mentioned.

Some of the immigrant families stressed that there weren't enough big houses or affordable houses for big families. They also expressed concerns about safety and security outside of their homes, as well as vandalism to their homes. Residents across the board talked about safety and crime issues, including vandalism and harrassment, excessive, noise, thefts and break-ins, and shootings, as well as environmental design issues like poor lighting that contribute to public safety concerns.

## INVENTORY OF HOUSING DEVELOPMENT

### ESTIMATED MARKET VALUES OF PROPERTY

Most of the housing stock in the Penn Avenue corridor is single-family detached homes and low-density multi-family homes including duplexes, triplexes and four-plexes. Higher-density properties are located at some of the nodes, although high-density development in the corridor, and in North Minneapolis in general, is limited.

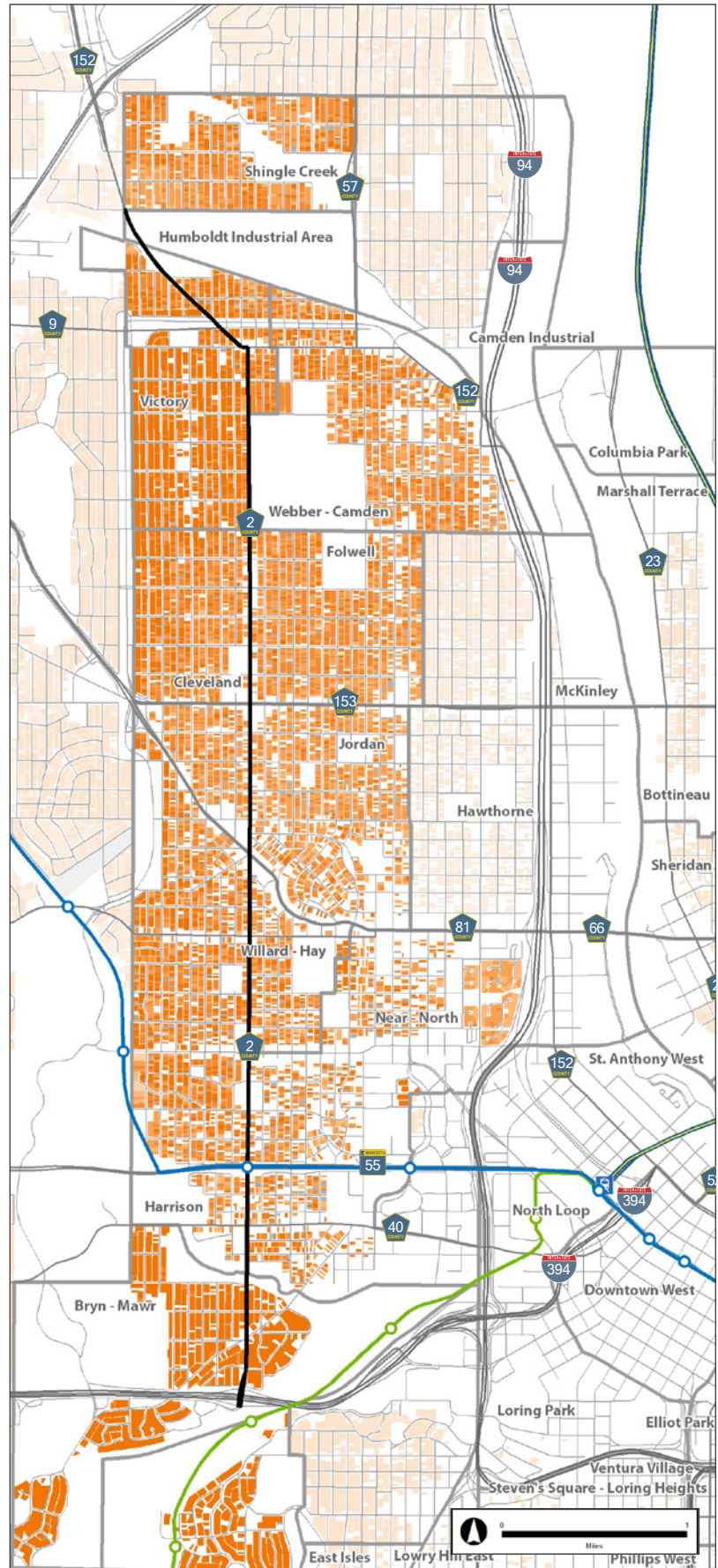
Housing values vary throughout the corridor. The housing values shown at right range from \$0.00 to more than \$50.00 per square foot as measured by the Total Value by Square Foot of the Parcel. The majority of market values range between \$10.01 and \$20.00 per square foot throughout the Penn Avenue corridor.

### SINGLE-FAMILY RESIDENTIAL MARKET VALUE

Residential Market Values for single-family homes in the Penn Avenue corridor range from \$0.00 to more than \$50.00 per square foot. Values are highest in the Bryn Mawr and Victory neighborhoods with relatively high values in the central Shingle Creek neighborhood and in southern Willard-Hay and northern Cleveland neighborhoods. Values appear to be the lowest in the Jordan and Folwell neighborhoods.

FIGURE 8-1: SINGLE FAMILY RESIDENTIAL MARKET VALUE

#### Total Value by Square Foot of Parcel



Data Source: Hennepin County Assessor's Office

## HOUSING VACANCY AND OWNERSHIP

Table 8-1 shows housing vacancy and ownership from Housing Market Index reports for North Minneapolis in 2011 and 2013. This information was initially compiled by the Folwell Center for Urban Initiatives for 2008 to 2011. The Federal Reserve Bank updated the work from the Folwell Center, but utilized a broader time period for value retention. Both groups analyzed their data at the Census block group level. Vacancies and owner-occupancy may not be directly comparable between the two analyses.

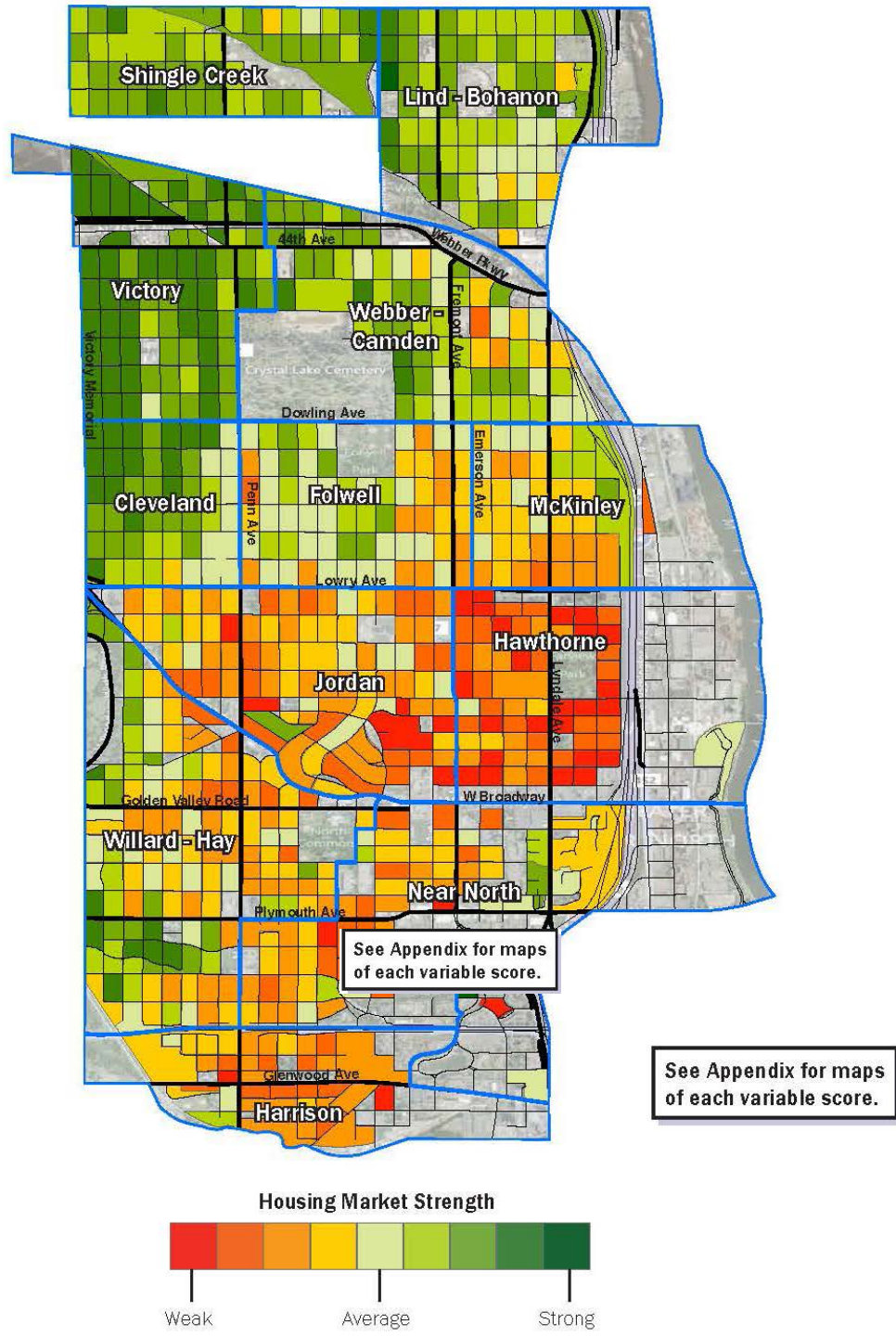
TABLE 8-1: SUMMARY OF HOUSING MARKET INDEX REPORTS FOR NORTH MINNEAPOLIS, 2011 AND 2012

Neighborhood	Value Retention		Owner Occupancy		Physical Condition		Vacancy	
	1/1/08	12/31/06						
Cleveland	-31%	-31%	73%	76%	4.0490	4.3029	7%	3%
Folwell	-38%	-39%	60%	59%	4.1840	4.5419	12%	8%
Harrison	-41%	-42%	29%	58%	4.6670	4.6642	5%	3%
Hawthorne	-48%	-47%	33%	48%	4.7800	4.7919	10%	5%
Jordan	-43%	-43%	50%	48%	4.5190	4.7602	15%	8%
Lind-Bohanon	-36%	-35%	70%	73%	4.0180	4.0787	12%	5%
McKinley	-38%	-38%	49%	52%	4.4240	4.6689	10%	4%
Near North	-43%	-42%	32%	58%	4.3000	4.362	8%	3%
Shingle Creek	-34%	-33%	83%	79%	4.0290	4.0885	6%	2%
Victory	-28%	-26%	84%	84%	3.9890	4.0051	4%	2%
Webber-Camden	-31%	-32%	57%	65%	4.1880	4.3362	9%	4%
Willard-Hay	-39%	-38%	57%	61%	4.3090	4.5005	9%	4%
North Minneapolis	-37%	-37%	56%	63%	4.2400	4.4279	10%	4%

Sources: Folwell Center for Urban Initiatives; Federal Reserve Bank

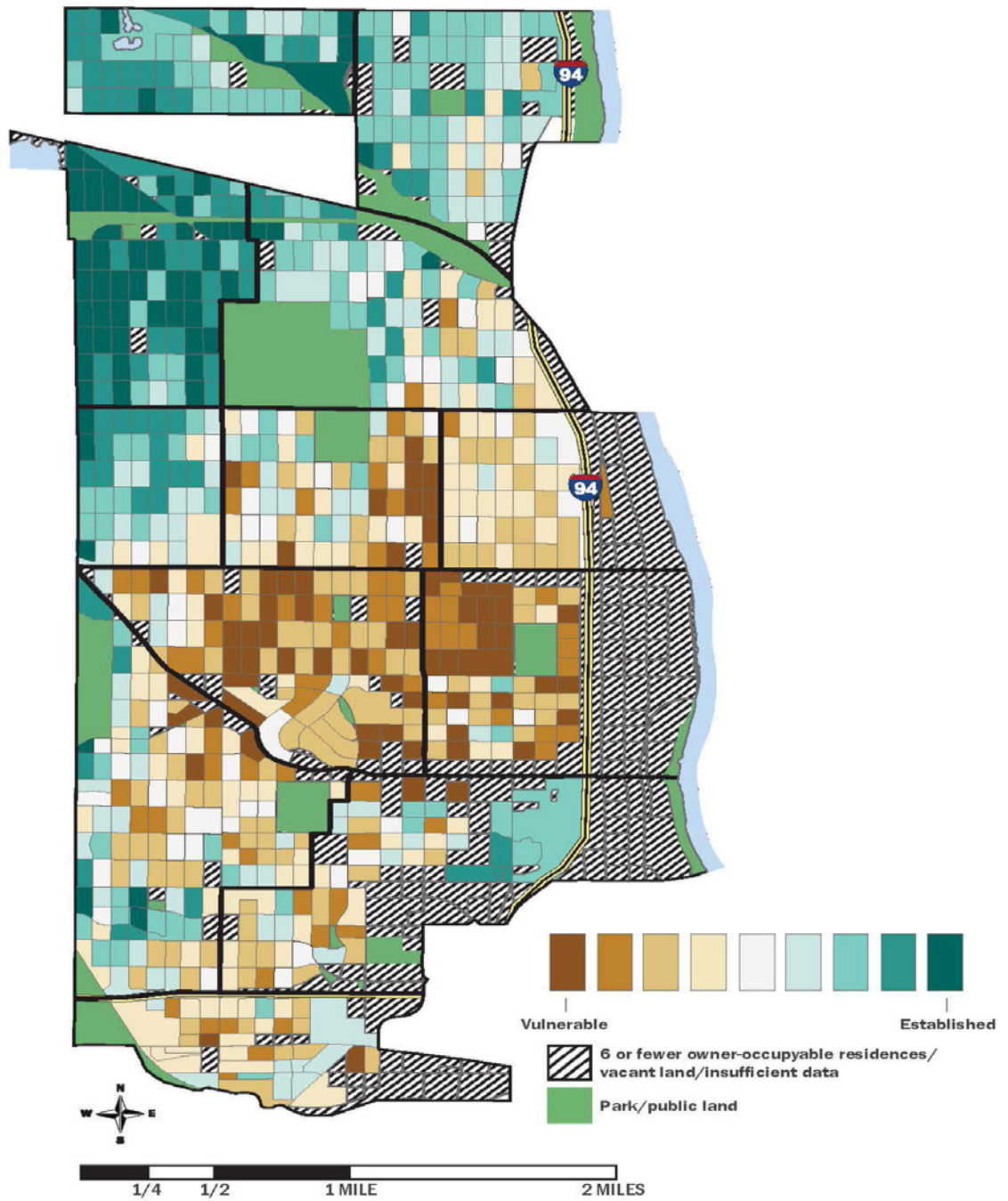
Physical condition of the housing is calculated by the City of Minneapolis on a scale from 1 to 7, with 1 being excellent and 7 being poor. Values as shown on the tables suggest that most homes in north Minneapolis neighborhoods have a condition as average or fair.

FIGURE 8-2: HOUSING MARKET INDEX (FOLWELL CENTER FOR URBAN INITIATIVES)



Folwell Center for Urban Initiatives

FIGURE 8-3: UPDATE OF HOUSING MARKET INDEX (FEDERAL RESERVE BANK OF MINNEAPOLIS)



### MARKET ACTIVITY

Table 8-2 shows a summary of housing market activity from 2011 to 2013 for North Minneapolis neighborhoods. The information was obtained from the Minneapolis Area Association of Realtors.

The table shows that housing market activity has been relatively strong over the past three years. However, at least half of the sales that occurred during this period in each of the past three years were “distressed.” This means that the property was being sold under conditions such as a short-sale or foreclosure. Foreclosures still remain relatively high in North Minneapolis despite the economic recovery. But there is a trend toward decreasing foreclosures, which is likely to yield a strengthening of housing values in the next few years.

TABLE 8-2: HOME SALES – NORTH SIDE NEIGHBORHOODS, ALL SALES/DISTRESSED SALES, 2011-2013

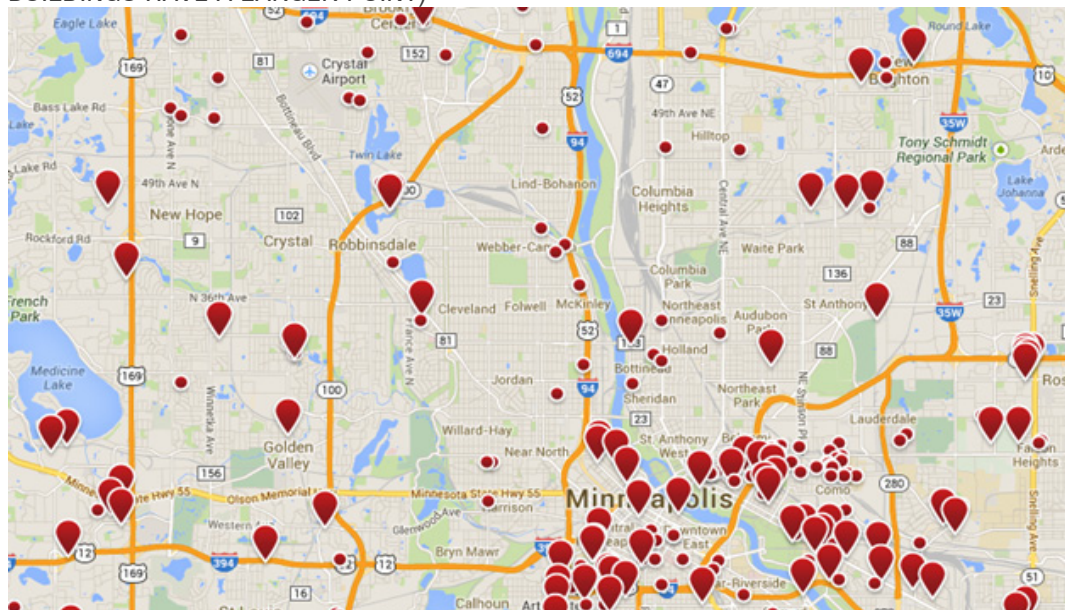
	Number of Closed Sales		
	2011	2012	2013
All Sales	951	886	963
Distressed Sales	538	431	384
Non-Distressed Sales	413	455	579

*Sources: Minneapolis Area Association of Realtors*

### LACK OF APARTMENT BUILDINGS IN NORTH MINNEAPOLIS

As previously mentioned, the housing stock in North Minneapolis consists primarily of single-family detached homes. While this housing product has generally been preferred by the market, there is less diversity of housing products in North Minneapolis than in some parts of the city and fewer high-density apartment buildings. This is shown in the map below which identifies the locations of larger apartment buildings in the area. There is a lack of larger, high-density buildings in North Minneapolis.

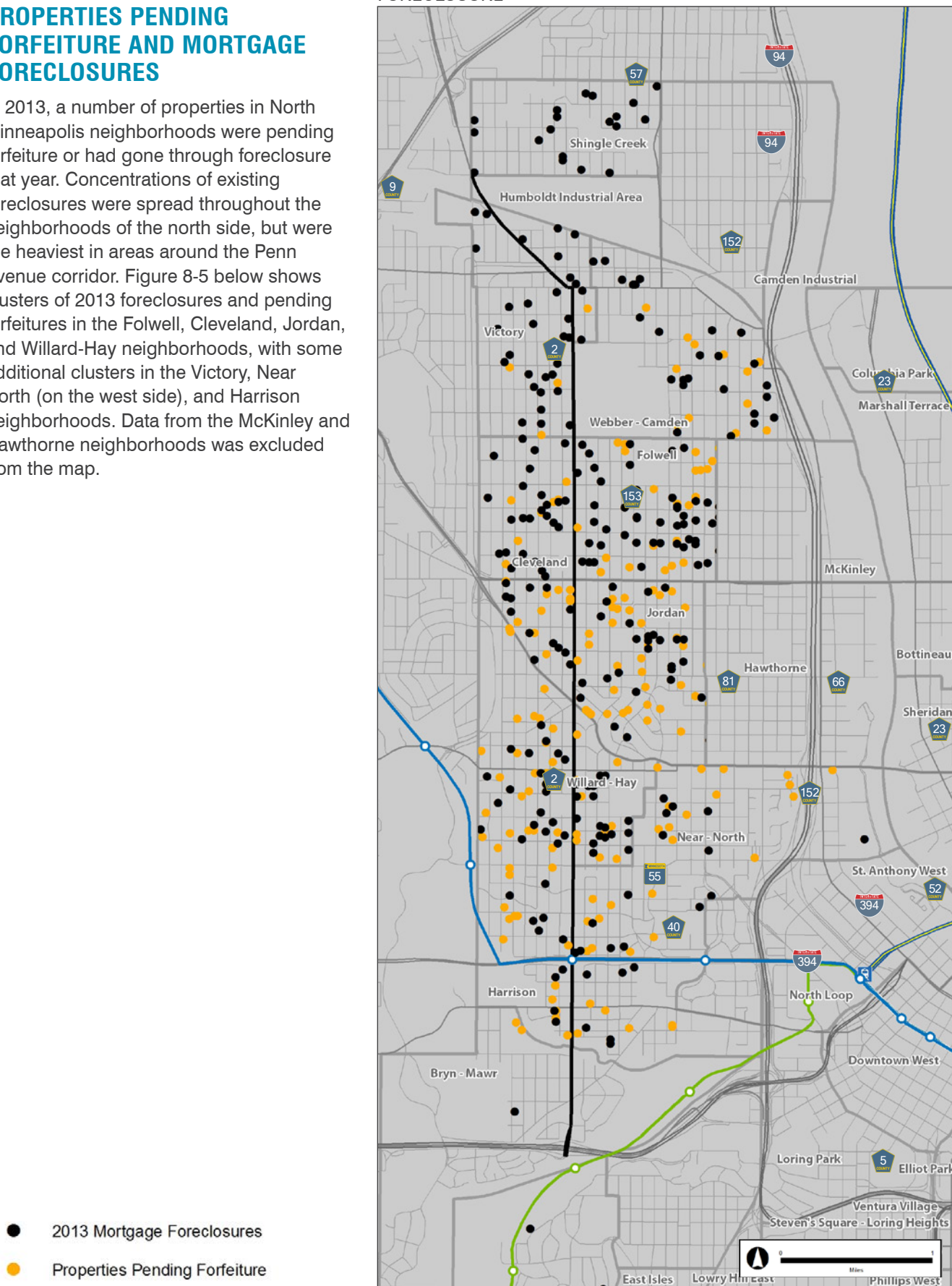
FIGURE 8-4: MAP OF APARTMENT BUILDINGS IN THE TWIN CITIES AREA (LARGER BUILDINGS HAVE A LARGER POINT)



### PROPERTIES PENDING FORFEITURE AND MORTGAGE FORECLOSURES

In 2013, a number of properties in North Minneapolis neighborhoods were pending forfeiture or had gone through foreclosure that year. Concentrations of existing foreclosures were spread throughout the neighborhoods of the north side, but were the heaviest in areas around the Penn Avenue corridor. Figure 8-5 below shows clusters of 2013 foreclosures and pending forfeitures in the Folwell, Cleveland, Jordan, and Willard-Hay neighborhoods, with some additional clusters in the Victory, Near North (on the west side), and Harrison neighborhoods. Data from the McKinley and Hawthorne neighborhoods was excluded from the map.

FIGURE 8-5: PROPERTIES PENDING FORFEITURE AND MORTGAGE FORECLOSURE



Data Source: Hennepin County Assessor's Office



## RESIDENTIAL DEVELOPMENT OPPORTUNITIES AND CHALLENGES

### OPPORTUNITIES

As mentioned in *Section 7: Property Conditions and Development*, potential opportunities exist for residential rehabilitation, infill, and increased housing density in the Penn Avenue corridor. The following discussion summarizes key residential development opportunities in the corridor.

#### **Strengthen the residential fabric of the corridor through targeted infill on small residential lots**

Sites at the nodes that are vacant and/or available for development offer immediate opportunities to consider increased residential density. Increasing densities will diversify the housing stock and in particular, the rental housing stock in the corridor and the north side. This would allow more housing choices for current and future residents and present opportunities to support a mix of incomes and a variety of housing products. We heard from several neighborhoods that residents are sensitive to the housing forms that may result from increased density. Development recommendations for each node will respect the context of the neighborhood and the understanding that “one-size does not fit all.”

#### **Consider how potential residential development options and increased density may affect existing residents**

There is concern about gentrification in many areas. Development strategies will need to be sensitive as to how new development enhances and improves the livability of the neighborhood to create a higher level of economic activity and improvements to the quality of the housing stock. Looking at the existing housing stock, there is a gap in the amount of product to accommodate smaller household sizes, a trend that is continuing across the metro area according to Census data. However, some housing gaps in smaller sub-markets remain, and there may be a need for specific housing products in certain neighborhoods.

Encouraging a full mix of housing choices for a diverse range of households is an opportunity for greater inclusiveness and life-cycle housing options. In addition, broadening product diversity will assist in supporting ongoing future investment in the corridor from the private market.

There are opportunities to acquire parcels at some of the key nodes to increase the size of redevelopment parcels and promote higher impact developments.

### CHALLENGES

#### **Broaden and balance the residential mix to increase and preserve affordable housing and identify financial gaps in the creation of new market rate housing**

Several residential developments have added needed housing to the north side including new single-family, owner-occupied apartment buildings and single-family housing on Plymouth Avenue (under construction) for artist live-work housing. All of these developments have incorporated much-needed housing options, and all have been affordable.

Although the need for affordable housing is deep and strong on the north side, some of the new housing products need to allow for income flexibility; as market values rise, pricing must rise as well. According to a local resident and real estate agent that has worked with younger buyers to purchase and improve homes through renovations and upgrades, private market investment is currently occurring in the Harrison and Near North neighborhoods. This has caused concern among some residents about raising housing values and housing choices beyond the means of those with low and moderate incomes.

It will be important to develop tools and strategies to ensure a balanced mix of household incomes and home values to support true mixed-income neighborhoods where some housing remains affordable and other housing is allowed to adjust in value based on market conditions.

A number of the sites available along the corridor are relatively small in size. The amount of commercial space that could be supported in conjunction with residential development, and the high costs associated with the development of that space may create additional funding gaps to support and sustain new commercial space in the short-term (three to five years). Acquiring additional parcels to create a critical mass or support additional private market investment may be difficult or cost-prohibitive because the owners may inflate the pricing of the property and/or relocation costs may be expensive – and infrastructure investments may add to overall costs. Future strategies will need to consider the appropriate level of financial resources that needed to support redevelopment efforts on the corridor.

**Develop an investment framework that will bring appropriate public and private funding resources together to create successful developments.**

Good initiatives are stalled or dropping out of the mix because of a lack of funding support. There is a need to connect private developers with financial tools and other public resources to mitigate high development risks and enable quality developments to move forward.