



Minnesota



ULI MINNESOTA HOUSING STUDY | 2021

Missing Housing for Middle Incomes

CASE STUDY

GREENBELT HOMES

Project Summary

The Greenbelt Homes development was proposed as a for-sale single-family project, located within the EcoVillage in Minneapolis' Hawthorne neighborhood. The development includes eleven single-family houses with detached garages and consists of nine 2BR/1.5BA units and two 1BR/1BA units. Nine units will be restricted to buyers who have middle incomes at or below 80% of the area median. The remaining two units will be restricted to buyers at or below 115% of AMI. Greenbelt Homes helps to complete the Hawthorne EcoVillage neighborhood revitalization plan which includes a mix of new and renovated single family homes and affordable rental options.

Special features

The inhabitants of the development will equally share a central green space that has a large tree as the focus. Each development will have a separate parking space that will have a turnaround space for trash pickup. A condominium association will govern this development and ensure the maintenance of common areas as well as capital expenditures such as water and sewer systems.

Key Innovations

Creation of New Affordable Housing for Middle Income Households within Hawthorne Eco-Village

The Greenbelt Homes will nearly complete the revitalization of an area targeted by the neighborhood association for redevelopment. This area of the city was once a notoriously dangerous couple of blocks plagued by abandoned buildings and drug dealing. The EcoVillage now boasts 17 new and renovated owner-occupied homes, quiet streets, and a 75-unit affordable rental development - Hawthorne EcoVillage Apartment, completed recently. The success of the EcoVillage to date has been a result of the coordinated efforts of a diverse network of partners – including the Hawthorne Neighborhood Council, the City of Minneapolis, Habitat for Humanity, and many others – the commitment of a core group of residents, and incremental progress toward the ambitious goal of sustainable neighborhood redevelopment.

The Greenbelt Homes development responds to the need for additional housing options for smaller families at an affordable price for middle incomes, which the current market lacks. Today, most single-family houses are built with larger footprints, ranging anywhere from 1,500 to more than 2,500 square feet. These larger homes are inherently more

QUICK FACTS

Location

Minneapolis, MN

Site Size

0.82 Acres (35,836 sq. feet)

Project Address

3020-3024 6th Street N
& 409-429 31st Ave N
Minneapolis, MN 55411

Developer

PPL Homes LLC
1035 E Franklin Avenue
Minneapolis, MN 55404

General Contractor

Flannery Construction
1375 St. Anthony Ave
St. Paul, MN 55104

expensive for lower income households to buy and maintain. The Greenbelt Homes development includes homes with a smaller footprint between 596 and 856 square feet, a common area for parking and shared greenspace.

Having turned away many potential buyers because they are over-income, Greenbelt Homes development is structured with a mix of incomes. At least nine of the eleven units will be restricted to buyers at or below 80% of AMI, and the remaining two units will be restricted to buyers at or below 115% of AMI. This approach builds income diversity into the Hawthorne EcoVillage, which better supports neighborhood businesses and services.

Design Features

A compact and simple building form allowed for modular production and some cost savings. A planned unit development allowed for detached single family dwellings at a density of 13 units/acre.

Exterior

- 15'-10" width allows for modular construction, each unit having two stacked modules.
- Quasi-traditional two-story exterior treatment, including front porches and detached garages, complements existing older single-family homes.
- Eco-friendly landscape design maintaining existing mature oak tree and making extensive use of native prairie plantings.
- Meets Minnesota Green Communities' standards for energy consumption and material use.
- Units clustered around shared greenspace to encourage community building.

Interior

- Compact units for energy efficiency and cost savings.
 - » 2-bedroom, 2 bath – 856 sf
 - » 1 bedroom, 1 bath – 596 sf
- Energy star appliances and an efficient mechanical system.
- Full basement with egress windows to allow for expanded living space.
- Open floor plan with lots of windows to give a more spacious feel and allow the space to be used in multiple ways.

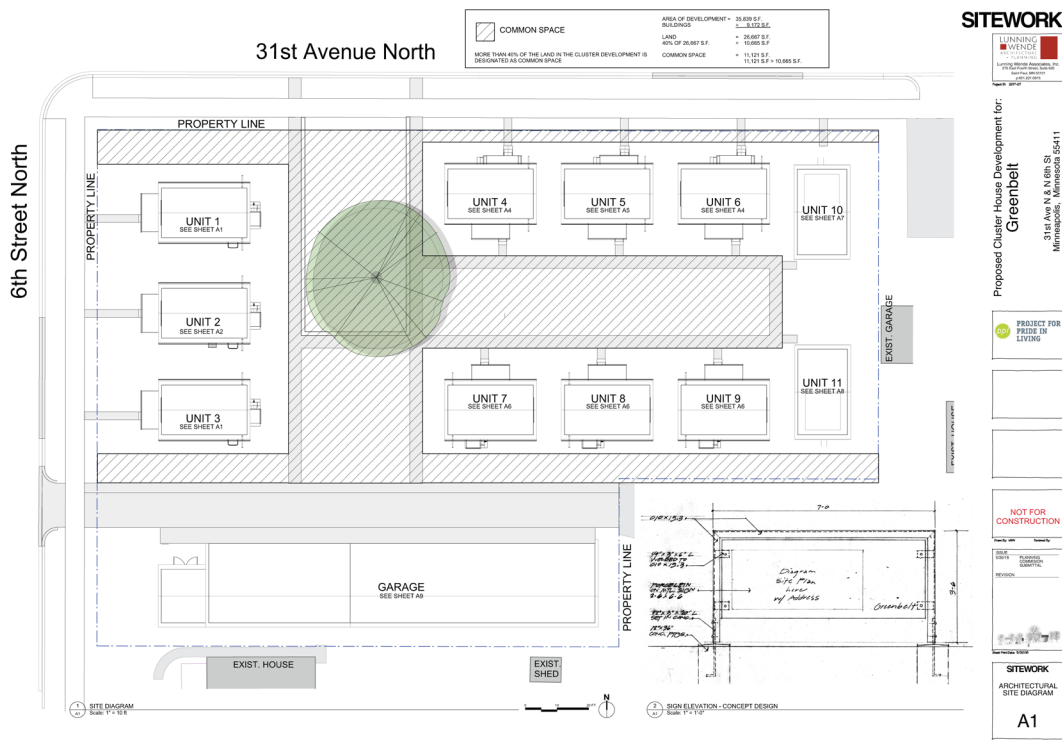
Lessons Learned

The project, as proposed, failed to materialize due to the loss of a key gap funder. This forced the project to be reconfigured from 11 to five units in a more traditional development format with larger square footages. However, in a higher market context with fewer regulatory requirements, this approach might well have penciled out.

- Though the units were considerably smaller than is typical, there was not a commensurate drop in the construction cost, because a lot of relatively inexpensive spaces was removed, but not the upgraded kitchens and bathrooms.
- Modular construction did not result in significant construction cost savings, though there would likely have been time savings. Developing a project with more than 11 units may very well result in more substantial economies of scale and overall reduced costs.
- The market assessment and focus groups indicated that full basements were highly desirable, however, they may not have been a necessity. Their elimination would have allow a more affordable project.
- Regulatory requirements for exterior treatments and a variety of other items such as prevailing wage rates added costs to the project. This was one of the main reasons for seeking city public investment in the project.
- The largely self-imposed high environmental standards also added cost. While they are a noble goal of the project and would save costs to the owners in the future, they did add costs to the project initially.
- The City of Minneapolis encouraged this new approach that included a different unit configuration, smaller units and more density.
- The configuration of the existing infill site was less than optimal and higher density could have been achieved in a different setting.

SOURCES & USES / FLOW OF FUNDS

Sources	Construction	Permanent	Per Unit	% TDC
New Market Tax Credits	884,873	884,873	80,443	20.10%
MH Housing Impact Fund	550,000	550,000	50,000	12.50%
City of Minneapolis - HOW	495,000	495,000	45,000	11.30%
CPED CDBG	79,241	79,241	7,204	1.80%
NRP Grant	76,000	76,000	6,909	1.70%
Sales Proceeds		2,198,900	199,900	50.10%
Metropolitan Council LHIA	108,000	108,000	9,818	2.50%
Interim Construction Loan	2,198,900			
Total sources	4,392,014	4,392,014	399,274	100%
Uses				
Acquisition and Holding Costs	208,615	208,615	18,965	4.70%
Hard Costs	3,200,000	3,200,000	290,909	72.90%
Soft Costs	158,080	158,080	14,371	3.60%
Regulatory Fees and Park Dedication	25,454	25,454	2,314	0.60%
County Property Tax	1,200	1,200	109	0.00%
Developer Fee	337,429	337,429	30,675	7.70%
Realtor Sales Fee	109,945	109,945	9,995	2.50%
Financing & Legal Fees	188,650	188,650	17,150	4.30%
Contingency	162,641	162,641	14,786	3.70%
Total Uses	4,392,014	4,392,014	399,274	100.00%







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