

CHAPTER 2: HOUSING

East Bethel is a rural community where housing consists primarily of large-lot, single-family homes. The next most common form that housing takes is manufactured homes. There has been recent interest in the community for a more diverse housing stock, including areas of higher density per acre as part of the City Center development. This interest is consistent with East Bethel containing areas that are classified as rural centers, or areas of higher density commercial and residential land use. This chapter will examine the physical features of the housing stock in East Bethel as well as providing some insights into housing affordability and the general characteristics of the people who live in East Bethel's housing. This chapter will outline goals and policies to meet the community's housing vision for the future.

Housing was identified as an important feature in East Bethel's 2040 **vision statement**, which includes the following components related to housing:

- *East Bethel supports increasing development along its Highway 65 corridor, focusing on key locations and intersections that are feasible for development.*
- *East Bethel must be an attractive and viable community for all stages of an individual's life.*
- *East Bethel is in favor of residential development that will support commercial development.*

These community-driven housing themes shaped not only the vision and the tone of the conversations about the comprehensive plan, but also the Goals and Implementation Actions for housing that will be discussed later in the chapter.

THE HOUSING LANDSCAPE IN EAST BETHEL

East Bethel's housing development has been influenced by historical, mobility, and economic trends. Most of residential development has occurred in the last 45 years. As the Twin Cities suburbs have grown,

expansion of the regional highway system has improved access to employment centers and allowed the suburbs to keep expanding. Commuting longer distances to work is the trade-off for more rural, less densely populated communities. Development came to East Bethel later than to Anoka County as a whole. Eighty percent of the housing in East Bethel has been built since 1970 compared to 49 percent for Anoka County during the same time frame. Over 90 percent of the housing units in East Bethel are single family detached homes, with the other 10 percent of units being manufactured homes.

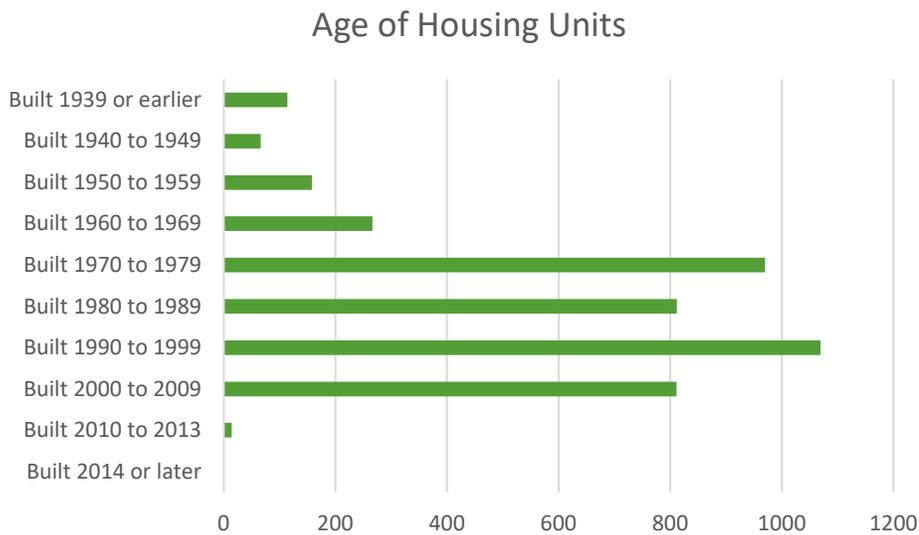


FIGURE 2-1. Source: ACS 2011-2015 estimates

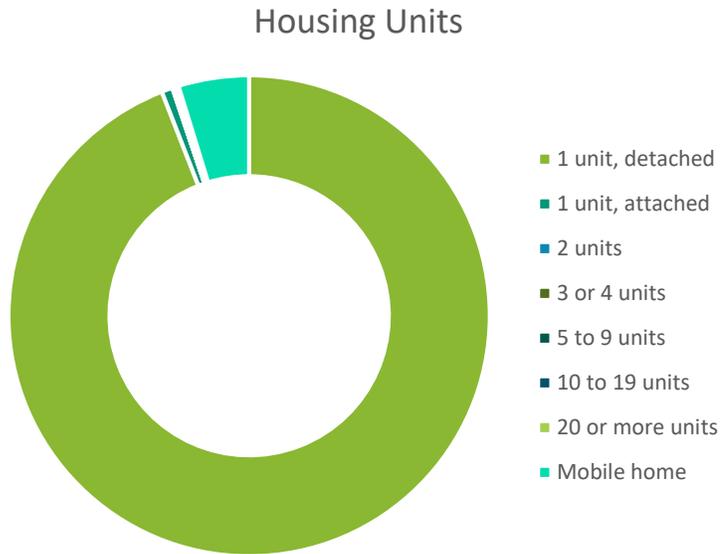


FIGURE 2-2. Source: ACS 2011-2015 estimates

Of the 4,129 occupied housing units in East Bethel, 94 percent are owner-occupied. The remaining share are homes that are occupied by renters. The population share living in renter-occupied housing units is six percent.

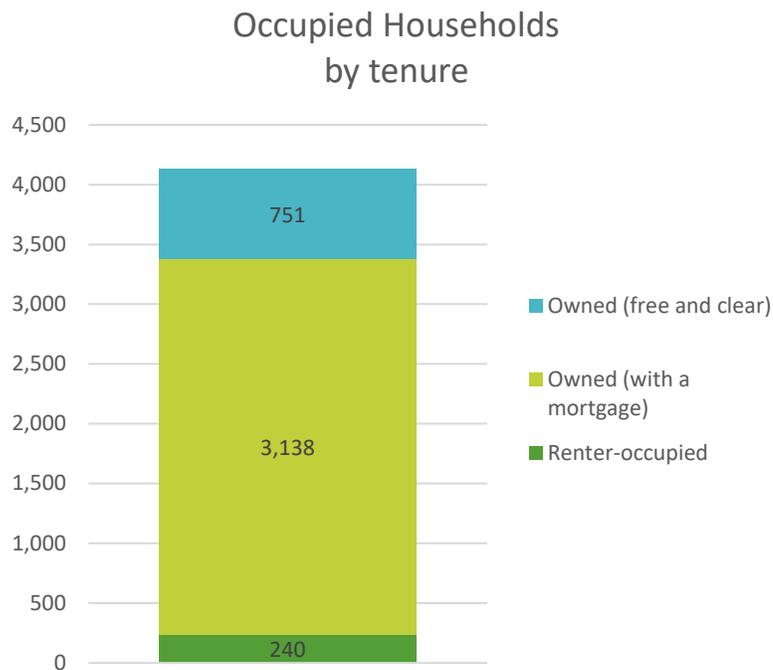


FIGURE 2-3. Source: ACS 2011-2015 estimates

The median value of an owner-occupied home in East Bethel is \$205,700, compared to the Anoka County median home value of \$187,600.

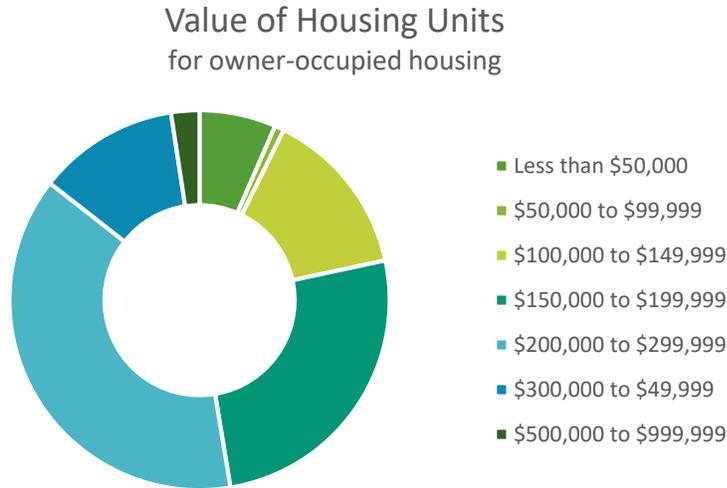


FIGURE 2-4. Source: ACS 2011-2015 estimates

HOUSING NEEDS AND AFFORDABILITY

The Metropolitan Council looks at housing affordability through the lens of area median income, or AMI. For a family of four, regional AMI in the Twin Cities is \$85,800. Households that qualify for affordable housing have an income at or below 80% of the regional AMI. Median household income in East Bethel is \$87,200 which is 102% of area median income for a household of four. The following charts present data on East Bethel’s existing housing stock in terms of affordability, and on East Bethel’s households and their cost burdened status.

Affordability	Owner Occupied ¹	Rental	Total ²
30% AMI and Below	13	321	334
30% to 50% AMI	103	591	694
50% to 80% AMI	1,742	571	2,313

Source 1: Anoka County 2015
Source 2: Metropolitan Council 2015 Housing Stock Estimates

TABLE 2-1. 2015 Affordable Housing Units

AMI Percentage	Cost Burdened Households ¹	Current Affordable Housing Units ²
30% AMI and Below	200	334
30% to 50% AMI	259	694
50% to 80% AMI	180	2,313
Total	639	3,341
<i>Source 1: U.S. Department of Housing and Urban Development 2009-2013 Comprehensive Housing Affordability Strategy</i>		
<i>Source 2: Metropolitan Council</i>		

TABLE 2-2. 2015 Cost Burdened Households & Existing Affordable Housing Units

Affordability	Income Limits
30% AMI and Below	\$26,000
30% to 50% AMI	\$43,300
50% to 80% AMI	\$65,800
<i>Source: Metropolitan Council</i>	

TABLE 2-3. 2015 Affordable Income Limits

Income Range	Households
\$24,999 and Below	275
\$25,000 - \$44,999	494
\$45,000-\$74,999	926
\$75,000 and Above	2,434
<i>Source: U.S. Census Bureau 2011-2015 American Community Survey</i>	

TABLE 2-4. 2015 Household Income

Discrepancies within the Affordable Housing Unit and Household Income Data

There are four sources of affordable housing and household income data: the U.S. Department of Housing and Urban Development (HUD) 2009-2013 Comprehensive Housing Affordability Strategy (CHAS), the U.S. Census Bureau 2011-2015 American Community Survey, the Metropolitan Council, and Hennepin County. The HUD CHAS says that it derives its information from the non-public American Community Survey data for the year 2013, while the remaining source information is for the year 2015.

While the Census Bureau does not report household incomes in the ranges identical to the affordable income limits of the Metropolitan Council, Table 2.4 represents an approximation of the number of East Bethel households that fall within the three AMI ranges.

Table 2.1 extrapolates the number of renter-occupied housing units in each affordability band by subtracting the number of owner-occupied housing units, as reported by Anoka County, from the total number of units existing in each affordability band, as reported by the Metropolitan Council. The percentage of housing units occupied by renters increases as AMI decreases. Ninety-six percent of units affordable to households with incomes at or below 30% AMI are occupied by renters. A sizeable portion of these rental units are likely mobile homes.

Existing Cost Burdened Household and the Existing Affordable Housing Stock

To assess how well East Bethel is providing affordable housing units for households at all levels of AMI, we can compare the current number of affordable housing units in each band with the number of households with incomes in each band. There are approximately 275 households with earnings at 30% AMI or less, and there are 334 existing housing units affordable to them. There are 494 households with earnings between 31% and 50% AMI, and there are 694 existing housing units affordable to them. There are 926 households making between 51% and 80% AMI, and there are 2,313 existing housing units affordable to them. At each income level, there are more than enough existing housing units for each household to find a housing unit that is affordable to them.

Table 2.2 shows that despite the availability of enough affordable housing at all levels, there are still some cost burdened households who are paying more than 30 percent of their income to housing costs. While the goal is for no households to experience cost burden, East Bethel is providing more than enough affordable housing options for all households. While theoretically almost all East Bethel households could own property that is affordable for their income level, people do not always purchase housing in direct proportion to the resources they have available. Some households in the highest income tier will buy low, while some households in the lowest income tier will buy beyond their means. There are currently no publicly subsidized housing units in East Bethel.

EXISTING HOUSING NEEDS

From this assessment of the physical and cost characteristics of the housing stock in East Bethel, combined with the demographic analysis of the community, there are some features of the housing landscape that are especially notable and worthy of special focus.

- **Homes in East Bethel, compared to other Anoka County communities, are less affordable to homebuyers and renters alike.** Both East Bethel’s median home value and the median gross rent is higher than the average for Anoka County. This likely makes the community less attractive to young families, younger or lower-income homebuyers, and populations looking to have the amenities and proximity of an urban suburb at a lower cost.
- **Fifteen percent of East Bethel’s households are cost-burdened.** Despite more affordable housing costs in the city, a significant portion of the city’s residents pay more than one-third of their income toward housing. The lowest-income households feel this cost burden the hardest. Maintaining a range of housing options to meet the needs of residents at all income levels is one of the city’s aspirations for this plan.
- **The housing stock in East Bethel is aging.** Despite being more affordable, the smaller-lot single family homes developed in the 1960s and 1970s may not be as attractive or suitable for modern households as they once were. Maintaining East Bethel’s existing housing stock will remain a significant challenge in order to continue to attract newcomers to the city.
- **The population of East Bethel is becoming older and more diverse.** As this inevitable trend plays out across the region in the decades to come, East Bethel must consider what initiatives to undertake if it wants to provide housing opportunities for people of all ages and in all stages of life.

PLANNING FOR HOUSING AFFORDABILITY

As demonstrated in the Land Use chapter of this Plan, East Bethel is guiding sufficient land at 12 units per acre or above in the decade from 2021 – 2030 to meet its affordable housing allocation of 214 units.

Affordable Housing Need Allocation	
At or below 30% AMI	109
From 31% to 50% AMI	68
From 51% to 80% AMI	37
Total Units	214

TABLE 2-5. Source: Metropolitan Council Existing Housing Assessment

Guiding land at these densities does not guarantee the development of affordable housing, nor does the goal of developing affordable housing fully encapsulate the community’s housing goals; therefore, the City will make every effort to encourage net densities at 12 du/ac or greater within the mixed use district, where deemed fit. Supplying, maintaining and supporting safe and affordable housing requires intentional goal setting and the aid of various programs, funds, resources and tools.

2030 MUSA	Net Acres	(Minimum) Units	(Midpoint) Units
Low Density Residential	66.08	149	207
Medium Density Residential	140.50	843	1,265
Mixed-Use (LDR)¹	344.24	775	1,076
Mixed-Use (HDR)²	31.65	380	664
2030 MUSA Total	582.47	2,147	3,212

¹ Mixed Use (LDR)'s 344.24 developable acres is 72.5% of the overall Mixed Use 471.49 developable acres

² Mixed Use (HDR)'s 31.65 developable acres is 7.5% of the overall Mixed Use 471.49 developable acres

TABLE 2-6.

Table 2.6 shows how much land will be within the Metropolitan Urban Service Area in 2030, and thus able to receive City sewer service. The table then shows estimates for how many housing units will be added to the MUSA at both the high and low ends of possible development densities. The extension of sanitary sewer service in East Bethel helps to manage growth within the City.

2040 MUSA	Net Acres	(Minimum) Units	(Midpoint) Units
Low Density Residential	27.23	61	85
Medium Density Residential	27.78	167	250

Mixed-Use (LDR)¹	270.44	609	845
Mixed-Use (HDR)²	24.87	298	522
2040 MUSA Total	350.32	1,135	1,702

¹ Mixed Use (LDR)'s 270.44 developable acres is 72.5% of the overall Mixed Use 369.28 developable acres

¹ Mixed Use (HDR)'s 24.87 developable acres is 7.5% of the overall Mixed Use 369.28 developable acres

TABLE 2-7.

AFFORDABLE HOUSING TOOLS

Programs

Numerous programs are available to help the City meet its housing goals and policies.

Minnesota Housing Consolidated Request for Proposals: The Minnesota Housing Finance Agency provides an annual request for proposal (RFP) wherein communities and affordable housing developers can apply for funding to construct affordable housing. East Bethel encourages developers to work in conjunction with the city apply to the Consolidated RFP to provide affordable housing for any future East Bethel residents in need. The RFP is a useful tool to support the development of rental housing units affordable at 50% AMI or below.

Community Development Block Grants (CDBG): The U.S. Department of Housing and Urban Development (HUD) provides CDBG funds to communities with over 45,000 residents for the use of providing and maintaining affordable housing. Anoka County HRA administers these CDBG funds for East Bethel. East Bethel encourages the Anoka County HRA to use CDBG funds to provide affordable housing for those East Bethel residents in need. CDBG is a useful tool to preserve both rental and ownership units affordable at 80% AMI and below.

HOME Funds: The HOME Investment Partnerships Program (HOME) is a flexible federal grant program that allows Anoka County to fund affordable housing activities for very low and low-income families or individuals, homeless families, and persons with special needs. East Bethel encourages the Anoka County HRA to use HOME funds to provide affordable housing for those East Bethel residents in need. HOME funds are a useful tool for both the preservation and development of both rental and ownership units affordable at 50% AMI and below.

Family Homeless Prevention & Assistance Program: The FHPAP is administered by the Minnesota Housing Finance Agency, with Anoka County as a grantee, to provide grants that encourage and support innovation in establishing a comprehensive service system and redesigning the existing homeless support system. Funds are used for

various activities aimed at preventing homelessness. East Bethel encourages Anoka County to use FHPAP funds to support East Bethel residents in need. FHPAP funds are a useful tool for the prevention of homelessness and the support of homeless individuals.

Neighborhood Stabilization Program (NSP) Grants: The NSP was established by HUD for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. The focus of this program is the purchase, rehabilitation and resale of foreclosed and abandoned properties. The NSP operates under the Anoka County HRA, but was ended in 2016. East Bethel encourages the Anoka County HRA to use remaining NSP funds to purchase foreclosed or abandoned properties to provide affordable housing for those East Bethel residents in need. Further, East Bethel encourages Anoka County to pursue further funding to restart this program in the future.

Homebuyer Assistance Programs: Anoka County participates in the Minnesota Housing Finance Agency's "start-up" program which provides mortgage funding and limited down payment and/or closing cost assistance to qualified first-time homebuyers. East Bethel encourages Anoka County to use MHFA start-up money to provide assistance to East Bethel residents in need. Homebuyer assistance funds are a useful tool to preserve ownership units affordable at 80% AMI and below.

Repair and Rehabilitation Support: The Anoka County Community Action Program (ACCAP) provides home repair and rehabilitation assistance to East Bethel residents. East Bethel encourages ACCAP to continue its assistance program and that the Anoka County HRA continues to provide funding to ACCAP. Repair and rehabilitation support is a useful tool to preserve ownership units affordable at 80% AMI and below.

Foreclosure Prevention: The Anoka County Community Action Program (ACCAP) provides foreclosure counseling to East Bethel residents. Foreclosure prevention counseling is also offered through Minnesota Homeownership Center. East Bethel encourages ACCAP and Minnesota Homeownership Center to continue providing these services and that the Anoka County HRA continues to provide funding to ACCAP.

Foreclosure prevention funds are a useful tool to preserve ownership units affordable at 80% AMI and below.

Energy Assistance: The Anoka County Community Action Program (ACCAP) administers the energy assistance program for East Bethel residents. East Bethel encourages ACCAP to continue its energy assistance program and that the Anoka County HRA continues to provide funding to ACCAP. Energy assistance is a useful tool to preserve both rental and ownership units affordable at 80% AMI and below.

Rental Assistance: Anoka County offers some emergency funds to households or individuals in crisis. Metro HRA offers portable Section 8 vouchers on a limited basis that can be used on rental properties throughout the metro. The City will continue to try to connect residents to these resources when they are available. Rental assistance is a useful tool to preserve rental units affordable at 80% AMI and below.

Livable Communities Grants: East Bethel is a participating community in the Metropolitan Council's Livable Community Act (LCA) programs. These grants help to fund innovative development projects that provide unique amenities and serve populations with a diverse range of income levels. East Bethel will consider applying for livable communities grant on behalf of developers who provide affordable housing for households at or below 80% with the guaranteed length of affordability at least 20 years. LCA grants are a useful tool for the development of both rental and ownership units affordable at 80% AMI and below.

Local Fair Housing Policy:

The federal Fair Housing Act prohibits the consideration of race, color, religion, national origin, sex, disability, or family status in rental, sales, or lending decisions. Anoka County works with the Twin Cities Metro Area Fair Housing Implementation Council to stop discrimination and promote integration. Any East Bethel residents that feel they have been subjected to unfair housing practices should contact this organization. Anoka County HRA can continue the implementation of its fair housing policy.

East Bethel will consider adoption of a local fair housing policy if the City applies for and is awarded an LCA grant. East Bethel will adopt a fair housing policy within one year of being awarded an LCA grant.

Local fair housing policy is a useful tool for the preservation of both rental units affordable at 80% AMI and below.

Land Trusts: A land trust achieves affordable home ownership by the resident owning the house on a property, but the trust owns the land under the house therefore reducing the amount of the mortgage. The advantage of a land trust is that the trust can control the future sale of the property to ensure that affordability can be maintained and have the ability to scatter the land trust sites throughout the community. A land trust does not currently exist in within Anoka County. Should a land trust in Anoka County be created, East Bethel will consider applying for CDBG funds on behalf of the land trust if that is the best use of that year's CDBG funding and the land trust staff assists in the preparation of the application. A land trust can be a useful tool for both the development and preservation of ownership units affordable at 80% AMI and below.

Rental Licensing/Inspections: The City currently has a rental license program and a rental license ordinance. A rental inspection program protects the health, safety, and welfare of residents living in rental property, as well as to provide a mechanism for a city to maintain property values and ensure the quality of the community's housing supply.

Site Assembly and/or Acquisition: Cities have the authority to acquire properties for housing through a number of mechanisms including through transfer of tax-forfeit properties from Anoka County or through outright purchase. East Bethel will monitor and consider acquisition of properties that can be assembled and developed into a public good project, including the production of affordable housing or maintenance of existing affordable housing. Such a strategy could be used to allow the City to put out specific RFP requirements to developers in order to achieve a project that includes housing affordability, specifically that meet thresholds for 50 percent AMI and below for rental housing and 80 percent AMI and below for ownership.

Preservation of Existing Manufactured Home Parks: The City will actively support the creation of additional affordable housing units if manufactured housing units are removed from the City's housing stock as part of a redevelopment of an existing manufacturing home park. In

addition, the City will explore programs that may assist in the maintenance of existing manufactured homes.

Fiscal Devices

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

Development Authorities: East Bethel has a housing and redevelopment authority (HRA) and collaborates with the Anoka County HRA to provide affordable housing and redevelopment services. The East Bethel HRA is encouraged to construct, finance and/or partner with private developers to provide more affordable housing opportunities in the community. East Bethel will consider partnering with developers to construct both rental and ownership housing units affordable at 50% AMI or below, where deemed fit. Development authorities are a useful tool to support the development of both rental and ownership housing units affordable at 50% AMI or below.

Housing Bonds: Minnesota State Statute allows HRAs the ability to issue housing bonds to provide affordable housing. East Bethel's HRA will consider issuing housing bonds to provide affordable housing at or below 50% AMI opportunities in the city. Housing bonds are a useful tool to support the development of both rental and ownership housing units affordable at 50% AMI or below.

Tax Abatement: Cities may issue bonds to be used to support the construction of affordable housing and use a portion of the property tax received (tax abatement) from the development to finance these bonds. This removes this property taxes revenue from paying for the services needed for this property, its residents and the community in general. East Bethel encourages interested developers to contact the City if interested in tax abatement as a financing option to fund affordable housing development. Tax abatement is a useful tool to support the development of both rental and ownership housing units affordable at 80% AMI or below.

Tax Increment Financing: Cities may create a housing district to create a tax increment financing (TIF) district. The TIF bonds issued on this district are to be used to support the construction of affordable housing and entire property taxes received above the original tax value (increment) from the development to finance these bonds. East Bethel encourages interested developers to contact the City if interested in TIF as a financing option to fund either rental or ownership affordable housing developments for residents with incomes of 50% AMI or less. TIF is a useful tool to support the development of both rental and ownership housing units affordable at 50% AMI or below.

Low Interest Loans: Usually through City programs, home owners and potential developers may apply for low interest or forgiveness loans to make improvements on properties. The loaned money is then provided to the Developer to complete projects, and the City pays the small interest payments on the loan. Low interest loans are a useful tool to support both the development and preservation of both rental and ownership housing units affordable at 80% AMI or below.

4(d) Tax Program: Rental properties may receive a property tax break provided that the property has income and rent restricted units serving households at 60% AMI and below. The City of East Bethel would consider using 4d tax incentives to further promote the preservation of affordable multifamily housing. 4(d) tax bond funds are a useful tool to support the development of rental housing units affordable at 50% AMI or below.

Official Controls

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

Fee Waivers or Adjustments: Cities may waive or reduce fees to reduce the cost of construction of affordable housing. Conversely, State rules require that the fee that a City charges be related to the cost of providing the services for which the fee is collected. This waiver or reduction could create a deficiency in the funding for services which would be required the use of general funds to resolve. Fee waivers or

adjustments are a useful tool to support the development of both rental and ownership housing units affordable at 80% AMI or below.

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

- The City has the ability to adjust its zoning and subdivision regulations through a planned unit development (PUD). Zoning and subdivision regulations are created in part to mitigate the impacts that a development may have on adjoining properties. When considering a PUD for affordable housing, the City should determine when the level of affordable housing and the guaranteed length of affordability provide a public benefit great enough to justify the potential impacts that would result from a deviation in the zoning or subdivision regulations. PUD is a useful tool to support the development of both rental and ownership housing units affordable at 80% AMI or below and to provide developments that exceed the minimums in design and land preservation.
- Accessory Dwelling Units (ADUs). Currently the city's zoning code does not allow for the construction of detached accessory dwelling units; however, accessory apartments are allowed within a residence, if the entrance is within the home and the home is owner occupied. As an increasingly popular way to increase housing density and opportunity in built-out communities, East Bethel may consider evaluating the potential for detached ADUs to be successful in the community and whether there are sufficient lots on which this type of development would be feasible before deciding whether to adopt an ADU ordinance. ADUs are a useful tool to support the development of rental housing units affordable at 80% AMI or below.

2040 HOUSING GOALS AND STRATEGIES

1. Provide for a variety of high quality, affordable housing.

2. Adopt or amend ordinances relating to the development, redevelopment, and the maintenance of housing to ensure affordable, high quality housing.
3. Develop and maintain development standards and housing policies that allow for low and moderate cost housing.
4. Review annually programs through Anoka County Redevelopment Authority and explore public and private partnerships that could potentially aid in the development of mixed-use housing/commercial developments.
5. Participate in the Livable Communities Act. The Metropolitan Council and the City would then work together to negotiate affordability and life-cycle housing goals for the community. The City shall partner with developers to apply for Livable Communities Demonstration Account (LCDA) and Local Housing Incentives Program (LHIA) funding from the Metropolitan Council.
6. Promote innovative subdivision design in the Mixed Use district.

Housing Goals	Affordable Housing Tools																			
	MN Housing Consolidated RFP	CDBG grants (Anoka Cty)	HOME funds (Anoka Cty)	Family Homeless Prevention & Assistance Program (Anoka Cty)	Neighborhood Stabilization Program (Anoka Cty)	Homebuyer assistance programs (Anoka Cty)	Repair & Rehab Support	Foreclosure prevention	Energy Assistance	Rental Assistance	Livable Communities grant (Met Council)	Local Fair Housing Policy	Land trusts	Development Authorities (Anoka Cty)	Housing Bonds (Anoka Cty)	Tax Abatement	Tax Increment Finance	Low Interest Loans	Fee waivers or adjustments	Zoning and subdivision policies
Provide for a variety of high quality, affordable housing.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X		X	
Adopt or amend ordinances relating to the development, redevelopment, and the maintenance of housing to ensure affordable, high quality housing.							X					X		X			X			X
Develop and maintain development standards and housing policies that allow for low and moderate cost housing.		X		X			X		X			X		X			X	X		X
Review annually programs through Anoka County Redevelopment Authority and explore public and private partnerships that could potentially aid in the development of mixed-use housing/commercial developments.											X		X	X			X			X
Participate in the Livable Communities Act. The City shall partner with developers to apply for Livable Communities Demonstration Account (LCDA) and Local Housing Incentives Program (LHIA) funding.											X						X			X
Promote innovative subdivision design in the Mixed Use district.											X			X			X			X