

## APPENDIX A: HOUSING ACTION PLAN

### Executive Summary

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The City of Isanti Housing Action Plan (IHAP) is designed to offer sustainable, comprehensive, long-term strategies to help guide the City of Isanti in addressing documented housing needs for a wide range of affordable and market-rate development in Isanti over the next five years. Based on recent slow-downs in regional and national development trends, and increasingly limited public subsidy and philanthropic funding opportunities, the IHAP includes conservative five year production and funding projections to support the creation of 340 for-sale homes and over 80 rental units to provide housing options for all identified housing market needs.

The IHAP is a crucial part of the City of Isanti's 2007 Comprehensive Plan, which is designed to guide the city's overall development in the future. One of the key elements of the Comprehensive Plan is to support the creation of well-planned mixed-income neighborhoods in order to provide a full range of housing choices that will attract employers, serve the housing needs of the local workforce, and foster economic development in the City of Isanti.

Given the importance of housing issues in the community, representatives from several organizations have met over the past 18 months to discuss potential housing strategies and solutions. Partners in the planning process include City of Isanti staff, citizens and elected officials, Greater Minnesota Housing Fund (GMHF), and Bonestroo.

To achieve the IHAP goals, an investment of local public and private funds, as well as major investments of state, federal and other charitable funds will be required. Local funding of \$3,500,000 from a variety of city and county resources is projected to help stimulate the development of 210 new affordable homes by 2013 including a mixture of owner occupied starter homes, affordable rental units, and affordable housing for an aging population. This commitment could leverage an estimated \$33,700,000 million in new housing development resulting in a 10:1 return on local investment, not to mention the added benefit of new tax revenue to the City of Isanti and housing for an expanded workforce for local employers.

To ensure that the City of Isanti's housing production and finance needs are met, the City Council will appoint members to serve on the Isanti Housing Task Force within two weeks of adopting the Comprehensive Plan. The task force will work closely with Greater Minnesota Housing Fund and a team of planning, legal, design and development finance consultants to assess available resources, development strategies and potential policies consistent with the Comprehensive Plan framework to enable the City of Isanti to meet the goals of the IHAP. Working with city staff, the City of Isanti Housing Task Force will also be involved in providing recommendations for revising the city's zoning and land use ordinances, and will be responsible for making relevant regulatory policy recommendations to the council within six months of comprehensive plan adoption. These critical steps are necessary to meet the housing production and finance goals identified in the IHAP. A complete overview of the goals of the IHAP is provided on the following page in the table entitled City of Isanti Identified Housing Production Goals: 2008-2013 (Table 1).

GMHF and a team of consultants will continue to provide technical assistance to the City of Isanti Housing Task Force for a period of six months following the adoption of the

comprehensive plan, to help ensure the identified housing policies, regulatory tools and funding resources are put in place to enable the city to meet its long-term production goals. GMHF's involvement in this process is contingent on the city's commitment to implement the objective of "creating balanced neighborhoods through the inclusion of diverse housing unit types, architectural styles, and affordability levels" as identified in the Isanti Comprehensive Plan (2007). The City of Isanti's ability to achieve a proactive housing agenda will depend on adoption of new strategic local policies and a willingness to commit local resources to help attract increasingly limited and competitive affordable housing dollars, as well as investments from private builders and developers.

The following table provides a summary of the total ten year estimated housing demand among a variety of housing types and price points. The five year housing goals represent a conservative estimate of housing production and should be revisited on an annual basis relative to national and local housing market conditions.

**Table 1**  
City of Isanti Identified Housing Production Goals: 2008-2013

Owner Occupied	10 Year Housing Study Demand (High)	10 Year Housing Study Demand (Low)	5-Year	5-Year Benchmark Estimated Value Per Unit ('07 Dollars)	5-Year Benchmark Total Development Value ('07 Dollars)
<i>Single-Family</i>					
Starter Homes - Below \$200,000	345	250	90	\$ 175,000	\$ 15,750,000
Move-Up Homes - \$200 - \$400,000	390	290	100	\$ 300,000	\$ 30,000,000
Executive Homes - Above \$400,000	30	20	10	\$ 450,000	\$ 4,500,000
<i>Multifamily</i>					
MF Townhomes - Below \$175,000	330	240	90	\$ 165,000	\$14,850,000
MF Townhomes - \$175 - \$250,000	180	130	50	\$ 215,000	\$10,750,000
MF Townhomes - Above \$250,000	0	0	0	\$ 275,000	\$ -
MF Condos - Below \$150,000	0	0	0	\$ 140,000	\$ -
MF Condos - \$150,000 - \$200,000	0	0	0	\$ 175,000	\$ -
<b>TOTAL For-Sale</b>	<b>1275</b>	<b>930</b>	<b>340</b>		<b>\$75,850,000</b>
<b>Renter Occupied</b>					
General Occupancy - Market Rate & Bond Financed Units	30	20	10	\$ 185,000	\$1,850,000
General Occupancy - Affordable Tax Credit Rental Units	60	40	20	\$ 155,000	\$ 3,100,000
Age Restricted - Independent Living	75	60	27	\$ 155,000	\$4,185,000
Age Restricted - Assisted Living	30	20	10	\$ 155,000	\$ 1,550,000
Age Restricted - Memory Care	15	10	5	\$ 155,000	\$ 775,000
Age Restricted - Affordable	30	20	10	\$ 155,000	\$ 1,550,000
Supportive Housing (Central Region) (3)				\$ 180,000	\$ -
<b>TOTAL Rental</b>	<b>240</b>	<b>170</b>	<b>82</b>		<b>\$ 13,010,000</b>
<b>TOTAL ALL HOUSING</b>	<b>1515</b>	<b>1100</b>	<b>422</b>		<b>\$88,860,000</b>

## City of Isanti Housing Action Plan

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### Introduction

The Isanti Housing Action Plan (IHAP) is a response to the identified need for increasing and sustaining both affordable and market-rate housing options in the City of Isanti. The IHAP describes important financing mechanisms, organizational systems and policy strategies available to the city to support the development of 340 new for-sale homes and 80 plus rental units by 2013.

The basis for these moderate five year benchmarks is the ten year housing study conducted by Bonestroo. The market research establishes limits based on current staff capacity which informs a conservative, low estimate, and also projects a total market demand, that yields a more aggressive, high estimate. The study indicates a broad range of opportunities to create between 930 to 1,275 owner-occupied homes and between 170 to 240 rental units over the next ten years. The five year housing production goals outlined in the IHAP is designed to enable the city to guide development in a sustainable, market responsive and administratively flexible manner to address the city's longer-term housing and community development needs in the context of recent slow-downs in regional and national development trends.

The IHAP reflects the consensus that the City of Isanti needs to provide housing choices for all working families and individuals now and in the future. This includes a healthy mixture of affordable and market rate ownership opportunities and renter occupied homes. The plan further identifies proven mechanisms to help ensure the greatest affordability within well planned, mixed-income, cohesive neighborhoods that will serve to enhance the City of Isanti's existing economic, cultural and natural resources.

### Goals of Isanti Housing Action Plan

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Briefly, the goals identified in the IHAP are:

- a) Production of at least 340 owner-occupied units in five years
- b) Production of at least 80 renter-occupied units in five years
- c) Creation of the City of Isanti Housing Task Force in order to:
  - i. Revise zoning and land use ordinances to be consistent with the framework established by the Comprehensive Plan.
  - ii. Recommend model regulatory policies to the City Council to foster the development of well planned, mixed-income, interconnected neighborhoods that ensure the availability and efficiency of services and the preservation of valuable ecological systems.
  - iii. Assess residential development strategies that protect, preserve and conserve natural and cultural resources by providing connections to existing and new residential neighborhoods, community facilities, schools, parks, open spaces, trails, and recreational opportunities that support active living.

- iv. Analyze residential performance and design standards to maximize value and ensure the creation of high-quality neighborhoods that meet the diverse needs of existing and future city residents.
- v. Create a productive and coordinated public-private partnerships to address identified community housing issues and funding needs.
- vi. Make policy recommendations to the Isanti City Council for achieving a model Building Better Neighborhoods or Minnesota Green Communities project.

### KEY ROLES

In order to reach these goals, full participation of the following entities is necessary.

#### a) City and County Involvement

- i. Lead process to update zoning ordinances and base map to ensure consistency with housing goals and land use strategies adopted in City of Isanti Comprehensive Plan.
- ii. Work closely with the Housing Task Force and other partners to identify strategies, funding resources, and regulatory strategies to ensure the production of housing for all identified market needs. Inform regulatory policy recommendations and model ordinance adoption within 6 months of adopting the comprehensive plan after thorough analysis, briefings and recommendations by the Isanti Housing Task Force.
- iii. Funding commitment through local resources including Isanti Economic Development Authority, County Housing and Redevelopment Authority (HRA), fee waivers, land donation, Tax Increment Financing (TIF), and tax abatement to effectively leverage public, philanthropic and other resources from local involvement.

#### b) Greater Minnesota Housing Fund (GMHF)

- i. Will work actively with city staff, professional consultants and the Housing Task Force to provide technical assistance to help develop model city policies, design standards and inform model project development.
- ii. GMHF is also interested in providing financing and investment for the development of affordable homes in qualified projects, contingent upon each project meeting existing GMHF program guidelines and the goals of its Minnesota Green Communities, Building Better Neighborhoods and Growth Corridor Initiative programs (Attachment 1)

#### c) Planning, Design and Development Finance Advisors

- i. Will provide technical assistance to city staff and the Housing Task Force to help inform the development of zoning ordinances, model project planning and regulatory reforms that are consistent with the goals established in the Comprehensive Plan.

d) **Local Builders and Developers-**

- i. Continue to be engaged in the design and development of housing units and neighborhoods consistent with the cost-saving goals of the IHAP and the Comprehensive Plan.

## **Developing the Housing Action Plan**

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The Housing Action Plan involved the following research and planning activities:

1. **Housing Inventory and Market Evaluation:** An assessment of the area's need for various types of affordable and market rate housing was conducted by Bonestroo as part of the Comprehensive Planning process.
2. **Organizational Development:** Conversations between GMHF, city staff, Bonestroo and the City Council helped define roles and responsibilities for the planning and financing of affordable housing to appropriate local entities, supportive statewide organizations and other funders.
3. **Builder Capacity:** Analysis of the willingness and ability of local for-profit and non-profit builders/developers to develop affordable housing over the next five years. Based on this analysis and current market trends, there is an adequate capacity to produce the goal of 420 new housing units by 2013.
4. **Land Assembly:** An evaluation of existing available land in City of Isanti has been conducted as part of the Comprehensive Planning process. The Comprehensive plan has further identified areas for efficient phased development over time as part of its conservation framework.
5. **Funding Resources:** GMHF working with City staff has identified funding resources required to stimulate the production of 210 new affordable housing units by 2013. Based on the resources needed, a production/funding plan has been developed to allocate public and private funding sources.

## **Housing Inventory and Market Evaluation**

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The City of Isanti Housing Inventory and Market Evaluation was produced by Bonestroo Market Research under the direction of Jay Demma and Sam Newberg. Their analysis and projections were presented and updated as part of the city's comprehensive planning process in November 2006.

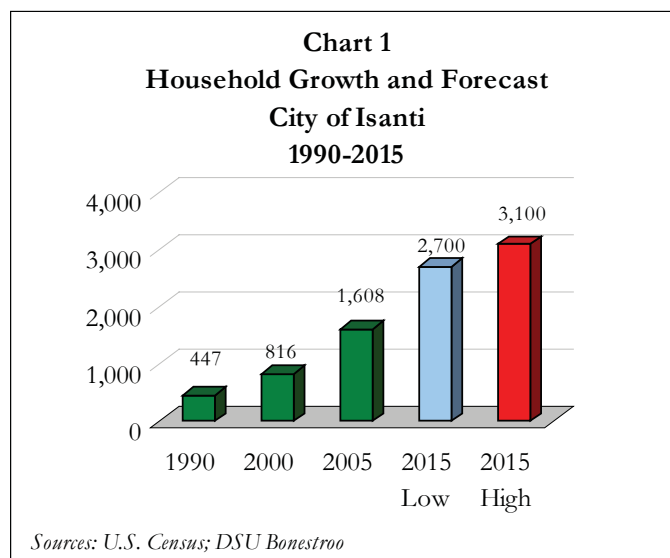
## Introduction

The Housing Inventory and Market Evaluation section looks at demographic trends in the City of Isanti. Included in this analysis are population growth, age distribution, household growth, household tenure by age, and tenure by year moved into home. This information provides insights into how much and what type of housing needs will exist in Isanti over the next ten years.

As a decidedly exurban (or “leapfrog”) city, Isanti is located a considerable distance from the core of the Twin Cities metro area, and as a result contains much more affordable housing than cities closer in such as Blaine and Forest Lake. Housing affordability, relative to closer in cities, combined with the availability of developable land, have been the key drivers of Isanti’s high growth rate between 2000 and 2005.

Beginning in 2005, however, a region-wide softening in the housing market has dramatically slowed the rate of growth in Isanti. Stabilized home prices, and in some instances declining prices, in closer cities has lessened the demand for housing in Isanti. Compounding the market slowdown has been a sharp increase in gas prices, which has negatively impacted Isanti more than other cities because of its distance from major employers and shopping centers.

## Household Growth and Forecast



Household growth is most closely tied to the housing market, as each new household added to a city requires an additional housing unit. After a decade of consistent, manageable growth in the 1990s, Isanti experienced a period of rapid growth between 2000 and 2005. Given the slowdown in the housing market and increasing fuel prices, the rate of growth in Isanti is expected to return to 1990’s levels over the next three to five years. When the overall housing market improves,

rapid growth is likely to reoccur in Isanti since the community currently has the excess sewer capacity to accommodate additional households.

Chart 1 shows that Isanti added 369 households in the 1990s, an average of 37 households per year. Between 2000 and 2005 the annual average increased to nearly 160 households bringing the total number of estimated households in Isanti to just over 1,600 by 2005. The growth in households is based on the number of building permits issued for newly constructed homes.

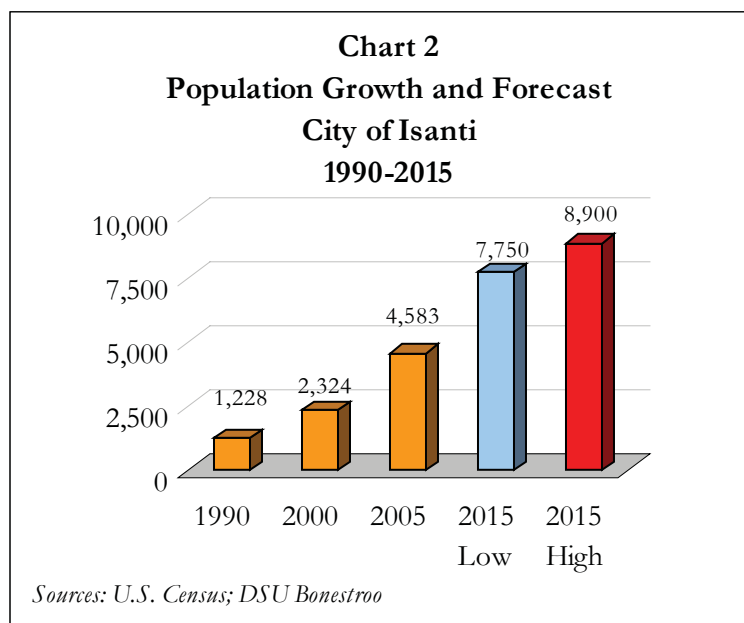
As noted above, starting in 2005 the housing market in Isanti has slowed down significantly. This will affect the amount of projected household growth in Isanti over the next five to 10 years. In order to project future household growth, the experience of comparable exurban communities that also went through periods of rapid growth followed by stagnation brought on by a slowdown in the housing market were examined. The communities analyzed were Chaska (1970s and 1980s), Ramsey (1970s), Andover (1970s), and Prior Lake (1970s). During the slow growth periods the number of building permits issued was less than half of what were issued during the rapid growth periods and that the slowdown averaged about four years in duration before construction and household growth increased substantially.

Thus, as a conservative forecast, Isanti is expected to grow at an average rate of about 60 households per year from 2006 to 2010 and then rebound to about 125 units per year from 2010 to 2015. This would result in a low forecast of 2,700 total households by 2015.

Admittedly, these forecasts are conservative since Isanti has an infrastructure to accommodate much more growth. If fuel costs were to remain low or development in neighboring communities was curtailed significantly, the forecasted growth rate might average closer to 200 households per year from 2010 to 2015. This would result in a high forecast of 3,100 total households by 2015.

### Population Growth – 1990 to 2015

Chart 2 shows the corresponding population growth forecast by 2015, based on our low and high household growth estimates.



Isanti grew from 1,228 persons to 2,324 during the 1990s, and has added over 2,200 since then, for an estimate of 4,583 as of 2005.

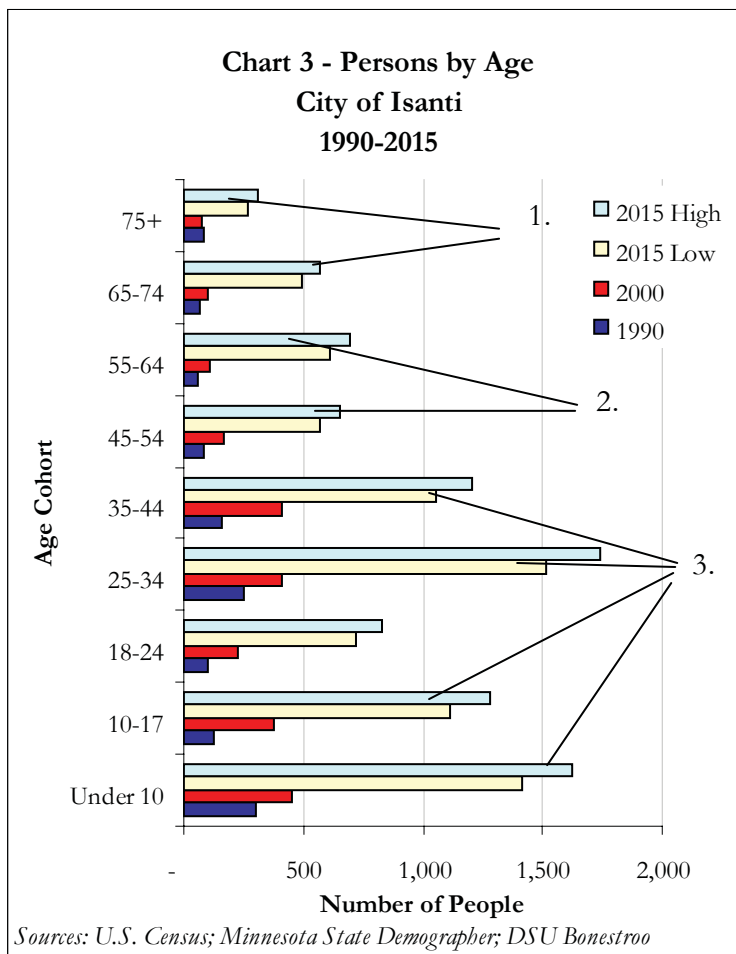
The low forecast shows the City containing 7,750 persons in 2015, whereas the aggressive forecast, based on household growth of 1,500, results in the City's population reaching nearly 9,000 in 2015.

## Persons by Age – 1990 to 2015

As the City of Isanti grows in the coming years, population increases will be spread across all ages, with particular cohorts experiencing greater growth rates than others.

Chart 3 shows age forecasts based on the low and high growth estimates shown in Chart 2. The findings indicate that the proportion of growth by age group will be similar in either scenario.

- 1) Isanti has a much lower proportion of seniors (age 65 and over) than other cities or the metro area average. This is due largely to the type of housing built in the City, which is predominantly entry-level single-family and attracts young couples with children. It is anticipated that the City will add a substantial number of seniors in the next 10 years, provided appropriate housing is developed to attract them. However, their proportion of the total population will remain lower than average.
- 2) The baby boom generation, which was born between 1946 and 1964, was 36 to 54 years old in 2000. By 2010, they will be age 46 to 64. According to regional and national trends, the highest population growth is in this cohort. However, the City of Isanti has a lower proportion of this age cohort, again due to the fact that most housing is geared toward a younger buyer. This trend appears to continue, although the 45 to 64 age cohorts will experience growth by 2015.





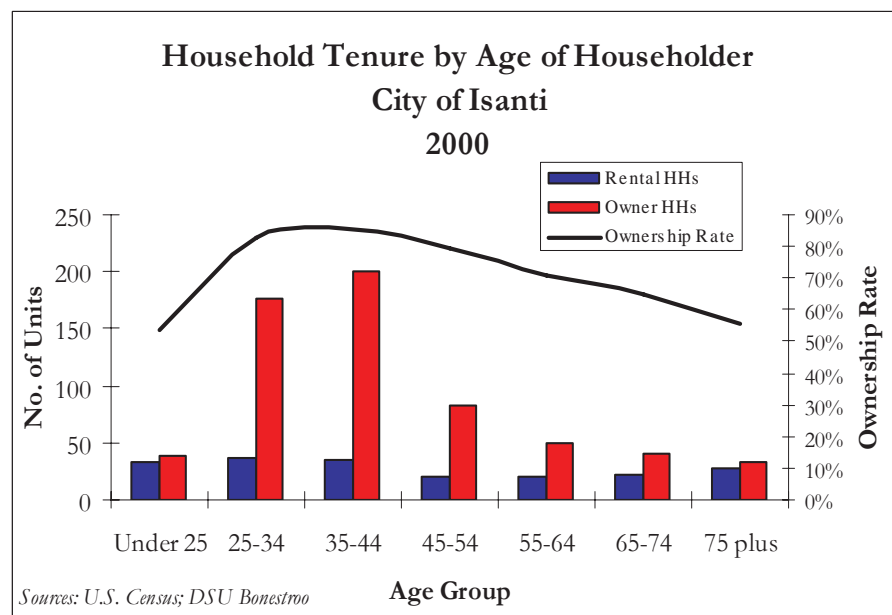
- 3) The generation born between 1965 and 1976 (known as the baby bust or Generation X) is much smaller than the baby boomers. Nationwide, there will be a population decline for persons age 35 to 44 during the current decade. However, this cohort is expected to increase significantly in Isanti due to attractive housing options. The echo boom (children of the baby boom born between 1977 and 1995) is growing rapidly, and as a result, the city can expect to see dramatic growth in the age 25 to 34 cohort in the coming years. Households in this age cohort are beginning to form their own households, and entry-level housing is an attractive option. Isanti is expected to experience significant growth in households of childbearing years (25 to 44), which will also result in increases of the under-18 population.

### Household Tenure by Age

Chart 4 shows Household Tenure by age in Isanti in 2000.

The chart shows that a majority of households (76%) own their housing. This compares to 71% for the metro area overall.

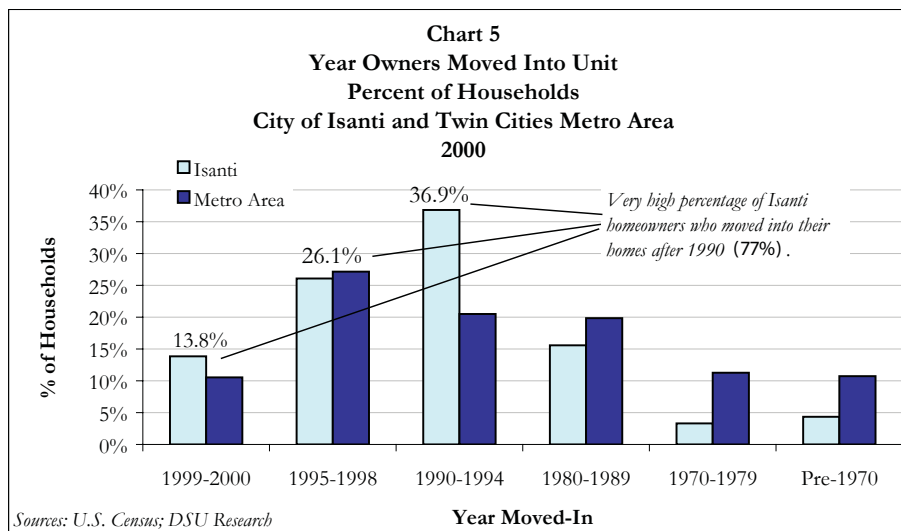
Homeownership is highest in the 25 to 44 age range. The largest cohort of homeowners is the 35 to 44 group, with an 85% ownership rate.



### Tenure by Year Moved into Home

Chart 5 shows the year Isanti homeowners purchased their unit, compared to Twin Cities metro area data, as of 2000.

While Isanti has many long-time residents and some older housing stock, the City as a whole tends toward newer households. A total of 77% of Isanti households lived in their home for fewer than 10 years, compared to 59% for the Twin Cities overall. That percentage will likely increase because of the pace of development between 2000 and 2005, but then decline somewhat due to the slowdown in development that is forecasted to occur over the next three to five years.



## Summary of Demographic Characteristics

The age 25 to 44 cohort is driving the rapid household growth in Isanti, as this age group is drawn to the city for its perceived housing value.

Continued growth is expected in Isanti, which could add as many as 1,500 households by 2015. However, other demographic groups are increasing in addition to the age 25 to 44 cohort, an indication that a wider variety of housing types and styles may be accepted in the marketplace.

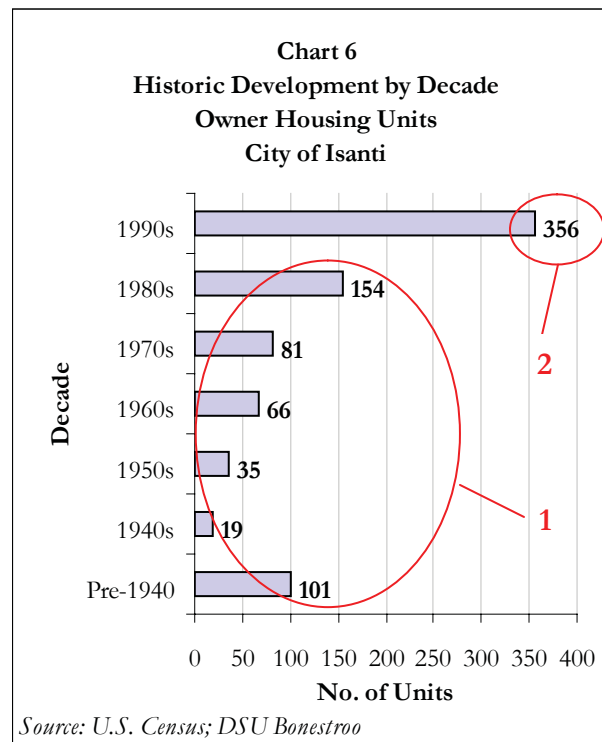
## Current Housing Overview

This section provides an overview of the current housing market in Isanti, including housing development by decade, median home sale prices, housing permits issued in recent years, and recently completed and currently marketing housing developments in the City.

### Development by Decade

Chart 6 shows development by decade in Isanti, based on the 2000 Census.

- 1) As is shown in Chart 6, the pace of housing development prior to 1990 was very modest, with fewer than 100 housing units built per decade before 1980. The pace of housing increased in the 1980s, when 154 units were built.
- 2) The 1990s had the highest amount of growth, with 356 units constructed, by far outpacing the growth of all previous decades.



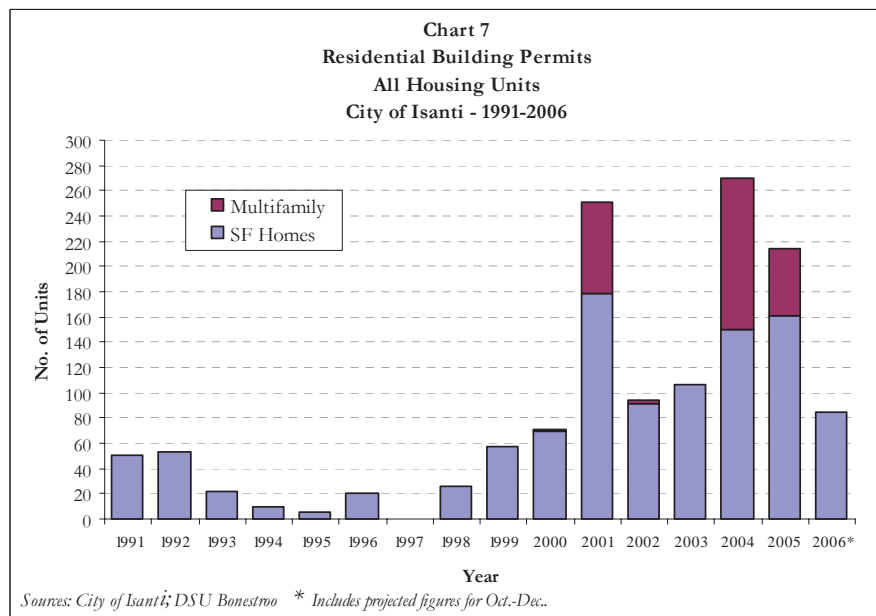
Growth was relatively steady through the 1970s, before increasing from the 1980s to the present day. In the current decade, Isanti had surpassed the total for the entire 1990s by 2002, and doubled that figure by the end of 2004. Although the pace of development is expected to remain well ahead of what was experienced prior to 2000, it is forecasted to subside substantially from the boom years of 2000 through 2005.

### Residential Building Permits

Chart 7 shows building permits for Isanti since 1991.

Housing permits issued by the City averaged 30 to 35 units between 1990 and 2000. Since 2000, Isanti has averaged 150 to 160 units per year, a substantial increase over any previous time period. This number is expected to decrease over the next three to five years because of the slowdown in the housing market, but rebound once excess inventory is absorbed and the market improves. The slowdown is apparent in the number of units permitted for construction in 2006, which is drastically lower than the two previous years.

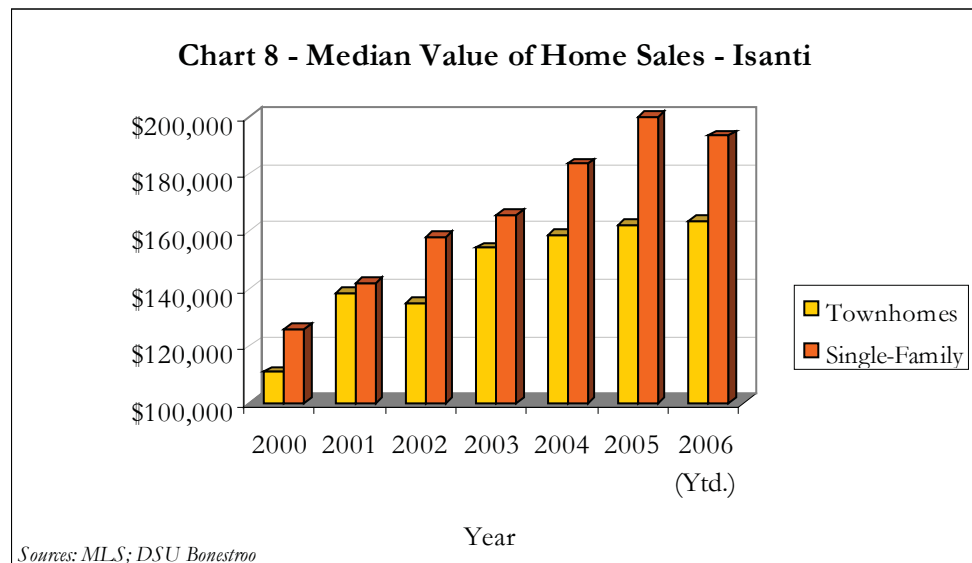
Historically, single-family homes have consisted of the vast majority of housing development in Isanti. Townhomes have made up an increasing share of units, accounting for 25% of for-sale units built since 2000. Over the next 10 years, townhomes could make up a greater percentage (up to 50%) of all units built, based on market demand and trends. However, in the short-term, 2-story townhomes have been hit especially hard by the slowdown in the market. Therefore, it may take several years before these types of units make up a significant proportion of new constructed units.



## Median Home Sales

Chart 8 shows the median sale price of homes sold from 2000 to 2006 in Isanti, according to Northstar MLS.

The median sale price for single-family homes in Isanti in 2006 (year-to-date) has dipped below the median price for 2005 and is currently at about \$193,000. This is the first time in over five years that the median price has fallen from the previous year. It is also the first time the amount of appreciation has been less than 4.0% in the previous five years. Although single-family homes have only begun to experience price decreases, townhomes have exhibited modest appreciation for several years. The drop in median sale price is a reflection of the slowdown in the housing market. The number of sellers significantly outnumbers the number of buyers. Therefore, sellers are being forced to reduce prices in order to attract buyers.



### Active and Pending For-Sale Housing Development

Table 1 shows for-sale developments in Isanti that have been marketed in recent years. Notable aspects of the for-sale housing market are as follows:

- The Isanti housing market is quite sizable, with over 1,500 new units marketed in recent years.
- The vast majority of active single-family developments shown in Table 1 are priced in the \$175,000 to \$225,000 range. This price range is considered to be "leapfrog entry-level," which means a step below "entry-level" in terms of value. The term "leapfrog" refers to Isanti's location well beyond the edge of the contiguous metro area, where development "leapfrogged" over areas not served by city water and sewer.
- Isanti's land and lot prices are among the lowest in the greater Twin Cities area, which in turn allows housing prices to remain low.
- Most homes are rambler or split-entry in style, which is often the case with entry-level housing. Two-story homes are becoming more common.
- Although the majority of new homes for sale in Isanti are priced below \$225,000, the housing market is evolving to include a wider array of options and styles. A limited number of homes priced above \$300,000, with a few even above \$500,000, are currently being marketed near open space amenities such as rivers, parks, and golf courses.
- Townhome development is also predominantly entry-level in nature, and mostly below \$180,000. A variety of townhome styles have been marketed in Isanti, including twinhomes, side-by-side two-story, and detached townhomes.

Table 2

For-Sale Developments Recently Completed or Actively Marketing City of Isanti November 2006					
Complex Name/Address	Year	Lots/Units	Units	Reported Price Range *	
	Started	Platted	Built/Sold	Low	High
Single-Family Homes					
Brookview South 6th Addition	2006	2	0	N/A - N/A	
Fairway Greens	2005	74	20	\$190,000 - \$365,000	
Savanna Run	2005	40	5	\$239,000 - \$240,000	
South Park	2005	25	0	N/A - N/A	
Sun Prairie	2005	48	10	\$215,000 - \$290,000	
Deer Haven	2004	32	15	\$178,000 - \$227,000	
Isanti Meadows	2004	89	25	\$199,000 - \$245,000	
Rum River Meadows Phase Two	2004	58	17	\$190,000 - \$215,000	
Isanti Hills 6th & 7th (SF portion)	2003	10	9	\$195,000 - \$225,000	
Isanti Trails	2003	20	17	\$185,000 - \$209,000	
Rum River Meadows	2003	48	39	\$189,400 - \$203,865	
Villages on the Rum	2003	315	216	\$170,000 - \$545,900	
Hillock West	2000	111	111	\$123,715 - \$244,472	
Isanti Hills 1st-4th	2000	53	53	\$129,000 - \$195,520	
Palomino Ridge	2000	21	21	\$123,700 - \$176,000	
Whisper Ridge	2000	115	115	\$133,715 - \$200,500	
Townhomes/Detached Townhomes					
Brookview South 6th Addition	2006	16	0	N/A - N/A	
Sun Prairie	2005	60	0	N/A - N/A	
Isanti Hills 5th & 6th	2003	46	24	\$160,000 - \$180,000	
Villages on the Rum	2003	246	212	\$140,000 - \$227,000	
Brookview	2002	18	18	\$165,000 - \$165,860	
Rosewood on Main	2000	24	24	\$118,900 - \$155,000	
Condominiums					
Villages on the Rum	2004	33	33	\$96,450 - \$129,000	
Total Units Surveyed		1,504	984	\$96,450 - \$545,900	
* - Pricing for developments fully or mostly built-out can reflect actual sales price or asking price at the time of marketing. Pricing for developments that are still active refers to current asking prices.					
Sources: City of Isanti; DSU/Bonestroo					

- Single-level townhomes tend to be slightly more expensive than two-story townhomes because they require more land and appeal more to older households, who have higher incomes and more equity.

- Isanti has one condominium development with 33 units that is part of the Villages on the Rum project. The project was originally conceived as a rental apartment building. When the market for rental housing softened in 2002 and 2003, the units were sold as condominiums. Priced between \$90,000 and \$130,000, the Villages on the Rum condominiums were the least expensive form of new ownership housing in Isanti

## Realtor Interviews

We conducted interviews with area Realtors, who expressed various opinions about the condition and future potential of the Isanti housing market. Although most interviews were conducted in late 2005, several follow-up interviews were conducted in September 2006 in order to gauge the impact of the slowdown in the housing market on Isanti. Their comments are as follows:

- Realtors generally agreed that buyers are “chasing value” in Isanti. Buyers choose to purchase homes in cities like Isanti for value, as opposed to location. The fact that lot prices and corresponding home prices are among the lowest in the greater Twin Cities metro area is not lost on buyers, who are willing to trade commuting time in order to afford a single-family home or townhome.
- As a result of home pricing, Isanti competes for buyers with nearby Cambridge, as well as cities such as Big Lake, Monticello, Zimmerman and North Branch.
- Typical buyers are moving from the northern metro area, from Maple Grove and Anoka to Blaine and White Bear Lake. They are drawn to Isanti from these cities primarily to own a newer home that is in their price range.
- Popular designs are split-entry units with unfinished lower levels. Foundation sizes are mandated to be 1,200 square feet at a minimum, although the market would allow for smaller foundations, which could keep prices slightly lower, around \$175,000. There is ongoing, significant demand for entry-level housing priced in the \$170,000 to \$200,000 range.
- Buyers of single-family homes in recent years have been overwhelmingly young couples with, or planning to have, children.
- Several Realtors feel the market for anything over \$200,000 is “not there” and will not be any time soon (this includes the opinion of one Realtor marketing homes for \$240,000 to \$300,000). Others feel the market will never mature beyond this entry-level stage. There is reason to believe this is not entirely true. The market will mature, as it is showing signs already, with prices pushing up above \$200,000 and a variety of single-family housing types taking hold.
- Long drive times, distances and gas prices are straining commuters in locations such as Isanti. Realtors are uncertain whether people will continue to move farther from the Twin Cities to locations like Isanti. In September 2006, after several months with gas prices that reached nearly \$3.00 per gallon, Realtors were in agreement that such high gas prices had a negative impact on the housing market in Isanti because the typical buyer is price-sensitive and any increase in gas prices severely limits their ability to afford new home prices, even those at entry-level prices.

- Townhomes are a new trend in the area. Generally townhome buyers are either young and childless or older and empty-nesters. Empty nesters are often from the area.
- The slowdown in the market in 2006 is characterized by an imbalance in the number of sellers versus the number of buyers. There appears to be a similar number of buyers than compared to recent years, but, because of the oversupply of available units, buyers have become stubbornly patient in hopes of forcing sellers into price reductions. To some degree this has occurred. Moreover, some home builders have begun to reduce prices in hopes of reducing their inventory. This has had numerous ripple effects throughout the housing market.
- Starting in 2006, the number of foreclosures has begun to increase. Buyers who purchased new homes with adjustable rate mortgages three to five years ago are now feeling the pinch as increased mortgage rates have resulted in sharp increases in their monthly payments. Additional foreclosures means more homes on the market that were not there several years ago.

## **Rental Market Overview**

In September 2006 DSU/Bonestroo profiled three of the four largest apartment buildings in Isanti in order to gauge the general condition of the rental market. Based on the survey, it appears the market for general-occupancy apartments appears to be healthy with low vacancies, moderate rents, and new product that has been absorbed rapidly by the market.

Clearly, much of the new housing developed in the City of Isanti between 2000 and 2005 has been owner-occupied housing. Therefore, the city's rate of home ownership is much higher than the 76% reported from the 2000 U.S. Census. Nonetheless, demand for rental housing remains strong as there continues to be a need for apartments from several sources including, 1) older adults who want to downsize and reduce home maintenance; 2) new households that form when families split or young adults leave their parents' home; 3) households that transition from home ownership to renting because of financial constraints; or 4) new households attracted to the area for employment who desire rental housing for a temporary period of time before they purchase a home.

Overall vacancy rates at the three properties in Isanti mirror the market in nearby central Anoka County. The vacancy rate in Isanti is estimated to be about 4.6%, while apartments located in Coon Rapids, Blaine, and Fridley are operating at about a 4.4% vacancy rate. In addition the average asking rent in Isanti is \$726 compared to \$789 in central Anoka County. These two pieces of information suggest that the rental market is strong in Isanti because vacancy rates are below 5%, which is considered equilibrium for a rental market, and asking rents are only slightly lower than what is found in closer in cities, which is to be expected since closer in properties should command more for rent because of their greater accessibility to employment centers, amenities and services offered in the Metro Area.

Moreover, one of the more recent apartment buildings constructed in Isanti, the Rum River Apartments, absorbed rapidly and was able to achieve rents in-line with what is found in Anoka County. The first 36-unit building at Rum River opened in June 2005 and was fully occupied within six months. The second 36-unit building opened in January 2006 and was fully occupied within three to four months. A more rapid absorption



for the second building, which opened during the winter months, suggests that demand is increasing for rental housing not only because absorption was faster but because it occurred during the winter months when traffic is slowest.

## Commercial Development

Commercial development in Isanti in recent years has been limited, consisting largely of small office or retail developments to serve local needs. A substantial number of retail uses are located in Cambridge to the north and Ham Lake/Blaine to the south. As Isanti grows in the coming years, it is likely that the household counts will reach certain levels that will be more attractive to additional retailers.

With regard to large -scale office and industrial development, the City has very little competitive advantages relative to the metro area. An interstate location is considered a competitive advantage over a major state highway. Although Isanti is located along State Trunk Highway 65, I-35 is located a considerable distance to the east. Therefore, most large-scale office and industrial users drawn to the northern fringe of the metro area will prefer locations along I-35 in places such as Wyoming, Stacy, and North Branch. If development booms enough in these communities, the price of land will increase and, eventually, some users will begin to consider lower cost locations with less accessibility (e.g., Isanti). Until that happens, however, demand for office and industrial uses in Isanti will be limited to only the most price sensitive businesses or those that truly benefit from being located in Isanti.

Further mitigating the demand for office and industrial uses in Isanti is its proximity to Cambridge. Being slightly larger but with similar locational attributes, Cambridge has an advantage over Isanti in attracting businesses drawn to the northern fringe of the metro area, especially given its improved accessibility to I-35 via State Highway 95. Of course, Isanti is located closer to the core of the metro area than Cambridge, which may influence some businesses that are linked to other businesses in central Anoka County, but for those businesses dependent on the Interstate system, Cambridge has an advantage unless the difference in the cost of land becomes large enough to influence business location decisions. Thus, until a major transportation improvement increases the accessibility of Isanti or the price of land in competitive communities increases substantially, large office or industrial development in Isanti will be minimal.

The majority of future commercial development will be retail in nature, which will be determined by the amount and timing of household growth. As noted previously, household growth will subside over the next three to five years as the housing market slows down and absorbs excess inventory. This will slow down any existing demand for commercial development as well, especially retail development. Nonetheless, Isanti will continue to grow, albeit at a slower rate, and commercial development will correspond with that growth. The nature of the commercial growth will likely match up with the dominant type of household growth, namely goods and services targeted to younger households. As most families are pressed for time in this day and age, goods and services will skew toward those that feature convenience and value. A key component to convenience is access. Thus, future development will likely gravitate toward highway access along State Trunk Highway 65 and secondarily along CSAH 5.

Commensurate with traditional retail development will be a small amount of demand for office and service space (insurance, medical, realty) as the area grows. Where land prices and accessibility do not vary significantly, office and service retail tend to agglomerate in similar areas as traditional retail.

## Summary Conclusions

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Isanti experienced rapid growth between 2000 and 2005. During this period it is estimated that over 1,000 new housing units were built in the City; the vast majority of which were owner-occupied, detached single-family homes targeted to young households seeking affordably-priced, entry-level housing. At the height of the building boom, many developers and builders were attracted to Isanti from outside the area and purchased large tracts of land in anticipation of strong continuous development. Beginning in 2005, however, a national slowdown in the real estate market began to affect the housing market in Isanti.

Rising mortgage interest rates caused many potential first-time homebuyers -- as well as those looking to sell their homes in order to "move-up" to a larger, more expensive home -- to opt out of the market altogether, thus decreasing the number of buyers. At the same time, overbuilding by aggressive developers began to flood the market with far more homes than there were buyers. By early 2006, these two forces began to dramatically lower the rate of appreciation for homes. In some submarkets where the supply was particularly excessive or the number of first-time buyers dropped appreciably, home prices sometimes declined from previous years.

In Isanti, this meant a dramatic slowdown in the sale of new homes and subsequently new household growth. For instance, from April 2005 to September 2005, building permits were issued for the construction of 137 new homes. During the same six month period in 2006, permits were issued for only 50 new homes, a -64% decline in the number of new homes from the previous year.

Clearly, the condition of the housing market has slowed down the rate of household growth in Isanti. Growth, however, will not cease altogether, it will just be slower than what was experienced between 2000 and 2005. Because of the market slowdown, we estimate that new household growth over the next four years will average about 60 households per year. Although this is about one-third of the rate of growth that occurred during the early 2000s, it is still above the rate of the 1990s. Eventually, though, when the housing market improves, household growth will increase as young, first-time homebuyers will again be attracted to Isanti because of its relative affordability.

It is unlikely, though, that Isanti will experience the same amount of growth as between 2000 and 2005 for a number of years. Demographic forecasts indicate that the entire metro area is aging rapidly and that over the next two to three decades, the baby boom generation will be moving out of their single-family homes at increasing rates. This will cause temporary periods of excess supply in the number of single-family homes in the market, which will help keep overall prices suppressed, thus mitigating the demand for new, affordably-priced single-family homes in more distant metro locations such as Isanti. This is a long-term trend and should not be confused with short-term cycles in the real estate market.

In the meantime, Isanti has grown to a community of approximately 5,000 persons. Although the flow of new arrivals has decreased, the need for alternatives to detached, single-family housing has become apparent. For example, the new Rum River Apartments had its 72 units absorbed rapidly despite the slowdown in the for-sale market. With a community of 5,000; it does not take long before a number of households age to the point where they need to downsize and simplify their housing. If there is not a viable rental option, many of these households will relocate outside of Isanti altogether.

Moreover, children of existing households begin to consider moving out of the home and starting their own households. Again, if there is no viable rental option to fit their needs, they will consider moving out of the community as well.

### Recommended Housing Types by Price and Tenure

Table 3 provides a summary of the total ten year estimated housing demand among a variety of housing types and price points. The five year housing action plan benchmarks represent a conservative estimate of housing production based on existing housing inventory and market evaluation, and the analysis of city staff and consultants, and should be revisited on an annual basis relative to national and local housing market conditions.

**Table 3**  
City of Isanti Identified Housing Production Goals: 2008-2013

	10 Year Housing Study Demand (High)	10 Year Housing Study Demand (Low)	5-Year	5-Year Benchmark Estimated Value Per Unit ('07 Dollars)	5-Year Benchmark Total Development Value ('07 Dollars)
<b>Owner Occupied</b>					
<i>Single-Family</i>					
Starter Homes - Below \$200,000	345	250	90	\$ 175,000	\$ 15,750,000
Move-Up Homes - \$200 - \$400,000	390	290	100	\$ 300,000	\$ 30,000,000
Executive Homes - Above \$400,000	30	20	10	\$ 450,000	\$ 4,500,000
<i>Multifamily</i>					
MF Townhomes - Below \$175,000	330	240	90	\$ 165,000	\$14,850,000
MF Townhomes - \$175 - \$250,000	180	130	50	\$ 215,000	\$10,750,000
MF Townhomes - Above \$250,000	0	0	0	\$ 275,000	\$ -
MF Condos - Below \$150,000	0	0	0	\$ 140,000	\$ -
MF Condos - \$150,000 - \$200,000	0	0	0	\$ 175,000	\$ -
<b>TOTAL For-Sale</b>	<b>1275</b>	<b>930</b>	<b>340</b>		<b>\$75,850,000</b>
<b>Renter Occupied</b>					
General Occupancy - Market Rate & Bond Financed Units	30	20	10	\$ 185,000	\$1,850,000
General Occupancy -Affordable Tax Credit Rental Units	60	40	20	\$ 155,000	\$ 3,100,000
Age Restricted - Independent Living	75	60	27	\$ 155,000	\$ 4,185,000
Age Restricted - Assisted Living	30	20	10	\$ 155,000	\$ 1,550,000
Age Restricted - Memory Care	15	10	5	\$ 155,000	\$ 775,000
Age Restricted - Affordable	30	20	10	\$ 155,000	\$ 1,550,000
Supportive Housing (Central Region) (3)				\$ 180,000	\$ -
<b>TOTAL Rental</b>	<b>240</b>	<b>170</b>	<b>82</b>		<b>\$ 13,010,000</b>
<b>TOTAL ALL HOUSING</b>	<b>1515</b>	<b>1100</b>	<b>422</b>		<b>\$88,860,000</b>

## Plan Vision and Goals

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The following housing and related land use goals were identified in the Comprehensive Plan and inform the IHAP and the work of the Isanti Housing Task Force to help guide future residential development in Isanti:

### Community Goals

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#### Community Goal #1: Promote community spirit, unity and diversity.

##### Strategies:

1. Recognize the assets of citizens of all ages, incomes, faiths and cultural heritages
2. Continue to find ways to educate the public on cultural, economic, faith, age-based and other diversity issues.
3. Encourage increased interaction and communication between citizens of all ages, faiths, cultural heritages and incomes.
4. Support and coordinate City events that promote pride and a “sense of community” in the City.

#### Community Goal #3: Encourage citizen participation and education in all aspects of City government, planning and community life.

##### Strategies:

1. Actively encourage and utilize resident participation in the local decision-making processes.
2. Educate and communicate this Plan’s overall goals, policies and recommendations to the public, particularly with regard to the growth management and sustainable development concepts embodied in the Plan.
3. Continue to seek out creative ways to communicate local government activities and information to the public through means such as newsletters, web sites, neighborhood associations and other community groups, and public cable access.
4. Coordinate and participate in programs that teach leadership skills to residents, area business owners, employers and non-profit leaders.
5. Encourage volunteerism, participation in community activities and acceptance of community leadership positions by citizens of all ages, faiths, cultural heritages and incomes.
6. Seek partnerships with community coalitions and interest groups to share resources and energies in order to address community problems and opportunities.

## **Intergovernmental Coordination Goals**

**Intergovernmental Coordination Goal #1: Promote ongoing shared planning among all Isanti County jurisdictions.**

### **Strategies:**

1. Continue to work with adjacent municipalities and the County to ensure planning goals and objectives are understood and accepted.
2. Participate in short term and long term planning exercises with the County and adjacent municipalities.
3. Pursue new collaborative planning efforts among local governments and organizations to address existing issues and other new issues as they arise with regard to land use, transportation, parks, natural resources and other areas of mutual concern.
4. Promote information sharing between the City and surrounding townships and counties and encourage their participation in City issues of shared concern.
5. Coordinate and invite surrounding townships and counties to workshops to discuss issues of mutual interest as they arise.
6. Maintain communications, and collaborate where appropriate, with state agencies involved in planning issues that affect the City and region.

**Community Appearance and Livability Goal #1: Maintain and enhance the appearance, integrity, heritage, identity and local character of the City's built environment.**

### **Strategies:**

1. Create and strengthen the appearance of key transportation corridors through streetscaping, design standards, zoning, trails, lighting, sidewalks, signage and other tools.
2. Develop and enforce design, performance, development and site planning standards, incentives and resources to ensure quality development.
3. Create and identify locations for community gateways that will encourage legibility and identify within the City.
4. Work with local historical organizations to create and maintain an inventory of historic community resources.
5. Prepare and/or adopt appropriate guidelines or regulations for the use or reuse of historically significant properties.

6. Support the efforts of local historical organizations in promoting the preservation of historically significant places and records where practical and economically viable.
7. Explore methods and funding options to uphold the general appearance of older buildings and neighborhoods through their maintenance and upkeep.

## **Community Appearance and Livability Goal #2: Enhance community and neighborhood livability.**

### **Strategies:**

1. Ensure new developments are connected to existing development through the efficient use of streets, utilities and infrastructure.
2. Encourage quality and appropriate development of housing, shopping and employment in proximity to each other.
3. Encourage the integration of multi-modal access including parking, sidewalks and bike paths within new development.
4. Explore the need for a high school to serve existing and future residents.
5. Encourage a variety of types of neighborhood designs, including neo-traditional and other alternative designs.

## **Community Appearance and Livability Goal #3: Maintain adequate active and passive open space to meet the needs of the community.**

### **Strategies:**

1. Require the integration of parks and green space within new development to ensure that residential neighborhoods have adequate access to park facilities.
2. Enhance the quality of life and safety of residents by establishing bikeways, walkways and other multi-use paths in developing areas.
3. Work to link area parks, neighborhoods, natural amenities, community facilities and local and regional trails.
4. Continue to support and create new forms of funding for equipment, improvements, and maintenance of new and existing neighborhood parks and recreational facilities.

## **Natural Resource Goals**

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Natural Resources Goal #1: Protect, conserve and enhance natural resources and environmentally sensitive areas within the City and its planned growth areas for the community's long-term environmental and economic benefits.

### Strategies:

1. Avoid wetlands, native species (endangered and threatened), sensitive areas and other significant natural resources during development.
2. Minimize the impact of urban development on wetlands, rivers, forested areas and other environmental features.
3. Create a greenway corridor and natural areas plan that links environmentally sensitive areas, stream and river corridors, trail corridors, institutions, parklands and neighborhoods.
4. Encourage maintenance of wetlands and natural drainage systems when accommodating new growth and reestablishing wetlands and natural drainage systems within developed areas when opportunities arise.
5. Ensure that any future Rum River crossing is designed to avoid and/or mitigate adverse environmental impacts.
6. Protect both surface and groundwater from hazardous waste, fertilizers and pesticides.
7. Educate residents on home and yard use of chemicals.
8. Continue to enforce erosion control requirements.
9. Continue to encourage public and private recycling programs and promote waste reduction.
10. Strictly limit development on unsuitable soils, including steep slopes, wet soils, floodplains, and those identified in the Natural Resource Inventory and County Soil Survey as unsuitable for development.
11. Work to protect endangered, threatened and rare species and their habitats.
12. Communicate and coordinate with surrounding jurisdictions in the development of wellhead protection plans.
13. Consider adopting a tree preservation policy and planting program.
14. Identify aggregate resources within the City and its planned growth areas and develop strategies to ensure the ability to extract them in the future.

## Growth Management Goals

### **Growth Management Goal #1: Provide clearly defined growth management areas that are contiguous with existing development**

#### Strategies:

1. Utilize the Natural Resources Inventory, projections and service capacity to designated areas for contiguous and efficient growth opportunities.

2. Work with residents, land owners and developers to develop land in a contiguous and efficient manner.
3. Adopt a land use plan that clearly identifies areas suitable for growth and efficient services.

**Growth Management Goal #2: Guide growth in areas suitable for urban services and preserve agricultural land uses to the greatest extent possible.**

**Strategies:**

1. Work with owners of large tracts of land and farmers to plan for future growth and appropriate phasing of development.
2. Identify key agricultural lands that should be preserved or enhanced.
3. Maintain low densities within areas outside the growth areas to ensure opportunities for services in the future exist.
4. Ensure that land outside the growth area is well planned for and phasing for development is considered.

## **Land Use Goals**

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**Land Use Goal #1: Support the compact, efficient and orderly growth of all urban development including residential, commercial, and industrial areas.**

**Strategies:**

1. Identify planned growth areas outside the City (Urban Service Areas).
2. Work with surrounding townships and counties to develop orderly annexation agreements for the planned growth areas and to maintain low densities within them until such time as urban development can be facilitated and provided with an appropriate range of urban services in a cost-effective manner.
3. Require that properties served by public utilities be located within the City.
4. Coordinate with surrounding townships and cities to create conceptual master plans for the planned growth areas that will promote connectivity of transportation systems and natural resource corridors.
5. Encourage a balanced strategy of “infilling” within the City and annexing and developing new areas.



### **Land Use Goal #4: Identify adequate, appropriate and accessible locations for future commercial, business, and industrial development.**

#### **Strategies:**

1. Protect and enhance the investment in existing business when planning for future land uses.
2. Work with adjacent municipalities to determine the quantity and location of future business and industrial development.
3. Explore commercial and industrial opportunities along the Highway 65 Corridor.
4. Protect and encourage development and redevelopment of the downtown that is consistent with the City's historic character.

### **Land Use Goal #6: Create healthy, livable, neighborhoods designed to foster and support a sense of community.**

#### **Strategies:**

1. Successfully integrate parks, open spaces, and natural areas into the community fabric.
2. Establish and integrate natural and man-made amenities within planned neighborhoods.
3. Work with property owners and developers to encourage walkable neighborhoods and a more sustainable neighborhood form.

## **Transportation Goals**

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### **Transportation Goal #3: Coordinate transportation with land use planning and environmental protection.**

#### **Strategies:**

1. Consider the impacts to neighborhoods when planning new or upgrading existing roadways.
2. Support transportation projects that support the compact, orderly development of the City and region and are supportive of the preferred development pattern emerging from this Plan.
3. Design transportation systems to avoid, where possible, wetlands and other environmentally sensitive areas and consider Minnesota Wild and Scenic or other state rules.

4. Identify and consider the costs of lost environmental benefits for proposed transportation projects.

### **Transportation Goal #4: Establish a strong multi-modal transportation plan to meet the community's current and future needs**

#### **Strategies:**

1. Incorporate, where feasible, bicycle and pedestrian infrastructure and safety standards when planning changes, additions, or maintenance to roads, sidewalks, bridges, paths or other public facilities.
2. Encourage bike parking facilities at parks and within neighborhoods.
3. Continue to maintain and seek ways to expand the existing network of bicycle and pedestrian trails throughout the City.
4. Establish and maintain a commitment to improved transit services to support the community's transit needs.
5. Encourage sidewalks and separated pathways along all arterial and collector streets in developing residential and commercial areas through the City's subdivision regulations.
6. Promote the connectivity of alternative transportation systems and have such transportation systems connect efficiently to community and recreational facilities.
7. Ensure the provision of adequate arterial roadways and design local streets and subdivisions to discourage driving at unsafe speeds and to promote pedestrian and bicycle use.
8. Explore commuter rail and mass transit options for commuters from Isanti to the Twin Cities Metropolitan Area.

## **Housing Goals**

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### **Housing Goal #1: Promote a variety of housing types in Isanti for all of its citizens.**

#### **Strategies:**

1. Continue to study housing goals, needs and resources.
2. Work closely with the Federal Housing Administration (FHA), Veteran's Affairs (VA), Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund, local lenders, builders, and other organizations that can help Isanti meet its housing goals.

3. Encourage public-private partnerships to expand affordable housing opportunities.
4. Explore zoning methods that allow neighborhoods with mixed housing types and/or other appropriate uses within residential areas.
5. Encourage the appropriate dispersion of housing types throughout the City.
6. Encourage an adequate supply of senior housing options to meet the needs of the City's aging population.
7. Examine zoning and other development standards to ensure they don't unreasonably hinder the provision of affordable housing.

## **Housing Goal #2: Create a high-quality environment in all residential neighborhoods.**

### **Strategies:**

1. Enforce necessary codes to ensure the continued maintenance of the existing housing stock.
2. Encourage infill housing where appropriate.
3. Examine and change, if necessary, zoning and other regulations to ensure that an appropriate mix of housing is developed.

## **Proposed Development Concept**

In order to synthesize locally identified housing goals and needs with the conservation-based development framework established by the Comprehensive Plan, Greater Minnesota Housing Fund (GMHF) is prepared to invest its limited and competitive funding resources in a well-planned model mixed-income, mixed-use residential development project that provides a variety of housing options for existing and future residents in the City of Isanti. Options include a variety of mixed-income, mixed use projects, such as main street revitalization, transportation linked development, core neighborhood revitalization, infill and new neighborhood development. A model development would help meet a share of the city's need for 340 for-sale homes and 80 plus rental units over the next five years. To access GMHF funds, the model project must meet the requirements of GMHF's Building Better Neighborhoods program, which include the following considerations:

## 1) High Quality- Green Neighborhood Design

Site and homes will meet or exceed Minnesota Green Communities requirements including:

- a) Site
  - i) Proposed neighborhood shall be located near or adjacent to existing infrastructure, connected to city sewer and water, and be within a reasonable distance to neighborhood amenities, e.g. schools, parks, libraries and retail.
  - ii) Site design shall preserve and enhance existing natural amenities and should integrate the new neighborhood development with the surrounding area.
- b) Lot Sizes
  - i) The lot frontage for Building Better Neighborhoods lots shall be within the range of 40-65 feet. Market-rate lots can be larger.
- c) Streets
  - i) The streets in the neighborhood shall be within the range of 18-34 feet.
  - ii) The street layout shall make efficient connections with the surrounding area and be efficiently designed.
- d) Homes
  - i) Homes shall have a minimum of 2 bedrooms. Additional finished bedrooms and bathrooms are encouraged to attract families with children.
  - ii) Homes shall have attractive facades and home plans should have direct connections to the front and rear yard.
  - iii) Home designs shall minimize the impact of the garage on the streetscape (setback from the front of home or where feasible utilizing service alleys at the rear of homes).
- e) Landscape Systems
  - i) Boulevard trees and individual lot landscaping shall be provided for in the development package.

## 2) Project

- a) In order for the project to be eligible for full funding (i.e. interim financing and/or gap assistance to homebuyers), the city shall participate financially, providing 3-5% of the total development costs through tax increment financing or its financial equivalent.
- b) Community shall have a demonstrated need for affordable starter homes, documented through a recent market study or housing needs assessment (completed by Bonestroo, November, 2006).
- c) Developer shall utilize volume building to maximize economies of scale (construct a minimum of 5 homes per year).

- d) Homebuyers receiving GMHF gap financing must have household incomes equal to or less than 80% of the statewide median income and must be families with children. Model mixed-income neighborhoods are critical and a wide range of other financing resources are available to help households with different income levels and family types.
- e) Homes must be connected to city sewer and water.
- f) Homebuyer Acquisition Cost Limit (ACL) is not to exceed the GMHF ACL. Current ACL limits can be found on the GMHF website. (Note: City of Isanti is in a “High Cost Area”). [www.gmhf.com](http://www.gmhf.com)

### Additional Model Project Priorities

In addition to meeting the minimum requirements, projects will be given additional consideration if their final application evidences that one or more of the following will be a part of the development. This list is for reference purposes only and does not constitute an agreement or obligation on the part of the Greater Minnesota Housing Fund to provide funding to any particular project.

- Employer involvement through financial contributions;
- Reduced fees for developer, realtor, and/or title company;
- Reasonably priced site based on comparable land sales in the area;
- Mixed-income development that provides a range of housing styles and lot widths;
- Use of innovative building techniques that reduce costs or improve livability;
- Inclusion of neighborhood public space and trail connections to promote resident interaction;
- Infill development that ensures the availability and efficiency of urban services;
- Conservation-based development strategies that preserve, protect and enhance valuable ecological systems.
- Assess residential development strategies to protect, preserve and conserve natural and cultural resources by providing connections to existing and new residential neighborhoods, community facilities, schools, parks, open spaces, trails, and recreational opportunities that support active living.

### Existing Organizations, Housing Regulatory Alternatives, Key Funding and Technical Assistance Resources

With technical assistance provided by Greater Minnesota Housing Fund and other planning, legal, design and development finance consultants, the Isanti Housing Task Force and city staff will actively research and recommend available policies and funding resources to the Isanti City Planning Commission and City Council to ensure the long-term production of housing that serves all incomes. These sources include:

## Equity Sources

### **Low Income Housing Tax Credits (LIHC)**

- Tax credits are allocated to the State of Minnesota annually based on population. Minnesota Housing Finance Agency (MHFA) awards credits to eligible housing projects on a competitive basis. The credits are sold to investors who provide upfront equity that is invested in projects. The credits provide a dollar for dollar reduction of tax obligations. LIHC-financed units are restricted to households earning 60% or less of area median income.

### **Developer/Homebuyer Equity**

- Developers and owners of rental projects may invest cash or defer a portion of their developer fees to provide equity to projects. Homebuyers are generally required to contribute a percentage of the sale price from personal funds as a downpayment on the house.

### **Employers/Local Philanthropy**

- Employers and local philanthropists may provide contributions in the form of land donations or cash grants to assist rental projects or homebuyers.

### **Local Site Donation or Grants**

- Local land donations or cash grants to assist rental projects or homebuyers.

## Senior Debt/First Mortgages

### **Tax Exempt Bond Financing**

- Local units of government: Can issue tax-exempt bonds to help finance affordable rental projects. Tenants must meet bond financing income guidelines.
- MHFA: Provides below-market first mortgage financing for affordable rental projects and income-qualified homebuyers by issuing tax-exempt bonds. Tenants/owners must meet income guidelines.

### **Private First Mortgages**

- Private lenders: Provide construction financing and access to conventional and government-insured first mortgage financing. Lenders can also act as investors by purchasing tax-exempt bonds.
- USDA Rural Development (RD): Provides permanent mortgage financing for qualified homebuyers. Programs include direct loans to low-income buyers (interest rate as low as 1%), participation loan program (loan shared by private lender and RD) and a guaranteed (government-insured) loan program.

## **Subordinate Debt/Gap Financing**

### **Minnesota Housing Finance Agency: Pipeline Gap Loan Funds**

- Provides zero- or low-interest deferred loans to homebuyers through the Homeownership Assistance Fund (HAF) and Entry Cost Homeownership Opportunity (ECHO) programs. Funds can be accessed on a pipeline (ongoing) basis for individual buyers through MHFA-approved private lenders.

### **Minnesota Housing Finance Agency: Awarded Gap Loan Funds - Rental or Supportive Housing Units**

- Provides secondary (gap) financing (0% interest, deferred loans) for affordable rental or supportive housing projects through a competitive application process. Provides grants to local organizations through a competitive application process to use as homebuyer gap financing or grants/low-interest loans for housing rehabilitation. Applications are accepted twice per year for homeownership programs and once per year for rental through the Super Request for Proposals (RFP).

### **Greater Minnesota Housing Fund: Awarded Gap Loan Funds**

- Provides secondary (gap) financing (0% interest, deferred loans) for affordable rental projects and homebuyers through a competitive application process.
- Offers low-interest construction loans, technical assistance grants and planning services for single-family and mixed-use subdivisions. Applications for rental and homeownership programs are generally accepted twice per year through the Super RFP process, except for targeted initiatives.

### **Minnesota Department of Employment and Economic Development (DEED)/Community Development Block Grant (CDBG) Program**

- Federal CDBG funds are passed through to DEED, which administers them through the Small Cities Development Program. Application/selection process is highly competitive and is held once per year. Provides grants to communities that can be used for rental development, homeownership, or housing rehabilitation.

### **Employers/Local Organizations**

- Can provide secondary financing for affordable rental projects or to assist homebuyers. Rental financing structured as 0%, deferred loans with a minimum term of 15 years. Homebuyer financing provided to a central administrator that determines the amount of funding needed for each buyer. Homebuyer gap loans structured as 0% interest, deferred loans with a 30 year term, but due upon sale or refinance.

### **USDA Rural Development (RD)**

- Provides a flexible community rehabilitation loan program that offers 0% deferred loans.

### **Federal Home Loan Bank (FHLB)**

- Through its Affordable Housing Program (AHP), FHLB provides secondary financing for affordable rental projects (0%, deferred, 15-year term) and qualified homebuyers (0%, deferred, 5 year term). If the terms and conditions of the financing are met, loan reverts to a grant. Funding is also available for housing rehabilitation.

**Tax Increment Financing/Tax Abatement**

- Financing tools that allow local taxing jurisdictions to support targeted development initiatives, including rental and ownership housing. Development subsidies provided through tax increment financing are repaid through the generation of increased taxes based on the increase taxable value of the improvement. Under tax abatement, taxes are paid in the same manner as any other property but a portion of the payment is rebated.

**HRA/EDA Levy**

- An HRA/EDA levy provides the necessary funds to begin or continue to provide housing services for such programs as home improvement loans, first time homebuyer programs, the clean up of distressed properties and others. In addition, the levy could be used as a local housing dedication fund to acquire sites for affordable housing or to offset the cost of public improvements for affordable housing projects.
- An HRA/EDA levy allows an HRA/EDA to make loans, leverage funding, and invest in development projects to promote the economic base within the city or county. An amount of the HRA levy is approved by the governing body of the city or county, but can not exceed .0144 percent of the taxable market value of the jurisdiction.

**Regulatory Relief to Increase Affordability**

- Regulatory relief to increase affordability refers to city policies where in exchange for incorporating affordable housing, developers are offered incentives such as waivers in zoning requirements or special development rights. These policies are used to counteract exclusionary zoning, the zoning power that requires large lots and big homes to intentionally exclude all but the affluent. Most below-market rate housing stock is built at the same location as the market- rate housing. However, developers may have alternatives to building on the same site as the market rate units. These alternatives include the option to make “in-lieu” payments to a specified affordable housing fund instead of building the housing themselves, building units at another location, or dedicating land at another site for the construction of affordable units. Usually, these alternatives are provided only when the integration of below-market rate units into market-rate developments would incur financial burden on either the developer or the potential resident, or when they would potentially provide more affordable units than would be produced on-site.
- In exchange for incorporating affordable housing, regulatory relief programs offer some type of incentive to developers. The most common incentive is a density bonus where a developer is granted the right to build more total units than the local land use zoning ordinance allows. In addition to density incentives, developers may also be offered other types of waivers in zoning requirements, including waivers in area, height, open space, use, or local taxes. Still other regulatory relief can come in non-zoning related incentives, including the reduction or forgiveness of fees or land dedication, expedited permit processes, relaxed design standards and requirements, reduced standards for items such as parking spaces per unit of housing, and/or the subsidization or provision of infrastructure by the jurisdiction.



## Housing Action Plan Implementation

The City of Isanti Housing Action Plan (IHAP) is designed to offer sustainable, comprehensive, long-term strategies to help guide the City of Isanti in addressing documented housing needs for a wide range of affordable and market-rate development in Isanti over the next five years. Based on current residential development and market trends, and increasingly limited public subsidy and philanthropic funding opportunities, the IHAP includes conservative five year production and funding projections to support the creation of 340 for-sale homes and over 80 rental units to provide housing options for all identified housing market needs.

**Table 4**  
City of Isanti Identified Housing Production Goals: 2008-2013

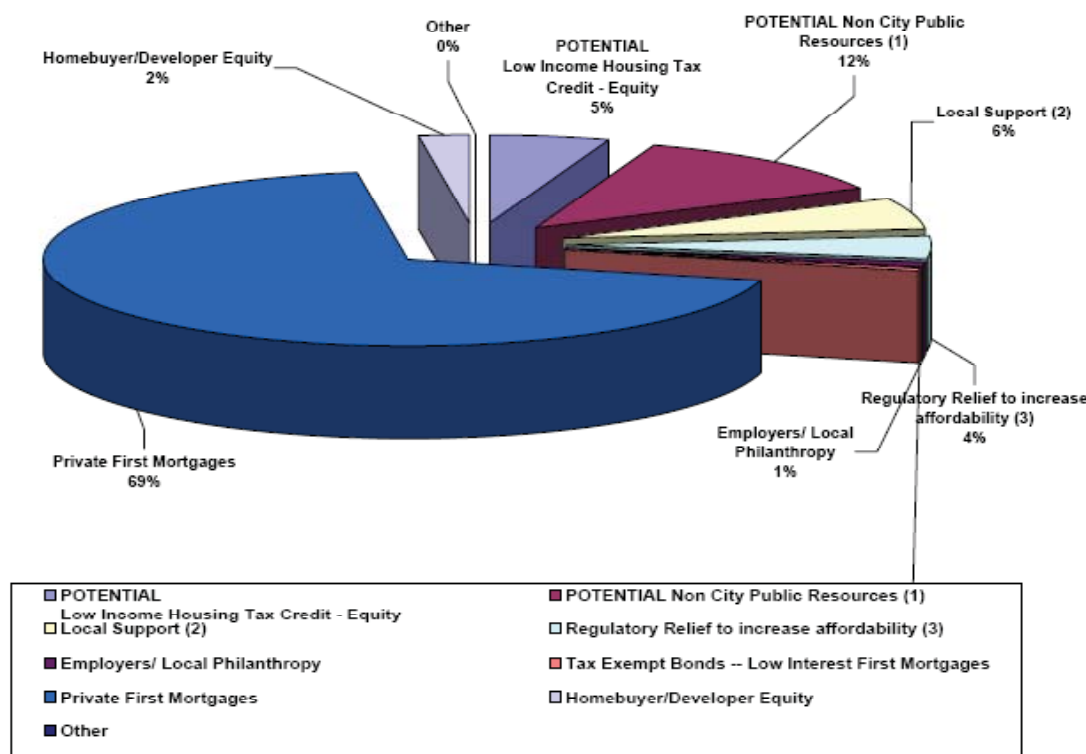
Owner Occupied	10 Year Housing Study Demand (High)	10 Year Housing Study Demand (Low)	5-Year	5-Year Benchmark Estimated Value Per Unit ('07 Dollars)	5-Year Benchmark Total Development Value ('07 Dollars)
<i>Single-Family</i>					
Starter Homes - Below \$200,000	345	250	90	\$ 175,000	\$ 15,750,000
Move-Up Homes - \$200 - \$400,000	390	290	100	\$ 300,000	\$ 30,000,000
Executive Homes - Above \$400,000	30	20	10	\$ 450,000	\$ 4,500,000
<i>Multifamily</i>					
MF Townhomes - Below \$175,000	330	240	90	\$ 165,000	\$14,850,000
MF Townhomes - \$175 - \$250,000	180	130	50	\$ 215,000	\$10,750,000
MF Townhomes - Above \$250,000	0	0	0	\$ 275,000	\$ -
MF Condos - Below \$150,000	0	0	0	\$ 140,000	\$ -
MF Condos - \$150,000 - \$200,000	0	0	0	\$ 175,000	\$ -
<b>TOTAL For-Sale</b>	<b>1275</b>	<b>930</b>	<b>340</b>		<b>\$75,850,000</b>
<b>Renter Occupied</b>					
General Occupancy - Market Rate & Bond Financed Units	30	20	10	\$ 185,000	\$1,850,000
General Occupancy - Affordable Tax Credit Rental Units	60	40	20	\$ 155,000	\$ 3,100,000
Age Restricted - Independent Living	75	60	27	\$ 155,000	\$ 4,185,000
Age Restricted - Assisted Living	30	20	10	\$ 155,000	\$ 1,550,000
Age Restricted - Memory Care	15	10	5	\$ 155,000	\$ 775,000
Age Restricted - Affordable	30	20	10	\$ 155,000	\$ 1,550,000
Supportive Housing (Central Region) (3)				\$ 180,000	\$ -
<b>TOTAL Rental</b>	<b>240</b>	<b>170</b>	<b>82</b>		<b>\$ 13,010,000</b>
<b>TOTAL ALL HOUSING</b>	<b>1515</b>	<b>1100</b>	<b>422</b>		<b>\$88,860,000</b>

## Five-year financing and funding projection goals by housing type and tenure

To achieve the IHAP goals, an investment of local public and private funds, as well as major investments of state, federal and other charitable funds will be required. Local funding of \$3,500,000 from a variety of city and county resources is projected to help stimulate the development of 210 new affordable homes by 2013 including a mixture of owner occupied starter homes, affordable rental units, and affordable housing for an aging population. This commitment could leverage an estimated \$33,700,000 in new housing development resulting in a 10:1 return on local investment, not to mention the added benefit of new tax revenue to the City of Isanti and housing for an expanded workforce for local employers.

**Chart 9:**

Potential Financing Sources for the development of 210 new affordable homes in City of Isanti (2008-2013)



(1) These sources vary on any given year based on competition between local projects and other projects across the state. Decisions are made based on meeting funder priorities for addressing the needs of underserved populations. Winning proposals are generally well designed and include city involvement and address funder priorities. Sources for the funds include: MHFA, DEED, GMHF, HUD, Federal Home Loan Bank, RD and others.

(2) Local support sources include fee waivers, land donation, HRA Levy, Tax Increment Financing and tax abatement.

(3) Regulatory relief and developer innovation reduces costs through value engineering. The most common incentives are density bonus where a developer is granted the right to build more total units than the local land use zoning ordinance allows. In addition to density incentives, developers may also be offered other types of waivers in zoning requirements, including waivers in area, height, open space, use, or local taxes. Other programs offer non-zoning related incentives, including the reduction or forgiveness of fees or land dedication, expedited permit processes, relaxed design standards and requirements, reduced standards for items such as parking spaces per unit of housing, and/or the subsidization or provision of infrastructure by the jurisdiction.

Table 5

City of Isanti identified Housing Financing and Funding Projections (Avg. per Year 2008-2013)

Owner Occupied	Average Production per Year	POTENTIAL Low Income Housing Tax Credit - Equity	Regulatory					Tax Exempt Bonds -- Low Interest First Mortgages	Private First Mortgages	Homebuyer/ Developer Equity	Other	
			Local Support (2)	Regulatory Relief to increase affordability (3)	Employers/ Local Philanthropy							
Single-Family												
Starter Homes - Below \$200,000 Move-Up Homes - \$200,000 - \$400,000	18	\$0	\$378,000	\$189,000	\$126,000	\$31,500	\$0	\$2,362,500	\$63,000	\$0	\$0	
Executive Homes - Above \$400,000	20	\$0	\$30,000	\$0	\$0	\$0	\$0	\$5,370,000	\$600,000	\$0	\$0	
	2	\$0	\$0	\$0	\$0	\$0	\$0	\$765,000	\$135,000	\$0	\$0	
Multifamily												
MF - Townhomes - Below \$175,000	18	\$0	\$386,100	\$178,200	\$118,800	\$29,700	\$0	\$2,197,800	\$59,400	\$0	\$0	
MF - Townhomes - \$175,000 - \$250,000	10	\$0	\$10,750	\$0	\$0	\$0	\$0	\$1,924,250	\$215,000	\$0	\$0	
MF - Townhomes - Above \$250,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
MF - Condos - Below \$150,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
MF - Condos - \$150,000 - \$200,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL For-Sale	68	\$0	\$804,850	\$367,200	\$244,800	\$61,200	\$0	\$12,619,550		\$0	\$0	
Renter Occupied												
General Occupancy - Market Rate & Bond Financed Units	2	\$0	\$37,000	\$18,500	\$7,400	\$7,400	\$37,000	\$259,000	\$3,700	\$0	\$0	
General Occupancy - Affordable Tax Credit Rental Units	4	\$372,000	\$74,400	\$31,000	\$31,000	\$6,200	\$0	\$68,200	\$37,200	\$0	\$0	
Age Restricted - Independent Living	5.4	\$0	\$0	\$41,850	\$0	\$0	\$0	\$711,450	\$41,850	\$41,850	\$0	
Age Restricted - Assisted Living	2	\$0	\$0	\$15,500	\$0	\$0	\$0	\$263,500	\$15,500	\$15,500	\$0	
Age Restricted - Memory Care	1	\$0	\$0	\$7,750	\$0	\$0	\$0	\$131,750	\$7,750	\$7,750	\$0	
Age Restricted - Affordable	2	\$0	\$0	\$15,500	\$0	\$0	\$0	\$263,500	\$15,500	\$15,500	\$0	
Supportive Housing (Central Region)	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL Rental	16.4	\$372,000	\$111,400	\$130,100	\$38,400	\$13,600	\$37,000	\$1,697,400	\$121,500	\$80,600	\$0	
TOTAL ALL-HOUSING	84.4	\$372,000	\$916,250	\$497,300	\$283,200	\$74,800	\$37,000	\$14,316,950	\$1,193,900	\$80,600	\$0	
TOTAL AFFORDABLE Per year	42	\$372,000		\$416,700	\$283,200	\$74,800	\$37,000	\$4,887,500	\$163,300	\$15,500	\$0	
TOTAL AFFORDABLE - 5 Yr	210	\$1,860,000				\$374,000	\$185,000	\$24,437,500	\$816,500	\$80,600	\$0	

## Affordability Considerations

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Bonestroo's market study indicates the demand for a variety of housing types at a range of prices for the City of Isanti. To better understand the scope of this issue, the planning team reviewed household incomes and compared them to the home prices or target monthly rents identified in the market study.

The U.S. Department of Housing and Urban Development (HUD) defines housing as affordable if it requires a household to spend no more than 30% of its adjusted gross income. HUD also provides annual information on median income levels by county or Metropolitan Statistical Area (MSA). Isanti County is part of the Twin Cities MSA. The 2006 Twin Cities MSA income information is summarized by Table 6.

**Table 6:**

2006 Twin Cities MSA Income Levels (Four-Person Household)

Median Income	80% of Median	50% of Median	30% of Median
\$77,600	\$ 62,080	\$ 38,800	\$ 23,280

Note: The 2006 Minnesota statewide median income for a 4 person household (used by GMHF and other funders), is \$67,600.

Most public and private affordable housing resources are targeted to households earning 80 percent or less of median income, adjusted for family size. To put these income levels in context, Table 7 shows how much full-time workers earning various hourly wage rates can afford to pay for housing.

**Table 7:**

Annual Wage Scale and Housing Cost Allowance

Hourly Rate	\$ 9.00	\$10.00	\$12.00	\$14.00	\$16.00
Annual Income	\$18,720	\$20,800	\$24,960	\$29,120	\$33,280
Monthly Housing Allowance (30%)	\$468	\$520	\$624	\$728	\$ 832

The affordability problem arises because low- and moderate-income households, particularly those earning less than 50 percent of area median income, do not earn enough to cover the cost of housing in the community. For example, a household earning \$38,800 (50% of median income for four-person household) can afford to pay \$970 per month in housing expenses. This household can only afford a mortgage of \$130,000. With most new homes in City of Isanti averaging a sale prices above \$193,000 these families have few housing options. Although renting is a possibility, vacancy rates for existing units are very low – 4.6%. The result is that housing choices are extremely limited for these families, which include entry-level teachers, police officers, nurses and other critical professions within a community.

In addition to design and development considerations that help reduce the costs of homes in City of Isanti, a variety of funding resources are available to prospective homebuyers to help reduce the first mortgage amount and monthly housing cost burden for low- to moderate income households. Table 8 illustrates how the financing of affordable homes proposed IHAP helps increase the affordability of homes for income-qualified home buying families.

**Table 8:****How Typical Affordable Housing Funding Mechanisms Increase Affordability**

Affordable housing programs help ensure that important members of a community have access to the affordable housing they need within well-planned mixed-income neighborhoods, which helps to attract employers and create opportunities for future economic expansion.

<b>Typical Affordable Homebuyer</b> Nurse, police officer, librarian, school teacher		<b>Example Affordable Housing Type</b> Starter Homes - Below \$200,000	
Average Cost Per Unit Over Period ('06 Dollars)		\$ 175,000	
Target HH Income		\$ 39,250	to \$ 62,800
Hourly Wage (combined household)		\$ 19	to \$ 30
Suggested Income Target As Percent of Area Median Income		50%	to 80%
Monthly Affordable Housing Cost Target		\$ 916	to \$ 1,465
Maximum Mortgage Amount (Homebuyers)		\$121,822	\$ 208,759
Sources of Project Funding		Percent of Funding	Per Unit
<b>Non City Public Resources</b> -- <i>These limited sources vary on any given year based on competition between local project and other projects across the state. Decisions are made based on meeting funder priorities for meeting the needs of underserved populations. Winning proposals generally are well designed by the developer and include city involvement and other priorities. Sources for the funds include: HUD, MHFA, GMHF, DEED, Federal Home Loan Bank, RD and others.</i>		12%	\$21,000
<b>Local Support</b> -- <i>Sources include HRA Levy, fee waivers, land donation, and Tax Increment Financing, tax abatement for site improvements &amp; infrastructure.</i>		6%	\$10,500
<b>Regulatory Relief</b> -- <i>Increases affordability and provides housing choices through waivers, density bonuses, and granting of special development rights such as waivers in zoning requirements, including reducing setback, height, and open space requirements. Other non-zoning related incentives, include the reduction or forgiveness of fees or land dedication, expedited permit processes, relaxed design standards and requirements, and reduced standards for items such as parking spaces per unit of housing.</i>		4%	\$7,000
Employers / Local Philanthropy		1%	\$1,750
Tax Exempt Bonds -- Low Interest First Mortgages		0%	\$0
Private First Mortgages		75%	\$131,250
Homebuyer/Developer Equity		2%	\$3,500
Total		100%	\$ 175,000

## Foreclosure Trends: Household and Community Impacts

Foreclosure rates continue to rise across Minnesota adversely impacting families, neighborhoods and entire communities. Foreclosure trends have had an especially acute impact on high growth areas surrounding the Twin Cities metro region. In a recent study published by Greater Minnesota Housing Fund and Housing Link, the projected 2007 county-wide foreclosure rate for Isanti County (2.99%) is among the highest rates state-wide.<sup>1</sup>

Foreclosures can devastate family and city finances. Following foreclosure, many families are displaced from their neighborhoods and communities, and their credit ratings are irrevocably damaged. Moreover, foreclosures can result in abandoned properties that may reduce the value of nearby homes and adversely impact entire neighborhoods.

Local governments also feel the pinch from rising incidents of foreclosure, often having to take on new responsibilities such as mowing the lawns of foreclosed homes where lenders have abandoned their responsibility to maintain the properties. Cities also suffer losses to their local tax base. A recent report by the U.S. Congressional Joint Economic Committee<sup>2</sup> estimates that the combined costs of foreclosures for all stakeholders combined – including borrowers, lenders, city and local governments, and neighboring homeowners -- can be as high as \$80,000 per home. Given these dramatic costs and potential impacts on households, families and city finance, foreclosure trends in the City of Isanti must be closely monitored and addressed now and into the future through programs including homebuyer education and foreclosure prevention counseling.

## Roles and Responsibilities of Housing Task Force

As an immediate step towards implementing the Isanti Housing Action Plan, the City Council shall appoint at least 12 community members to serve on the Housing Task Force within two weeks of adopting the Comprehensive Plan. The Housing Task Force is a critical group that will assess best practices to inform ordinance updates, new ordinance adoption, community capacity building, outreach and public education. The taskforce will also establish procedures for periodic review and updates to the IHAP.

Greater Minnesota Housing Fund and a team of planning, legal, design and development finance consultants will provide technical assistance to help the task force assess available policies, resources and development strategies that are consistent with the Comprehensive Plan framework in order to meet the production and funding goals identified in the IHAP. Working with city staff, the City of Isanti Housing Task Force will also be involved in the development and revision of the city's zoning and land use ordinances to ensure consistency with the Comprehensive Plan. After thorough analysis of appropriate funding, policies and programs the Task Force will make its policy recommendations to the City Council for official action within 6 months of adopting the comprehensive plan.

## Housing Task Force Member

Members of the Isanti Housing Task are expected to be fully engaged and commit to a meeting schedule that will include one site visit and 5-6 additional meetings over a 6 month period. A wide range of backgrounds and expertise is necessary among the members of the Housing Task Force to draw upon their experiences and interests throughout the process. Membership should represent the following group of stakeholders:

<sup>1</sup> "Foreclosures in Greater Minnesota: A Report Based on County Sheriff's Sale Data". July 2, 2007, <http://gmhf.com/foreclosure.pdf>

<sup>2</sup> "Sheltering Neighborhoods from the Subprime Storm", Joint Economic Committee of the U.S. Senate, March 2007, <http://jec.senate.gov/Documents/Reports/subprime11apr2007revised.pdf>

- a) Residents;
- b) Local government and city staff;
- c) Local employers;
- d) Private and public funders;
- e) Builders and developers;
- f) Lenders;
- g) Realtors;
- h) Philanthropic organizations;
- i) Community organizations;
- j) HRA and/or EDA

### **Role of City of Isanti Staff**

It is important that the City of Isanti take an active role in facilitating the work of the Isanti Housing Task Force including the following responsibilities:

1. Provide Housing Task Force meeting venue;
2. Coordinate meetings and ensure that Housing Task Force members are informed of meeting time and location, and distribute meeting materials assembled and provided in advance by GMHF staff and consultants;
3. Take minutes and distribute meeting minutes to Housing Task Force members within one week of Task Force meetings;
4. Work closely with the Housing Task Force and other partners to identify strategies, funding resources, and regulatory strategies to meet identified housing goals.
5. Prepare and present to Planning Commission and City Council recommended zoning ordinance updates, and corresponding maps to implement model regulatory policies after thorough analysis, briefings and recommendations by the Housing Task Force.
6. Assist in identifying and encouraging funding commitments through local resources including County Housing and Redevelopment Authority (HRA) Levy, fee waivers, land donation, Tax Increment Financing (TIF), and tax abatement to effectively leverage public, philanthropic, employer and other resources to help realize housing production goals and model project implementation.

### **Role of Greater Minnesota Housing Fund**

With the assistance of planning, legal, design and development finance consultants, GMHF will help guide the Isanti Housing Task Force through a time-sensitive process that engages Task Force members in discussions of housing and related community development issues to produce tangible results.

## Greater Minnesota Housing Fund (GMHF) will:

1. Work actively with city staff, the Housing Task Force and professional consultants, to provide technical assistance to help develop model city policies, design standards and inform model project development.
2. Provide technical assistance to city staff and the Housing Task Force to develop zoning ordinances, model project planning and regulatory reforms that are consistent with the goals established in the Isanti Comprehensive Plan
3. Provide financing for the development of affordable homes in qualified projects, contingent upon each project meeting existing GMHF program guidelines and the goals of its Growth Corridor Initiative program.

## Housing Task Force Work Plan & Meeting Schedule

The Housing Task Force work plan will take into consideration the work already accomplished and outlined in the Housing Action Plan, and assume that all members are supportive of its goals, strategies and outcomes. The goal of the Housing Task Force is to present recommendations to the city council within 6 months of adopting the comprehensive plan. The recommendations will cite specific development strategies, zoning and land use ordinances, and regulatory policies for city-wide adoption.

## Initial Housing Task Force Planning Meeting

An initial planning meeting will be held before the adoption of the Isanti Comprehensive Plan to discuss with city staff and others how best to recruit, organize and formalize the housing task force to achieve the objectives of the Housing Action Plan. The first meeting will address the following:

1. Roles & Responsibilities of Housing Task Force;
2. Committee composition;
3. Methods of recruitment;
4. Process for City Council appointment;
5. Draft meeting agendas and work plan;
6. Define process and schedule for collecting feedback from City Council and other decision makers;
7. Establish meeting schedule – time & location;
8. Finalize Task Force member application and interest survey.

## Committee Recruitment

Housing Task Force member recruitment will include mailing potential task force members a summary of the Comprehensive Plan and Housing Action Plan along with Task Force member application and survey to gauge prospective members' areas of interest.



## **Housing Task Force Working Sessions and Meetings**

### **Initial Housing Task Force Meeting: Review and Introduction**

1. Review and discuss Isanti Housing Action Plan;
2. Review and discuss survey response from task force application;
3. “Dotmocracy” Exercise – Addressing housing priorities including design, model zoning and land use policy priorities, housing finance and other housing issues identified by community members such as foreclosure trends and senior housing.

The discussions and exercises are designed to help the committee prioritize goals and outcomes, and streamline planning and decision making processes.

### **Site Visit Filed Tour: Design, Model Zoning and Land Use Planning**

Site visit discussion and analysis of model projects that exemplify best-practices in land use planning, neighborhood design and mixed-income housing options for working families.

### **Model Project Working Session**

Discussion led by land use planning and neighborhood design consultants using a design charrette process to analyze model projects using a hypothetical or actual site. The model project will incorporate development strategies including – financing, zoning, and neighborhood planning – to demonstrate how model projects can be realized. Analysis will look at existing zoning ordinances in Isanti that may present barriers to developing a model project consistent with the goals incorporated in the Housing Action Plan.

### **Presentation of Task Force Recommendations to Planning and Zoning and/or City Council for Adoption**

Task force members, with the help of GMHF and consultants, present recommendations for change and modifications to existing zoning and land use ordinances to achieve mixed-income housing and model project goals.

### **Task Force Continuation**

Following the successful completion of the scope of work defined in the Isanti Housing Action Plan and presenting recommendations to City Council, the Isanti Housing Task Force will consider remaining intact as a citizen review and advisory board. In this capacity the Task Force can continue to provide input on a range of housing issues as they arise including the build-out of a model project development and ongoing model housing and regulatory policy recommendations.