

## CHAPTER 3: HOUSING AND NEIGHBORHOODS

*The City provides diverse housing and unique neighborhoods thereby accommodating a variety of needs and demands for residents.*

### Introduction

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The City of Isanti has experienced significant growth in recent years which has truly changed the landscape and dynamics of the community. Since 2000, the City's population and number of households have doubled. The increase in residents and households has profoundly impacted development within the community; however, the City of Isanti remains dedicated to creating a community that exemplifies a strong identity and sense of place. From existing and future housing and neighborhood developments to new commercial and industrial developments, Isanti has the opportunity to establish a unique community. Neighborhood design, varying housing styles and types, interesting open spaces, and pocket parks will enable the City of Isanti to create a community with viable neighborhoods for all generations.

Even though growth has been overwhelming in recent years, the slowing housing market will provide the City with the time it needs to develop standards, goals, and aspirations for future housing and neighborhood development. Newly adopted standards and goals will enable the City of Isanti to create a unique place for residents to live, work, and recreate. The Housing and Neighborhoods chapter will define current housing conditions within the community as well as provide specific goals and objectives for the community as further residential development and growth continues into the future.

### Framework and Assumptions

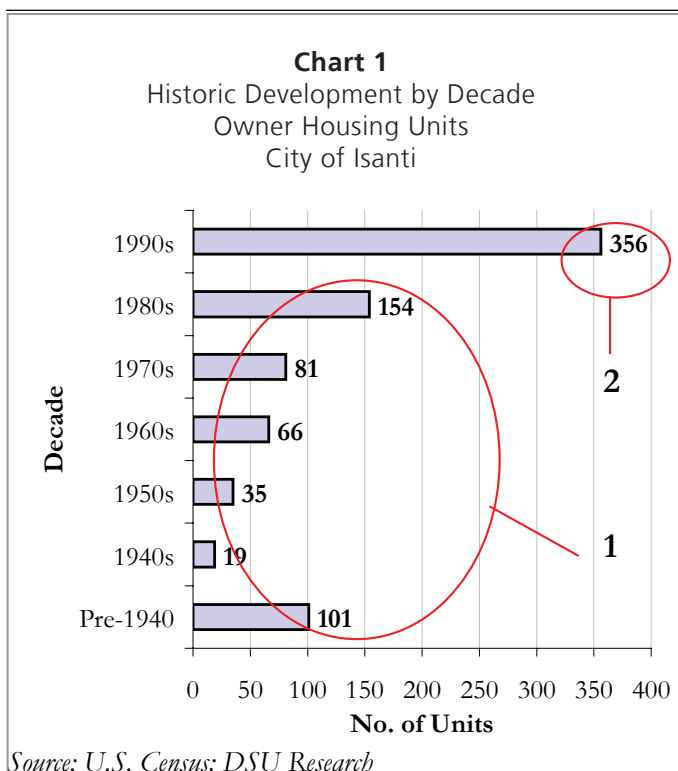
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Housing is an important part of Isanti. At this time, more land area is and will be developed for residential uses than any other type of land use. Historically, most residential development within the City of Isanti has occurred to the west of State Trunk Highway 65. However, in recent years, new residential developments have been constructed along the east side of State Trunk Highway 65. As the City continues to grow, this trend of development is expected to continue.

As a major component of the Comprehensive Plan, it is important to understand the existing housing supply and demands within the community. The types of housing provided within the community and the quality of the residential neighborhoods directly influences the community's perceived quality of life. Housing also has a direct affect upon the commercial base of the community. Commercial uses are dependent upon the residents of a community, not only for its customer base but for employment reasons. The housing chapter will focus on a number of items, to include: current housing demands and future projections, housing locations, existing neighborhood patterns, future neighborhood patterns and demands, as well as affordability levels and vacancy rates.

## Existing Conditions

There are a number of characteristics that can be examined to show how households and neighborhoods fit into the context of the community. The following sections provide a summary of the existing housing conditions in Isanti. More detailed information regarding housing can be found in Appendix A: Background Analysis and in the Housing Action Plan found in Appendix B. The following provides the foundation from which the recommendations and analysis will be built. The existing conditions portion provides a snapshot into current conditions in the City, historical development trends, market values, and building trends of the community. Each may have either a direct or indirect affect upon the future of development in the City of Isanti.



### Development by Decade

The historical pattern of growth over the past several decades is critical to understanding the current growth implications and the method for projecting development in the future. Chart 1 shows Historic Development by Decade in Isanti, based on the 2000 Census.

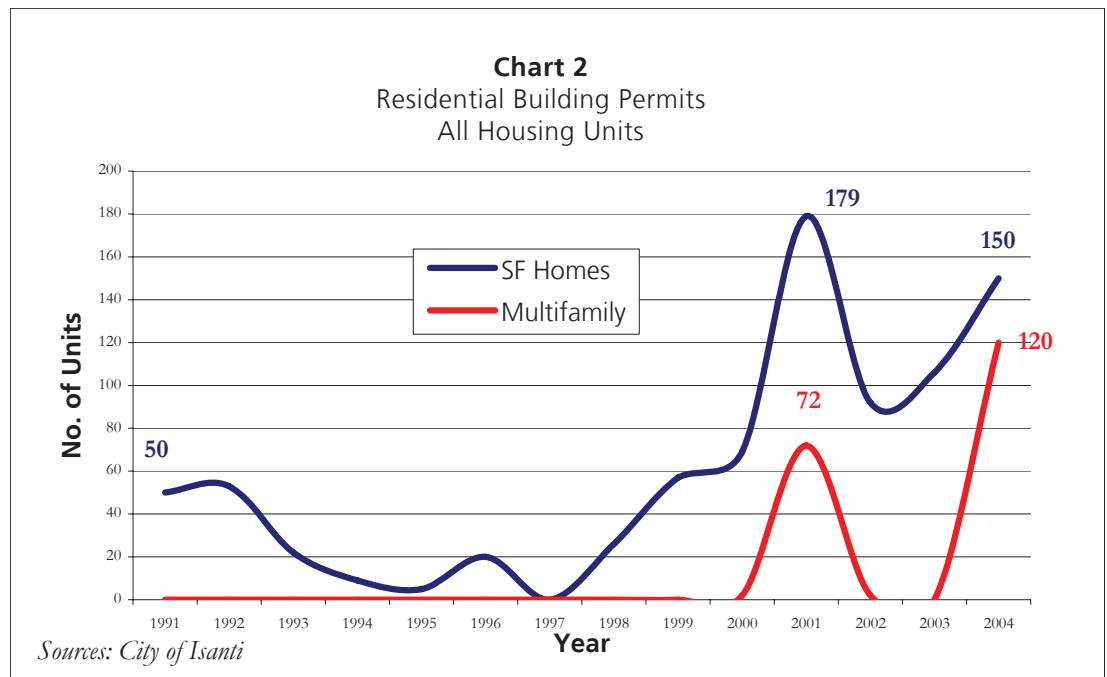
As shown in the chart to the left, the pace of housing development prior to 1980 was very modest, with fewer than 100 housing units built per decade. The pace of housing increased in the 1980s, with 154 units built. By 1990, the number of owner occupied housing units had increased by 202 units, resulting in a total of 356 housing units.

Though not represented in Chart 1, current trends suggest that 2000 and subsequent years will far exceed growth in previous decades. The amount of growth

that has happened over the past 5 years has already exceeded growth rates in previous decades. Current market trends indicate that by 2010, the expected number of households will increase at twice the number shown today.

## Residential Building Permits

Chart 2 shows Residential Building Permits for all housing units in Isanti since 1991.



Residential building permits issued by the City averaged 30 to 35 units from 1990 and 2000. From 2000 to 2004, Isanti has averaged 150 to 160 units per year. Residential building permits have risen substantially, since 1991. The number is anticipated to continue to increase in future years as well.

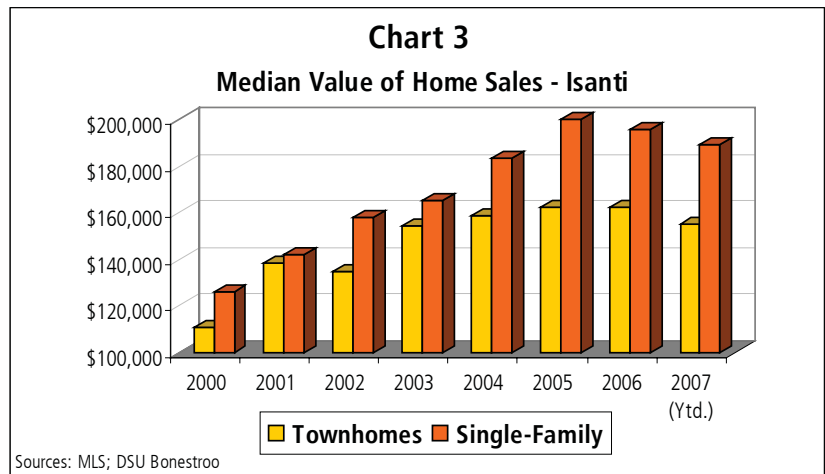
Historically, the vast majority of housing development has been devoted to single-family residential units. However, townhomes have made up an increasing share of total units, accounting for 25% of for-sale units built since 2000.

## Median Home Sales

Chart 3 shows the median sale price of homes sold in Isanti from 2000 to 2007 (year-to-date), according to data from the Northstar MLS.

The median sale price in 2007 (year-to-date) of single-family homes in Isanti is \$189,000. The current median sales price is well below the metropolitan area median of \$233,000, which is an indication of the City's attractiveness as an entry-level priced community. The median price for townhomes is just under \$155,000.

Since 2000, median sales prices of single-family homes have increased by 50% or \$63,000. However, recent appreciation peaked in 2005 when the median sale price was just under \$200,000, and has since decreased about 6 percent. Townhome prices increased substantially between 2000 and 2003, but have since leveled off.



## Active and Pending For-Sale Housing Development

There are several residential housing projects that have been marketed in recent years or are pending in Isanti. Notable aspects of the Isanti housing market are as follows:

- The Isanti housing market is quite sizable, with over 1,400 new units marketed in recent years.
- Single-family housing shown in Table 1 (Appendix) is priced in the \$125,000 to \$200,000 range. This price level tends to be a step below "entry-level" in terms of value.
- Land and lot prices are among the lowest in the greater Twin Cities area, which results in lower housing prices.
- The housing market is slowly evolving, but offers very few options above \$200,000. Most homes located in Isanti are rambler or split-entry in style, which is typical for entry-level housing. Two-story homes are becoming more common as the City develops.
- Much of the townhome development is also in the entry-level range, and almost entirely below \$200,000. A variety of townhome styles have been marketed in Isanti, including twinhomes, side-by-side two-story and detached townhomes.

## Rental Housing

Rental housing is an important housing option, particularly for the accommodation of affordable housing as well as life-cycle housing opportunities for empty nesters and seniors desiring an alternative housing option. A survey was completed that 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, the market for general-occupancy apartments appears to be healthy with low vacancies, moderate rents, and new product that have 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 at 80.7% compared to rental occupancy at 17% (as reported from the ESRI Data for 2006). 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 per month compared to \$789 per month 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 cities located closer to Minneapolis/St. Paul, which is to be expected. Properties located closer to the metropolitan area should command more for rent because of their greater accessibility to employment and shopping.

Moreover, one of the newer apartment buildings 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. In addition, Evergreen Apartments in Fairway Greens will begin constructing a second building to accommodate the rental housing market demand.

### Senior Housing

A study was completed on behalf of Accessible Space Inc to explore preliminary demand estimates for market rate senior rental housing in Isanti in 2004. The study focused in a market area which included Isanti, Isanti Township, Athens Township, Bradford Township, Spencer Brook Township and Standford Township.

The preliminary results indicated that there is likely sufficient demand in the market to support a market-rate independent senior housing project in Isanti with up to 17 units in 2004 with increasing demand to 23 units in 2009.

### Neighborhood Pattern

New neighborhoods and developments have occurred throughout the City, in a relatively contiguous pattern. However, some exceptions exist. The majority of development has been in close proximity to the existing wastewater treatment facility which is located to the west of State Trunk Highway 65. Recently, new residential developments have begun to locate on the east side of State Trunk Highway 65. Highway 65 is a significant barrier between new developments and the more historic downtown area of Isanti. In addition, the Rum River is the primary geographic boundary for City services. The river provides opportunities for the City to develop new housing styles that are of higher value due to the natural resource availability.



Many of the new subdivisions are primarily single-family residences, and are located on lots between 10,000 and 12,000 SF. Each of these developments primarily have split-entry housing styles with attached 2 or 3 car garages. Some new developments have entered the community through a PUD process which has allowed for some lot variation, including slightly smaller lots sizes and setbacks.

The City is dedicated to diversifying the housing stock, and within recent years has introduced some new housing styles to include neo-traditional, which orient homes to the street and encourage interaction among neighbors. New residential development located adjacent to the Intermediate School provides this type of neo-traditional home with front porches, and sidewalks. It is this type of development, which will enable the City to diversify its neighborhoods.

Many of the neighborhoods are also organized to include pocket parks. Residents have direct access to a recreational space and do not have to cross major streets to access these areas. The City is dedicated to providing and creating opportunities for recreation. Accessibility of these spaces is important when encouraging a more active lifestyle for community residents. Neighborhood parks are planned to include both passive and active areas, providing different types of recreational options for all residents.



## Housing Plan

In 2004, the City had collaborated with the Central Minnesota Housing Partnership to create a Housing Plan. The Plan was created in an effort to help the City define existing and future needs with respect to housing in the community. The information provides a framework for the Housing Action Plan which is adopted as a part of this plan. The efforts of the Housing Plan are valuable in respect to understanding future housing demands; however, growth in recent years has already surpassed the 2008 household projections stipulated within the previous Housing Plan.

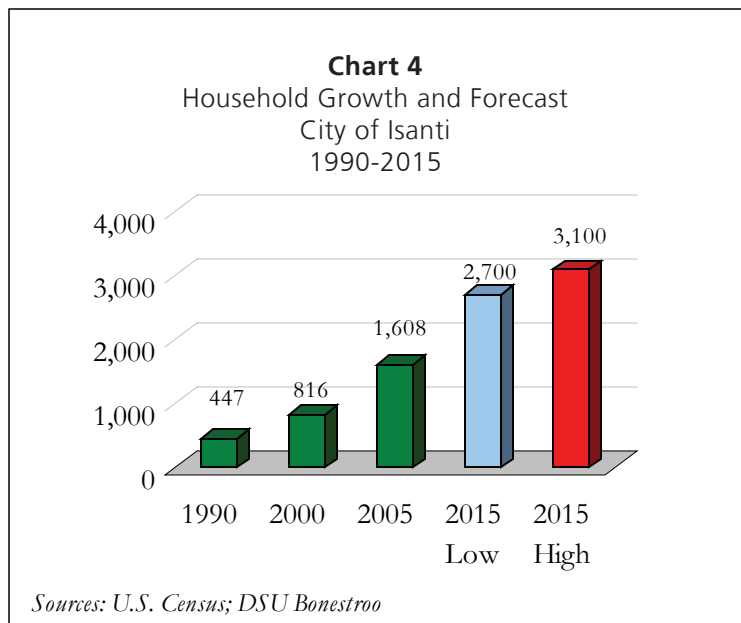
A number of assumptions can be made with respect to housing and neighborhoods within the City of Isanti. The City acknowledges the need to increase housing diversity throughout the community. The demand for housing within the community has exceeded preliminary estimates and continues to absorb significant amounts of residential growth. However, more recent trends have largely focused on entry-level housing styles, which have saturated the market and are currently vacant. Although some recent attention has shifted from first time homeowners, there still remains a disproportionate amount of entry-level homes in the community. The saturation of the market with entry-level single-family homes could negatively affect the community. As a result, the community is dedicated to creating a more sustainable housing model that will allow for lifecycle housing, to include: affordable housing, senior housing options, and larger homes for second and third time homebuyers. More recent developments have diversified the housing choices available to prospective residents, including



some twinhomes or townhome units, as well as higher end homes, which can be marketed to third and fourth time homeowners. As the photo to the left illustrates as an example, the City of Isanti will continue to promote housing and neighborhood diversity, and will encourage developers to use interesting and different architectural styles that truly define neighborhoods and create a sense of place.

To support a more sustainable housing stock, the community will adopt a Housing Action Plan (HAP), which will be appended to the Comprehensive

Plan. The 10-Year HAP will be adopted as a guide for future housing development in the community and the information in that plan will be referenced for all future development in the community. The HAP was informed by the existing Housing Plan and prepared by the Central Minnesota Housing Partnership, but seeks to improve upon projections and to refine additional funding sources and methods for diversifying neighborhoods. In addition, all future development should respond directly to the Natural Resources Inventory prepared as a part of this Comprehensive Plan. The community will develop all future development according to the conservation framework provided in this document.



## Analysis and Recommendations

The existing conditions provide a snapshot of the current housing and market trends within the City. As demonstrated in Chart 4, the City is expected to more than double the number of households in the community over the next 10 years. Currently, Isanti is developing mostly single-family housing units located within close proximity to existing developments and services.

Throughout much of the planning process there was concern about neighborhood quality, design and housing. The Advisory Panel, City Staff, and the community spent a great deal of time talking about what makes Isanti a great place to live, and in conjunction what could be done to ensure that the community continues to be desirable. Sustainability was at the forefront of this discussion, which suggests that a diverse housing stock will be essential to ensure that a variety of people at various income levels could choose to locate in the community. Introducing new housing products that provide additional opportunities for a wider variety of income levels is essential to consider as development occurs. As stated, there is a strong trend towards entry-level housing which contributes to a homogenous neighborhood pattern and ultimately a community without the opportunity to provide for a variety of people and income levels. The inventory and analysis identified a significant need for move-up housing, higher level housing types, and on the other end of the spectrum some affordable options. By providing all of these options in the community, the City has better opportunities to attract businesses, industries, new residents, and ultimately a more sustainable and diverse economy.

Historically townhomes have not been extremely successful, but as the City matures and develops there will be a demand for alternative affordable housing types. Market research also suggests that businesses will be more interested in locating in the City as the number of homes and residents increase. Increasing density in key areas could have a positive affect on the number and type of businesses that will choose to locate in the community. The areas identified for increased density and development are primarily clustered around the Highway



65 corridor where townhomes and other attached product could provide a buffer between commercial opportunities along the corridor and single-family homes set back further from the Highway. The HAP outlines the demand for new types of housing based on diversification of land uses and the population. The estimates in the HAP suggest that by diversifying land uses and housing products, the City will have opportunities to attract new residents because their choices and options will increase. In addition, there is evidence that residents are beginning to be priced out of their homes because of rising values and taxes. The City needs to make a concerted effort to see that residents have options so that they can stay in their community. Therefore, the City will continue to look for ways to provide life-cycle housing so residents can age in place and continue to live in their community.

An important part of implementing this plan is to consider the information provided in the Housing Action Plan (HAP). The HAP clearly defines the quantities of product type that should be provided to adequately balance the housing market in the City. The goal of the HAP is to identify needs and project demands that will contribute to the overall sustainability of the community. The HAP is a type of prescription for the City that will ultimately help the City ensure its goals with respect to housing are accomplished and that the community becomes a diverse place where people at all income levels can live.

In addition to diversification of the housing stock, a great deal of the housing and neighborhood discussions focused on conservation development. As a part of this planning process, the natural resources in the community were brought to the forefront of planning for the future. The Citizens Advisory Panel, citizens, City Staff, and community leaders were all engaged by the information provided in the Natural Resources Inventory, and it was determined to be an integral part of future planning and development in the community. Moving forward, every development in the City will need to accurately define prime natural resource systems, and will need to respond in some way to those systems. The conservation framework will be the foundation for every development and every neighborhood. Neighborhoods should be well connected to natural systems, along with key infrastructure systems to ensure that resources are preserved. The conservation framework should provide a guide for each development in the City to ensure development happens in the most environmentally conscientious way possible. Innovative and creative preservation and/or conservation methods are encouraged by the City. The City is dedicated to working with each developer and/or property owner to ensure that the most valuable natural resources in the community are conserved and maintained for future generations.

Neighborhoods should be carefully considered and planned as to provide efficient services and order in the City. The City will quickly experience services availability constraints as the current wastewater treatment system will reach capacity at 10,000 residents. The Phasing plan provided in the Land Use and Growth chapter is cognizant of this constraint, and therefore makes it a critical aspect of this plan. New neighborhoods should be planned to respond to these increasing demands, and the City should ensure that the type of development served on these systems is efficient, and desirable as this commodity is limited. Although the phasing plan is not static it should be considered to ensure efficiency of services as well as connectivity. New neighborhoods should connect with existing neighborhoods where possible, and connections and loop roads made to avoid dead-end streets and long cul-de-sacs. Boulevards and interesting streetscapes with sidewalks and trails should be provided to ensure neighborhoods are developing consistently, and in ways that improve the quality of life for all residents.

The following set of objectives specifically addresses some of the recommendations in the previous analysis, and supports the goals and strategies identified in the vision and goals chapter.

### **Housing & Neighborhood Objectives:**

- Review subdivision proposals based upon the requirements of the Housing Action Plan, provided in Appendix B, in an effort to ensure that housing goals are being met.
- Create balanced neighborhoods through the inclusion of diverse housing unit types, architectural styles, and affordability levels.
- Maintain and enhance existing neighborhoods through capital improvements planning, ensuring that quality neighborhoods are provided for all residents.
- Adopt performance standards in conjunction with the zoning ordinance that requires developers to provide desired neighborhood improvements and amenities that enhance the quality of life for residents, to include design elements such as streetscaping, parkland areas, and sidewalks.