

**TABLE OF CONTENTS
CMP PART 3C.**

Housing Plan

	<u>Page</u>
Introduction - Scope	3C-1
- 2003 Regional Development Framework	
Basic Housing Concepts and Principles	3C-5
Table 3C-1: Population and Households 1970-2030	
- Development Density and Housing Goals	
Summary of Existing Housing Statistics	3C-11
- Housing Types	
Table 3C-2: Dwelling Units by Type (2000)	
Table 3C-3: Owner/Renter Statistics (2000)	
- Age of Existing Housing Stock	
Table 3C-4: Age of Existing Housing Stock (2000)	
- Condition of Existing Housing	
Table 3C-5: Navarre Housing Study Results (1997)	
Map 3C-1: Navarre Housing Study Boundaries	
- Cost Valuation and Rental Price Ranges	
Table 3C-6: Valuation of Owner-Occupied Units (1990-2000-2002)	
Table 3C-7: New Homes Construction Valuations (1990-2007)	
Table 3C-8: Rent Range of Rental Units (2000)	
Housing Needs Identification.....	3C-17
- Meeting Sub-regional Housing Needs Requires Sub-Regional Approach	
- Housing Needs Related to Rerouting of Highway 12	
- Metropolitan Livable Communities Program	
Table 3C-9: Orono Housing Goals (2001)	
Housing Goals and Policies	3C-24
Housing Action Plan	3C-28

CMP Part 3(C)

HOUSING PLAN

INTRODUCTION

An increasing priority of national, regional and local concern is for the provision of an adequate supply of safe, affordable housing for all citizens. Housing is basic to the quality of life of all people yet many persons, particularly those of low and moderate income level and those on fixed incomes, are living in substandard housing or are denied adequate choice in housing type or lifestyle. The rapid increase in prices and the inadequate supply of newly built affordable and lifecycle housing have meant that moderate as well as low income persons are increasingly unable to afford housing that meets their needs and desires. Orono's dual urban/rural development pattern was planned specifically for the long-term protection of Lake Minnetonka. Land costs and other development factors suggest that these affordable and lifecycle housing needs can most practically be addressed within the urban areas of Orono. At the same time, much of Orono's existing affordable housing is aging, and there is an increasing need for neighborhood preservation and housing rehabilitation; yet there are competing interests at work that tend toward individual site development resulting in housing values far exceeding affordability guidelines.

The Metropolitan Land Planning Act requires that local comprehensive plans include "official controls and land use planning to promote the availability of land for the development of low and moderate income housing" (Minn. Stat. Sec. 473.859, Subd. 2). To further address housing needs, the Minnesota Legislature in 1995 enacted the Metropolitan Livable Communities Act (LCA), establishing a fund for communities to invest in local economic revitalization and affordable housing initiatives. The Act provided for funding in three specific areas: cleaning up polluted land; revitalizing communities and promoting efficient development; and providing housing affordable to people with moderate incomes.

As the Metropolitan Area continues to grow and expand, the provision of adequate housing poses ongoing challenges for local and regional governments. The three primary facets of the problem include:

1. Supply - Inadequate supply of lower-cost housing in good condition;
2. Location - Concentration of low and moderate income housing in the core cities and inner suburbs; and
3. Affordability - A widening gap between the price of housing and income.

2030 REGIONAL DEVELOPMENT FRAMEWORK

Accommodating future growth of the Metro Area is a concern that will require wide-ranging resources. The Metropolitan Council in 2004 adopted its “2030 Regional Development Framework” to provide a plan for addressing the challenges that will be faced by the Twin Cities area over the next two decades in accommodating expected growth in the region. Forecasts indicate the metro area will grow by 966,000 people between 2000 and 2030, and as the average household size continues to shrink (from 2.59 in 2000 to 2.39 by 2030) an additional 471,000 households must be accommodated.

In addressing the challenges of growth, Metropolitan Council has acknowledged that a “one size fits all” approach to implementing the Regional Development Framework is not appropriate, and has designated Geographic Planning Areas to identify communities with similar types of growth. Those areas within Orono’s 2020 MUSA as established in the 2000-2020 CMP are designated as part of the “Developing Area”, whereas those areas outside the 2020 MUSA are designated as “Diversified Rural Area”. Metropolitan Council has identified a set of implementation strategies for each of these categories, as well as an umbrella of strategies that will apply to all communities.

Metropolitan Council’s policy with regard to Housing for all local jurisdictions is to “Encourage expanded choices in housing locations and types, and improved access to jobs and opportunities.” Within the context of the “Developing Areas”, Met Council defines the local government role as:

1. Evaluating proposed housing developments in light of population forecasts, existing housing stock, and current and future community and regional needs; and approving and permitting developments as appropriate; and
2. Adopting ordinances designed to encourage lifecycle and affordable housing, such as increased multi-family zoning, reduced front and interior setbacks requirements, cluster development, etc.

Within the “Diversified Rural Area”, Metropolitan Council’s role is defined as providing guidance and negotiating lifecycle and affordable housing goals in implementing the Livable Communities Act and Metropolitan Land Planning Act.; and investing Council resources to assist communities and community projects that increase the variety of housing types and costs, appropriately mix land uses, increase transportation choices, and leverage private investment. The local community’s role is to:

1. Develop and implement comprehensive plans that provide land appropriate for a variety of affordable and life-cycle housing options;
2. Adopt local housing goals and implementation plans;
3. Use local official controls and resources to facilitate development of a range of housing densities, types and costs; and
4. Approve and permit proposed housing developments in light of population forecasts, existing housing stock, and current and future community and regional needs, as appropriate.

Each local community is required to address how it will plan for its share of regional affordable housing needs for the decade 2011-2020. Metropolitan Council has apportioned the forecasted need among each of the municipalities in the 7-county metro area. Minnesota Statutes require that comprehensive plans include an implementation program that describes public programs, fiscal devices and other specific actions to be undertaken in stated sequence to implement the comprehensive plan and ensure conformity with metropolitan system plans. One required element of the implementation program is a housing implementation program, "...including official controls to implement the housing element of the land use plan, which will provide sufficient existing and new housing to meet the local unit's share of the metropolitan area need for low and moderate income housing." Orono's share is forecasted at **311** new affordable housing units for the decade 2011-2020.

To accommodate Orono's share of new affordable housing units, the Land Use Plan has designated 102 net acres for development at 6 units per acre or higher. All of this land is designated for development immediately.

This Housing Plan is an indication of the ongoing policies and concerns of Orono residents toward solving our own housing problems while taking considered and appropriate measures to address regional growth concerns. This Plan is a refinement and restatement of the planning direction established in the 1974 Orono Village Comprehensive Guide Plan, and the 1980 and 2000-2020 Orono Community Management Plans, and is prepared and presented for the following purposes:

1. **The Housing Plan is intended to provide a review of Orono's existing housing stock.** As an older outlying municipality on the developing fringe of the Metro area, especially one with miles of desirable lakeshore, it is easy to forget or to overlook the true housing situation in Orono. The Housing Plan includes a brief review of existing housing statistics which illustrates the variety and diversity of existing housing in Orono.
2. **The Housing Plan is intended to be a management tool for City officials, City staff and other parties interested in improving the condition of Orono's available housing supply.** The Plan includes

goals and policies aimed at guiding housing improvement consistent with our Land Use Plan, local housing needs, and the Metropolitan Council's policies for low and moderate income housing.

3. **The Housing Plan is the housing element of Orono's Community Management Plan, designed to advise the Metropolitan Council of our housing needs and intentions.** The Metropolitan Council is the responsible regional agency charged with reviewing the housing element of local land use plans as required by the Metropolitan Land Planning Act. This plan is designed to advise the Metropolitan Council of our existing housing situation, our analysis of local and Lake Minnetonka area housing needs and our proposed programs for meeting those needs.

SCOPE

The time framework of the housing improvement plan is intended to be consistent with the regional planning period of 2008 through 2030 and with the City's permanent planning policy for urban and rural Orono. The goals, policies and proposed housing programs contained in this Chapter are set in the context of the legislative mandate to plan for regional needs through the year 2030. In addition, the housing programs also reflect Orono's plans for permanent maintenance of the low density rural residential community. Therefore, this Plan includes goals, policies, and programs for addressing the different needs of both the urban and rural areas of Orono.

BASIC HOUSING CONCEPTS AND PRINCIPLES

The Housing Plan is an integral part of Orono's Community Management Plan. Although the statistics and detailed policies apply specifically to this one element of community planning, the overall goals and objectives have been derived from joint and concurrent consideration of all community planning elements. Therefore, the policy decisions relating to Orono's housing improvement programs complement and balance regional plans with local concerns for historic development patterns, environmental protection, public health, fiscal responsibility and general land use.

Orono's urban and rural areas provide distinctly different lifestyles, amenities and services which jointly benefit the community as a whole. Each area has separate planning priorities and separate environmental considerations. Urban areas and urban services will not be permitted to encroach on or destroy the rural area of the city.

Historic development patterns established 100 years ago are responsible for the dual personality that characterizes Orono. The lure of the Lake drew summer residents and resorters who established the crossroads of Navarre, which continues to this day as the commercial center of Orono. Likewise, away from the Lake, Orono has developed slowly as a community of rural residential woodlands and open space. The lifestyles are different, the needs and desires of the citizens are different and the requirements for public services are different from the urban area of Orono.

Orono's urban areas have historically provided for a wide range of housing opportunities and all of the neighborhood services necessary to support the residents of the City, urban and rural alike. These areas contain slightly over half of Orono's existing housing stock and most of the existing affordable housing stock.

Orono's rural areas in the past have provided the opportunity for low density housing at affordable prices, orchards, greenhouses, hobby farms and recreation areas not possible in either urban areas or in commercial agricultural areas. This low density of land use has been and will continue to be particularly valuable as a protection for the marshlands, woodlands and other natural resources that dot the area, and ultimately the protection of Lake Minnetonka which is the key element of Orono's development philosophy. Here, where housing often as old as in the urban areas is scattered among housing developed over the last 20-30 years, the overall density is low and most urban services are not available.

As the rural area has developed over the last three decades, particularly in north central Orono, land values have skyrocketed, driven by market demand for the natural, open rural character of the area. The resulting conversion of farmsteads into primarily higher value single family neighborhoods has occurred at a rate that just keeps up with demand. Until the recent economic downturn, new rural lot developments were typically sold out within the first year. This ongoing demand has made it difficult to acquire land at prices that would allow for development of affordable housing even with conversion to urban densities. Clearly, the needs for affordable and lifecycle housing will not be met in Orono's rural area.

Orono has acknowledged the need for a wider range of housing alternatives, within Orono as well as within the west Hennepin/Lake Minnetonka area generally, and has taken steps to provide new locations for development of urban density housing where it will not be in conflict with the rural area. Many of these areas have been rezoned to allow for appropriate urban housing densities and have become a part of Orono's urban area.

Orono's land use plan calls for development in both the urban and the rural portions of the City. The urban area will see new residential development on the existing vacant lots and undeveloped parcels similar to the forms of development typical of the closer-in suburbs. Opportunities exist for substantial rehabilitation projects in the older urban neighborhoods and for scattered-site new construction of affordable and lifecycle housing units. Overall urban density will not increase dramatically because of the ecological considerations of proximity to Lake Minnetonka, because the Navarre area is nearly fully developed, and because County Road 15 is operating beyond its capacity with no way to expand as it is directly adjacent to the lake.

Areas reguided in the 2000-2020 CMP for urban density residential development are located primarily outside of the defined Shoreland area. These areas are being developed at densities ranging from 2 to 6 or more units per acre, commensurate with the City's identified need for a wider range of housing alternatives to serve an expanding range of housing needs.

The rural area will see continued residential development at a steady pace with most land divisions resulting in the creation of 3-8 lots. Strict subdivision review will ensure adequate retention of privately owned and maintained open space, wetland conservation, and on-site sewage treatment system site evaluation. Scattered rural rehabilitations will be necessary on the older homes and cottages in certain existing rural housing clusters. The typical rural lot will continue to provide for a rural lifestyle as the low investment in public services continues to make the land competitive with more fully developed suburban properties.

Orono's land use plans and programs allow new urban and rural developments to provide comparable cost housing opportunities. Orono has never had regulations requiring arbitrary minimum square footage in homes. Orono has never required such cost increasers as garages, paved driveways or mandatory landscaping. Any structure which conforms to State Building Code safety requirements can be built on any residential lot in the City.

In addition, Orono has had long experience with rural residential development including more than three decades of requiring at least 2.0 acres of dry buildable land for each rural dwelling. From this experience, Orono has found that housing built on rural lots of 2 acres per dwelling can be comparably priced with housing built on typical 1/3 to 1/2 acre suburban lots in neighboring developing cities. The difference is one of lifestyle and necessary public improvement investment.

The typical suburban lot requires massive amounts of both private and public investment for improvements necessary to allow urban density, including sanitary sewers, municipal water, storm sewers, public streets, street lights, large-scale earth moving and landscaping or erosion control measures. Indirect costs include park development fees, and increasing taxation to pay for schools, police, fire and general governmental expansion. Development time often exceeds a year or two from concept to reality. All these costs, plus large, long-term carrying charges, are built into the cost of each urban home.

On the other hand, rural development as practiced in Orono is relatively quick and inexpensive. Small rural subdivisions have been completed within 90 days. Each rural lot is subject to extensive site and soil evaluation to ensure adequate, permanent on-site septic system operation. But, the installation of on-site septic systems and individual wells is comparably priced with municipal sewer and water systems. The extent of land alteration and storm water facility construction is held to the levels necessary to properly manage the quality and quantity of stormwater onsite with minimal impacts to offsite facilities. Access is primarily via the existing street system or by new roads privately owned and maintained by the landowner. Road construction is less expensive, because the limited-use rural sections need not be built to urban design standards. Municipal tax levels remain the same because the development density can be accommodated within the means of the existing public services and facilities. Thus Orono's two acre lots provide a vastly different lifestyle for less public investment than other cities' 1/3-1/2 acre urban neighborhoods.

Orono's projected population growth dramatically declined in the 1970's primarily due to the 1975 rezoning which placed 80% of Orono's land area in zoning districts requiring minimum residential lot sizes of 2 acres or larger. Orono's ultimate population projections have been dropping from estimates of 37,000 made in 1970, to 23,000 in 1972, to 14,000 in 1974, to 11,000 in 1979.

Population trends during the last 30 years and a careful analysis of development capabilities of remaining land as compared to Orono’s current zoning and land use plan, suggests a year 2030 population of around 9,800. This figure is very close to Orono’s current (2008) estimated population of 7,800. This downward trend over the last 3 decades is clearly a result of Orono’s 1975 city-wide rezoning to lower residential densities, reacting to environmental concerns regarding protecting the water quality of Lake Minnetonka and other Orono lakes.

The projected population numbers for 2010 through 2030 shown in **Table 3C-1** reflect the gradually decreasing size of the typical household, reduced from 3.16 persons per household (PPH) in 1970 to 2.73 PPH at the 2000 census. Household sizes are projected to shrink even further to a level of 2.39 PPH by 2030. Orono’s 2030 population projection of 9,800 reflects an estimated 4100 households at 2.39 persons per household.

The projected population is in line with and a direct result of Orono's environmental protection policies. The population projections are consistent with Orono's rural land use preservation policies. The population projections reflect a careful parcel-by-parcel analysis of existing and planned development according to the Land Use Plan presented in this 2030 CMP update. In Orono, the Land Use Plan is the determinant factor in future growth, rather than allowing growth to drive the Land Use Plan. This is the cornerstone of Orono’s long-term development philosophy and policies.

Table 3C-1: Orono Population and Households 1970 - 2030							
(Sewered and Unsewered Forecasts)							
Population							
Year	1970	1980	1990	2000	2010	2020	2030
Sewered	--	--	--	--	5,800	7,000	7,300
Unsewered	--	--	--	--	2,500	2,500	2,500
Total City	6,787	6,845	7,285	7,538	8,300	9,500	9,800
Household							
Year	1970	1980	1990	2000	2010	2020	2030
Sewered	--	--	--	--	2,256	2,950	3,020
Unsewered	--	--	--	--	944	1,000	1,080
Total City	2,146	2,291	2,613	2,766	3,200	3,950	4,100
Persons/HH	3.16	2.99	2.79	2.73	2.59	2.41	2.39
Source: Metropolitan Council System Statement							

Orono's land use plan accommodates all planned population growth in a wide variety of housing opportunities. The forecast population increase of approximately 2000 persons in the next twenty years translates into a housing demand of approximately 800 new dwelling units. This average of 40 new dwellings per year is consistent with or slightly below Orono's rate of actual new residence building permit issuance during the past two decades. Based on the Land Use Plan, approximately two-thirds of these new units are expected to develop in the urban area.

The Metropolitan Council's 2030 Regional Development Framework adopted in January 2004 and the Minnesota Livable Communities Act emphasizes the need for a wide range of housing alternatives and locations such as that afforded by Orono's differing urban and rural neighborhoods. The location of housing alternatives is directly related to the opportunities and services enjoyed by residents of the Metropolitan Area. Location influences not only access to employment, but also the availability of neighborhood parks and recreational programs, libraries, health care facilities, day care centers, and access to major retail centers, highways, and public transit.

Successful development of a wide range of housing alternatives is directly related to the ability to obtain the necessary infrastructure and public services. In today's market, affordable housing and many forms of lifecycle housing are only feasible at urban densities, which require urban infrastructure such as municipal sewer and water, and the wide range of urban services not available in the 80% of Orono that is planned for low-density rural residential development.

New housing alternatives in Orono are planned primarily to occur within the existing urban area as well as in specified urban area expansions that are detailed in the Land Use Plan. These housing options will include a range of housing styles and types at densities of 2 to 15 units per acre. Where feasible, affordable housing units will be incorporated within multi-unit new housing development, in areas designated for Mixed Use, Medium-High Density Residential, and High Density Residential in the Land Use Plan. These designated areas are depicted on Map 3B-6b and Map 3B-7 in the Land Use Plan chapter of the CMP.

Development Density and Housing Goals

Minnesota Statutes 473.859 Subd. 2(c) states that the content of the land use plan element of comprehensive plans shall *“include a housing element containing standards, plans and programs for providing adequate housing opportunities to meet existing and projected local and regional housing needs, including but not limited to the use of official controls and land use planning to promote the availability of land for the development of low and moderate income housing.”*

2000-2010 Housing Goals. In the 2000-2020 CMP the City of Orono did not strictly commit to providing a specific number of affordable housing units. Rather, as is shown in **Table 3C-9**, the City established a 2000-2010 goal of providing 160 ‘affordable’ townhomes, with ‘affordable ownership’ defined as *owner-occupied townhome units developed at a density of at least 6 units per acre*; and a goal of 120 ‘affordable’ rental units with ‘affordable rental’ defined as *attached multi-family rental units developed at a density of at least 10 units per acre*. In its acceptance of Orono’s 2000-2020 CMP, the Metropolitan Council recognized that the variety of economic factors inherent to Orono would make it impossible to develop housing that would meet the price-point definition of ‘affordable’, and accepted the premise that provision of higher-density opportunities was a realistic method to allow for a variety of price-points.

Orono has made significant progress toward meeting these goals. As described in greater detail later in this Chapter, the Highway 12 area “Stonebay” townhome development in and of itself, at an overall density of 6.23 units per acre (157 units on 25.2 net acres) will essentially meet Orono’s 2000-2010 goal for number of owner-occupied townhomes. For rental units, the Orono Woods Senior Housing project completed in 2003 containing 62 units at a density of 15.35 units per acre, accomplished half of the City’s 120-unit multi-family rental goal.

2011-2020 Housing Goals. For the period 2011-2020, Met Council in collaboration with the Minnesota Housing Finance Agency (MHFA) established a 4-step methodology for determining affordable housing needs for the region: 1) determine forecasted household growth in sewered areas; 2) determine the proportion of growth expected to be made up of sewered households; 3) estimate the number of new affordable housing units that the private market will provide to new low-income households; and 4) calculate the net need for newly-constructed affordable housing units.

A two-step approach was then used to allocate the need among the region’s sewered municipalities: *Step 1* - Apportion new low-income housing need in each community according to its growth based on 2010 household forecasts, assuming the metro-wide average of 30.6% of all new housing units would be affordable to low-income renters or buyers; *Step 2* - make adjustments for each community based on a) low-wage job proximity; b) affordable housing stock; and c) transit service.

Orono’s share based on this formula is **311*** affordable units needed during the period 2011-2020. As stated, previously, the City’s land use plan accommodates these units in areas guided for development at 6 units per acre or higher.

SUMMARY OF EXISTING HOUSING STATISTICS

The following sections provide a brief summary of the housing types, occupancy tenure, structural condition and price range of housing in Orono.

Housing Types. By far, the predominant housing type in Orono is single-family detached dwellings. This is true of both the urban and the rural areas of the City. However, the number of multi-family housing units has increased substantially since 2000, primarily along the Highway 12 corridor with the addition of the Orono Woods Senior Housing building, as well as the twinhomes, townhomes and condominiums developed along Old Highway 12 within the Stonebay development. This recent increase in multi-family development is a direct result of implementation of the 2000-2020 Land Use Plan that guided a select group of parcels in northern Orono for higher residential densities.

Table 3C-2: Dwelling Units by Type (2000)		Source: 2000 U.S. Census
Type	Number of Units	% of All Units
Single Family (One unit detached)	2,845	97.9 %
Duplex Unit (One unit attached)	42	1.4 %
Twinhome Units (2 units)	19	0.7 %
Apartment Units (3-4 unit)	0	0.0 %
" " (5 or more units)	0	0.0 %
Mobile Home/Trailer	0	0.0 %
Other	0	0.0 %
Total Dwelling Units, 2000	2,906	100.0 %

A comparison between housing types and housing tenure reveals that a relatively large number of single family dwellings are rental units and that the total number of rental properties far exceeds the number of multiple family dwelling units. The high percentage of seasonal/vacant units may be a reflection of the lake-cottage heritage. While many old cottages have been converted to rental or year-round dwellings in the past, there remain a significant number of cottages on the islands which will likely not be converted in the future.

Table 3C-3: Owner/Renter Statistics (2000)			Source: 2000 U.S. Census
Occupancy Type	Number of Units	% of Occupied Units	% of All Units
Owner-occupied	2,604	94.1 %	89.6 %
Renter-occupied	162	5.9 %	5.6 %
Total Occupied Units	2,766	100.0 %	
Vacant Units	140		4.8 %
Total Dwelling Units	2,906		100.0 %

Age of Existing Housing Stock. The range in ages of Orono's existing housing stock by defining the decade of construction is indicated in **Table 3C-4**. Approximately 44% of the housing stock is more than 50 years old, which raises concern about its continued functionality if attention is not paid to significant upkeep activities. The percentage of housing units constructed prior to 1960 is slightly higher in Orono than that for the Lake Minnetonka area as a whole. These units generally occur in the rural area or in clusters that developed historically around Lake Minnetonka, such as the Crystal Bay, Stubbs Bay, Minnetonka Bluffs and Navarre neighborhoods. Approximately 38% of the housing stock is in the 20-50 year age range, where style updating and normal maintenance such as roofs, heating systems, etc. require ongoing investment. The numbers in **Table 3C-4** do not necessarily reflect the extensive remodeling and upgrading that many Orono residences, especially lakeshore homes, have undergone in the last three decades.

Table 3C-4: Age of Existing Housing Stock (2000)					
Year Built	Owner Occupied	Renter Occupied	Vacant	Total	%
Pre-1940	594	42	57	693	21.7 %
1940-49	172	13	9	194	6.1 %
1950-59	343	41	14	398	12.4 %
1960-69	298	25	7	330	10.3 %
1970-79	415	14	29	458	14.3 %
1980-89	412	11	8	431	13.5 %
1990-March 2000	359	24	19	402	12.6 %
Subtotal (thru March 2000)	2,593	170	143	2,906	90.8 %
April 2000- Dec. 2007 (Est.)	252	20	22	294	9.2 %
Total (1/1/08)	2,845	190	165	3,200	100.0%

Source: 2000 U.S. Census; City Building Permits 2000-2007

Condition of Existing Housing. The City staff conducted a housing condition windshield survey (a brief visual inspection of properties as viewed from the public street) in 1978 which is fully documented in the 1980 CMP. That survey indicated that approximately 90% of the City's existing housing was in good condition, 7% or 173 units in fair condition, and about 3% in deteriorated or dilapidated condition. That survey used recognized guidelines for rating each unit surveyed by exterior structural condition.

The results of the 1978 windshield survey indicated that a very high proportion of the housing stock in the City was in good condition by exterior appearance. Most of the deteriorated or dilapidated structures were located in the older areas of Navarre or in some of the rural housing clusters identified in the 1980 CSPP. Others were isolated houses which had not been maintained or occupied in many years. It was also noted during the windshield survey that several of the deteriorated housing units were either in the process of or had already undergone certain amounts of rehabilitation.

A further review of housing in the City in 1997 suggested that while the condition of housing in the rural areas and on the lakeshore had remained generally good, much of the older housing in the Navarre area appeared to be in need of major maintenance. Because Navarre provides a significant portion of Orono's 'affordable' housing stock (housing meeting established rent/valuation guidelines for low and moderate income groups), the poor apparent housing condition was deemed to be a critical concern. As a result, In June 1997 the City initiated the Navarre Housing Study ("Navarre Housing Study" completed by Brad Bressler, Planning Assistant, final report dated December 2, 1997), including a field study, a mail survey, and research. The survey collected demographic and income information, as well as information regarding residents' plans for, and ability to complete, future rehabilitation. The study is summarized in **Table 3C-5**. Study area boundaries are shown in **Map 3C-1**.

Table 3C-5: Summary of 1997 Navarre Housing Study Findings

- ▶ 247 surveys mailed out generated a 49% response rate
- ▶ Survey covered the residential areas of Navarre north of Shoreline Drive and south of Coffee Bridge
- ▶ 183 of 244 or 75% of homes in study area were considered as "affordable" (value less than \$120,000 at time of study). Most of the remaining 25% were lakeshore properties.
- ▶ Resident survey indicated:
 - 98% of respondents are homeowners
 - 82% have lived in their residence 3 years or longer, 42% more than 10 years
 - 2/3 of households have no children living at home
 - 53% of respondents reported a 1996 pre-tax household income of < \$50,000
 - 70% indicated an ability to afford home repairs if needed
 - 72% perceived there was affordable housing for first-time buyers in Navarre
 - 30% perceived that homes in their neighborhood were not in good condition
 - Highest priority needed neighborhood improvements noted by respondents included revamping of dilapidated homes, traffic control (speed, noise, etc.), street and street lighting improvements, and yard cleanup
- ▶ Results of windshield survey:
 - Housing types: 84% single family full-year, 10% multi-family (twinhomes), 6% seasonal or other
 - 22 or 9% of existing homes have deficient roofs, siding, windows or foundations or a combination thereof
 - 55% of homes appear in good to excellent overall condition, 21% fair condition, 5% poor/dilapidated condition

Cost Valuation And Rental Price Ranges of Housing in Orono

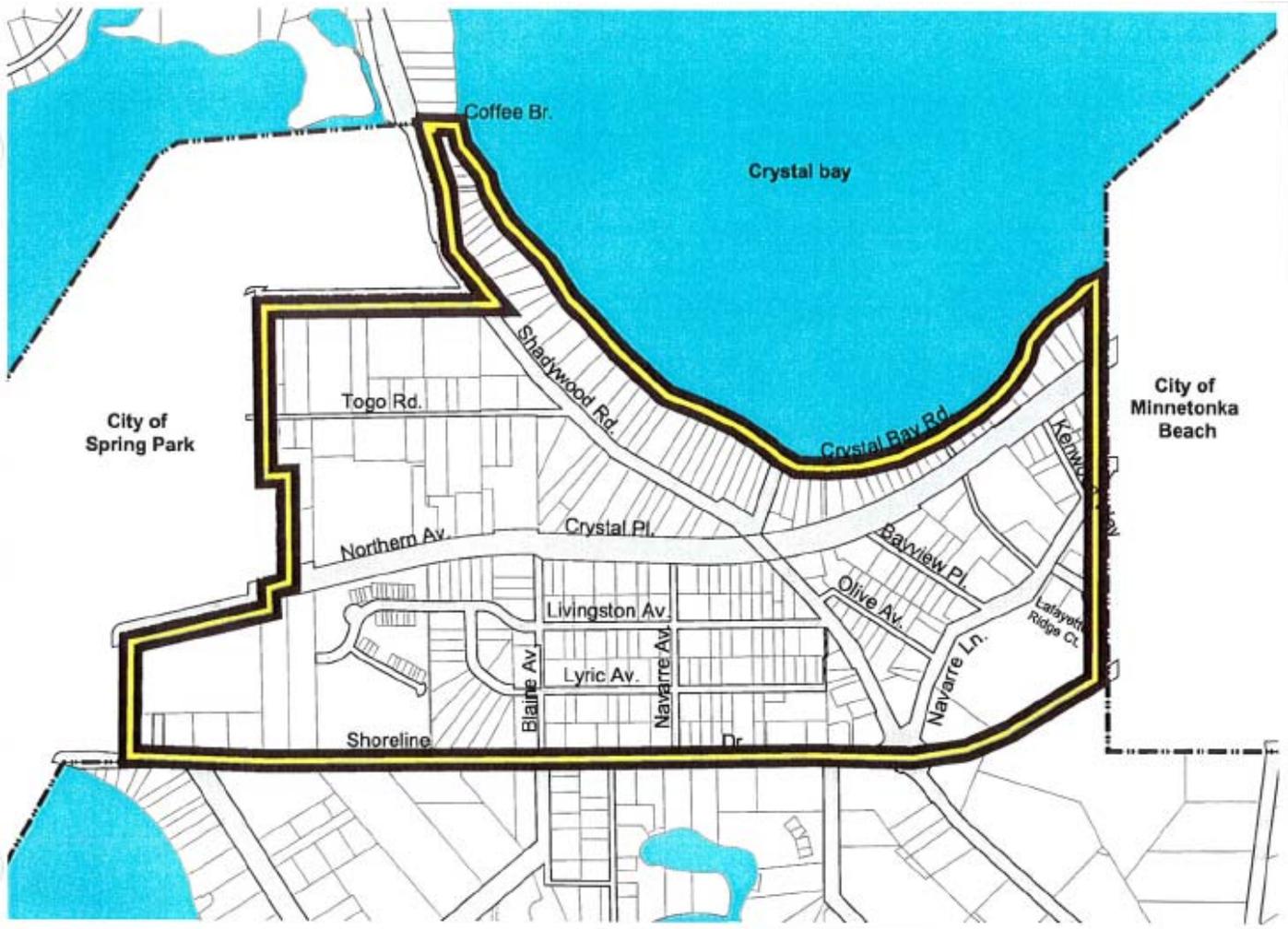
Owner-occupied Housing. The valuation of housing units in Orono to some extent is a reflection of the age of that housing, although location in relation to the lakeshore is a significant added factor that impacts valuation. Because most housing in Orono has been constructed as 'custom' housing rather than tract housing, assessing property values is more difficult than in cities where a single developer has constructed dozens or hundreds of homes all following the same basic plan with the same basic amenities.

2000 Census data were used to create the following table of housing values in Orono. While the perception of the general public may be to the contrary, Orono has substantial amounts of low and moderate value housing. One-fourth of the housing units in 1990 were valued at less than \$100,000.

Table 3C-6: Valuation of Owner-occupied Units (1990-2000-2002)			
Valuation	Number of Units / % of Total		
	1990	2000	2002
<\$50,000	95¹ / 5.2%	41 / 1.4%	22 / 0.7%
\$50,000 to \$74,999	129² / 6.2%	26 / 0.9%	11 / 0.4%
\$75,000 to \$99,999	284 / 13.6%	120 / 4.1%	31 / 1.0%
\$100,000 to \$124,999	214 / 10.3%	174 / 6.0%	83 / 2.8%
\$125,000 to \$149,999	186 / 8.9%	198 / 6.8%	126 / 4.2%
\$150,000 to \$174,999	141 / 6.8%	218 / 7.5%	122 / 4.1%
\$175,000 to \$199,999	121 / 5.8%	180 / 6.2%	170 / 5.7%
\$200,000 to \$249,999	213 / 10.2%	291 / 10.0%	293 / 9.9%
\$250,000 to \$299,999	174 / 8.4%	250 / 8.6%	229 / 7.7%
\$300,000 to \$399,999	215 / 10.3%	414 / 14.2%	350 / 11.8%
\$400,000 to \$499,999	113 / 5.4%	307 / 10.5%	361 / 12.2%
\$500,000 or more	196 / 9.4%	693 / 23.8%	1,169 / 39.4%
Total	2,081	2,912	2,967

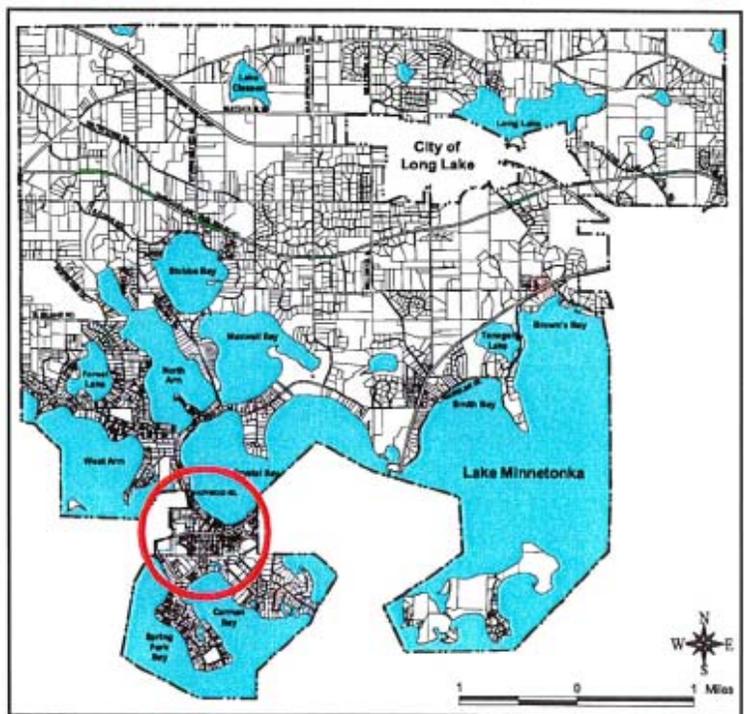
Sources: 1990 U.S. Census; 2000-2002 County Assessors Records

¹ Under \$60,000 for 1990 data ² \$60,000-\$74,999 for 1990 data



-  City Boundary
-  Study Area Boundary
-  Open Water
-  Right-of-Way

Navarre Housing Study Area
City of Orono
Minnesota



MAP 3C-1

The Metropolitan Council has established the level of ‘affordability’ for owner occupied dwelling units at a level that is affordable to a household earning 80% of the regional median income. This equates to a selling price of \$134,250 for 2000 and \$170,000 for 2002. In 2000, 14.9% of Orono’s dwelling units were valued by the County Assessors at or below the affordability value. In 2002, the percentage of Orono homes at or below the affordability threshold was 12.5%. Preliminary data for January 2008 suggests that of 2550 homesteaded properties in the City, approximately 200 or just under 8% have an assessed valuation equal to or less than the 2008 affordability threshold of \$214,900.

Building permit records for the period 1990-2007 have been analyzed to illustrate the changes in cost of new housing in Orono over time. This information is shown in **Table 3C-7**. The limitations involved using this data source are that the valuations are based on just building construction cost and do not include land costs, landscaping,, development fees, etc. As a result, the valuations shown are likely significantly lower than sales prices that would be realized in an arms length transaction between willing sellers and buyers.

Table 3C-7: New Home Construction Valuations 1990-2007*							
3-Year Period	New & Replacement SFR Detached Homes		Total Valuation	Average Valuation	New MFR Attached Homes	Total Valuation	Average Valuation
	New	Repl					
1990-1992	56	12	\$ 21,808,000	\$ 320,700	0	\$ 0	\$ 0
1993-1995	97	25	\$ 37,488,000	\$ 307,300	0	\$ 0	\$ 0
1996-1998	77	34	\$ 39,664,000	\$ 357,300	0	\$ 0	\$ 0
1999-2001	63	44	\$ 58,230,000	\$ 544,200	27	\$ 3,265,300	\$ 120,900
2002-2004	49	64	\$ 75,254,000	\$ 666,000	90	\$ 12,330,000	\$ 137,000
2005-2007	17	63	\$ 72,783,000	\$ 909,800	70	\$ 12,758,000	\$ 159,500
Totals	359	242			187		

*Valuation data is construction value only - excludes lot, landscaping, dev. fees, etc.
 Source: City Building Permits

Note that the incidence of ‘replacement home’ construction has steadily increased over the past two decades. A majority of these are on lakeshore lots ranging in size from 1/4 acre to 1 acre or larger, and typically involve the removal of existing year-round homes that were previously converted from (or previously replaced) summer cabins. With lakeshore land values continuously increasing and a substantial supply of older lakeshore homes still remaining in Orono, this trend is expected to continue.

Rental Housing. Monthly rents reported in the 2000 Census indicate a median gross rent of \$925. Rental units include both multi-family attached and single-family detached housing. **Table3C-8** indicates the range of rental unit rents in Orono in 2000.

Table 3C-8: Rent Range of Rental Units (2000)		
Monthly Rent	# of Units	% of Units
Less than \$200	2	1.3 %
\$200-299	0	0.0 %
\$300-399	38	23.7 %
\$400-499	5	3.1 %
\$500-599	8	5.0 %
\$600-699	0	0.0 %
\$700-799	10	6.3 %
\$800-899	14	8.8 %
\$900-999	12	7.5 %
\$1000-1249	13	8.1 %
\$1249-1499	22	13.7 %
\$1500 or more	36	22.5 %
Total	160	100.0 %

Source: 2000 U.S. Census

Subsidized Housing Units

At the present time, the City of Orono does not contain any units of subsidized housing. This is due in part to the lack of, or limited shopping and employment opportunities, public transportation, medical facilities and limited extent of other community services such as municipal sewer and water systems.

HOUSING NEEDS IDENTIFICATION

In assessing local housing needs, Orono has identified the need for a broader range of housing choices including starter homes, empty-nester and senior housing, and an ongoing need for substantial housing rehabilitation.

In some cases, this need can be traced back to the major development surge that occurred in Orono between 1946 and 1955. These post war years were when our greatest population increase occurred as returning servicemen purchased former seasonal lake cottages and turned them into year-round residences. They raised families and stayed in their home. These people are now retired and on fixed incomes. They are often widows or widowers without ready resources. This phenomenon also is a factor contributing to Orono's relatively low persons per household figure.

A modest number of these long term Orono residents are living in substandard conditions by today's standards. These Orono residents are particularly affected by Minnesota's property tax system in which taxes are ever-increasing due to skyrocketing property values. Often, fixed incomes force retired residents to choose between selling their homes or foregoing certain expenses such as upkeep of their residence in order to pay taxes. They often need help to avoid being forced from their homes with nowhere to go. Demographically, Orono's older-than-average population is aging (median age 40.7 years as compared with 34.3 years for 7-county Metro area in 2000) and will in the next two decades be seeking housing alternatives that provide for a wider range of lifestyles than has historically been available.

Thus, Orono has identified one of our greatest needs as housing rehabilitation for senior-citizen homeowners and for alternative senior housing accommodations in the immediate lake area. A second pressing need is for a wider range of housing options for middle income residents, such as those who grew up in Orono and would like to raise a family here, but cannot find suitably priced homes. A third identified need is for the empty nesters or professionals whose lifestyle better matches the amenities of attached unit housing.

Orono's housing needs were identified in part through the LMACC Sub-Regional Housing Study conducted in 1998 and described below.

Meeting Sub-Regional Housing Needs Requires Sub-Regional Approach

The Metropolitan Council's 1996 Regional Blueprint and its 2030 Regional Development Framework adopted in 2004 indicate that each metropolitan area community is expected to provide a range of housing options to meet the needs of residents at all stages in the lifecycle, and where feasible, increase options for affordable housing. Once needs have been identified, then a plan for meeting those needs must be established and implemented.

The Lake Minnetonka area is comprised of a number of individual cities, both large and small, each of which have the capacity to provide housing for certain 'niches' of the population, but few of which have the capacity to provide for all categories of lifecycle or affordable housing. In order to identify the existing life-cycle and diversified housing, and to identify opportunities for such housing from a sub-regional perspective, the 16 Lake Minnetonka Area Cooperating Cities (LMACC) in 1998 prepared a Sub-Regional Housing Study.

The LMACC Study identified a number of key issues which set the stage for addressing problems and identifying opportunities for development of adequate housing in the subregion. The key issues relate to two primary factors: the **changing profile** of the LMACC cities, including demographics, life-cycle housing, population turnover, and low/moderate income households; and the **housing stock**, including market trends, housing conditions, housing values, and housing options. The Study proposed a series of six Housing Initiatives, including:

- 1) A **Subregional Approach** to addressing housing needs;
- 2) Actions to create **Sustainable Communities**;
- 3) Development of **Diversified Housing Options**;
- 4) Establishment of **Support Services** such as transit access, child care assistance, etc.
- 5) Establishment of a **Subregional Housing Redevelopment Authority (HRA)**; and
- 6) **Protection of Existing Housing**.

Housing Needs Related to Rerouting of Highway 12

The rerouting of Highway 12 resulted in the acquisition and removal by MnDOT of a number of dwelling units within the cities of Long Lake and Orono. The City of Long Lake was substantially impacted by the rerouting as approximately 10% of its tax base was lost. Further, as a fully developed municipality Long Lake does not have sufficient land area to accommodate relocation of these homes, many of which were in the \$100,000-200,000 price range.

To potentially assist in replacing these lost dwelling units, Orono's 2000-2020 CMP expanded the MUSA in the area east of Willow Drive between the Burlington Northern Railroad and Watertown Road, and re-guided this area from 2-acre Rural SFR to Urban SFR at a density of 2-3 units per acre, similar to the adjoining development in Orono's Hackberry Hill neighborhood and to abutting residential development in Long Lake. The goal of this expansion was to make

land available at a density that might support moderately-priced housing at or below the \$350,000 -500,000 range. It was hoped that such housing could accommodate the relocation of some of the Long Lake households displaced by the Highway 12 rerouting. The first development within this expanded MUSA area created 8 new SFR building sites at a net density of 2.0 units per acre. Initial residential construction within this development is priced at levels higher than anticipated.

The City of Orono will investigate and promote methods by which more moderate priced housing can be provided as this area further develops. The northerly portion of this area (Parcel Group 3 in Land Use Plan) is currently being reguided to allow for multi-family residential development at a density of up to 15 units per acre.

Metropolitan Livable Communities Program

In 1995 the Minnesota legislature enacted the Metropolitan Livable Communities Act, which established funding for metro-area cities to invest in local economic revitalization and affordable housing initiatives. The Metropolitan Council is responsible for implementing the Metropolitan Livable Communities Program, and negotiating with individual municipalities to establish affordable and life-cycle housing goals consistent with the Metropolitan Development Guide

Orono has participated in the Livable Communities program since 1996. The program establishes benchmarks for housing affordability, life-cycle housing, and housing density.

In response to the Met Council benchmarks, the City Council in June 1996 adopted a Housing Action Plan identifying rehabilitation of existing substandard housing as the City's top priority, citing limited commercial-industrial development and employment opportunities, as well as limited availability of public services, and the skyrocketing price of land as barriers to providing opportunities for affordable housing in Orono.

While Orono did not commit to any specified numeric goals within the context of the Livable Communities Act, the City is required to identify numerical goals in response to the Land Planning Act. The City's housing goals in terms of affordability, life-cycle housing and density for new sewered development in the period 2000-2010 appear in **Table 3C-9**.

To address the need for additional lifecycle housing options, Orono in its 2000-2020 CMP guided new areas within the northern portion of the City near the Highway 12 corridor for medium density residential use. These revisions provided for a mix of single-family and multi-family development at densities ranging from 2-6 units per acre.

Development of these new areas for lifecycle housing is underway, but has posed some significant challenges. In the area defined as Parcel Group 3 east of Willow Drive and north of Watertown Road, guided for SFR at a density of 2-3 units per acre, development to date has included one new subdivision. This development involved acquisition by the developer of portions of two pre-existing parcels that contained a church and a single family home. The resulting creation of 8 SFR lots at a net density of 2 units per acre was accomplished via the PUD process. Development of the remainder of Parcel Group 3 will rely on similar accumulation of individual parcels or portions of existing homesites to accomplish cost-efficient development.

Table 3C-9 (Revised September 2001): Orono Housing Goals			
	Orono Index (Existing)	Met Council Benchmark	City Goal for Sewered Development for 2000-2010 (Estimated 409 total units to be developed)
Affordability			
Ownership	30 %	60-69 %	160 Affordable Townhomes (1) (+52% of 309 ownership Units)
Rental	18 %	35-37 %	120 Affordable Rental Units (2) (+29% of 409 total units)
Life-Cycle			
Type (% non-SFR detached)	2 %	35-37 %	280/409 = 68%
Owner/Renter Mix	91/9 %	(67-75)/(25-33)%	289/120 = 71%/29%
Density			
Single Family Detached	0.9/acre	1.8-1.9/acre	2.1 units/acre (Of +100 anticipated new sewered SF homes, one-third will be new sewered infill SF detached in ½ acre and 1 acre zones averaging 1.2 units/acre, and two-thirds will be new sewered SFR in newly guided Highway 12 areas averaging 2.5 units/acre; overall the mix is anticipated at about 2.1 units/acre)
Multifamily	6/acre	10-14/acre	Rental: 10 units/acre Ownership: 6 units/acre

(1)Affordable ownership defined as owner occupied townhome units developed at density of at least 6 units per acre

(2)Affordable rental defined as attached MF rental units developed at a density of at least 10 units per acre

A second challenge facing the City is the issue of developers maximizing their profits at the expense of affordability. Even at a density of more than 6 units per acre, the Stonebay project has its lowest-priced units in the \$350,000 range. While this provides housing that is relatively low-cost compared to the rest of Orono, it does not meet affordability criteria. The high value of land as well as infrastructure and other development costs make it difficult to keep housing prices in the affordable range

Third, the City is limited in its ability to deny a poorly conceived housing project in an area that has already been guided for such use. The City has much more flexibility in obtaining the type and quality of development that meets its lifecycle housing goals if it requires special approvals such as a rezoning or amendment of the Comprehensive Plan. Absent City or HRA ownership, the risk in prematurely identifying specific properties for higher density residential use is that the City must, by state law, within a short period amend its zoning to conform with the Comprehensive Plan. Once a property is zoned for a use, the owner gains a package of rights and expectations that make it extremely difficult for the City to deny a proposal that, while perhaps meeting the minimum standards or general guidelines for the zoning district, does not adequately meet the City's housing needs.

Yet, Orono is committed to developing lifecycle housing at densities that generally are considered necessary for affordability, and the key to this will be the ability of the City Council to approve the right project in the right place by the right developer. A variety of potential sites have been informally identified that have a potential for meeting City housing goals, but which the City will not re-guide until an appropriate development proposal is forthcoming.

An example of this commitment is the development of multi-family residential units in Parcel Group 1 (guided for 3-6 units per acre) as shown on **Map 3B-7** has been ongoing since 2003. The overall development, known as Stonebay, will upon build-out include a mix of owner-occupied townhomes and condominium units. A 57-unit condo building is near completion, and approximately 40 of 100 planned townhomes of various styles have been completed. The net density of this site as approved will be 6.23 units per acre. The Stonebay development in and of itself has allowed Orono to meet its 2000-2010 housing ownership goal of 160 townhome units.

Parcel Group 2, consisting of two parcels totaling 49 developable acres located in the southwest quadrant of the Highway 12/Old Crystal Bay Road intersection, was guided in the 2000-2020 CMP for a mix of SFR and MFR units at a density of 2-4 units per acre. While a variety of proposed developments have been suggested for this yet-undeveloped and highly-visible property, the City Council in 2004-2005 initiated a study of this and other Orono sites to establish parameters for future residential development. The result was a proposed comprehensive plan amendment and ordinance revisions requiring that the principles of Conservation Design be followed for all future residential developments greater than 5 acres in area or guided for more than 2 units per acre.

Additionally, the 2000-2020 CMP reguided a 4-acre parcel at the northwest quadrant of Highway 12 and Brown Road for multifamily use, specifically for senior housing. The City partnered with a private developer in 2000-2001

resulting in the development of the Orono Woods Senior Housing, a 62-unit senior apartment building constructed with Tax Increment Financing. As Orono's first-ever TIF project, Orono Woods will receive 90% of the increment on a pay-as-you-go basis for twenty years. Twelve units (20%) of this project were originally reserved for seniors ages 62 and older with incomes less than 50% of the area median household income; the minimum age was lowered to 55 in 2006 by action of the Orono HRA at the request of Orono Senior Housing LLC. Additionally, the City deferred approximately \$160,000 of Park Dedication Fees and approximately \$41,000 of sewer and water connection fees to assist with this project. The City is owner of the land on which this building is constructed, and the 100-year lease to the developer ensures the continued use of this building for senior housing past the expiration of the 20-year TIF financing program. Construction was completed in November 2002.

The variety of Local Fiscal Tools for development and/or preservation of affordable and lifecycle housing in Orono has included:

- Community Development Block Grant (CDBG) Funds
- Minnesota Housing Finance Agency grants
- Deferral or forgiveness of development fees
- City funding of site improvements
- Tax Increment Financing

Periodically, Orono receives a portion of the pooled CDBG funds for an affordable housing project specifically in Orono. In 2000, \$32,000 of LCA grant money (Grant #SG-00-37) from MHFA was added to other grants from CDBG and Met Council that totaled \$131,000. This fund was then used to provide financial assistance to make several townhomes in the Navarre area of Orono affordable to first-time homebuyers. The portion of the \$32,000 used was \$23,600. A refund to MHFA of the remaining \$8,400 was processed in April 2004 to make it available for other affordable housing projects.

In order to achieve the 6-units-per-acre density for the Stonebay townhome & condominium project, the City Council allowed the relaxation of a number of development requirements including acceptance of narrow roadways and reduced building setback standards. This was accomplished via use of the Residential Planned Unit Development (RPUD) District rezoning option created in 2001 which provides flexibility in design, and contains built-in incentives to encourage residential construction projects that are consistent with the City's housing goals.

The RPUD District also provides that the densities guided in the CMP can be increased for properties currently guided/zoned commercial which will be converted to residential. FAR's may also be relaxed for developments providing affordable and life-cycle housing. These types of incentives will generally be conditioned on development agreements assuring long-term (20 year plus) status as affordable/ lifecycle housing. The density standards of the RPUD District were used for the first time in 2001 for the Orono Woods senior housing project

which was completed at a net density of approximately 15 units per acre. During 2006-2007 the City approved two RPUD developments - Glendale Cove with lot sizes averaging 14,000 s.f. where the City's minimum lot size had previously been 1/2 acre; and Orono Villas, in which side setback standards were reduced from 10' to 5' and lot sizes reduced to below 14,000 s.f. allow for more efficient use of available land.

Ongoing housing maintenance and preservation programs used by Orono include the County-administered rehabilitation program (CDBG funds) for single family housing, in which Orono is provided funding as part of a pool of Lake Minnetonka area cities. This consolidated funding provides individual pool cities with the opportunity to have greater rehab funding amounts on a per project basis than would be available if each city received only its small share each year.

In addition, Orono regularly grants variances for lot standards on existing substandard lots where housing stock improvements would otherwise be impossible without combining two or more small lots. This allows homeowners to make significant improvements to existing homes while maintaining some level of affordability.

ALHOA Expenditures

The Livable Communities Act established a minimum required level of annual local spending towards affordable and life-cycle housing needs, known as the Affordable & Life-cycle Housing Opportunities Amount (ALHOA) based on the City's homestead net tax capacity excesses. Orono's past expenditures toward the ALHOA have been primarily from Community Development Block Grant funds earmarked for residential rehabilitation grants and loans, affordable new homes made available via funding through the CDBG program and other grants, and affordable rental housing through tax increment financing. The housing rehabilitation funding is provided through the Hennepin County housing rehabilitation program, which is funded through the CDBG program. Orono is a member of a group of cities that pool their CDBG funds. Each year, approximately \$100,000 of the CDBG funds are allocated to the housing rehabilitation program which serves households throughout the group of cities on a first-come-first-served basis. Although no CDBG money was dedicated for projects specifically in Orono during 2007, there are Orono projects on the waiting list for funding.

HOUSING GOALS AND POLICIES

Orono's Housing Action Plan is based upon the following Goals and Policies which are designed to be consistent with our regional housing responsibilities and with the Goals, Policies and Plans of the other elements of the Community Management Plan.

Housing Goals

- 1. To improve the housing conditions of persons residing in substandard housing.**
- 2. To provide safe, healthful, and blight-free residences and neighborhoods.**
- 3. To provide opportunities for a mix of housing types, locations, and cost ranges which will meet the needs and provide adequate housing for a broader range of ages, family groups, lifestyle needs and levels of income to the greatest extent practical.**
- 4. To provide housing types and residential densities consistent with environmental and land use plans and with the availability of public services and facilities.**
- 5. To provide immediately beneficial housing programs for the greatest number of Orono residents with affordable housing needs.**

Urban Housing Policies

- 1. The residential areas of urban Orono are primarily suitable for single family development.** Because of historic development patterns, most of Orono's urbanized neighborhoods are located along the Lake Minnetonka shoreline, or within 1,000 feet of the shoreline. These lands are environmentally sensitive to overuse or over development such as typically occurs with large scale developments. Urban residential development in a limited number of areas further from the shoreline at a density of 2-15 units per acre is compatible with Orono's environmental policies of limited hardcover and maximum retention of natural open space and vegetation to protect Lake Minnetonka.
- 2. A wider range of housing types will be provided by planned residential developments.** A limited amount of land is available within the Urban Service Area for planned developments of attached

townhomes, garden type apartments or mixed residential and limited commercial land uses. These housing clusters or multiple family developments will be acceptable only where full urban services are available and only where the proposed density is compatible with the neighborhood and with local environmental constraints.

Multiple family developments generally will not be considered appropriate for lands within 1,000 feet of Lake Minnetonka nor for areas that have limited public transportation access to outside employment or shopping facilities. Additionally, County Road 15, which is the key roadway serving Orono's urban areas and particularly the Navarre area, is far over capacity. It is not practical from an economic or environmental standpoint to expand County Road 15 to increase its capacity. Therefore, additional housing options will be primarily developed along Orono's Highway 12 corridor in specifically identified areas that are or will be served by urban services.

Certain areas along or near Highway 12 were identified in the 2000-2020 Land Use Plan for higher density housing, and have been guided for such use. In addition to guiding these specified areas, the City has adopted a Residential Planned Unit Development zoning district which not only provides for the higher density housing at these identified sites, but provides density incentives for the potential conversion of commercially-guided/zoned properties to medium and high density residential use where the City Council finds such conversion appropriate. The City will consider proposals for developments that will provide housing types in furtherance of Orono's housing goals as established in this Housing Plan, for sites not currently guided for such use but which may be appropriate for such use.

3. **Urban density residential development must occur within the defined Urban Area.** Orono's Community Management Plan is not a staged growth plan. The Urban Area as defined in this Plan will not be greatly expanded into the defined rural area, and urban services and facilities will not be extended into the rural area for purposes of fostering or allowing increased development in those areas.
4. **Urban density residential development will utilize existing or planned public services and facilities.** New residential development will be allowed to infill existing vacant properties within the Urban Area consistent with environmental limitations and with the existing or planned capacities of water, sewer, drainage, transportation and recreational facilities. New development will not be permitted to overburden these services at the expense of the existing users. New urban development will not be permitted if it requires additional unplanned local or regional facilities capacity.

- 5. The City will promote scattered site development as opposed to large scale tract development within the existing developed urban area.** Scattered site development has less impact on the existing neighborhoods or on the existing public facilities capacities than does a concentration of development at one location. In addition, most of Orono's existing urban neighborhoods are a homogenous mix of newer and older homes intermingled with an occasional vacant lot or a larger, divisible lot. There is no single neighborhood which is in need of complete renewal or rehabilitation. Therefore, there is no need for, nor any economical way of assembling, a large tract of property for single-project development.
- 6. The City will promote rehabilitation of existing older or substandard homes.** Whereas there is no identifiable block of deteriorated housing in the City, there are a substantial number of older homes or converted cottages that are in need of repair, energy conservation measures, or major rehabilitation. In many cases, these homes are occupied by low income or fixed income persons who cannot undertake the needed work within their means. Maintaining existing neighborhoods and existing homes enables maintenance of affordability. Replacement of these homes, even with higher density development, would result in substantially increased housing prices. Therefore, the City will promote private and subsidized public rehabilitation efforts to improve the existing housing stock, to improve and maintain the neighborhoods, and most importantly to improve the living conditions of the affected citizens.
- 7. The City will promote development or rehabilitation that is compatible with the existing neighborhood.** The City will encourage all homeowners and developers to be conscious of the neighborhood, the site and the environment in the design and improvement of residential properties. The City will encourage, and in many cases, require the retention of woods and vegetation, open spaces, light, air and scenic views. No new development will be permitted to conflict with or to adversely affect the established neighborhood character.
- 8. The City will promote subsidized rehabilitation that benefits the existing, often long term, Orono resident.** Our citizens are Orono's greatest asset. As they grow older, we should not turn them out of their homes, but rather we should help them provide safe and comfortable living conditions in their existing neighborhood.

Rural Housing Policies

- 1. Housing in rural Orono will be limited to single family homes at established rural densities.** The majority of the rural area has been zoned to require a minimum of 2 acres of dry buildable land per residential lot, with an area in the northwest corner of the City requiring at least 5 dry buildable acres. When wetlands, roads, steep slopes and public open space are factored in, nearly 80% of the City's land will be developed at densities averaging from approximately 1 unit per 3 gross acres up to 1 unit per 7 gross acres, sufficient to meet the City's environmental protection goals. This density is consistent with the City's environmental protection commitment and is consistent with the overall Goal of preserving the historic rural character of the area. Because of this preferred use, and because in areas outside the defined Shoreland Overlay District there is no provision for any municipal sewer, water or other urban services, multi-family development or any densely clustered residential development will generally not be appropriate for rural Orono. However, clustered development at a 2-acre density could be possible if sewage treatment technology for clustered developments advanced to the point that the City was assured of the long-term operation of the sewage treatment system.

- 2. The City will promote rehabilitation of existing older or substandard rural homes.** Rural Orono contains a significant number of older homes, which also require repair, energy conservation measures or major rehabilitation. These rural owners also require the same type of assistance often reserved for urban areas. Therefore, the City will promote private and subsidized public rehabilitation efforts in both urban and rural housing improvements programs.

HOUSING ACTION PLAN

Orono's Housing Action Plan is a set of implementation policies designed to achieve the above stated Housing Goals and Planning Policies.

As has been indicated, the dominant land use in the City of Orono is primarily that of single-family residential homes. There is very limited industrial-commercial development or opportunities for employment and shopping within the City. Orono residents have always relied on the historic town centers in adjacent communities for shopping as well as employment. The general lack of commercial and industrial development and the limited availability of city services such as municipal sewer, water and mass transit will limit the opportunities for, and make it difficult, if possible at all, to provide opportunities for the range of housing types required to meet the affordability and lifecycle goals in many areas of Orono. However, several areas in Orono have been identified which can provide an adequate level of public services to support the development of new lifecycle housing opportunities.

A top priority in Orono must be improving the housing conditions of persons who are presently inadequately housed and eliminating substandard housing. There are deteriorated and dilapidated housing units located throughout the City. Most of Orono's urban dwellings have been upgraded from seasonal cabins through either private or public rehabilitation programs. Others remain in need of attention. Thus, while pursuing where possible the construction of new life-cycle and affordable housing units in the City, Orono's Housing Action Plan is aimed principally at improving the condition of Orono's older homes, both urban and rural, and improving the housing conditions of Orono's many low, moderate and fixed income residents.

- 1. Orono will cooperate with neighboring cities to fulfill area-wide housing needs.** Most apparent is the need of many senior Orono residents who desire to live in the immediate area, but who cannot find available senior housing. Orono will actively participate with nearby municipalities to facilitate the provision of senior housing at locations that are near to home yet also convenient to necessary shopping, transportation and medical facilities.
- 2. Orono will participate in housing rehabilitation subsidy programs.** Many Orono residents, both urban and rural, are occupying older housing that has code-related structural, safety or health hazards, substandard living conditions or energy inefficiencies. They would like to improve their housing condition and their neighborhood's appearance, but are unable to because of insufficient income. In many cases, older couples are forced to choose between heat or food or leaving their place of long

residence. Orono will continue to actively participate in Community Development Block Grant and Minnesota Housing Finance Assistance programs designed to help these citizens meet their very immediate housing needs.

3. **Orono will encourage developers to provide a variety of housing types and cost ranges.** Whenever a multiple family or clustered housing development is proposed, Orono will actively encourage setting aside a reasonable number of units for large families and/or for low and moderate income families. Orono will participate and assist developers in applications for loan guarantees or other suitable forms of housing subsidy aids which may be available. Orono will also consider proposals for lifecycle housing options for sites which have not been guided for such use, but where such use may be appropriate if developed in a manner that is sensitive to the surrounding land uses and has the necessary services available. Such areas may include property that is currently guided or zoned for more intense uses such as commercial or industrial, or may include sites adjacent to existing higher intensity uses.

4. **Housing construction will be subject to uniform state building code requirements but will not be burdened with unnecessary zoning requirements.** Orono does not intend to require arbitrary minimum dwelling sizes or minimum amenity installations as these artificial standards only drive up the cost of housing while limiting the buyer's freedom of choice. Zoning standards for lot area and lot density will be based strictly upon environmental concerns and public facilities availability. Zoning performance standards will be based upon minimum health and safety standards such as fire protection and open space availability. State Building Code performance standards will be enforced to ensure structurally sound, weather resistant buildings providing adequate health and safety protection for the future occupant and for the general public's welfare.

5. **Orono will encourage community pride.** Private initiative has always been a characteristic of Orono residents. Programs will be pursued to encourage continuing maintenance and upkeep of all properties and to promote the privately financed rehabilitation of older and under-used properties.

6. **Orono will promote energy conservation methods and procedures.** The Building Inspection Department will actively keep abreast of all new systems and products and will assist all homeowners in auditing and improving the energy efficiency of their homes. Orono will actively pursue and advertise all available programs for energy conservation funding.