



Legislation Text

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To: Members of the Housing and Redevelopment Authority

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HRA recommends Adoption of Housing Policies to City Council.

Action Requested:

The HRA will consider recommending new and/or amended policies associated with housing.

Summary Report:

The Northfield Housing & Redevelopment Authority's (HRA) mission is to be a partner in providing a sufficient supply of affordable, adequate, safe, and sanitary dwellings in Northfield.

Our goal is to create a community with housing opportunities available along the entire housing spectrum: from renters to homeownership, first-time homeowners, to senior living, workforce housing and empty-nesters. We strive to create affordable housing opportunities and strengthen our neighborhoods using:

- Sustainability,
- innovation,
- partnerships,
- community input.

The City of Northfield (City) has seen increased demand for all types of rental housing in the last decade. In response to this observed demand, City staff first reviewed the City's rental housing licensing program in 2020,

known as the, “Phase I Rental License Updates.” These updates included addressing text amendments such as redundant and archaic code language, , clarifying enforcement, and applying nuisance language equitably across residential properties, regardless of owner. During this work, staff recognized that additional ordinances associated with equitable outcomes, including those associated with life-safety issues, in housing were necessary. These, “Phase II Rental License Updates,” are included in part here.

The policies/ordinances addressed in the Phase II recommendations include:

- considering adoption of an inclusionary housing ordinance;
- addressing the limitation on rental properties in certain areas of the city;
- considering defining and adopting a short-term rental ordinance;
- considering adoption of tenant protections;
- consider adopting an ordinance addressing source of income protections.

The following ordinances and programs are also being researched for future HRA Board and Council consideration and adoption are:

- Time of sale notification for manufactured homes;
- Tax abatement for Accessory Dwelling Units (ADU);
- Establishing a proportional-to-income lot rent cap at Manufactured Home Communities.

Inclusionary Zoning Ordinance

An inclusionary zoning ordinance is an affordable housing planning tool. Inclusionary zoning policies create dedicated affordable housing units by requiring or encouraging developers to include a specific share of below market units as part of market-rate rental or homeowner developments. Depending on how the policy is structured, it can also be an effective way to ensure that affordable housing units are integrated throughout the community.

Policy highlights:

- New multi-family rental developments with 20+ units are to provide a minimum of 10% of units affordable to those with incomes at 50% AMI or 20% of units affordable to those with incomes at 60% AMI - to remain affordable for 20 years. Must accept rental assistance programs.
- New for-sale developments will provide a minimum of 10% of units affordable to those with incomes 80% AMI - to remain affordable for 30 years. If desired, developers may pay cash in lieu of providing affordable homes (rental or ownership).

Addressing the Limitation on Rental Properties in Low-Density Neighborhoods

When both colleges were struggling with housing all admitted students on campus, the City adopted a policy limiting college rentals in the low-density neighborhoods surrounding the colleges. During the past five years, both St. Olaf and Carleton Colleges have made concerted efforts to house 95% of the student population on-campus. The restriction has also resulted in fewer rental units available to the general public.

Policy change highlights:

- Clarifying the definition of block;
- Owner-occupied properties could be exempt from being counted toward the 20% limitation.

Short-Term Rental Ordinance

Short-Term Rentals (STRs) are generally rentals of a residential residence for fewer than 30 days. STRs, once commonly referred to as boarding houses, and a variety of other terms have existed for hundreds of years. Within the last decade, however, STRs have exploded as a substitute of traditional lodging, like hotel rooms. With this new variation of housing, comes concerns regarding regulation, enforcement, and consumer protection.

The proposed ordinance:

- Adds short-term rental to the definition of *Lodging* in the City code;
- STRs will be regulated by the City like other residential rentals in the areas of requiring the STR to have a license and establish standards for occupancy, parking, etc.;
- Addresses violations and appeals.

Tenant Protection Ordinance

When rental property is sold from one investor to another, the new owner has the ability to raise rents and re-screen existing tenants based on new criteria. This leads to properties, generally older in age and considered Naturally Occurring Affordable Housing (NOAH), being rehabilitated in order to command a higher rent, often resulting in low(er) income residents needing to move.

The proposed ordinance:

- Defines an affordable housing building as having three (3) or more housing units where at least 18% of the units rent at an amount affordable to households at or below 60% Area Median Income (AMI). This ordinance contemplates using AMI as determined by HUD for the Minneapolis-St. Paul-Bloomington-Wisconsin Metro area;
- Establishes a 90-day tenant protection period (after purchase by new owner) if tenant is rescreened and is required to move or if rent increases beyond the existing tenant's ability to afford and the tenant must move, the new owner is required to pay relocation expenses with the amount dependent on the unit size.

Source of Income Protections

A landlord or property manager has the ability to deny an otherwise-eligible housing applicant based on the fact the applicant receives a housing subsidy/assistance as part of their income. Rice County HRA has reported that many Northfield landlords aren't willing to accept subsidies (Housing Choice Voucher, Bridges, VASH, etc.). Data below suggests a municipal approach to source of income protections can be valuable:

- While the Rice County HRA is authorized 383 Housing Choice Vouchers (HCV), approximately 286 are being used successfully at any given time;
- Of the eligible Rice County households in receipt of an HCV, 33 have been able to find a rental home in Northfield;
- Rice County is anticipated to receive an additional 40-50 state-funded housing assistance vouchers in the next 12-18 months and anecdotal evidence suggests the county and its communities do not have enough landlords participating;
- As of June 10, 2024, Rice County HRA reports that 40 families are actively searching for housing where they can use an HCV.

Alternative Options:

The HRA could recommend one, all, or none of the proposed ordinance updates. The HRA could also recommend adoption of the ordinances by Council with identified comments and feedback for consideration. The HRA board could also ask to have the item brought back at the August meeting.

Financial Impacts:

Staff time

Tentative Timelines:

August 1 - HRA review and feedback

August 15 - Planning Commission review and feedback

September 3 - Council Review, First Reading

September 17 - Second Reading

November 1 - Official Adoption, Implementation