

# APPENDIX B3: HOUSING PROFILE

Cultivate Hopkins Comprehensive Plan

APPROVED 11/17/20

# Introduction

Hopkins is a desirable community with a wide variety of housing types. Single family homes in Hopkins are located in neighborhoods that range from urban with homes on small lots and a classic street grid, to suburban with low density homes, to estate with large homes on heavily wooded lots. Multi-family homes include duplexes and triplexes all the way up to large apartment complexes with hundreds of units.

Although Hopkins is a fully developed community, it continues to experience population growth. Hopkins grew approximately 14 percent from 1990-2018, adding more than 2,600 people and 1,000 households. The city is projected to add approximately 900 more households by 2040. This growth will increase the demand for housing and will likely result in a corresponding increase in housing costs. In order to support the projected population growth, the housing stock needs to continue to evolve and grow. Most of this growth will occur as a result of redevelopment, primarily in the Green Line Extension LRT station areas.

## Existing Conditions and Housing Needs

Existing housing needs in Hopkins are determined through a variety of factors including the demographics of the residents, the current housing stock, housing costs, the housing market, and the demand for housing.

### Demographics

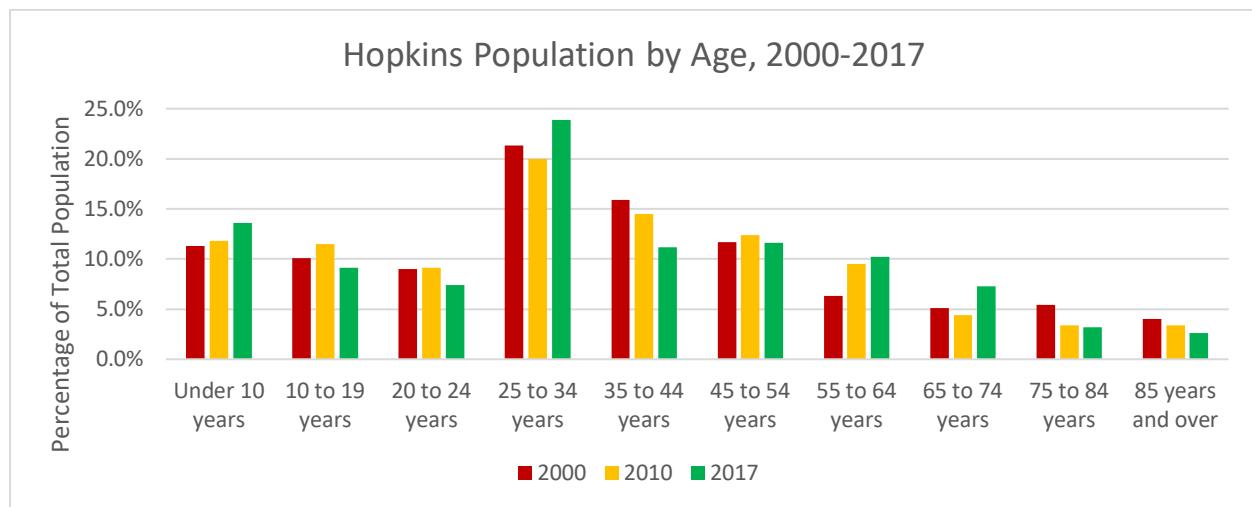
#### Age Distribution of Residents

The age distribution of residents can be an indication of the current types of housing provided in a community as well as the demand for different housing types. As shown in **Figure B3.1**, the age cohort of 25-34 is the largest, making up 24 percent of the population in 2017. This is also the age cohort that experienced the largest growth from 2010-2017. This age group usually tends to live in rental housing or starter homes. The age cohort of children under 10 also grew between 2010 and 2017, which correlates with the 25-34 year old age group starting their families. However, the age groups of 35-44, children 10 or older, and young adults have steadily declined. This may be an indication of families leaving Hopkins due to a tight supply of move-up housing and home ownership options, which could be fueled by seniors staying in their homes longer. As shown in **Figure B3.2**, the age group with the highest percentage of home owners are those 65-74.

Another increase over time are the age cohorts of 55-64 and 65-74, which correlate with the aging of the baby boom generation. Baby boomers were born between 1946-1964, which roughly comprise the 55-64 and 65-74 age groups. Baby boomers account for an estimated 17 percent of Hopkins' population.

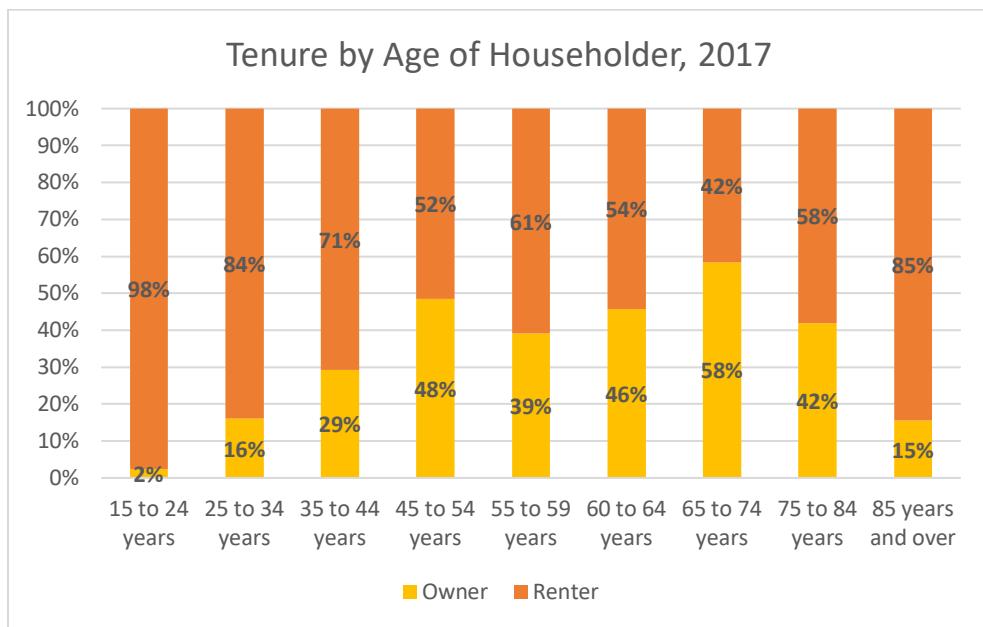
These demographics point to a need for a variety of housing types, including multi-family rental and homeownership options. Since Hopkins is fully developed, new single family housing development will likely only occur on an infill basis. Providing housing options for the aging baby boom generation may result in more availability of move-up housing for families.

**Figure B3.1 Hopkins Population by Age for 2000, 2010, and 2017**



Source: US Census and 2013-2017 American Community Survey 5-Year Estimates

**Figure B3.2 Tenure by Age of Householder 2017**

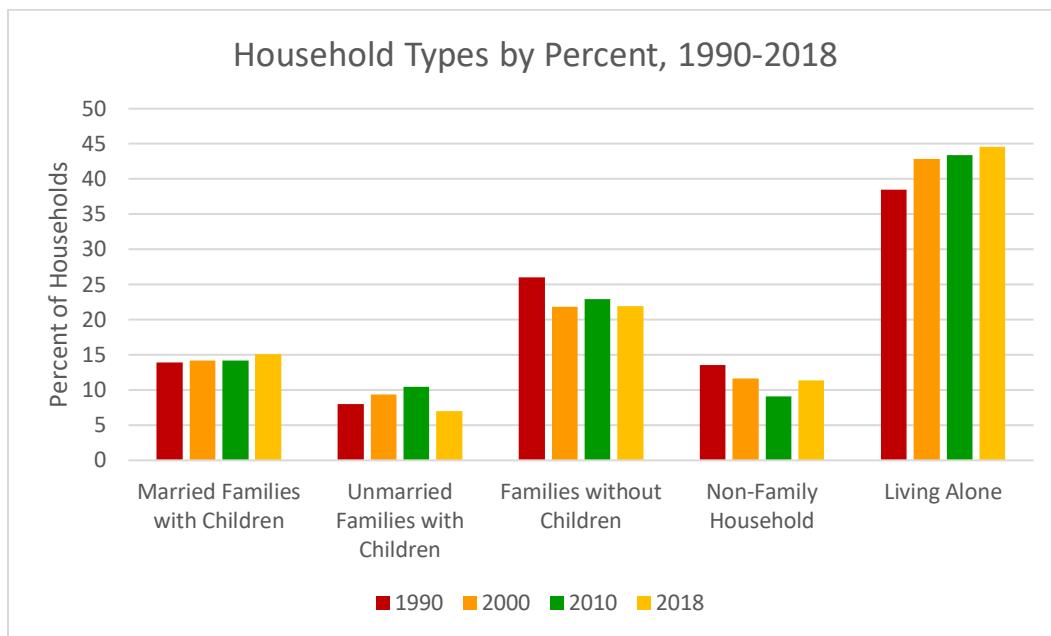


Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

### Household Sizes

In 2018, almost 45 percent of households in Hopkins consisted of people living alone, which is related to the large number of one-bedroom rental housing units in the city. This household type is significantly higher than the percentage of households of people living alone in Hennepin County (32.9%) and the Twin Cities metropolitan region (28.9%). In addition to the increase of households with people living alone, **Figure B3.3** shows a slight decrease in unmarried families with children in the last decade.

**Figure B3.3 Hopkins Household Types 1990-2018**

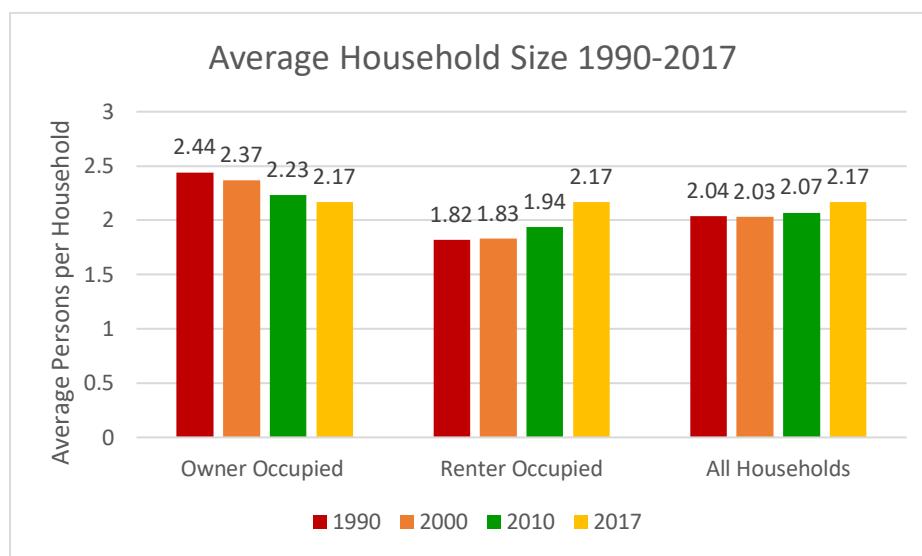


*Source: Metropolitan Council, US Census, 2014-2018 American Community Survey 5-Year Estimates*

Since 1990, household size has gradually declined for owner occupied units and steadily increased for renter occupied units, for an overall average household size of 2.17 people, as shown in **Figure B3.4**. The decrease in average owner occupied household size may be a reflection of empty-nesters remaining in single family homes. It could also indicate a trend of young people delaying starting families until they are older.

The increase in renter occupied household size may be attributed to people having more children or living with extended family or roommates with cost being a factor.

**Figure B3.4 Hopkins Average Household Size 1990-2017**

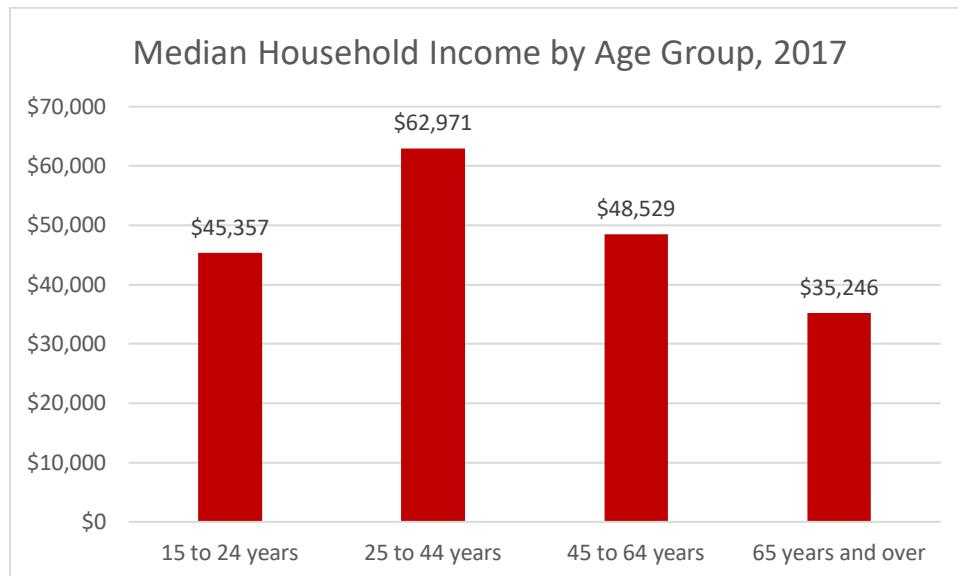


*Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates*

## Household Income

Income affects the type of housing that a household can afford. In 2017, the overall median household income in Hopkins was \$53,027, with a median income of \$77,198 for owner occupied households and \$44,754 for renter occupied households. Almost 16 percent of households earned less than \$20,000, making them eligible for subsidized housing. The highest median income was for the 25-44 age group at \$62,971 as shown in **Figure B3.5**. Households in this age group are typically starting and moving up in their careers as well as their earning potential and may seek homeownership options.

**Figure B3.5 Median Household Income by Age Group, 2017**



*Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates*

As shown in **Figure B3.5**, median household income for seniors (65 and older) was \$35,246 in 2017. Some seniors rely solely on social security benefits, while others have assets and investments to supplement their income. Although 13 percent of householders in this age group had annual incomes of more than \$100,000, almost 30 percent had an annual income of less than \$20,000 and may qualify for subsidized housing.

## Current Housing Stock

### Housing Units

According to the Metropolitan Council, in 2016 Hopkins had 9,184 housing units, 40 percent of which were single family and 60 percent of which were multi-family, as shown in **Table B3.1**. Two-thirds of homes were renter occupied (66%). In comparison, 61 percent of homes in Hennepin County were owner occupied and 39 percent were renter occupied.

Table B3.1 – Housing Units, 2016		
Housing Units	Number of Units	Percent of Total
Total Housing Units	9,184	100%
– Owner Occupied	3,121	34%
– Renter Occupied	6,063	66%
Single Family Homes	3,628	40%
Multi-family Homes	5,556	60%

*Source: Metropolitan Council, 2016*

Housing stock estimates from the Metropolitan Council show that the most prevalent housing type in Hopkins is multi-family with 5 or more units (56.4%), with just under 30 percent of the housing being single family detached. The converse is true for Hennepin County, where 52 percent of housing is single family detached and 33 percent is multi-family with 5 units or more.

Table B3.2 – Housing Types in Hopkins, 2018		
Housing Type	Housing Units	Percentage
Single Family Detached	2,761	29.2%
Townhomes (Single Family Attached)	869	9.2%
Duplex, Triplex and Quad	500	5.3%
Multi Family (5 Units or More)	5,336	56.4%

*Source: Metropolitan Council Housing Stock Estimates, 2018*

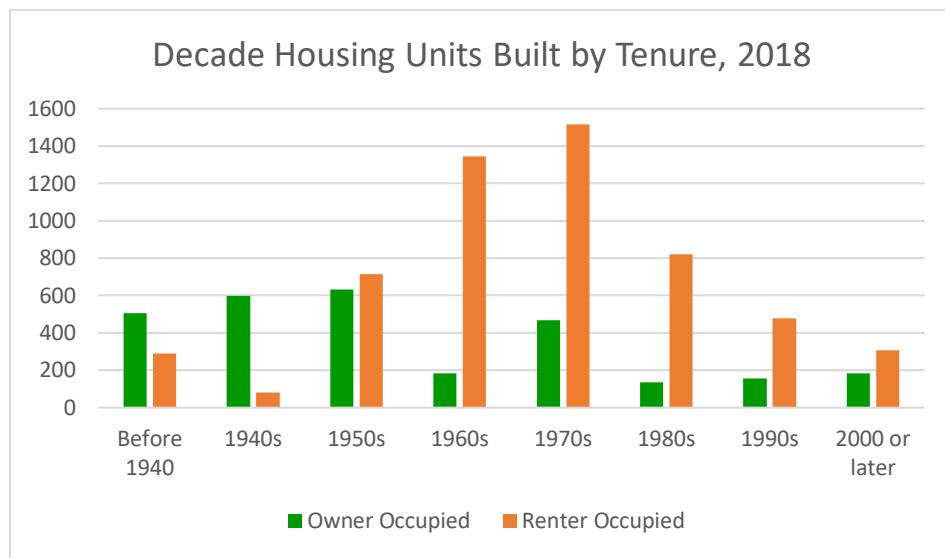
In order to maintain overall diversity of housing in Hopkins, development of owner occupied housing is encouraged where feasible. Since Hopkins is fully developed, new single family housing development will likely only occur on an infill basis. Other options for owner occupied housing include townhouses and condominiums. In addition to these housing types, development of accessory dwelling units, duplexes and small multiplexes can help provide more housing choices as part of a sustainable, walkable community.

### Age of Housing

**Figure B3.6** shows the decade housing units in Hopkins were built. Approximately 60 percent of the owner occupied housing units in Hopkins are at least 60 years old. Older housing stock requires upgrades and ongoing maintenance in order to remain safe and retain its quality and character.

Two-thirds of the renter occupied housing was built between 1960 and 1989, making it at least 30 to 60 years old. The multi-family housing units built in this era may not meet evolving consumer preferences and will also require ongoing maintenance. As units continue to age, maintenance or redevelopment will need to be considered to preserve the quality and value of Hopkins neighborhoods and housing stock. Due to their age and lack of modern amenities, rents for these units are typically below average market rate, resulting in many of the units serving as affordable housing for Hopkins residents.

**Figure B3.6 Decade Housing Units Built by Tenure**



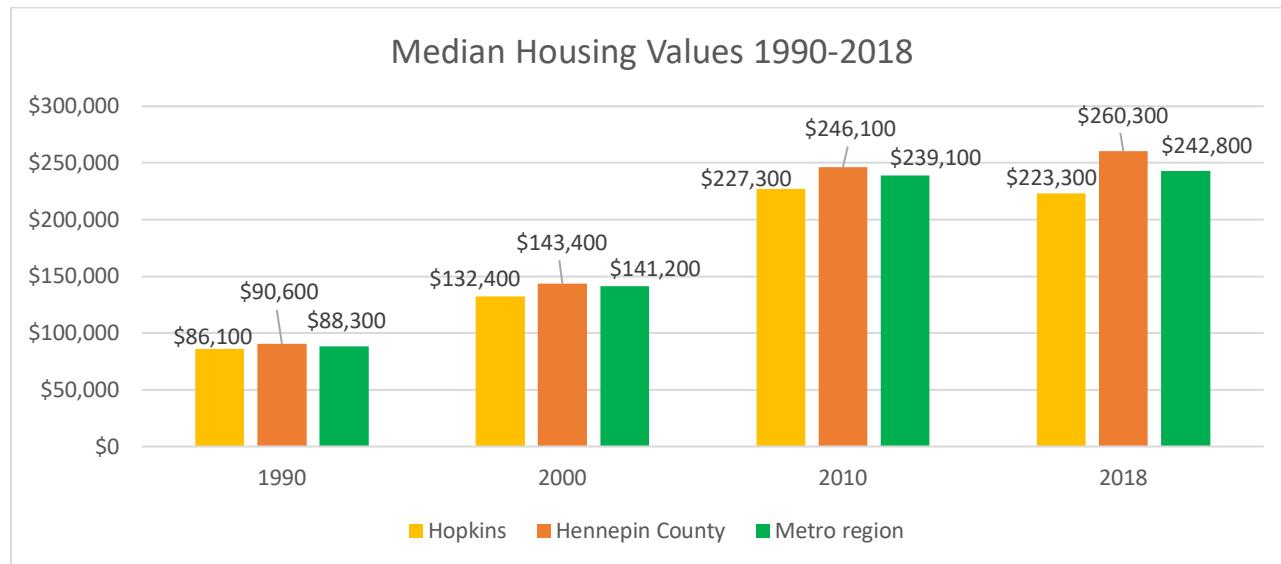
Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates

## Housing Values and Costs

### Owner Occupied Housing Units

As shown in **Figure B3.7**, median housing values in Hopkins increased dramatically from 2000 to 2010, which also occurred in Hennepin County and the Twin Cities metropolitan region. Median housing values in Hopkins remained flat from 2010-2018, with slight housing value increases in Hennepin County and the metropolitan region during this time period.

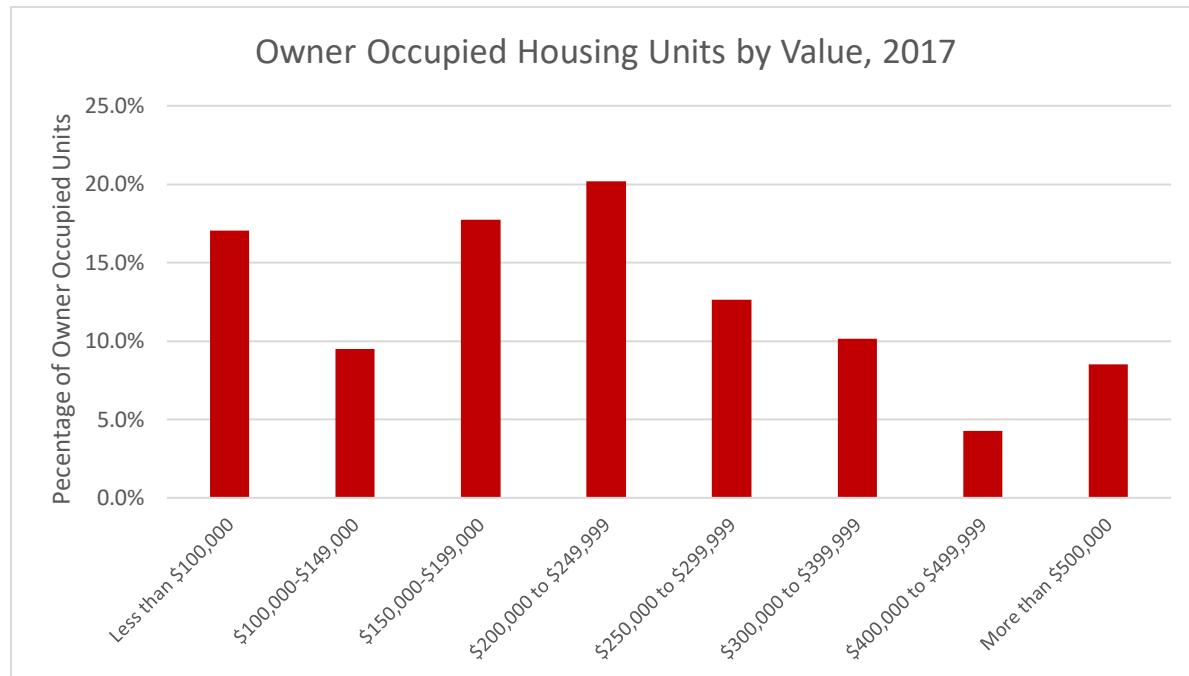
**Figure B3.7 Median Housing Values 1990-2018**



Source: Metropolitan Council; U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates

The median housing value in Hopkins is \$223,300 and the largest category of owner-occupied units is estimated to be valued between \$200,000 and \$249,000 (20%). Approximately 36 percent of the owner occupied housing units are valued at more than \$250,000 and 44 percent are valued at less than \$199,000. **Figure B3.10** on page 12 illustrates the location of owner occupied housing in Hopkins by value. Homes with higher estimated market values are located in the areas with the Estate and Suburban land use categories, which include large lots and low density single family homes. However, market values are rising in the Traditional Urban neighborhoods north of downtown as people are seeking walkable neighborhoods with access to stores, restaurants, and transit. Development of the Green Line Extension could cause these values to continue to increase.

**Figure B3.8 Owner Occupied Housing Units by Value 2017**



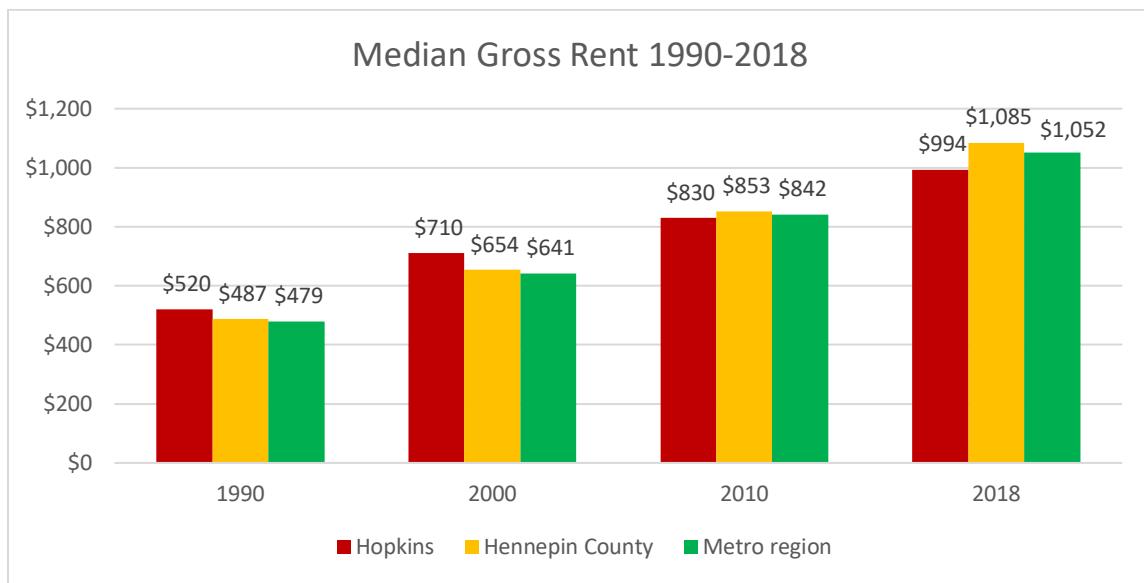
Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

#### Renter Occupied Housing Units

The median gross rent in Hopkins in 2018 was \$994, which is lower than in Hennepin County and the metropolitan region. This may be due to the age of the rental housing in Hopkins as well as the high number of one-bedroom rental units. One-bedroom units make up 43 percent of the renter occupied housing in Hopkins, compared to 40 percent in Hennepin County and 35 percent in the metropolitan region.

Based on the general standard of housing affordability being defined as households paying no more than 30 percent of their income for housing, a household in Hopkins would need an income of approximately \$39,760 to afford the median gross rent. As described on page 5, the median income for renter occupied households was \$44,754 in 2017, making rents generally affordable in Hopkins. However, this could change if the current trend of increases in housing costs outpacing that of wages continues.

**Figure B3.9 Median Gross Rent 1990-2018**



*Source: Metropolitan Council: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates*

### Senior Housing

Hopkins has a range of senior housing options, including owner occupied condominiums, independent living apartments, assisted living apartments and skilled nursing facilities. There are four senior housing developments with a total of 578 units of condominiums and apartments, including one building that has 161 subsidized units. Senior units make up approximately 10 percent of the multi-family housing in Hopkins. Additionally, two developments in Hopkins provide a total of 262 beds of skilled nursing care.

Demand for senior housing will likely increase with the aging of the baby boom generation. This poses challenges for Hopkins as assisted living and skilled nursing facilities place significant pressure on existing police and emergency medical response services. However, housing preferences for seniors is changing as many older adults remain active in retirement. They may seek housing options that provide maintenance free, independent living. Development of active senior housing options, including single level living with universal design, can help meet this demand.

### Affordable Housing

Housing is considered affordable when it consumes no more than 30 percent of gross household income. Households spending more than 30 percent of their income on housing are considered cost burdened and may have difficulty affording basic needs like food or clothing, or handling unanticipated medical or financial expenses. Severe cost burden occurs when households spend 50 percent or more of income on housing.

**Table B3.3** illustrates that 30 percent of households in Hopkins experienced housing cost burden in 2016.

**Table B3.3 – Households Experiencing Cost Burden, 2016**

	<b>Number of Cost Burdened Households</b>	<b>% of Total Cost Burdened Household</b>	<b>% of Total Households</b>
Existing households experiencing housing cost burden with incomes at or below 30% AMI	1,171	44%	13.4%
Existing households experiencing housing cost burden with incomes between 31 and 50% AMI	552	21%	6.3%
Existing households experiencing housing cost burden with incomes between 51 and 80% AMI	913	35%	10.4%

*Source: Metropolitan Council*

Housing cost burden has fluctuated for homeowners between 2000 and 2018, but has become more of a concern for renters. The cost burden increased from 23 percent to 26 percent for owner occupied households between 2000 and 2018. The rate was even higher in 2010, likely due to the residual impacts of the Great Recession (2007-2009) on the housing market. Hopkins has a slightly higher owner cost burden rate than Hennepin County and the Twin Cities metropolitan region, as shown in **Table B3.4**.

Housing cost burden is significantly higher for renters. Although Hopkins has a slightly lower rental housing cost burden than both the county and the region, the cost burden has increased since 2000, from 38 percent of renter households to 44 percent in 2018.

**Table B3.4 – Housing Cost Burden, 2018**

	<b>Hopkins</b>	<b>Hennepin County</b>	<b>Twin Cities Region</b>
Cost Burdened Owners	26%	21%	19%
Cost Burdened Renters	44%	47%	47%

*Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates*

Housing affordability is often measured against the Area Median Income (AMI). Income thresholds relative to AMI identify households that are eligible to live in income-restricted housing. The U.S. Department of Housing and Urban Development (HUD) defines and calculates levels of AMI by household size. **Table B3.5** shows the maximum household income to qualify for various housing assistance programs for the Twin Cities metropolitan region in 2017. These numbers are revised annually by HUD.

**Table B3.5 – Income Thresholds 2017**

<b>Household Size</b>	<b>Extremely Low Income 30% AMI</b>	<b>Very Low Income 50% AMI</b>	<b>Low Income 80% AMI</b>
1 person	\$ 19,000	\$ 31,650	\$ 47,600
2 person	\$ 21,700	\$ 36,200	\$ 54,400
3 person	\$ 24,400	\$ 40,700	\$ 61,200
4 person	\$ 27,100	\$ 45,200	\$ 68,000

*Source: Metropolitan Council, HUD*

According to the Metropolitan Council, approximately 75 percent of homes in Hopkins are affordable to households with incomes at or below 80 percent of Area Median Income (AMI). However, as shown in **Table B3.3** on page 10, about 30 percent of all households in Hopkins are cost burdened.

<b>Table B3.6 – Affordable Housing Units, 2016</b>		
	Affordable Units	% of Total Housing Units
Housing Units affordable to households with incomes at or below 30% Area Median Income (AMI)	753	8.2%
Housing Units affordable to households with incomes between 31 and 50% Area Median Income (AMI)	1,526	16.6%
Housing Units affordable to households with incomes between 51 and 80% Area Median Income (AMI)	4,599	50.1%

*Source: Metropolitan Council*

#### *Owner Occupied Affordable Housing*

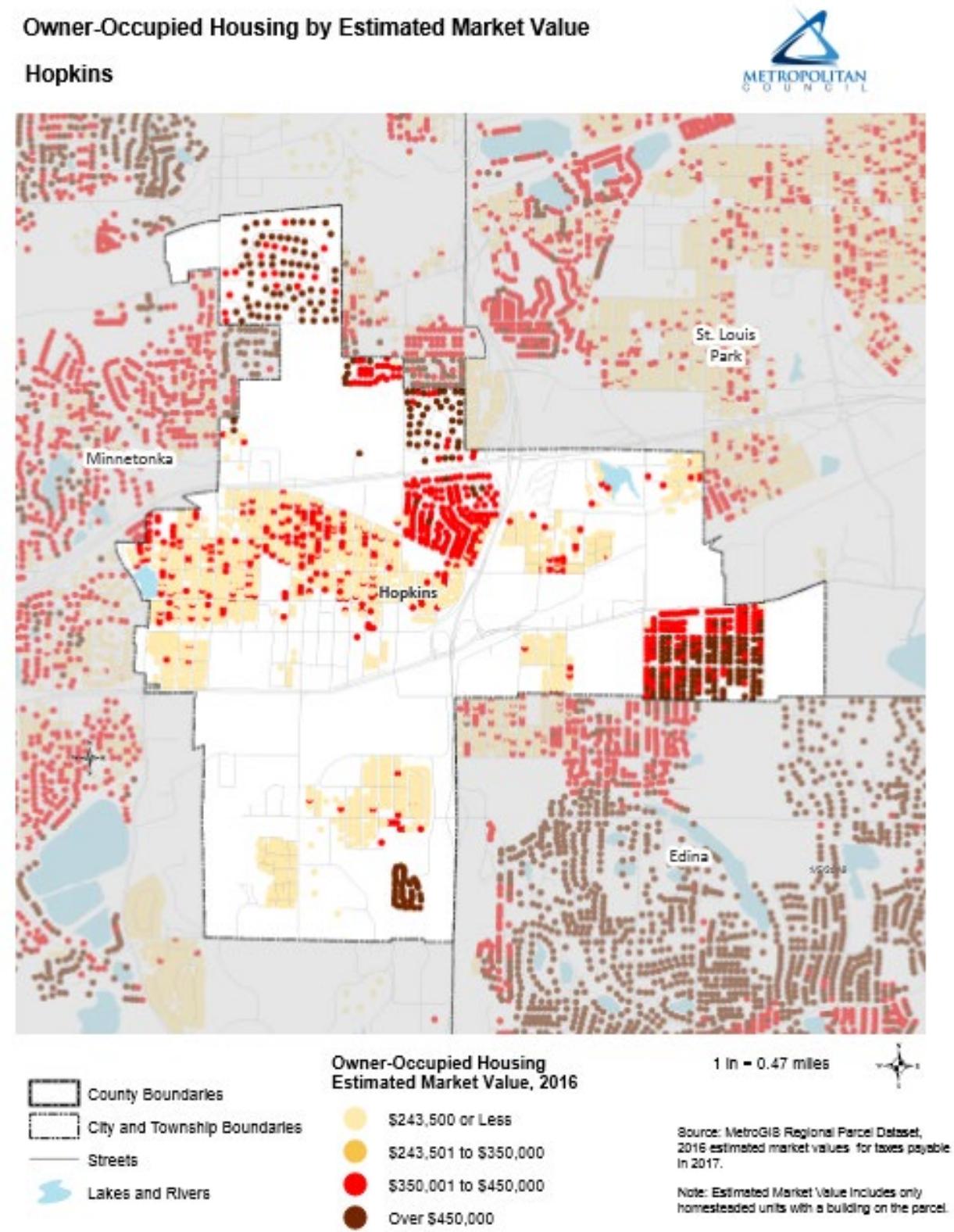
The Metropolitan Council's calculations for affordable home purchase prices in 2016 are shown in **Table B3.7**. A purchase price of \$243,500 is considered affordable to households making 80% AMI, which indicates that a majority of owner-occupied units in Hopkins have current values that are considered affordable. However, if housing prices continue to rise faster than wages, it will become more difficult for buyers to find affordable homes.

<b>Table B3.7 – Affordable Purchase Price 2016</b>			
Year	Affordable at 30% AMI	Affordable at 50% AMI	Affordable at 80% AMI
2016	\$ 85,500	\$ 153,500	\$ 243,500

*Source: Metropolitan Council*

**Figure B3.10** shows the estimated value of owner-occupied housing in Hopkins in 2016 by location. Homes that are affordable to households at 80% AMI (\$243,500 and less), are located in the central and southern portions of Hopkins. It is important to note that these values are based on estimated market value for Hennepin County tax purposes and may not represent what a home may sell for or its appraised value.

Figure B3.10 Owner Occupied Housing by Estimated Market Value 2016



Source: Metropolitan Council

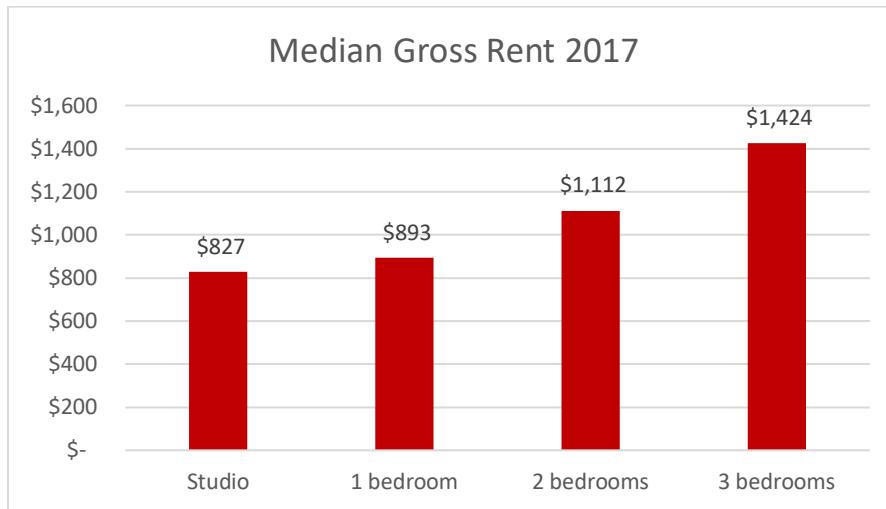
### *Renter Occupied Affordable Housing*

Affordable rents vary by the number of bedrooms in a housing unit. **Table B3.8** shows the affordable rents for different income levels as determined by HUD for 2017. Based on the information shown in **Figure B3.11**, median rents in Hopkins for studios to 3 bedroom units are generally affordable to households making between 50% and 80% AMI.

Table B3.8 – Affordable Rents 2017			
Number of Bedrooms	Affordable Rent at 30% AMI	Affordable Rent at 50% AMI	Affordable Rent at 80% AMI
Studio	\$ 474	\$ 791	\$ 1,265
1 bedroom	\$ 508	\$ 848	\$ 1,356
2 bedroom	\$ 610	\$ 1,017	\$ 1,627
3 bedroom	\$ 705	\$ 1,145	\$ 1,880

*Source: Metropolitan Council, HUD*

### **Figure B3.11 Median Rent 2017**



*Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates*

### *Publicly Subsidized Affordable Housing*

Subsidized housing helps people of limited economic means have access to an affordable place to live. Subsidized units typically receive public funding for construction and/or renovation with the requirement that rents be kept below market for a defined period of time and include income or other eligibility restrictions for residents.

HousingLink tracks affordable housing units that are subsidized through a variety of federal and state housing programs and include public housing units, buildings with project based subsidies, and units that were developed using Low Income Housing Tax Credits. This does not include Housing Choice Vouchers (Section 8), as the subsidy stays with the tenant and is not attached to the housing unit.

As of 2019, Hopkins had 429 publicly subsidized affordable units, including 161 senior units and 39 units for people with disabilities. Although 75 percent of housing units in Hopkins are considered affordable, only 4.7% of the units are publicly subsidized and legally binding. **Table B3.10** illustrates that the majority (58.3%) of the publicly subsidized units are affordable for households making up to 30% AMI. However, as shown in **Table B3.3** on page 11, there are more households in Hopkins experiencing housing cost burden making between 31% and 80% AMI. While 35 percent of the cost burdened households make between 51% and 80% AMI, only 10.3% of the publicly subsidized units are designated for that level of affordability. Development of legally binding affordable workforce housing is encouraged.

Table B3.9 – Publicly Subsidized Housing by Population Served, 2019			
Publicly Subsidized Senior Units	Publicly Subsidized Units for People with Disabilities	Other Publicly Subsidized Units	Total Publicly Subsidized Units
161	39	229	429

*Source: HousingLink, 2019*

Table B3.10– Publicly Subsidized Housing by Affordability Level, 2019		
Affordability Level	Number of Publicly Subsidized Units	Percentage of Total Publicly Subsidized Units
Up to 30% AMI	250	58.3%
31-50% AMI	135	31.5%
51-60% AMI	44	10.3%
61-80% AMI	0	0%
<b>Total</b>	<b>429</b>	<b>100%</b>

*Source: HousingLink, 2019*

#### *Naturally Occurring Affordable Housing (NOAH)*

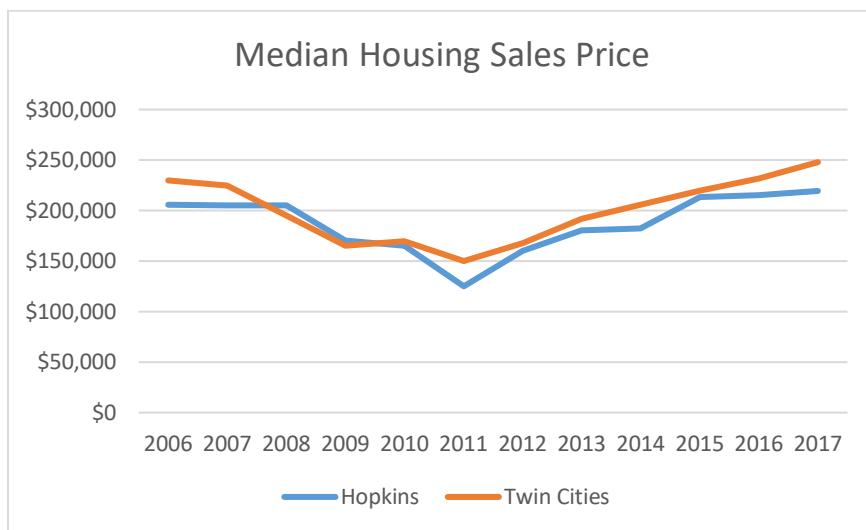
Affordable housing is often associated with publicly subsidized and income restricted properties. However, 70 percent of the housing units in Hopkins are considered affordable, but are provided by the private market without a public subsidy. These units are considered naturally occurring affordable housing and include rents below average market rates, typically due to the age of the building and lack of modern amenities. The affordability of this housing is not legally binding or otherwise protected, therefore the units are subject to rent increases based on market changes. These housing units are at risk for losing their affordability as market pressures result in the units being purchased by investors and converted into higher-rent housing. The development of the Green Line Extension has the potential to increase these market pressures. Preservation and protection of naturally occurring affordable housing is important in Hopkins.

## Housing Market Conditions

### Past Trends

Housing values in Hopkins have been traditionally slightly below the overall regional average. In 2016, the median home value was \$204,300, compared to \$220,000 regionally. This reflects the fact that the much of the housing stock is older and smaller compared to conditions in other parts of the region. Like the rest of the region and nation, Hopkins was impacted by the Great Recession (2007-2009), with housing prices bottoming out in 2011. Median housing prices followed a similar pattern to the region as a whole, as shown in the chart below. By 2015, the median sale price finally exceeded the pre-recession level (not adjusted for inflation), a year earlier than the region overall.

**Figure B3.12 Median Housing Sales Price 2006-2017**



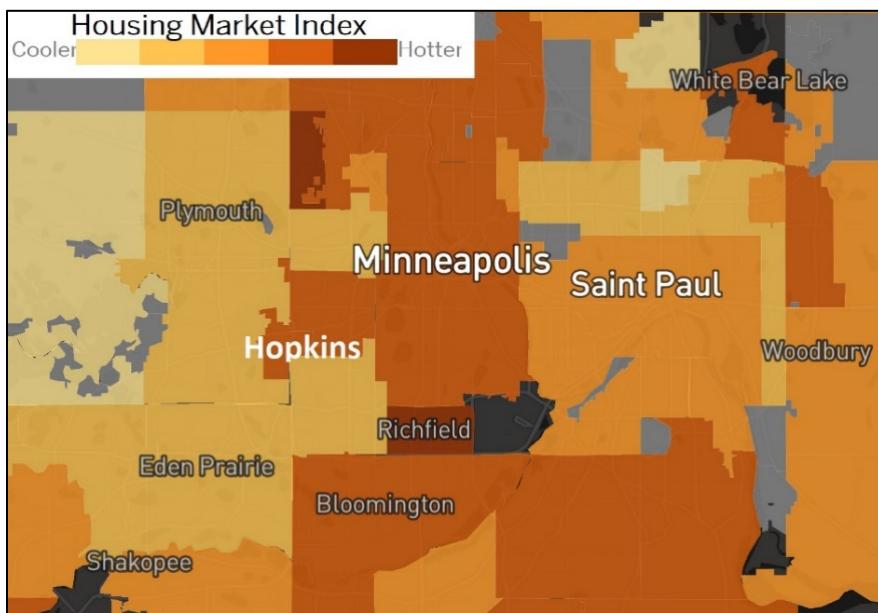
*Source: Trulia*

### Current Conditions

The Hopkins housing market has been very strong in recent years. The city's location provides convenient access to major roads, the regional trail system, and the Green Line Extension. The excellent schools, social and cultural amenities, and a walkable historic downtown make Hopkins a desirable community for people to call home.

The Star Tribune prepared a housing market analysis for 2016, comparing all communities in the seven-county metropolitan area that had 100 or more sales. This index and comparison were based on the average price per square foot, average number of days on the market, percent of the list price received by the seller, and the share of all distressed sales (foreclosure and short sale).

**Figure B3.13 Housing Market Analysis 2016**

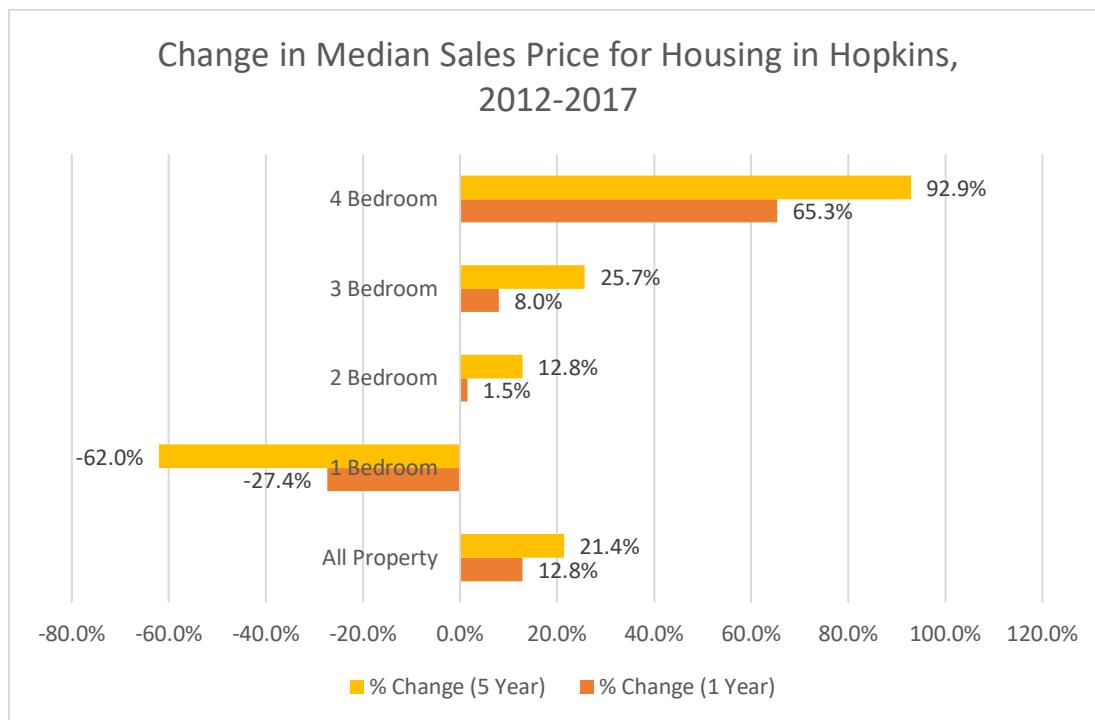


*Source: Star Tribune*

Using these metrics, Hopkins' housing market is “hotter” than a number of neighboring communities, including St. Louis Park, Golden Valley, Minnetonka, Edina, and Eden Prairie. This reflects (1) steady increases in price per square foot, leading to fewer distressed sales (+18% increase in value/square foot in 2016 from previous 4-year average), (2) relatively short time on the market (averaging 51 days), and (3) high likelihood of selling close to asking price (averaging 98% of original price). Similar status was held by various other developed suburbs, including Richfield (which ranked highest), Crystal, Bloomington, and Fridley. This indicates a high level of demand for housing in these areas relative to supply. It is notable that there was less demand shown in suburbs with higher overall costs of housing – likely related to the fact that there were fewer homebuyers shopping at those price points.

Trulia.com provides more detailed housing market data for median home sale prices for the City of Hopkins, based on observed market trends and housing sales data. As shown in **Figure B3.14**, median home sale prices overall increased 21 percent from 2012 to 2017. The biggest increases in sales prices over the five-year period were for four-bedroom homes. Part of this was driven by declines in the inventory of properties available for sale. The inventory has not returned to pre-recession levels despite increasing demand. One counter trend is for one-bedroom homes, which decreased 62 percent in median sale price between 2012 and 2017. Looking at more recent data, one-bedroom units appear to have increased in value, so this may have been a temporary after-effect of the Great Recession (2007-2009).

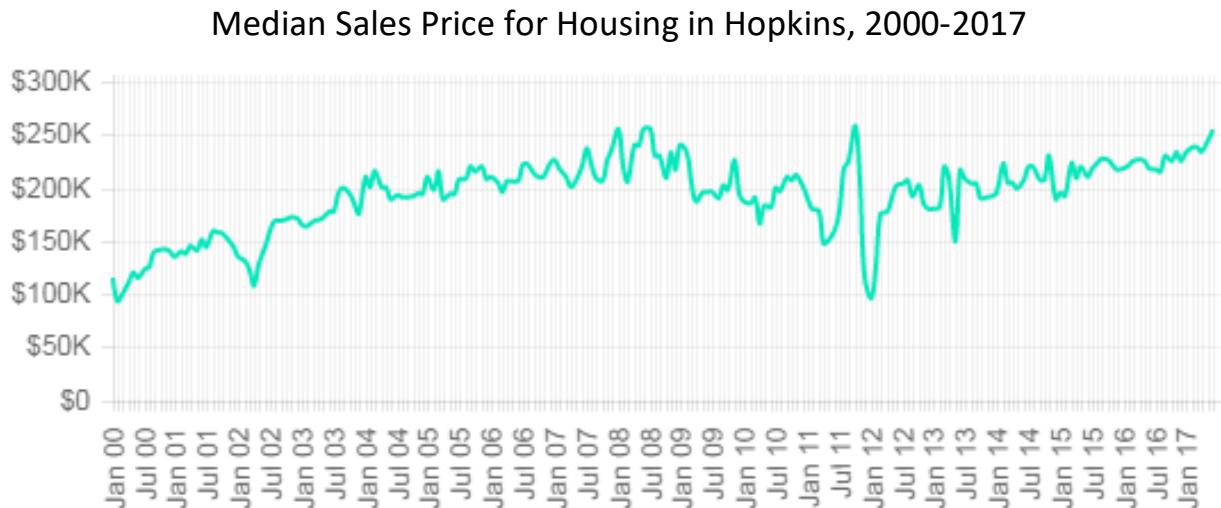
**Figure B3.14 Change in Median Housing Sales Price 2012-2017**



*Source: Trulia*

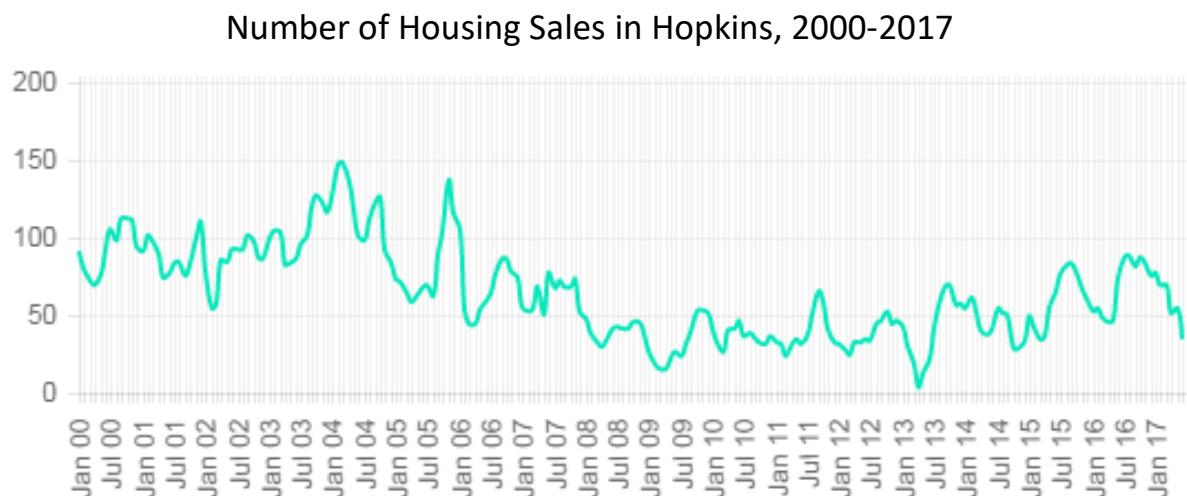
**Figures B3.15 and B3.16** show housing sales information from 2000-2017. Looking over the long term, housing prices in Hopkins increased substantially between 2000 and 2017, with a temporary decline from 2009 to 2011. However, the total number of units sold did not increase overall, which reflects the built-out character of the city and the lack of construction of additional homeownership options.

**Figure B3.15 Median Sales Price 2000-2017**



*Source: Trulia*

**Figure B3.16 Number of Housing Sales 2000-2017**



*Source: Trulia*

## Demand for Housing

As described in the previous section, the housing market in Hopkins is presently fairly strong. Factors influencing demand for housing in Hopkins include the following:

- **Existing Housing Stock** – The housing market in Hopkins is a reflection of the available housing supply. As it has traditionally been lower cost housing than in surrounding communities, households seeking a reasonably priced option will be attracted to live here. This likely will continue to include young singles and families seeking starter homes, and others at transition points in their lives looking for new housing options.
- **Demographic Changes** – As the overall population in the region ages, there will be more demand for senior housing options. These will tend to support the need for smaller units due to smaller household sizes, including more multi-family options and accessible single-level units. However, the influx of foreign-born residents could lead in the other direction, with larger household sizes and potential interest in multigenerational housing options to house extended family.
- **Market Conditions** – The housing market in Hopkins has been characterized in recent years by strong demand from buyers. Personal preferences toward walkable, service-rich environments have increased the demand for housing in Hopkins, especially near the downtown. This is expected to continue to lead to rising prices, as demand exceeds the supply of units on the market.
- **Availability of Land for Development** – As a fully built-out city, all development in Hopkins will require redevelopment of existing sites. While this may be more complex than developing greenfield sites, the locational advantages of the city due to the proximity to jobs, amenities, and transit outweigh that factor. This is especially true for sites that are currently underutilized, and/or are positioned to have higher value uses than those currently occupying the site, such as targeted areas of development including light rail transit station areas.

## Summary of Existing Housing Needs

Existing housing needs have been identified for Hopkins through 2040 based on the data and analysis provided in the previous sections. These needs are translated into the Housing Goals and Policies outlined in the Built Environment section of the comprehensive plan, as well as on page 24 of this appendix. The tools and strategies to address the goals and needs are described in the housing implementation section beginning on page 25. Existing housing needs include:

- **Affordable housing** – Preservation of existing affordable housing, production of legally binding workforce housing (50-80% AMI) and protection of tenants of affordable housing are important for Hopkins.
- **Housing options** – The diversity of Hopkins presents the need for a variety of quality housing options for various household types and life stages, including active senior housing, market rate multi-family housing, owner occupied housing, and multigenerational and extended family housing, as well as flexibility for alternative options such as housing cooperatives or co-living spaces.
- **Housing maintenance and rehabilitation** – With the vast majority of the housing stock being at least 50 years old, housing maintenance and rehabilitation of both owner occupied and rental housing is critical to retain the quality and safety of the housing as well as the character and livability of Hopkins.

## Projected Housing Needs

### Population and Household Forecasts

In addition to the existing housing needs described in the previous section, forecasts for growth and the future need for affordable housing affect Hopkins' projected housing needs. The Metropolitan Council's forecasts for the growth in population and households are shown in **Table B3.11**.

Table B3.11 – Hopkins Population and Household Forecasts				
	2010 (actual)	2020	2030	2040
Population	17,591	18,971	19,400	19,900
Households	8,366	8,815	9,700	10,000

*Source: Metropolitan Council*

Most of Hopkins new growth in housing will be attributable to redevelopment. Today, there are limited locations in the community where it may be appropriate to allow and encourage housing redevelopment. However, as shown in the section below, these areas are more than adequate to accommodate the planned housing growth in the city. In these locations, the City has indicated its land use intentions through the future land use plan and zoning regulations. In the future, opportunities for housing may be expanded as additional areas are redeveloped. In most cases, future housing construction is expected to be the outcome of private market actions.

## Station Area Forecasts

Among redevelopment sites in the city, the planned Green Line Extension light rail line station areas have the most potential for change, including additional housing or mixed-use development. In 2014, Marquette Advisors conducted a housing study for the Green Line Extension corridor to detail current conditions and project housing needs once the line opens. The recommended new residential development for the three light rail station areas in Hopkins is shown in **Table B3.12**.

In total, the study recommends 1,244 new housing units in the Blake Station Area, 680 new units in the Downtown Hopkins Station Area, and 500 new units in the Shady Oak Station Area. It is anticipated the demand for these units will be split between short term (demand within the next 5 years) and long term (demand extending beyond 10 years). New residential development has already occurred in the Downtown Hopkins and Blake Road station areas, which will help meet the anticipated initial demand.

As can be seen from these numbers, the projected capacity for growth in these station areas is significantly higher than the city's total forecasted growth through 2040. If the station areas actually reach their growth potential within the planning horizon, a comprehensive plan amendment may be needed to increase overall growth forecasts for the city.

Table B3.12 – Total Recommended New Housing Units by LRT Station Area			
	Rental	Owner	Total
Blake Road	1,140	104	1,244
Downtown Hopkins	630	50	680
Shady Oak*	500	0	500
<b>Total Units</b>	<b>1,703</b>	<b>154</b>	<b>2,424</b>

Source: SWLRT Housing Gaps Analysis, Marquette Advisors

\*The Shady Oak LRT Station Area spans portions of Hopkins and Minnetonka. The recommended housing units are for the entire station area and are not specific to Hopkins.

## Allocation of Affordable Housing Need

Maintaining and preserving the existing affordable housing supply is a priority for the City of Hopkins. Development of additional affordable housing is supported where appropriate. Housing affordability is also a priority in the Metropolitan Council's *2040 Housing Policy Plan*. The Metropolitan Council has projected the need for affordable housing for the region as a whole over the upcoming decade and has calculated each community's share or allocation of the need. A local community's share of the regional need is based on the following factors:

- Overall projected growth
- Its current supply of existing affordable housing, including subsidized and naturally occurring
- Ratio of low-wage jobs to low-wage earning residents

Hopkins share of the region's affordable housing need is 197 new units to be developed from 2021 to 2030. **Table B3.13** breaks this down further by level of affordability.

Table B3.13 – Hopkins Allocation of Affordable Housing Need 2021-2030	
At or below 30% AMI	90
From 31 to 50% AMI	51
From 51 to 80% AMI	56
<b>Total Number</b>	<b>197</b>

*Source: Metropolitan Council*

Communities can demonstrate their ability to accommodate their affordable housing allocations by designating adequate vacant or redevelopable land at minimum densities (units/acre) high enough to make affordable housing a viable option. The cost to build per unit decreases as the number of units per acre increases, making the cost per unit more affordable. The affordable housing allocation does not mean the city is required to build this number of affordable units. However, the city must ensure the opportunity for affordable housing development exists by guiding sufficient vacant or redevelopable land for higher densities.

To determine if the city can achieve the identified number of affordable units, it is necessary to identify which future land use designations count towards the affordable housing allocation. According to the Metropolitan Council, any residential future land use designation that has a minimum density of eight units per acre or more will count toward affordable housing allocation calculations. **Table B3.14** features the residential future land use designations for Hopkins and their corresponding minimum units per acre.

Table B3.14 – Affordable Housing Allocation and Residential Future Land Use Designations		
Future Land Use	Minimum Density (units/acre)*	Serve Affordable Housing Allocation?
Estate	1	No
Suburban	2	No
Traditional Urban	5	No
General Urban	4	No
Neighborhood Center	20	Yes
Activity Center (1/4 mile from LRT station)	75	Yes
Activity Center (other locations)	20	Yes
Downtown Center (1/4 mile from LRT station)	75	Yes
Downtown Center (other locations)	20	Yes

\*Minimum densities are higher within ¼ mile of LRT stations, but the lower limit is sufficient to meet standards. See Appendix B1 for additional guidance on minimum densities.

As shown in **Table B3.15**, the minimum number of units that could be developed was calculated by multiplying the net developable or redevelopable acres of each applicable future land use category by the minimum units per acre and the percentage of the developable acres expected to be residential. (See Table B1.17 in Appendix B1 for comparison.) Developable acreage does not include unbuildable areas, such as right-of-way, open water, and wetlands. Between 2021 and 2030, the areas that are expected to develop at high densities are anticipated to yield 500 units; therefore, Hopkins has more than enough land to meet its affordable housing allocation for that decade.

<b>Table B3.15 – Development Potential for Affordable Housing Allocation</b>					
<b>Future Land Use</b>	<b>Net Developable Acres</b>	<b>Min % Residential</b>	<b>Net Residential Acres</b>	<b>Minimum Units Per Acre</b>	<b>Units</b>
<b>Total Capacity</b>					
Neighborhood Center	51.4	75%	38.5	20	771
Activity Center (1/4 mile from LRT station)	147.3	75%	110.5	75	8,284
Activity Center (other locations)	54.1	75%	40.6	20	811
Downtown Center (1/4 mile from LRT station)	63.2	60%	37.9	75	2,842
Downtown Center (other locations)	77.0	60%	46.2	20	924
<b>Total</b>	<b>392.9</b>	-	<b>273.7</b>	-	<b>13,632</b>
<b>Planned/Staged from 2021-2030 – Residential Portion Only</b>					
Neighborhood Center	3.3	75%	2.5	20	50
Activity Center (1/4 mile from LRT station)	4.0	75%	3.0	75	225
Activity Center (other locations)	1.7	75%	1.3	20	25
Downtown Center (1/4 mile from LRT station)	4.0	60%	2.4	75	180
Downtown Center (other locations)	1.7	60%	1.0	20	20
<b>Total</b>	<b>14.7</b>	-	<b>10.2</b>	-	<b>500</b>

In addition to the analysis provided above, the Green Line Extension housing gaps analysis determined the recommended number of new housing units in the planned station areas, as shown in **Tables B3.16** and **B3.17**. It is anticipated that the LRT station areas can accommodate a significant amount of affordable units, as well as market rate housing.

Table B3.16 – Recommended New Rental Housing Development by Housing Type						
LRT Station Area	0-30% AMI	30-60% AMI	60-80% AMI	80-100% AMI	100% AMI or More	Total
Blake Road	45	45	40	40	970	1,140
Downtown Hopkins	0	0	110	11	410	630
Shady Oak	0	0	75	75	350	500

*Source: SWLRT Housing Gaps Analysis, Marquette Advisors*

Table B3.17 - Recommended New Ownership Housing Development by Housing Type				
LRT Station Area	Entry Level	Mid-Market	High-End	Total
Blake Road	40	40	24	104
Downtown Hopkins	25	25	0	50
Shady Oak	0	0	0	0

*Source: SWLRT Housing Gaps Analysis, Marquette Advisors*

While the station area recommendations are a useful input into the planning process, they do not represent the city's commitment to the need to accommodate affordable housing.

## Summary of Projected Housing Needs

In order to meet the projected housing needs from the forecasts for population, households, and affordable housing allocation, the City has focused on guiding land that would support moderate and high density housing in the Neighborhood, Activity, and Downtown Centers land use categories. Therefore, the Future Land Use Map reflects minimum densities sufficient to address the city's total allocation of affordable housing need of 197 units, as described in the previous section.

# Housing Goals and Policies

## **Goal 1: Grow the supply of housing in Hopkins, particularly in targeted areas.**

### **Policies:**

- Support the development of moderate to high density housing in appropriate locations, particularly near commercial nodes and activity centers.
- Develop housing as part of mixed-use transit-oriented development around transit stations.

## **Goal 2: Maintain an inventory of housing that is affordable to low and moderate income households.**

### **Policies:**

- Support preservation, production, and protection of affordable housing units.
- Support programs and initiatives that create long term affordable units.
- Strengthen partnerships with developers, nonprofits, banks and others to create and preserve affordable units.
- Continue to explore public policy that provides protection against tenant displacement.

## **Goal 3: Maintain neighborhoods with a choice of quality housing options, including those that meet a variety of household types and life stages.**

### **Policies:**

- Use redevelopment opportunities to provide new housing choices for the community.
- Where feasible, encourage the development of more owner-occupied housing.
- Continue to strive for a mix of housing that accommodates a balance of all housing needs.
- Support the use of universal design principles to allow for accessibility, by encouraging construction of barrier free, single level housing types.

## **Goal 4: Maintain the quality, safety and character of existing housing stock.**

### **Policies:**

- Continue to enforce existing standards for housing and yard maintenance, including single and multifamily housing, through building codes and other city regulations.
- Support property inspection programs, including rental inspections, to ensure substandard property conditions are addressed.
- Encourage neighborhood groups to organize for voluntary community efforts to support neighborhood livability.
- Protect single family residential areas from the encroachment of incompatible uses and promote the removal of existing incompatible uses.
- Ensure that new housing proposals address building massing, parking locations, access, traffic impacts, landscaping, exterior architectural design, fencing, trash handling, and parking ratios.
- Protect single family homes from demolition, unless demolition is needed to achieve citywide goals.
- Accommodate expansion of ride sharing and delivery by encouraging development of drop off/pick up zones near residential areas.

# Housing Implementation Plan

## Housing Programs and Tools

### *Hopkins Housing and Redevelopment Authority*

The Hopkins Housing and Redevelopment Authority (HRA) is responsible for addressing housing and economic development issues for the City and serves as the governing body for the city's public housing operation.

- Public Housing: Public housing offers affordable rental housing for eligible low-income families, the elderly, and persons with disabilities. The U.S. Department of Housing and Urban Development (HUD) administers Federal funds to local housing agencies that manage the housing for low-income residents at rents they can afford. The Hopkins Housing and Redevelopment Authority (HRA) owns and manages Dow Towers, a high-rise public housing building in downtown that has 76 one-bedroom units.

### *City of Hopkins*

To implement its housing goals and policies, the City of Hopkins administers the following programs. Additional programs may be added in the future, as needs and resources are identified.

- Hopkins Apartment Managers' Association: The City organizes regular meetings of the Hopkins Apartments Managers' Association (HAMA) with owners, property managers, and other stakeholders operating in the rental housing industry. HAMA includes collaborative, informational meetings that includes updates from the planning and economic development, police, fire, and building inspection departments.
- Housing Improvement Areas: Hopkins pioneered the establishment of Housing Improvement Areas (HIAs) through the Housing Improvement Act, which was enacted by the State legislature as part of 1994 Minnesota Session Law. HIAs provide a townhome or condominium association low interest loans to finance improvements to common areas. Unit owners repay the loan through fees imposed on the property, usually through property taxes. Setting up the State's first HIA allowed the City to implement major improvements to Valley Park Condominiums and Westbrooke Patio Homes, reversing a decline in housing quality and stabilizing the neighborhood as a desirable residential area.
- Rental Licenses and Inspections: The City requires licenses for all rental properties in the community. The program is designed to ensure all rental properties meet local building and fire safety codes. All rental properties are subject to inspection a minimum of every three years. Inspections include the interior and exterior of the structure, all accessory structures, including retaining walls, fences, and the entire premises (driveways, yard and vehicles).
- Truth in Housing Program: Hopkins has an ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection.

The City of Hopkins partners with other organizations and levels of government to provide the following programs and services:

- Home Energy Squad Visits: Hopkins partners with the Center for Energy and the Environment to

provide a comprehensive energy evaluation for homeowners from the Home Energy Squad. A consultant evaluates energy saving opportunities and installs energy saving materials. The consultant also performs diagnostic and safety checks. The City pays for one-half the cost of the Home Energy Squad visit, reducing the cost for Hopkins residents.

- Home Remodeling Fair: This annual event is co-sponsored by the cities of Hopkins, Minnetonka, St. Louis Park and Golden Valley and includes free seminars and advice for homeowners related to remodeling and home improvements. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, and financial services, among others.
- Housing Rehabilitation Deferred Loan Program: The Housing Rehabilitation Deferred Loan Program provides funds to homeowners who make up to 80 percent of the area median income (AMI). The funds can be used to make permanent improvements including alterations or repairs to the property that correct defects or deficiencies that affect the safety and habitability of the home. Work can also include upgrading the home's energy efficiency. The loans are deferred with no monthly payments. The program is funded through the City's allocation of federal Community Development Block Grant funds from HUD. As a direct allocation city, these funds are administered through Hennepin County.
- Remodeling Handbook: The handbook assists homeowners in renovating older housing stock in first-ring suburban communities, which was developed in collaboration with a number of inner-ring communities.
- Rental Assistance: Some Hopkins owners participate in the rental assistance programs of Hennepin County and the Metropolitan Council Housing and Redevelopment Authority, and the City serves as a local clearinghouse for information pertaining to rental assistance.

The City of Hopkins has adopted the following housing policies and ordinances:

- Fair Housing Policy: The Fair Housing Policy represents the City's commitment to affirmatively further fair housing. The City will provide meaningful access to fair housing information and referral services and will promote awareness and sensitivity to fair housing issues in its government functions.
- Sale of Affordable Housing-Tenant Protection Ordinance: The ordinance applies to the sale of an affordable rental housing building with three units or more. New owners of affordable housing buildings are required to pay relocation benefits to tenants if the new owner: 1) increases the rent, 2) re-screens existing resident, or 3) implements non-renewals of leases without cause within a three month period following the ownership transfer of the property, and the tenant chooses to move due to these actions.

The goal is to protect low income tenants when there is an ownership transfer of an affordable rental property. The ordinance allows time for residents to work with housing support resources and seek alternative housing if they are facing unaffordable rent increases, new screening criteria requirements, or a thirty-day non-renewal without cause notice to vacate.

These programs, policies, and tools as well other commonly used housing implementation tools which may be useful in implementing the city's approach to housing growth and investment are depicted in **Table B3.18**. This table describes the connection between these tools and the housing goals, needs, and levels of affordability.

**Table B3.18 – Housing Tools and Programs by Comprehensive Plan Goals and Needs**

Program or Tool	Description/Notes	Comprehensive Plan Goals				Housing Need		Affordability Level				
		1: Grow the supply of housing, particularly in targeted areas.	2: Maintain an inventory of housing affordable to low and moderate income households.	3: Maintain neighborhoods with a choice of quality housing options, including meeting the needs of a variety of household types and life stages.	4: Maintain the quality, safety, and character of existing housing stock.	Affordable Housing	Housing Options	Housing Maintenance and Rehab	30% AMI and below	31-50% AMI	51-80% AMI	All Income Levels
<b>Existing HRA Program</b>												
Public Housing	The HRA owns and manages Dow Towers, a 76-unit public housing building.		X	X	X	X			X			
<b>Existing City Tools and Programs</b>												
Hopkins Apartment Managers' Association	The City holds quarterly informational meetings for local owners and managers of rental property.				X							X
Housing Improvement Area	The City created HIAs for Westbrooke Patio Homes and Valley Park Condominiums and will consider the use of HIAs in the future.		X	X	X	X		X	X	X	X	
Rental Licensing & Inspections	Licensed rental properties are inspected at least every 3 years.				X		X					X
Tax Increment Financing	On a case-by-case basis, Hopkins will consider using TIF when projects provide demonstrable public benefits consistent with the Comp Plan and city redevelopment policies.	X	X	X		X	X					X
Truth in Housing Program	Prior to a sale, all residential buildings of 1-4 units must have a truth in housing evaluation.				X			X				X
Zoning and Subdivision Ordinances	The City will consider housing needs as part the 2020 zoning ordinance update. The City will also consider a PUD application for a housing project that meets many City goals.	X	X	X		X	X					X

**Table B3.18 – Housing Tools and Programs by Comprehensive Plan Goals and Needs**

Program or Tool	Description/Notes	Comprehensive Plan Goals				Housing Need			Affordability Level			
		1: Grow the supply of housing, particularly in targeted areas.	2: Maintain an inventory of housing affordable to low and moderate income households.	3: Maintain neighborhoods with a choice of quality housing options, including meeting the needs of a variety of household types and life stages.	4: Maintain the quality, safety, and character of existing housing stock.	Affordable Housing	Housing Options	Housing Maintenance and Rehab	30% AMI and below	31-50% AMI	51-80% AMI	All Income Levels
<b>Tools and Programs-- City Partners with or Provides References to Other Organizations</b>												
Community Development Block Grants	The City typically uses its CDBG funds for the Housing Rehab Deferred Loan Program, but may consider using the funds for other housing needs in the future. A portion of the City's CDBG allocation goes to the Hennepin County consolidated pool, which helps funds organizations that provide housing resources.		X		X	X			X	X	X	
Down Payment Assistance	The City provides referrals to housing support agencies and organizations that provide down payment assistance.		X			X			X	X	X	
Effective Referrals	The City provides referrals to housing support agencies and organizations.		X			X	X		X	X	X	
First time homebuyer	The City provides referrals to first time homebuyer programs and education opportunities.		X	X		X	X					X
Foreclosure Prevention	The City provides referrals to organizations such as the MN Homeownership Center for foreclosure prevention.		X			X						X
Home Energy Squad Visits	The City works with the Center for Energy and Environment and pays 1/2 the costs of energy audits for residents conducted by the Home Energy Squad.				X			X				X

**Table B3.18 – Housing Tools and Programs by Comprehensive Plan Goals and Needs**

Program or Tool	Description/Notes	Comprehensive Plan Goals				Housing Need		Affordability Level			
		1: Grow the supply of housing, particularly in targeted areas.	2: Maintain an inventory of housing affordable to low and moderate income households.	3: Maintain neighborhoods with a choice of quality housing options, including meeting the needs of a variety of household types and life stages.	4: Maintain the quality, safety, and character of existing housing stock.	Affordable Housing	Housing Options	Housing Maintenance and Rehab	30% AMI and below	31-50% AMI	All Income Levels
<b>Tools and Programs-- City Partners with or Provides References to Other Organizations, continued</b>											
Home Remodeling Fair	Annual remodeling fair with 3 other cities and community education.				X			X			X
Housing Organizations, Partnerships and Initiatives	City staff collaborate and participate in a wide variety of meetings, initiatives, and educational opportunities related to housing.	X	X	X	X	X					X
Housing Rehabilitation Deferred Loan Program	Program for low and moderate income households to make repairs and energy efficiency upgrades. Funded through CDBG and administered by Hennepin County.				X	X		X	X	X	
Livable Communities Demonstration Account LCDA and LCDA-TOD	The City will consider applying for, or sponsoring LCDA applications for housing development.	X	X	X	X			X	X	X	
Remodeling Handbook	Plan book that provides guidance on renovating older housing stock.				X			X			X
<b>Existing Policies and Ordinances</b>											
Fair Housing Policy	City's commitment to affirmatively further fair housing by providing information and referrals.		X	X		X					X
Sale of Affordable Housing-Tenant Protection Ordinance	90 day tenant protection period after sale of naturally occurring affordable housing buildings with 3 units or more.		X			X			X	X	X (up to 60% AMI)

**Table B3.18 – Housing Tools and Programs by Comprehensive Plan Goals and Needs**

Program or Tool	Description/Notes	Comprehensive Plan Goals				Housing Need		Affordability Level			
		1: Grow the supply of housing, particularly in targeted areas.	2: Maintain an inventory of housing affordable to low and moderate income households.	3: Maintain neighborhoods with a choice of quality housing options, including meeting the needs of a variety of household types and life stages.	4: Maintain the quality, safety, and character of existing housing stock.	Affordable Housing	Housing Options	Housing Maintenance and Rehab	30% AMI and below	31-50% AMI	All Income Levels
<b>Tools for Consideration</b>											
4d Tax Classification Incentive Program	The City is evaluating the feasibility of implementing a 4d program for housing affordable at or below 60% AMI.		X		X	X			X	X	(up to 60% AMI)
ADU Ordinance	The City will evaluate the feasibility of an ADU ordinance to provide housing choices as well as affordable housing through the 2020 zoning code update.	X	X	X							X
Affordable Housing Incentive Fund (AHIF)	The City will consider supporting applications to AHIF for affordable housing projects.		X			X			X	X	
Consolidated RFP to Minnesota Housing	The City will consider collaborating and providing information to developers to make their applications to MN Housing more competitive.	X	X	X		X			X	X	X
HOME Investment Partnership Program	The City will consider supporting an application to HOME to fund activities to build, buy, or rehabilitate affordable housing.	X	X		X				X	X	
Housing Bonds	The City will consider providing conduit tax-exempt bond financing for affordable housing preservation and construction projects.	X	X		X	X			X	X	X
Inclusionary Zoning	The City will continue to monitor the economics and effectiveness of inclusionary zoning.	X	X			X			X	X	X

**Table B3.17 – Housing Tools and Programs by Comprehensive Plan Goals and Needs**

Program or Tool	Description/Notes	Comprehensive Plan Goals				Housing Need		Affordability Level			
		1: Grow the supply of housing, particularly in targeted areas.	2: Maintain an inventory of housing affordable to low and moderate income households.	3: Maintain neighborhoods with a choice of quality housing options, including meeting the needs of a variety of household types and life stages.	4: Maintain the quality, safety, and character of existing housing stock.	Affordable Housing	Housing Options	Housing Maintenance and Rehab	30% AMI and below	31-50% AMI	All Income Levels
<b>Tools for Consideration, continued</b>											
Land Bank Twin Cities and Community Land Trusts	The City will consider collaborating with or referring people to community land trusts and land banks for affordable homeownership options.		X			X			X	X	X
Low Income Housing Tax Credit Properties	The City will consider supporting applications for the use of LIHTC to develop affordable housing and will consider strategies to assist with the extension of LIHTC properties.	X	X			X			X	X	X
Private Unsubsidized Affordable Housing	The City will explore strategies to preserve naturally occurring affordable housing and will connect sellers of NOAH buildings with preservation buyers.		X			X			X	X	X
Project Based Rental Assistance	The City will encourage owners of units with project based subsidies to preserve the affordability and renew after their obligation expiration date.		X			X			X	X	X
Site Assembly	The City may consider assembling sites for housing development using its HRA.	X	X	X		X	X				X
Tax Abatement	The City will consider tax abatement for housing development projects providing demonstrable public benefits consistent with city redevelopment policies.	X	X	X		X	X				X