

VIII. Housing

A. HISTORICAL DEVELOPMENT PATTERN

Newport's first homes were built in the Old Town neighborhood near the Mississippi River, generally west of 4th Avenue. This early housing development consisted of mainly single family detached housing units of varying sizes. Some homes were two story Victorian homes while others were simply cabins on small lots.

In the 1950s and 1960s, development spread to the east side of TH-61. Again the primary housing type was the single family detached housing unit. During the 1960s and 1970s, federal programs and market conditions made the development of multi-family housing a priority. Several multi-family housing developments occurred east of TH-61 between 1960 and the early 1980s. In the 1990s, limited development continued, as new single family detached homes were built on vacant parcels that were skipped over or on remaining vacant lands in the bluff areas.

Since 2000, the housing market has experienced a significant shift. In 2000, development was on the rise with the most significant new construction occurring during 2004 and 2005. Since then, according to the Washington County Assessor's 2008 Report, new construction is at its lowest during the decade with 1,083 new starts in 2007. This compares to the 2004 new construction at 2,722. New construction in the County in 2007 was largely single family homes and Townhomes/Condos. Eight new housing units were constructed in Newport in 2007.

During the next 20 years, additional housing units may be developed in Newport in the following areas:

- Limited infill development of single-family homes on existing platted (but vacant) lots in the Old Town area.
- New development on vacant parcels in the bluffs areas. This is likely to be single-family detached homes.
- New housing such as townhomes and condominiums developed as the areas on the east and west sides of Highway 61 are redeveloped with a mix of housing, retail, commercial and office development.
- Housing development or redevelopment could be incorporated around the proposed Red Rock Rail Commuter station.

B. EXISTING HOUSING SUPPLY

1. Housing Mix

The predominant housing type in Newport is the single family detached housing unit. Due mostly to the age of the community, there exists a good mixture of housing styles including single story ranch homes, two story Victorian homes and even the more modern split levels and modified two story homes.

The City also maintains a good supply of rental housing units for both the general population and for seniors. Rental units are primarily in larger apartment complexes but are also dispersed throughout the community in single family homes, duplexes, triplexes, and quadhomes.

Table 8-1 identifies the current housing mix in the community by type of housing structure.



**Table 8 - 1:
Housing Types**

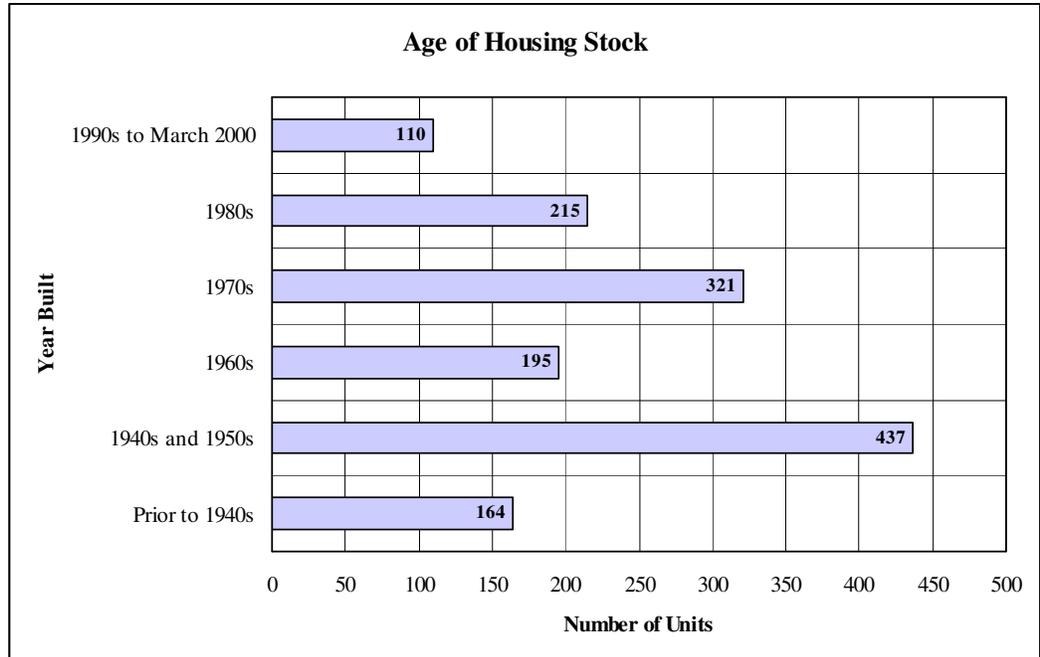
Housing Type	# of Units in 2000	% of Total Units
Single Family Detached	999	69.3
Multi-Family		
Townhomes/Condominiums	31	2.1
Duplex/Triplex/Quads	133	9.2
Apartment (5+ units)	279	19.3
Other	-	-
Total Units	1,442	100

Sources: 2000 Census Data, TKDA

2. *Housing Age*

Approximately 55% of Newport's total housing stock was built prior to the 1970s. Based on the average age of homes, there is an ongoing need for routine (but significant) maintenance items such as new roofs, siding, and windows.

**Figure 8 - 1:
Age of Housing Structure**



Sources: 2000 Census; TKDA

3. *Housing Values*

Housing values in Newport are significantly lower than the overall housing values in Washington County and the Metro area in general. Table 8-2 reflects data from the 2000 Census information on housing values. 2000 Census data indicates what the homeowner reported as the value of their home on the 2000 Census survey.

**Table 8 - 2:
2000 Census Data - Housing Values**

Value Range (In Thousands of Dollars)	City of Newport	Washington County	7-County Metro Area
\$300 +	4%	9.80%	10.40%
\$200 to \$299	7.40%	18.90%	14.20%
\$150 to \$199	13.60%	25.10%	21.70%
\$100 to \$149	35.30%	35.10%	38.60%
\$50 to \$99	36.90%	10.60%	16.80%
Less than \$50	2.90%	0.40%	1.00%
Total Units	100%	100%	100%
Median House Value (dollars)	\$112,500	\$156,200	\$148,171

**Data is specified owner-occupied units
Source: 2000 Census Data, TKDA*

4. Rental Market

The City of Newport has a variety of rental housing opportunities including single family homes, duplexes, and multifamily units. Of the 1,442 housing units in the City in 2000, 1,418 were occupied. Of the 1,418 occupied housing units, 944 were owner-occupied and 474 were renter-occupied. This indicates that 33%, or 1/3 of the City’s housing units are rental units. 1990 Census data indicated that rental housing occupancy comprised 32% of total housing occupancies, so this has increased slightly over the last 10 years. Most of this rental housing supply is older housing. In fact, 325 units of the rental supply (69%) were built in or before 1979. This is not unusual for many communities in the Metro Area because of the federal government programs that encouraged rental housing development in the 60s and 70s.

5. Washington County Housing Needs Assessment (2007)

The Comprehensive Housing Needs Assessment for Washington County was recently updated by Maxfield Research, Inc. This study examines current housing within the County and addresses housing needs for the County through 2030. The City of Newport is within the Cottage Grove Area, which includes the communities of Newport, Cottage Grove, St. Paul Park, and Grey Cloud Island.

In 2007, this study area had 15,450 households. By 2030, the number will increase to 23,230. Maxfield’s study for Washington County projects that the community will grow to 28,780 households by 2030. The numeric increase of 13,330 households projected between 2007 and 2030 is the second largest increase in

the County and accounts for 23% of the total projected housing demand in the County. Most of this growth will occur between 2007 and 2020, with nearly 7,780 households projected during this period. The remaining 5,550 households are projected to be added between 2020 and 2030.

The total projected housing demand between 2007 and 2030 of 13,330 households will include the following types of units:

- 6,740 ownership units, including 3,762 single-family and 2,978 multi-family units
- 660 senior housing units, including 100 adult-owned, 190 adult-rental and 370 service-intensive units
 - Most of the senior demand will not occur until after 2010, when the local senior population increases.
 - Demand between 2020 and 2030 will constitute nearly 73% of the total senior demand for this study area.
- 380 rental units, including 220 market-rate and 160 affordable/subsidized units

a. Trends in Housing

Newport will be subject to housing trends similar to those of all of Washington County and the Metropolitan Area. The following trends identified in the Maxfield Study are likely to influence Washington County and Newport:

- i. Demand for new housing in Washington County will remain strong, and be driven almost exclusively by household growth.
- ii. About 85 percent of housing demand will be for single family dwelling units, about 15 percent for multi-family housing units, including senior housing.
- iii. Senior demand for housing will increase after 2020 when baby boomers reach their mid-70's. Between 2020 and 2030, 68 percent of the overall rental demand will be for senior units (2,800 units).
- iv. Few new single family homes priced under \$325,000 are projected to be built to satisfy demand from moderate income buyers.

- v. Because of high costs of new construction (land, labor and materials), very few of the buyers for new single family homes are likely to be first time buyers.
- vi. With the aging of the baby boomers, the greatest growth in Washington County from 2007 to 2020 will be among people ages 55 to 74.
- vii. In 2000, 77 percent of Washington County's households were families, compared to 67 percent of the Metro Area's. This difference is caused by the high number of new families moving to the County compared to younger singles.

** Source: Comprehensive Housing Needs Assessment for Washington County, Maxfield Research, Inc, 2007*

The Table below shows average resale and sale prices of housing units within the study area as compared to Washington County in 2007.

**Table 8 - 3:
Comparison of City/County Housing Values**

	Cottage Grove Area (including Newport)	Washington County
Average resale price of existing single-family homes	\$234,596	\$345,777
Average resale price of existing multi-family homes	\$196,472	\$209,900
Average sale price of new construction SF homes	\$510,000	\$550,000
Average sale price of new construction MF homes	\$235,000	\$275,000

Source: Comprehensive Housing Needs Assessment for Washington County, Maxfield Research, Inc, 2007.

The table illustrates that the study area has lower resale price for existing single family homes than the County. The study suggests that more modest-cost homes will be developed in other communities within Washington County.

6. Vacancy Rates

For the City of Newport, 2000 Census data reported a vacancy rate of less than 2% of the City's total housing units. The 2000 Census reported a vacancy rate of approximately 3% of

Washington County's total housing units. The seven county metro area has a vacancy rate of approximately 3%. Newport's vacancy rate is in alignment with county and regional statistics.

7. *Affordable Housing*

The Metropolitan Council defines affordable housing as a unit priced at or below 30% of gross income of a household earning 60% of the Twin Cities' median family income (or \$48,540 in 2008). In the year 2008, affordable housing prices were estimated at \$158,000 for owned housing and \$910/month for rental housing (two bedroom), according to Metropolitan Council data. According to the *2011 - 2020 Allocation of Affordable Housing Need by City/Township* published by the Metropolitan Council, the City of Newport is projected to provide 68 additional affordable housing units between 2011 and 2020 in order to meet regional affordable housing needs.

Newport is also required to address the forecasted housing needs and provide a share of the regional household growth. With a net growth in sewerer households projected at 276 from 2010 to 2020, nearly 25% of the City's forecasted growth in sewerer households should meet the definition of affordable housing. The County as a whole is forecasted to have a net increase of 23,528 sewerer households. Newport would comprise approximately 1.2% of this growth.

This study indicates that 40% of the City's existing housing units are considered affordable (at or below 60% of HUD AMI). The County is projected to need an additional 5,627 affordable housing units. With 70 affordable housing units allocated to Newport, the City would comprise approximately 1.2% of this growth.

C. CURRENT HOUSING ISSUES AND CONCERNS

1. *An Appropriate Housing Balance and Mix*

Maintaining an appropriate housing balance and a variety of housing types is a concern not only in Newport but in most communities in the Metropolitan Area. Residents living in predominantly single family neighborhoods are concerned about too many people in a small area increasing the potential for crime and other urban problems including the impact on local infrastructure systems. While this can become a problem in highly concentrated areas, the magnitude of multi-family housing in

Newport does not equate to such a high problematic concentration.

Another concern is the conversion of single family owner-occupied homes to rental units. Newport's housing stock is, on average, at a lower value than that of the region. This makes the conversion of single family homes to rental homes an attractive speculative investment and at times can lead to deteriorating housing conditions due to lack of investment and maintenance.

2. *Housing Maintenance*

The City of Newport is a maturing community with the majority of its housing stock over 30 years of age, both multi-family and single family units. Given the age of the housing stock, major maintenance is an on-going need for many of its homes and apartments. With the high cost of housing maintenance, a key issue the community faces is ensuring the appropriate resources are available for the community to maintain its housing stock. Those properties that are in need of major maintenance are typically scattered throughout the community. However, some small concentrations of deteriorating housing units are evident in areas that are in conflict with adjacent land uses.

D. EXPECTED FUTURE HOUSING DEMAND AND NEEDS

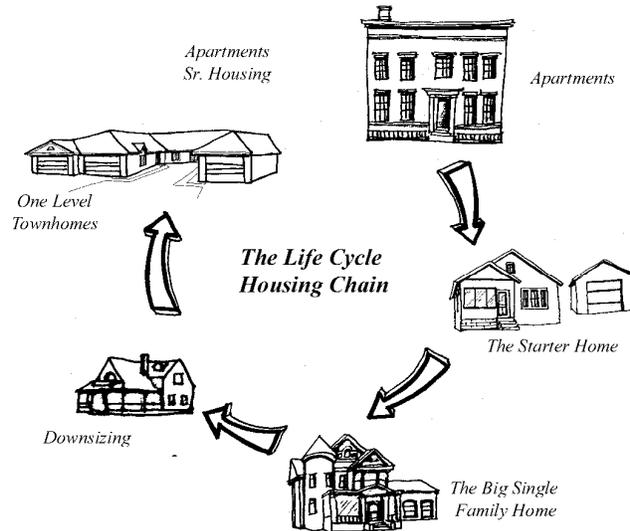
It is difficult to predict what the economy will do in the future and what impact it will have on housing needs and in general the peoples demand for housing. Prior to the downturn in the housing market, newly constructed single family homes were the primary market demand. According to the 2008 Washington County Assessor's Report, new construction has since become a split preference between single family residential homes and townhomes/condominiums. Newport has seen limited new development and had only 8 new construction starts in 2007 out of the County total of 1,083. This is largely due to a limited land supply in Newport.

1. *The life-cycle evolution*

As people move through the different stages of life they develop different housing needs. A young person getting out of school, just starting out usually can't afford a home and begins their housing trek by renting. As they grow older, they establish a family and buy their first home either a townhome or a small starter home. Then the family's household income grows and children enter the picture and they move up to the biggest home. Once the children leave the house and the typical family

downsizes and moves back to the smaller home with less maintenance needs. And finally they reach retirement and possibly desire or need an assisted living housing type. This represents the life-cycle housing chain as illustrated in Figure 8-2.

**Figure 8 - 2:
Life-Cycle Housing Chain**



Newport accommodates most housing styles in the life-cycle chain. The balance however is somewhat lopsided, as the majority of the housing supply is the smaller more affordable owner-occupied single family home or starter home. The other forms of life-cycle housing include the larger, more modest cost housing located in the bluff areas (Wild Ridge Estates for example) and along the river and the rental housing units east of TH-61.

2. *The baby boom generation and its impacts*

The baby boom generation occurred basically in three cycles or three waves between 1940 and 1960.¹ As people get older, they often have different housing needs that range from traditional apartment living and accessory units to assisted living facilities or full-care retirement communities. The diversity of these living decisions are linked to other health issues in terms of whether or not people's needs are met within their homes and within their larger communities, which links land use decisions, design strategies, and accessibility considerations. Providing housing for seniors will be an increasingly important service as the population

¹ Dent, Harry S. Jr. The Great Boom Ahead. Copyright 1993. Page 30.

continues to age. The specific needs of seniors include mobility, accessibility to transit as well as to facilities which allow continued independence as residents age.

Locating recreational and cultural facilities relevant to seniors is important when planning locations for senior housing. In addition, mobility issues require transit availability or options to be located in proximity to housing. The location of these facilities help to create a community with accessibility and mobility options that could accommodate seniors within the community.

According to the Washington County Housing Study, the City is projected to share in the demand for senior housing. From 2007 to 2020, that demand is projected to be 660 housing units including owned, rental, and service intensive. The Cottage Grove Study Area currently has 4 adult senior rental units available and 150 affordable rental housing units for seniors. The Washington County Study concludes that the Cottage Grove study area could support up to three senior rental buildings with 60 units each by 2020. The City will be expected to accommodate a share of these housing units.

3. *The rental community*

Approximately 1/3 of the occupied housing units in the City are renter-occupied housing units. Since 1990, the rental community has seen very little new development as the demand has tended to favor single family residential homes. With the downturn in the housing market, the number of townhomes and condominiums being built has increased to match the demand for single family residential homes. This trend may not continue as the market continues to shift. Rental housing is a critical component of the life-cycle housing chain. Rental housing shows up at the beginning of the life-cycle chain and at the end filling the needs of several segments of the population including:

- Commercial and retail service employees
- Single income families and individuals
- Senior citizens living on fixed incomes
- Young people moving out of homes and into the workforce
- Economically disadvantaged households

The rental housing stock in the City of Newport, as well as throughout much of the metro area, is an aging housing stock and is in need of continual maintenance. The City of Newport needs to ensure that the existing rental housing supply is maintained in good condition.

E. HOUSING PLAN

The housing plan is developed to address the housing needs and concerns of the Newport Community. This housing plan is intended to serve as a guide, ensuring the availability of resources and a vision that will preserve the community as a safe, convenient, comfortable, attractive and affordable place to live.

1. *Housing Goals*

The following are the goals of the City of Newport relative to housing:

- a. To preserve and enhance the quality of the residential neighborhoods and the housing stock.
- b. To ensure access to financial resources for housing maintenance and improvement needs.
- c. To maintain the existing supply of affordable housing in the community.
- d. To ensure an adequate supply of affordable housing for the elderly.
- e. To redevelop certain targeted physically deteriorated neighborhoods.

2. *Housing Policies*

It is the policy of the City of Newport to:

- a. Encourage redevelopment of deteriorating or non-conforming housing units and promote rehabilitation of aging structures.
- b. Invite the Heritage Preservation Commission to comment on housing and redevelopment planning projects.
- c. Encourage new housing development on underutilized, undeveloped or skipped over lots within existing developed neighborhoods that is consistent with the style and type of housing in the surrounding neighborhood.
- d. Encourage a mixture of residential and commercial development on both sides of Highway 61 that integrates housing with public places, retail, office and commercial uses.

- e. Encourage and promote redevelopment projects that will add to the diversity (both in terms of housing styles and price ranges) of Newport's housing supply creating more life-cycle housing opportunities.
- f. Periodically review zoning ordinance provisions and other regulatory tools to ensure they do not restrict infill or redevelopment to the point of creating barriers to the development of affordable housing (these regulations include minimum floor areas, minimum lot sizes and standards, garage stall requirements, permit fees and others).
- g. Protect the integrity and long-term viability of residential neighborhoods and eliminate land use conflicts through code enforcement and redevelopment.
- h. Participate in low interest loan programs to assist low to moderate-income homeowners with housing maintenance and home improvements.
- i. Work with the Washington County HRA and other non-profit providers of affordable housing to maintain the existing supply of affordable housing in Newport and to improve the quality of the affordable housing supply in Newport.
- j. Encourage collaborative efforts between adjacent communities, Washington County, Ramsey County, and the State of Minnesota in addressing the affordable housing needs of the region.
- k. Support infrastructure improvements that contribute to a strong and healthy neighborhood identity.

3. *Implementation Strategies*

A variety of strategies can be explored to address the housing needs and concerns in the community. The following is a summary of some of the available strategies that the City of Newport should consider pursuing:

- a. Maintain a strong relationship with Washington County HRA

The Washington County HRA has many responsibilities that expand over the entire County and involve the provision and administration of housing programs. This agency has personnel trained in the housing industry to develop the

types of programs that will help Newport achieve its housing goals. The Washington County HRA currently administers a variety of Federal and State Housing Programs. The City of Newport can continue to work closely with the HRA as well as adjacent communities to develop programs that would work not only for Newport but also in other communities as well. This collaborative effort is a more efficient approach to developing housing strategies given the City of Newport's limited staff level. The City should consider appointing a citizen who is knowledgeable on housing issues to participate in the Washington County HRA or dedicate staff time to work with the HRA.

b. Consider Establishing a Housing Rehabilitation Revolving Loan Program

One such program that could be developed in collaboration with the County HRA is a revolving loan program that would allow for housing remodeling, rehabilitation and renovation efforts on single family and smaller multi-family homes. It is important that this program is not a grant but instead a low-interest loan that gets paid back so funds will remain available for future loans. The intent of this program would be to allow homeowners and landlords of smaller rental buildings lower interest rates on second mortgages in order to modernize and update some of the older homes in Newport. The primary costs for such a program would be start-up costs and ongoing administration fees. Funds for the program to get started up could come from some of the funding sources identified on the following page.

c. Work with adjacent communities to coordinate a Multi-Family Housing Association

The City of Newport may not contain enough property managers and landlords to justify establishing an association for apartment managers and owners. However, the City should consider working with adjacent communities to coordinate an association through which property managers and landlords can get together to address issues with rental housing. This organization can be a means to improve communications between the City and multi-family housing owners and managers as well as a means to update property owners on current programs, issues and affairs in the community.

d. Develop Innovative projects under the Livable Communities Act

The Livable Communities Act (LCA), adopted by the Minnesota Legislature in 1995 and administered by the Metropolitan Council, provides funding for communities to invest in local economic revitalization, affordable housing initiatives, and development or redevelopment that connects different land uses and has good access to transportation. The City of Newport is a participating community.

An innovative project that the City of Newport has the opportunity to undertake is redevelopment around future transit areas along Highway 61 that may include a residential, service and commercial land uses. This redevelopment may include retail and service commercial, some office development, public space including transit and housing.

The Livable Communities Act was enacted by the state legislature to encourage communities to invest in local economic revitalization and affordable housing initiatives. Livable Communities goals were established by comparing City numbers to benchmarks set by the Metropolitan Council. The benchmarks are based on numbers compared with surrounding communities with similar issues and profiles. Table 8-5 shows the 1996 City index and the benchmarks set by the Metropolitan Council for affordable and life-cycle housing goals.

**Table 8 - 3:
Livable Communities Act City Index and Benchmarks**

	City Index	Benchmark
Affordability		
Affordable owner occupied units	87%	69-74%
Affordable rental units	66%	35-48%
Life-Cycle		
Non-Single Family Detached	32%	26-35%
Owner/Renter Mix	65/35%	(75-81)/(19-25)%
Density		
Single-Family Detached	1.4 units/acre	1.9-2.0 units/acre
Multi-family	18 units/acre	8-10 units/acre

Source: City of Newport Draft Housing Goals Agreement. Metropolitan Council Livable Communities Act

As evident by the above table, the City of Newport exceeds or meets the benchmarks in all but one category; single family detached housing density.

As a community that participates in the LCA, Newport is eligible for funding programs designed to assist communities in obtaining their housing goals. To date, Newport has not received funding from any of these programs. These accounts include the Local Housing Incentives Account (LHIA), the Tax Base Revitalization Account (TBRA), and the Livable Communities Demonstration Account (LCDA).

The Local Housing Incentive Account (LHIA) helps expand lifecycle and affordable rental and ownership housing development and preservation in the region. Grants awarded from this account must be matched on a 1:1 ratio by the recipient community with local dollars for affordable housing activities, and may be used for costs associated with projects that help municipalities meet their negotiated LCA housing goals. This program is conducted in coordination with Minnesota Housing.

The Tax Base Revitalization Account (TBRA) helps cities clean up contaminated urban land for subsequent commercial and industrial development, thus restoring tax base and jobs near existing housing and services. This program is conducted in coordination with the Minnesota Department of Trade and Economic Development.

The Livable Communities Demonstration Account (LCDA) funds development and redevelopment projects that achieve connected development patterns linking housing, jobs and

services, and maximize the development potential of existing infrastructure and regional facilities. Funding has been a catalyst that has enabled cities and developers to expand options available in the market, like transforming an outmoded shopping center into a neighborhood center with new housing opportunities, retail and commercial services, and public spaces. Funded projects include a variety of small-scale and large-scale developments throughout the region, serving as destinations for daily activities, such as work, errands, shopping and entertainment.

The most appropriate account for the City of Newport is the Livable Communities Demonstration Account. This account provides loans and grants to communities to encourage efficient and creative development and redevelopment initiatives with such design components as compact, transit oriented development that links housing to jobs and transit. These principles are consistent with the redevelopment planned in the City's Future Land Use Plan, specifically the areas surrounding the potential transit areas designated for future development on both sides of Highway 61. While housing may or may not play a major role in immediate redevelopment efforts, future redevelopment in neighborhoods surrounding the transit service areas may fit well with the principle objectives of the Demonstration Account.

4. *Funding Sources*

The Twin Cities area is fortunate to have many funding sources available for housing needs that can be leveraged with private dollars and the local and regional tax payers dollars. The following is a brief list of resource agencies and various programs for housing finance assistance that the City should consider when developing any of the above mentioned housing programs:

- Department of Housing and Urban Development (HUD) administered through Washington County HRA
 - Community Development Block Grants (CDBG)
 - The HOME Program
 - The HOME Investment Partnerships,
 - Self-Help Homeownership (SHOP),
 - Homeownership Zone programs

- Minnesota Housing Finance Agency (MHFA)
 - Family Housing Fund
 - Community Fix-Up Fund
 - Minnesota Mortgage Program
- Metropolitan Council
 - Livable Communities Act (LCA)
(Demonstration Account)
 - Met Council Local Housing Incentive Account
(LHIA) Program
 - Metropolitan Housing Redevelopment Authority
- Public/private partnerships with local lenders, business leaders, and non-profit groups
- Washington County Housing and Redevelopment Authority
- City of Newport General Levy
- Tax Increment Financing (TIF)(Housing Districts)