



Housing and Redevelopment Authority



Annual Report 2019



DIRECTOR'S MESSAGE

Amanda Othoudt

Economic Development Director

The City of Elk River strives to proactively facilitate redevelopment, housing diversity, and reinvestment in our community. The Housing and Redevelopment Authority (HRA) had an exciting year filled with redevelopment projects that will improve our overall community.

Home construction has slowed as our inventory of platted lots are built out. With high prices and low inventory, a strong labor market and rising incomes we expect the demand to drive the opening of new developments in 2020.

In 2019, Elk River saw 117 new single family housing starts, which was down 23% over the previous year. Additionally, the City Council approved only two single-family plats totaling 50-lots in 2019 in comparison to six single-family plats totaling 192 lots in 2018. We saw a slight decrease in interest rates in 2019, which could help the market turn around in 2020.

The HRA continues to promote the reinvestment into our older housing stock to preserve housing diversity for all life cycles through our Housing Rehabilitation Loan Program, which was administered by the Center for Energy and Environment (CEE).

The HRA collaborated with CEE to offer many new energy-related programs in 2019. These statewide programs such as the Home Energy Loan Program, additional Home Improvement Loans, solar financing and even unsecured loan programs offer additional options for homeowners in Elk River and an opportunity to leverage our dollars.

In 2020, I am looking forward to a year of progress in the promotion of the new and improved HRA rehabilitation loan program and other redevelopment projects in conjunction with the *Mississippi Connections Plan* in Elk River through goal setting and plan implementation.



aouthoudt@ElkRiverMN.gov

763.635.1042

ElkRiver.MN.gov



KEY HIGHLIGHTS

- # The Center for Energy and Environment began administering the HRA Home Rehabilitation Loan Program.
- # One additional property was purchased along Main Street for redevelopment.
- # LHB, Inc. completed a TIF analysis for the Main and Gates Redevelopment Project.
- # Two dozen flower hangers were purchased for the downtown light poles to assist in beautification efforts in collaboration with the Rivers Edge Downtown Business Association.
- # Preliminary development agreement was initiated with Modern Construction to identify the possibility of a downtown redevelopment project.



HOUSING STUDY UPDATE

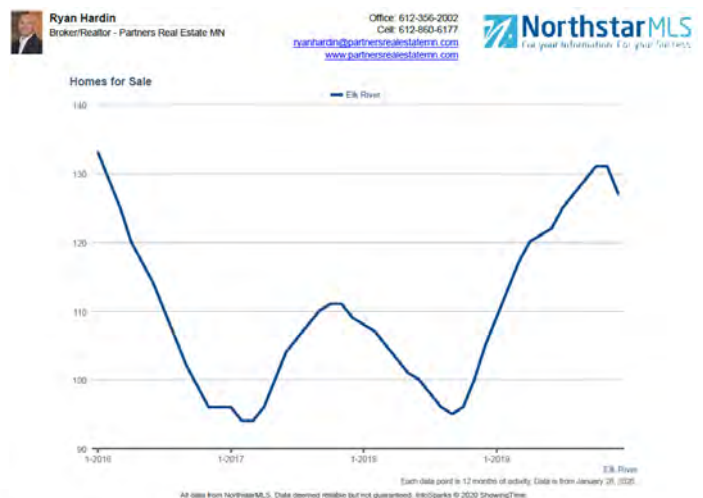
Maxfield Research & Consulting was contracted by Sherburne County to complete a county-wide housing study. The study will project housing demand from 2020 through 2030 and will provide recommendations on the amount and type of housing that could be built in Elk River, and the county to satisfy that demand.



A study completed by Maxfield in 2018 for the City of Elk River identified a potential for approximately 864 new housing units. About 20% of the total is for senior housing; while general-occupancy housing accounted for 80% of the need. Demand is strongest for houses for sale, representing 395 of the 864 new housing units. It also identified a strong need for additional market rate (172 units) and affordable rental housing (93 units).

SINGLE FAMILY RESIDENTIAL

The availability of single family homes for sale in Elk River were at their highest point in 2016. The inventory dropped substantially in 2017, rising slightly between 2017 and 2018 and inventory trending slightly upward again in 2019.



SINGLE FAMILY RESIDENTIAL (CONTINUED)

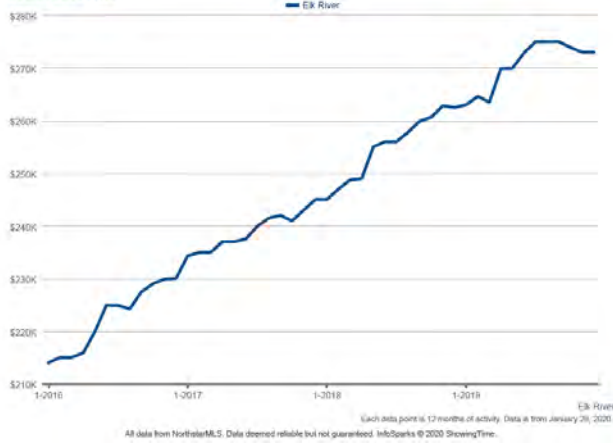


Ryan Hardin
Broker/Realtor - Partners Real Estate MN

Office: 612-356-2002
Cell: 612-860-6177
ryanhardin@partnersrealestatemn.com
www.partnersrealestatemn.com



Median Sales Price



The median sales price in Elk River has risen nearly \$70,000 since Q1 of 2016. The increase in single family home prices could be attributed to the lack of inventory over the same period of time.

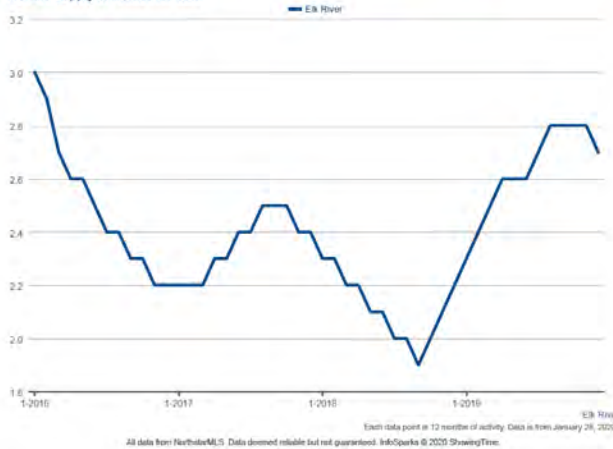


Ryan Hardin
Broker/Realtor - Partners Real Estate MN

Office: 612-356-2002
Cell: 612-860-6177
ryanhardin@partnersrealestatemn.com
www.partnersrealestatemn.com



Months Supply of Homes for Sale



The supply of homes for sale since Q1 of 2016 in Elk River has decreased from three months to just under two months supply in Q3 of 2018. We saw a come back in 2019 settling off at a 2.8 month supply. The trend in 2020 shows a slight decrease in the supply of homes for sale.

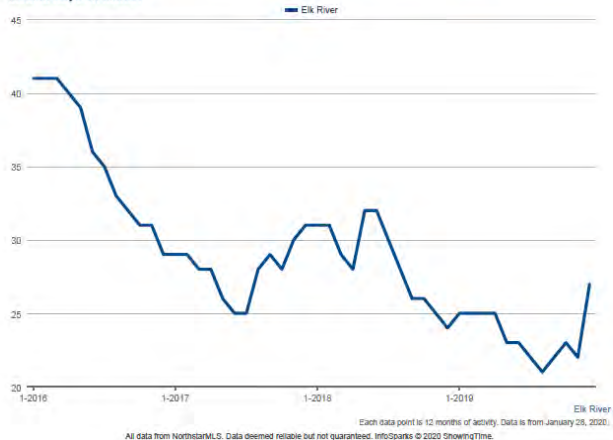


Ryan Hardin
Broker/Realtor - Partners Real Estate MN

Office: 612-356-2002
Cell: 612-860-6177
ryanhardin@partnersrealestatemn.com
www.partnersrealestatemn.com



Median Days on Market



Single family homes in Elk River do not stay on the market for long. In early 2016, homes were on the market for an average of 41 days. In 2019, single family homes stayed on the market for 25 days or less. The trends seem to be slowly scaling back up in 2020.



MAIN AND GATES REDEVELOPMENT

The HRA acquired one more property in 2019 as part of a redevelopment project that would align with the Mississippi Connections Plan. Five properties have been purchased and developers have shown interest in the project. The redevelopment project will include trail connectivity and access to downtown.



PERMANENT FIXTURE POLICY

The HRA recognized the need for appropriate permanent fixtures available for general public use to maintain a safe, clean, and accessible downtown area, to preserve the vitality of the business district and prevent the emergence of blighting conditions. The HRA committed to allocating a portion of their annual budget to install permanent fixtures that will improve the core of downtown Elk River. In 2019, ERMU installed new light poles downtown, and the HRA approved the purchase of two dozen flower hangers for the new poles. The Downtown Rivers Edge Business Association will be raising funds to purchase flowers for these hangers starting in 2020.

BLIGHTED PROPERTIES FORGIVABLE LOAN PROGRAM

In 2019, the HRA revisited the residential program to discussing changes allowing for flexibility to builders to acquire these types of homes with the intention that the properties will be owner-occupied upon completion.



REHABILITATION LOAN PROGRAM

In 2019, the Center for Energy and Environment (CEE) took over the administration of the HRA Rehabilitation Loan Program. Just over \$40,252 was dispersed as part of this program for two projects in 2019. Residents took advantage of the low-interest loan program to make improvements to their homes.

CEE was also able to finance four more projects in Elk River by leverage additional program dollars through the Minnesota Housing Finance Agency and the Energy Efficiency programs through CEE. Homeowners were able to make energy efficiency improvements, needed home repairs, install new windows, siding and landscaping.

Elk River Loan Summary Report Activity for Period 9/1/2019 - 12/31/2019



Application packets requested/mailed:	This period:	<input type="text" value="1"/>	Year-to-Date:	<input type="text" value="4"/>
Residential Advisor Visits:	This period:	<input type="text" value="0"/>	Year-to-Date:	<input type="text" value="0"/>
Loans currently in process for residents in your City/Neighborhood:		<input type="text" value="6"/>		

Closed Loans	This period:	Units	Year-to-Date:	Units
Elk River Closed End	0.00	0	40,252.22	2
Total	0.00	0	40,252.22	2

Leveraged Funds	This period:	Units	Year-to-Date:	Units
CEE	23,946.00	1	23,946.00	1
MHFA FUF	20,000.00	1	39,640.00	3
Total	43,946.00	2	63,586.00	4

Types of Improvements Financed YTD	# of Projects	% of Total
Air Conditioning	1	12.50
Driveways	1	12.50
Fence	1	12.50
Heating System	1	12.50
Kitchens	1	12.50
Plumbing	1	12.50
Sidewalks, Steps	1	12.50
Solar-PV	1	12.50

Types of Properties Financed YTD	#	% of Total
Single Family Residence	6	100.00



MARKETING

New in 2019 was an HRA ad campaign. Staff worked with the city’s Communications Department to create the campaign, which ran on the EDA/HRA Facebook and Twitter pages along with the city’s social media sites. The ad campaign highlighted the HRA Housing Rehabilitation Loan Program and the different improvement and enhancement projects that qualify for funding. As part of the campaign, communications staff created a branded logo (shown below) and scheduled monthly alerts on timely home issues that people may face, for example, ice dam issues in the winter.

Marketing and advertising of the HRA Housing Rehabilitation Loan Program, continued in 2019 with five quarter-page color ads in the Star News local newspaper. The ads ran the last five weeks of the year as a kick off to the upcoming spring home improvement season. Two ads were placed in the Star News to invite people to attend informational meetings facilitated by CEE. The program was also marketed in the 2019 Elk River Community Guide via a quarter-page full-color ad. The guide was sent out to all Elk River residents and will be distributed throughout the year in various venues.

Advertising City of Elk River, MN 2019			
Magazine	# Subscribers	Rate	Cost of Impressions
Elk River Community Guide	25,000	\$750.00	\$0.03
Star News December 7	20,500	\$315.50	\$0.02
Star News December 14	20,500	\$315.50	\$0.02
Star News December 21	20,500	\$315.50	\$0.02
Star News December 28	20,500	\$315.50	\$0.02
Star News January 4	20,500	\$315.50	\$0.02
Total	20,500	\$2,327.50	\$0.02