

HOUSING ACTION PLAN

CARVER HOUSING FACTS

Adopted January, 2022



Total Housing Units: 1,612
 Ownership: 1,502 units | 93%
 Rental: 110 | 7%



City of Carver Median Household Income:
\$114,906

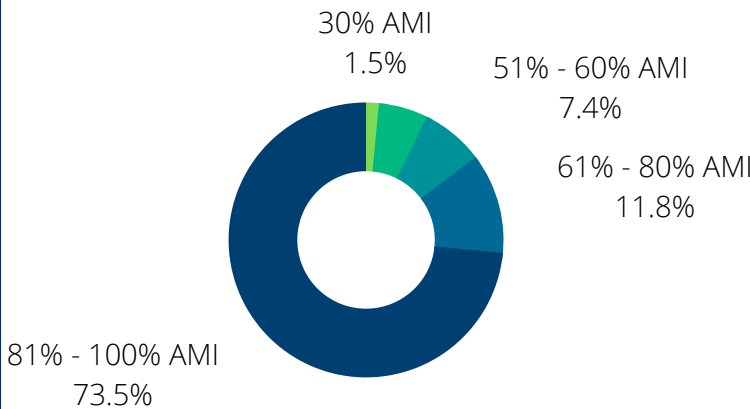


Carver County Median Household Income:
\$101,496



State of MN Median Household Income:
\$74,593

HOUSING STOCK AFFORDABILITY



100% AMI - \$114,906
 80% AMI - \$91,924
 60% AMI - \$68,943
 50% AMI - \$57,453
 30% AMI - \$34,471



New Home Construction Costs

\$201/square foot
 2,000 square foot home | \$402,760



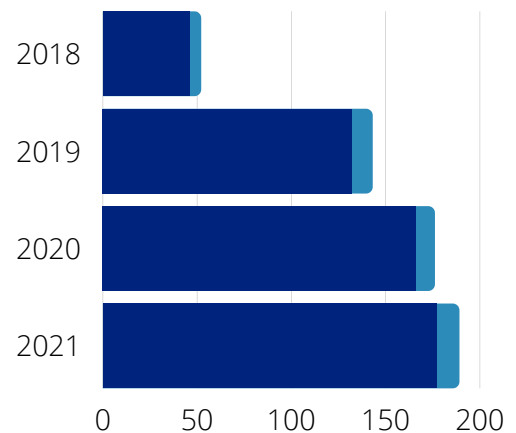
Existing Home Costs

\$163/square foot
 2,000 square foot home | \$326,000

COST BURDENED HOUSEHOLDS

- Based on median income, a household would need to spend >\$2,800/month on housing to be considered cost burdened.
- Median mortgage payment in Carver is \$2,166

NEW HOME PERMITS



For the past 11 years, the median home values in Carver have exceeded both Carver County as well as the seven county metropolitan area. Due to both market demand and historic trends, affordable housing is not likely to organically occur in Carver without commitment from the City or other willing partners.



WHERE WE STARTED

1. Housing stock in Carver is largely of similar product, limiting the people who are able to live in the community. Housing stock is limited both below and above the typical Carver market.
2. The development market in Carver is strong. The market strength pushes higher land prices for new development projects. New projects additionally require infrastructure which drives project costs to levels that are not attainable to many. These costs are often paid for by a developer or builder but passed on to the future owner of a new home.
3. The City Council is interested and willing to participate in conversations and projects that could increase Carver's market to different types of homes that create opportunity for residents that can afford housing at various price points.

WHAT WE LEARNED

1. The concept of affordable housing can be arbitrary based on personal experience. What feels affordable is often based on personal financial situation and history of homeownership.
2. We acknowledge that we cannot manufacture a diverse housing stock. Affordable homes hit one market. There will be many markets that we are not able to request or create.
3. What feels like the missing \$250,000 market is not affordable based on the definition of area median income (AMI) and does not meet shared affordable housing goals with our regional and state partners.
4. The housing market drives home prices. As a City that is seeing large growth, undeveloped property directly adjacent to City limits will balloon in price as projects continue to develop. The City cannot control the cost of land sale or the cost of infrastructure that is required for projects to develop.
5. New construction homes for a first time home buyer may not be a reality for many. The existing housing stock in Carver is a more likely first purchase.
6. As a growing community, needs also grow with each residential project. The City Council and City staff value being a high service and high amenity community. With additional homes come additional responsibilities for new water treatment facilities, equipment, public spaces, and expectations which impact the cost of living in Carver.

CITY OF CARVER HOUSING GOALS

- Housing choice that allows for all people to live in Carver
- The ability for all residents to live in Carver for their lifetime
- Safe housing at every price point
- Allow people to have affordable housing costs which gives opportunity for spending within local economy

STRATEGIES AND COMMITMENTS

- Development opportunity for high quality housing that is diverse in ownership, price, type, and style
- Encourage or require residential developers to include affordable housing as part of development proposals to create a range of incomes and housing abilities within the community
- Develop affordable housing partnerships and programs with other organizations
- Provide City services at a level that encourages partnership, growth, and commitment to all

TOOLS

- The City is interested in partnering with the development community if there is a lasting demonstration of affordable housing within a project. The City may explore options including:
 - Development of Community Land Trust lots in Carver
 - Tax Increment Financing if a developer can demonstrate the need for TIF as well as a commitment to long term affordable housing
 - Reduction in sewer and water connection charges if a developer can demonstrate effective affordable housing and meet set requirements as determined by the City
 - Develop and administer an inclusionary housing policy with requirements that a portion of multi family units are affordable if seeking City funding or City resources

DEFINITIONS AND ACRONYMS

- **Affordable** – units are affordable if a house spends no more than 30% of their income on rent/mortgage.
- **Area Median Income (AMI)**
- **Carver County Community Development Agency (CDA)**
- **Cost Burden** – a household is cost burdened if they spend more than 30% of their income on housing costs.
- **Fair Market Rent** – estimated rent required to be paid in a particular housing market area.
- **Housing Choice Voucher/Section 8** – vouchers to eligible households to use for housing of their choice. Voucher provides gap financing between gross rent and the tenant's contribution of 30% of their income.
- **Market Rate Rent** – Rent that a unit commands in the market area considering its location, features, and amenities.
- **Mixed Income Housing** – Development comprised of housing units with differing levels of affordability (market rate and affordable).
- **Naturally occurring affordable housing (NOAH)**
- **Project Based Rent Assistance** – Subsidies are attached to the unit (tenants usually pay 30% of their income).
- **Public Housing** – Housing financed by the federal government and owned/operated by local housing authorities
- **Subsidized Housing** – Housing made available at below market rates through the use of subsidies.
- **Workforce Housing** – Housing generally affordable to households 60-120% AMI