CITY OF DAYTON
2040 COMPREHENSIVE PLAN
Chapter 4: Housing

Introduction

Housing is an integral component to a city's landscape. Dayton is a growing community that provides a variety of housing types in unique neighborhoods. As a developing community, Dayton has great opportunity to provide housing to meet the needs and life-cycle housing choices of all its current and future residents. Life-cycle housing refers to the mix of housing types that meet the housing demands of individuals and families throughout their lives, such as single-family detached homes, townhomes, condominiums, apartments, and senior housing.

Through the Comprehensive Plan public input process, the City has developed a Future Land Use plan to respond to the changes and demands that urban sewer will bring to the community over the next 20 years (and beyond). Using this plan, Dayton will provide housing opportunities for our workforce (young professionals, families, special needs, and senior residents) through a variety of residential land uses and densities including medium, high density, and mixed use (near future transportation/transit and job corridors) and ample area for traditional single-family neighborhoods. This will accommodate a wider variety of styles such as rental, condominiums, and townhomes. Single family options will range from entry-level single family, move up for growing families, and "executive housing" to meet the needs of a changing population. This shift to provide a more diverse housing supply supports future economic development by retaining existing residents and attracting new residents from all social and economic backgrounds, and is an essential component for sustainable growth. Businesses need housing and housing needs businesses, especially in a growing community like Dayton.

The following sections will provide general background information on existing housing; future housing needs and goals, policies and housing tools that can be used to meet future housing needs.

Housing Goals

Goal 1: Provide and encourage a variety of housing types, styles, densities and choices to meet life-cycle housing needs of current and future residents.

Policy 1: Maintain a balance in types, quantities, and densities of housing units available throughout the community including continuous single-family growth and new opportunities for multiple family and senior housing developments.

Policy 2: Protect low density and rural residential areas from incompatible or higher density uses or maintain adequate buffering (use of green corridors) from such uses.

Policy 3: Ensure that all new housing including high density and rental housing adheres to the highest possible standards of planning, design, and construction.

Goal 2: Improve the availability of affordable housing and senior housing.

Policy 1: Use redevelopment tools to revitalize aging residential properties made possible from federal, state, and county agencies and grant programs.

Policy 3: Complete an assessment of senior housing needs in the community.

Policy 4: Develop partnerships with non-profit and private sector groups in the creation of new senior housing.

Goal 3: Promote housing rehabilitation.

    Policy 1: Connect residents with information regarding rehabilitation programs and funding offered by federal, state, county and other public or private grant opportunities.

    Policy 2: Effectively communicate building code requirements for remodeling and other home improvements.

    Policy 3: Continue administering rental licensing to maintain a safe rental housing stock.

    Policy 4: Evaluate and re-evaluate fee structures to reduce financial impacts of permit fees for improving existing housing stock that is over 20 years old.

Goal 4: Expand neighborhood services.

    Policy 1: Connect residents to neighborhood watch programs to increase neighborhood safety.

    Policy 2: Connect residents of various ages to resources which provide services to those in need.

Housing Inventory

The following section provides a summary of existing housing conditions in Dayton. The data used has been obtained from a number of sources including the Metropolitan Council, the 2010 Census, the American Community Survey (ACS), Hennepin County Assessor's Office, and City Building Permit information.

Housing Supply

In 2018, the City of Dayton had an estimated total household count of 2,158 and estimated population of 6,018. In 2017 a new multifamily apartment complex was constructed adding 49 units. The table below shows the existing housing unit types in Dayton provided by the Metropolitan Council in 2018.

Table 4.1. Housing Units by Type

Housing Type	1990	2000	2010	2018
Single-family detached	1,125	1,313	1,418	1,895
Townhomes (single-family attached)	9	13	10	10
Duplex/triplex/quadplex	4	4	2	2
Multi-Family (5+ Units)	8	7	8	57
Accessory dwelling units (ADU)	0	0	0	0
Manufactured homes	228	223	242	236
Other units (boat, RV, ect.)	3	0	0	0
Total	1,377	1,560	1,680	2,200

Source: 1990, 2000, 2010 Census; and Metropolitan Council, 2018.

The table below shows single-family home permit activity for years 2015 to 2019 year to date (YTD). Dayton has seen a consistent growth in households as the City continues to see new

single-family home developments being approved and constructed. Dayton's most prevalent housing type is the single-family home.

Table 4.2. Single-Family Home Permit activity

Permit type by year	2015	2016	2017	2018	2019 (YTD)
Single-family detached	74	122	189	152	278
Multi-Family (5+ Units)	0	0	49	0	0
Total	74	122	238	152	278

Source: City Permit Data as of October 31, 2019.

Housing Tenancy

According to the ACS projections, approximately 93% of housing units in Dayton were owner-occupied, whereas 7% were renter-occupied and 1% were vacant. The table below presents the number of housing units which are owner-occupied, rental, or vacant in the City of Dayton.

Table 4.3. Housing Tenure

Tenancy	Number of Units	Percent
Owner-occupied housing units	1,688	92.9%
Renter Occupied housing units	108	5.9%
Vacant units	21	1.2%
Total Units	1,817	100%

Source: American Community Survey, 2013-2017

Housing Stock Age

Dayton's housing units consists of relatively new stock. Roughly 36% of homes have been built since 2010. Nearly 60% of units have been built since 1960. The Table below details age of housing stock in Dayton.

Table 4.4. Housing Age

Year	Total Units	Percent
2010 and later	899	36.2%
2000 – 2009	104	4.2%
1990 – 1999	252	10.2%
1980 – 1989	240	9.7%
1970 – 1979	551	22.2%
1960 – 1969	205	8.3%
1950 – 1959	54	2.2%
1949 or earlier	175	7%
Total Units	2480	100%

Source: American Community Survey, 2013-2017 for units 2009 and earlier; City Permit Data for units 2010 and later

Housing Costs

Affordability of housing in any given city is a function of the percentage of the Area Median

Income (AMI) goes towards housing. The Metropolitan Council dictates that cities communicate the affordability of housing based on three levels of affordability.

- At or below 30% AMI

- Between 31 and 50% AMI

- Between 51 and 80% AMI

The table below shows the Metropolitan Councils 2016 data on purchase prices affordable to the three affordability levels above.

Table 4.5. Purchase prices of housing at the three levels of AMI

	At 30% AMI	At 50% AMI	At 80% AMI
Affordable purchase price (2016)	$85,500	$153,500	$243,500

Table 6 shows the number of units by affordable based on percentages of AMI according to Metropolitan Council findings as of 2016. Nearly 50% of housing is over 80% of AMI. More recent data, as shown in Table 7, pulled from Hennepin County's MetroGIS indicates that market values have risen. This may be contributed not only with increased valuations of existing homes, but also introduction of newer, more expensive homes permitted since Metropolitan Council published data in 2016.

Table 4.6. All Affordable units by percentage of AMI

Affordability	Total Units	Percent
30% and below AMI	193	10.4%
31% – 50% AMI	133	7.2%
51% – 80% AMI	656	35.4%
Over 80% AMI	872	47%
Total Units	1,854	100%

Source: Metropolitan Council Existing Housing Assessment, 2016

Table 4.7. Owner-Occupied Housing Values and affordability (2019 Data)

Affordable Purchase Prices/AMI	Total Units	Percent
$1 – $85,500 (30% and below AMI)	120	6.4%
$85,501 – $153,500 (31% – 50% AMI)	62	3.3%
$153,501 – $243,500 (51% – 80% AMI)	500	26.7%
More than $253,501 (Over 80% AMI)	1190	63.6%
Total Units	1,872	100%

Source: Estimated Market Values provided by Hennepin County – MetroGIS, 2019

Table 8 shows all rental units *known* to be within affordability ranges (does not show other rental units which affordability is unknown as shown in Table 3 above). Dayton is home to one apartment complex which is considered publicly subsidized due to it being developed through a Tax Increment Financing (TIF) district. The TIF district has allowed the apartment complex to offer rents which are slighly below market rate. The Metropolitan Council data shows no other publicly subsidized housing units.

Table 4.8. Rental Units - Affordability

Affordability	Total Units
30% and below AMI	0
31% – 50% AMI	49
51% – 80% AMI	0
Over 80% AMI	0
Total Units	49

Source: HousingLink Streams, 2016

Table 4.9. Publicly Subsidized Units

Subsidized Units	Total Units
Publicly subsidize senior units	0
Publicly subsidized units for people with disabilities	0
All other publicly subsidized units	49
Total Subsidized Units	49

Source: Metropolitan Council Existing Housing Assessment, 2016

Households whose housing costs exceed 30% of their income are considered cost-burdend. Housing costs include rent and utilities for renters; and includes mortage principal and interest, proeprty taxes, property insurance, utilities and other fees for owners. Table 10 below shows the number of housing cost-burdened households by percentage of AMI.

Table 4.10. Housing Cost-Burdened Households in 2016

Percent Income of AMI	Households
Income at or below 30% of AMI	97
Income 31% - 50% of AMI	67
Income 51% - 80% of AMI	119

Source: Metropolitan Council Existing Housing Assessment, 2016

Table 11 breaks out homeowner and rental households who are cost-burdened. Based on known data from the 2010 Census it appears there has been an increase since 2000 in Owner and Renter spending more than 30% of their income on housing and decrease in owner and rental households spending less than 30% of their income on housing. Market factors may have played a roll in this fluctuation. Based on projections from ACS for 2017, it appears some stabalization in owners spending less than 30% of their income on housing has occured, yet a further increase in renters spending more than 30% of their income on housing since 2010.

## Table 4.11. Owner and Renter Households Experiencing Housing Cost Burden

Households	1990	2000	2010	2017
Owners spending less than 30% on housing	732	911	1029	1346
Owners spending more than 30% on housing	147	178	439	342
Renters spending less than 30% on housing	7	34	82	18

Renters spending more than 30% on housing	36	14	29	90
Total	**922**	**1137**	**1579**	**1796**

Source: 1990, 2000, 2010 Census; and 2013-2017 ACS

Figure 4.1. Cost-Burdened Households in Dayton
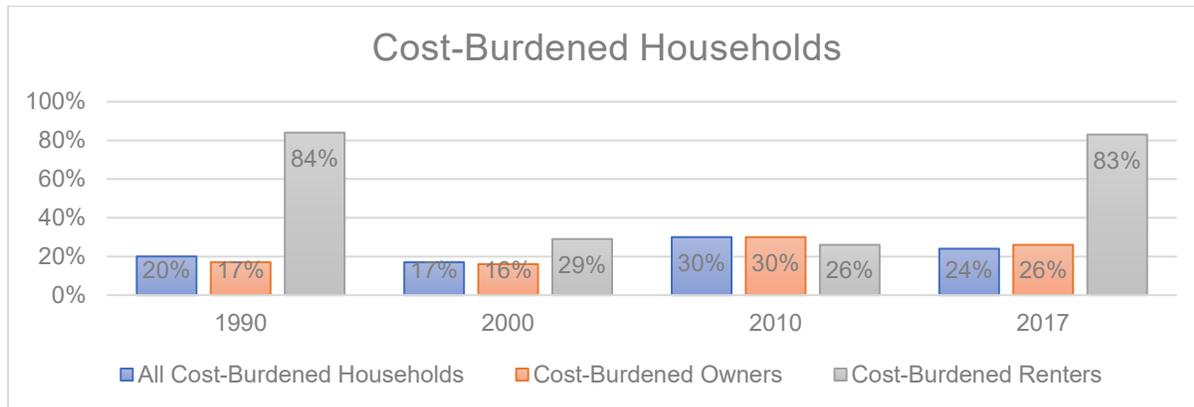
Source: Census 1990, 2000, 2010; and ACS 2013-2017

Figure 2 on the following page is a map shoing owner-occupied housing by estimated market value. This data was available from Hennepin County parcel and utilized homesteaded parcels and market values estimated by the Hennepin County assessors office. Hennepin County Assessor's data clearly shows a steady increase in the median home value over the past several years. See table 12 detailing median home prices.

## Table 4.12. Estimated Median Home Values – 2000 to 2019

| Year	Dayton	Suburban Hennepin County		Year	Dayton	Suburban Hennepin County
2000	$145,000	$145,300		2009	$261,000	$252,800
2001	$159,000	$165,500		2010	$245,000	$236,700
2002	$181,000	$187,900		2011	$229,000	$229,600
2003	$204,000	$206,100		2012	$194,000	$217,500
2004	$225,000	$227,000		2013	$195,000	$217,000
2005	$243,000	$246,000		2014	$219,000	$234,800
2006	$260,000	$263,000		2015	$224,000	$248,000
2007	$272,000	$270,000		2016	$237,000	$256,000
2008	$271,000	$264,500		2017	$276,000	$256,000
				2018	$307,000	$294,000
				2019	$331,000	$312,000

Source: Hennepin County Asessor's Reports (2007, 2019)

Figure 4.2. Map of Owner-Occupied Housing

Owner-Occupied Housing by Estimated Market Value
Dayton
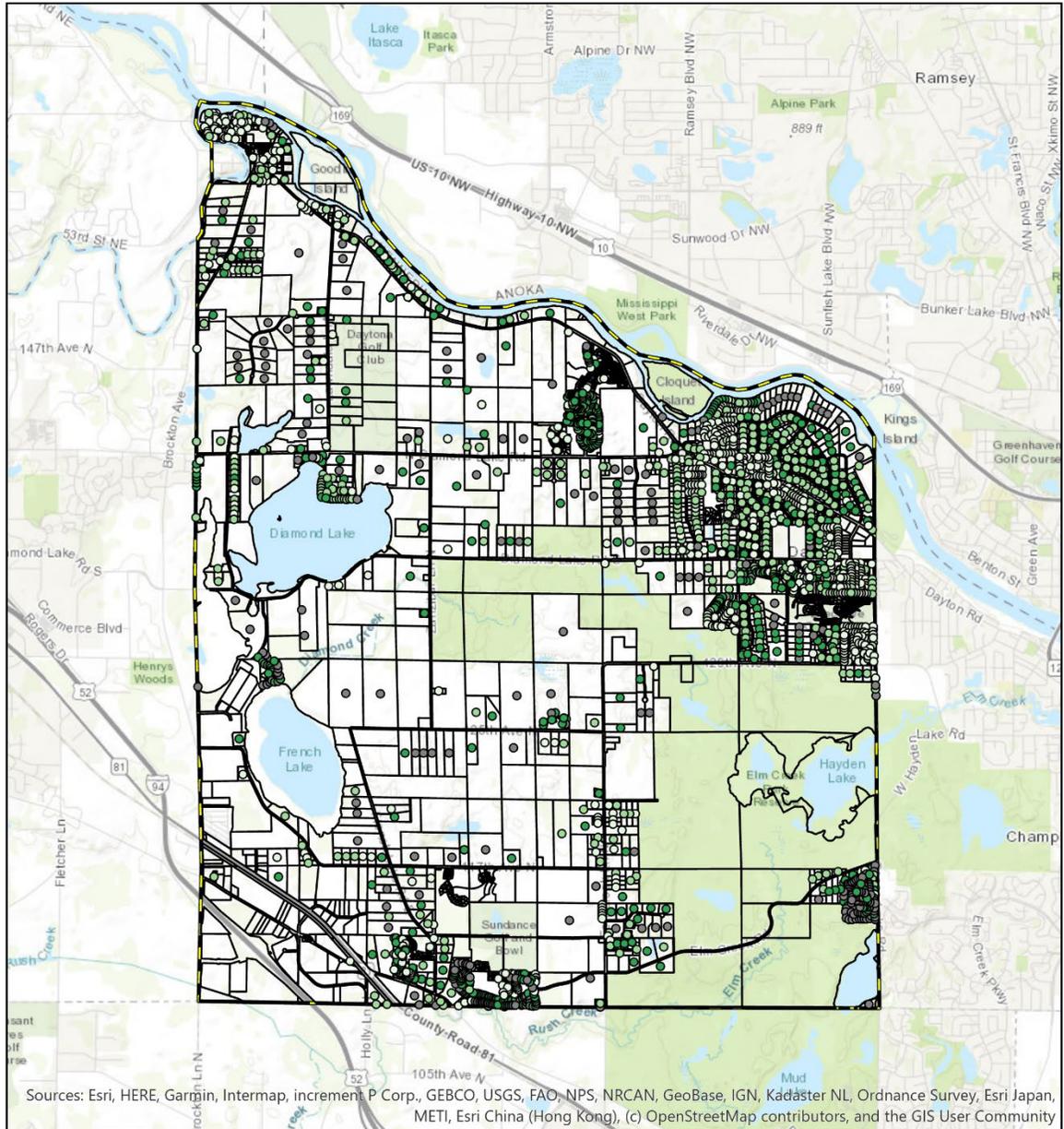
Municipal_Boundary

Parcels

Market Value

○ $243,500 or Less
○ $243,501 to $350,000
● $350,001 to $450,000
● Over $450,00

0 0.25 0.5 1 Miles

N
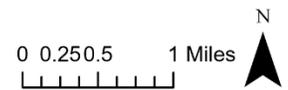
Source: Hennepin Count Parcel
Data and Market Values, 2018

Population and Demographics

The Metropolitan Council has provided population and household estimates for the next two decades to better coordinate the allocation of services for our growing city. By the year 2040, Dayton may have an estimated 4,400 households and 10,400 residents. Estimations for future decades are provided in the following table. According to available Metropolitan Council data, 2018 population and housing growth

Table 4.13. Population estimates

| Forecast Year	Population	Households	Employment
2010	4,617	1,619	921
2018	6,072	2,158	1,230
2020	5,900	2,000	2,000
2030	7,900	3,200	2,490
2040	10,400	4,400	3,000

Source: Metropolitan Council, Community Profiles and Annual Population Estimate

The population distribution by age of the City of Dayton is fairly comparable to the Twin Cities overall. In 2018, national and state data indicated that the population share of Baby Boomers (born between 1946 and 1964) and Millennials (people born between 1981 to 1996) were trending towards equal. Research from the Pew Research Center showed that the Millennial population would overtake the Baby Boomer population by 2019.

The two generations have fairly distinct housing preferences and needs. According to Pew Research Center, more Millennial households are renting, less likely to own their own home, as well as have a relatively high poverty rate compared to Baby Boomer populations. With half the population between the ages of 18 and 54, the need for an increase in apartments, townhomes, entry-level and move-up housing to satisfy the preference and affordability needs of these population groups is evident.

As a generation grows older, housing, health, and services needs begin to change. As people reach retirement age, incomes become fixed, and accessibility needs are more evident. Having all the necessities on the main level of the house, or one level housing may be more preferable. As people become elderly, more assisted or age restricted living may be necessary. Ensuring a wide range of housing types, affordability ranges, and amenities and services will open housing up to a wider range of ages and needs. Figures

Figure 4.3. Age of Population in Dayton 1990 through 2017

Dayton Age Cohorts 1990 to 2017
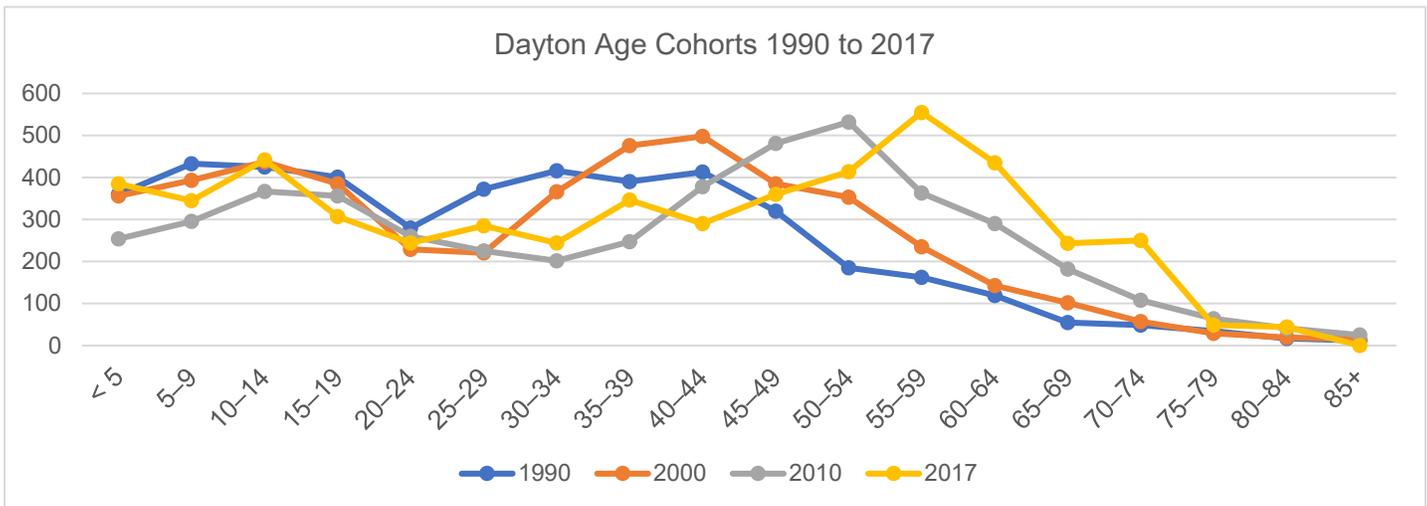
Figure 4.4. Age of Population in the Twin Cities 1990 through 2017

Twins Cities Age Corhorts from 1990 to 2017
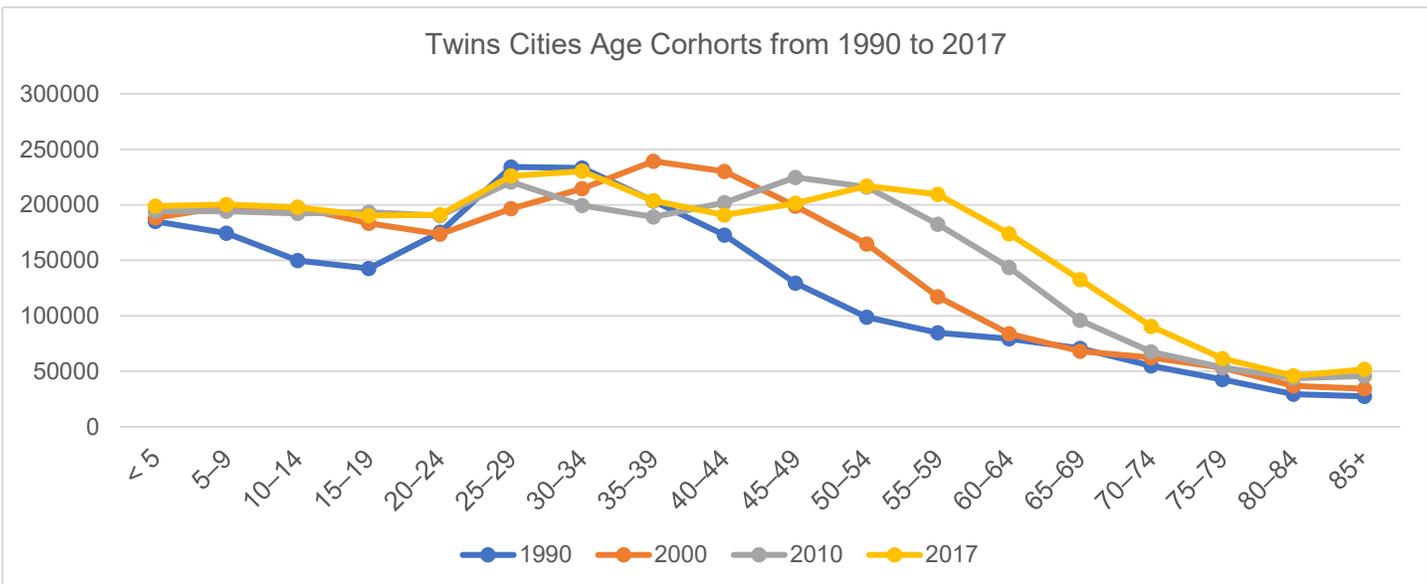
Source: Figures 3 and 4 come from Census 1990, 2000, 2010, and ACS 2013-2017.

Nearly half of Dayton residents are families without children, with the next largest section being married families with children, then individuals living alone, unmarried families with children, and non-family households. This information indicates that a large portion of Dayton residents are either younger couples, or parents of adult children that have moved out on their own. The city has approved developments of large areas for single-family homes, which has been marketable for the demographics of Dayton today. However, given the fact that demographics change through time, the City should continue to approve a variety of housing types (single-family, attached, multi-family) in order to provide lifecycle housing for existing and future residents. The pie chart below gives visual representation of the household types in Dayton. The graphic was provided by the American Community Survey (ACS) for the years 2013-2017.

Figure 4.5. Household Characteristics in Dayton, Minnesota in 2017

Household Characteristics, 2017

- Families without children
- Lived Alone
- Married Families with Children
- Non-family households
- Unmarried families with children
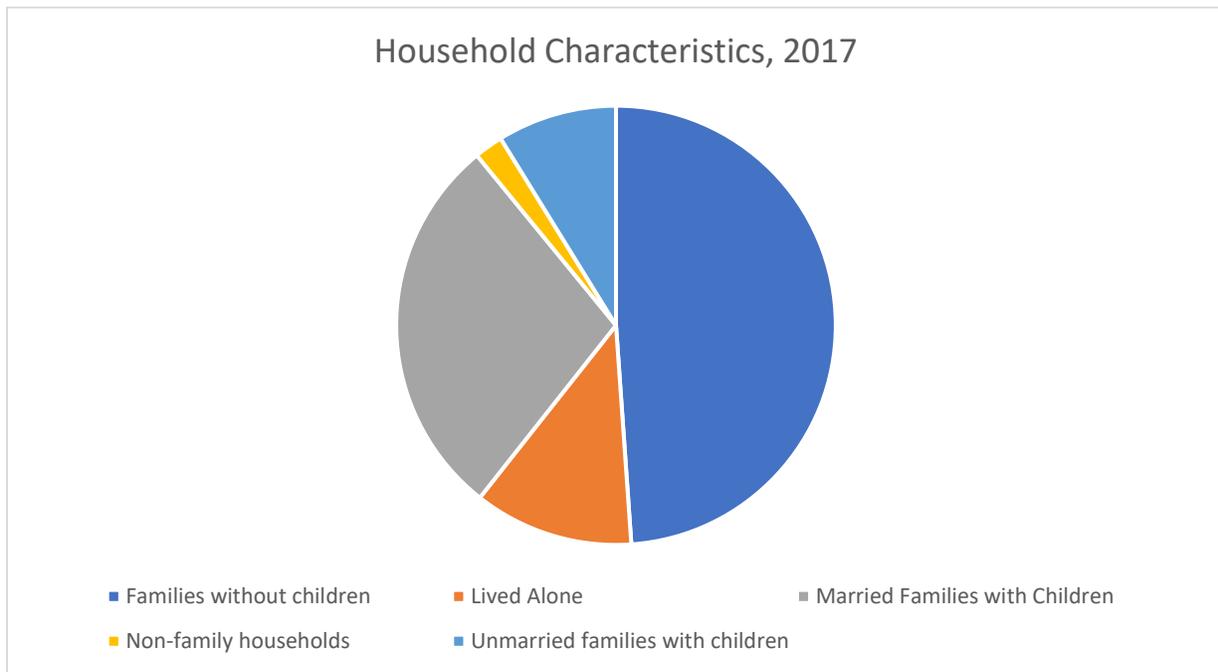
Source: American Community Survey 2013-2017 Estimates

Projected Housing Need

The Metropolitan Council has identified affordable housing needs for all cities and townships for the region for 2021-2030. The housing element of each local comprehensive plan is required to reflect each community's share of this regional need for affordable housing. The Metropolitan Council has calculated the City of Dayton's share of the 2021-2030 regional affordable housing need to be 333 units. The table below indicates the expected need for affordable units in Dayton by specific affordability level, with affordability based on percentage of Area Median Income (AMI).

Table 4.14. Number of housing units affordable in relation to AMI for Dayton, Minnesota from 2021-2030

Affordable Housing Need Allocation	
At or below 30% AMI	112
From 31 to 50% AMI	103
From 51 to 80% AMI	118
Total	333

Source: Metropolitan Council Housing Assessment

Housing Implementation Strategies and Recommendations

It is intended that the City will use the following strategies and implement them as new development occurs. In terms of regulatory methods, the City's Zoning Ordinance and Subdivision code will be updated to ensure appropriate use and design standards are in place for all residential districts. Part of this update will include a review of options to create incentives such as density bonuses and flexibility concerning site requirements for the development of

affordable housing. Putting these options into ordinance or Residential PUD format provides a stronger regulatory tool to effectively work with developers to create affordable housing. Using the powers of the Economic Development Authority (EDA) and/or Housing and Redevelopment Authority (HRA) to create funds aimed at affordable housing is another method the City would have direct control over. Funds could be provided to developers to help offset the cost of affordable housing units or to preserve the long-term affordability.

Other efforts include advertising and promoting the programs available through the county and state, to local residents desiring to make home improvements. Maintenance code enforcement is another way to ensure that existing affordable housing remains viable and in good repair

Addressing Dayton's affordable housing need through Land Use

Dayton will address Metropolitan Council affordable housing allocation by guiding sufficient land at minimum residential densities to provide units affordable at 50% or less AMI and units affordable at 51% to 80% AMI.

Dayton has guided sufficient land at a minimum of 15 units an acre to satisfy the combined allocation of less than 30% AMI, 31% to 50% AMI, and 51% to 80% AMI which equates to 333 required units. In the 2020 to 2030 staging decade, Dayton has guided 48 acres as High Density Residential with a minimum density of 15 units an acre netting nearly 718 units which could be affordable at 80% or less AMI.

Table 15 breaks out the approximate units counts for residential Land Use designations for staging years between Current and 2020 to 2030 (from Table 5 in the Land Use Chapter.

Table 4.15. Sewered Residential Staging

Staging Decade	Current		2020-2030	
Land Use	Net Developable Land	Units	Net Developable land	Units
Low Density Residential (2-5 units/acre)	343	686	180	359
Medium Density Residential (6-8 units an acre)	33	195	58	349
High Density Residential (15-20 units/acre)	23	338	48	718
Master Planned Devel. (4.5-8 Units/acre)	0	0	89	400
Mixed Use approx. 60% residential (12-20 units/acre)	26	314	66	795
Existing Mobile Home Park (apprx 8 units/acre)	41	325	0	0
Total	459	1,865	441	2,621

Source: City of Dayton Staging Data, See Land Use Chapter

Tools for implementing affordable housing initiatives

The following are tools which the City can either manage or connect residents or support developers to utilize.

1. *Incentivize revitalization existing housing stock and neighborhood improvement*

   The City could research and provide opportunities and incentives for residents to improve their homes. This could include connecting residents with private or public loans, grants or funding for small improvements (such as energy efficient appliances) or larger improvements like remodels or basement finishes.

   The City will continue to implement its Rental Licensing Program which ensures that rental homes are maintained and necessary life/safety improvements are done so renters and landlords have safe homes.

2. *Explore projects which fall under the Livable Communities Act (LCA)*

   The LCA was developed to encourage investment into the local economic and affordable housing. The Metropolitan Council review housing initiatives in municipalities and provides scoring. The City should continue to increase its competitiveness by establishing programs for affordable housing or revitalization. Increasing scores and competitiveness could increase the likelihood of being awarded funding form the Metropolitan Council for unique projects to make our community more livable.

3. *Utilize or support existing programs and funding sources*

   The City should continue to stay educated with existing programs to facilitate affordable housing. The City could utilize funding form the Minnesota Housing Finance Agency (MHFA), the Department of Housing and Urban Development, or local initiative funds. Local funding could come from:

   - Tax Increment Financing (TIF) to write down land costs, like the Sands building on Balsam Lane. The City will encourage, possibly through the use of TIF, the construction of Work Force housing near the Dayton Parkway Interchange where the city has the highest concentration of medium and high density land uses.

   - Tax abatement.

   - Use of our Local EDA or building partnerships with Hennepin County's HRA.

   - Effective referrals to existing homeowner's assistance or maintenance programs.

   - Community Development Block Grant (CDBG). The City could utilize CDBG allocations to assisting in rehabilitation projects or support other entities utilizing these funds to make infrastructure improvements.

   - Housing revenue bonds are tax exempt bonds which can be used to fund multi-family development which set aside at least 20% of units for households earning 50% or less of AMI.

   - The City could apply or support developer applications to the Affordable Housing Incentive Fund (AHIF), a Hennepin County program.

   - The City could apply for the use of Home Investment Partnerships Program (HOME), a U.S. Department of Housing and Urban Development Program.

- The City could apply or support applications for Consolidated Request for Proposals – The State Legislative, Minnesota Housing Finance Agency.

- Explore partnership with community land trust

4. *Land Use and Zoning*

Land Use and Zoning regulations are fundamental legislative tools the City can use to guide housing development and are designed to protect health, safety and welfare of existing and future residents. The City can encourage a diversity of housing through the following:

- Planned Unit Developments (PUDs) are a regulatory tool which can provide approvals for deviations from zoning code to encourage innovative site plans and a multitude of housing types affordable to a range of income and age groups.

- Districts which allow zero lot lines developments can provide for an efficient use of land and allow denser developments with a combination of connection to amenities.

- Districts that allow reduced lot sizes by right such as the current R-3 district already in place.

- Explore development of a local fair housing policy.

- Explore ways to support the preservation of the manufactured home park

Existing Housing Need

Preservation of manufactured housing:
- The City will support the use of available homeownership resources for residents of the manufactured housing area including: first time homebuyer or rehabilitation resources.

- The City has included the manufactured home park as an allowed use in the Land Use Map as well as the zoning map.

- The City will explore supporting a local notice of sale or first look provisions to provide residents time to consider community or cooperative ownership should the manufacture home park become available for sale.

Future Housing Need

Dayton has guided sufficient land at a minimum of 15 units an acre to satisfy the combined allocation of less than 30% AMI, 31% to 50% AMI, and 51% to 80% AMI which equates to 333 required units. For the affordability needs above, the City will evaluate the use of the following tools to meet this need:

- Housing bonds

- Tax abatement

- Application or support of developer application to Consolidated Request for Proposals – Minnesota Housing Finance Agency

- The City could apply for the use of Home Investment Partnerships Program (HOME), a U.S. Department of Housing and Urban Development Program.

- Community Development Block Grant (CDBG). The City could utilize CDBG allocations to assisting in rehabilitation projects or support other entities utilizing these funds to make infrastructure improvements.

- The City could apply or support developer applications to the Affordable Housing Incentive Fund (AHIF), a Hennepin County program.

- Tax Increment Financing (TIF) to write down land costs, like the Sands building on Balsam Lane. The City will encourage, possibly through the use of TIF, the construction of Work Force housing near the Dayton Parkway Interchange where the city has the highest concentration of medium and high density land uses.

- Use of our Local EDA or building partnerships with Hennepin County's HRA.

- Site Assembly

- Land Bank Twin Cities