

Arden Hills
City Council Work Session
January 12, 2026

Mayor David Grant

*Councilmembers: Brenda Holden, Tena Monson,
Emily Rousseau and Kurt Weber*

City Vision

Arden Hills is a strong community that values its unique environmental setting, strong residential neighborhoods, vital business community, well-maintained infrastructure, fiscal soundness, and our long-standing tradition as a desirable City in which to live, work, and play.



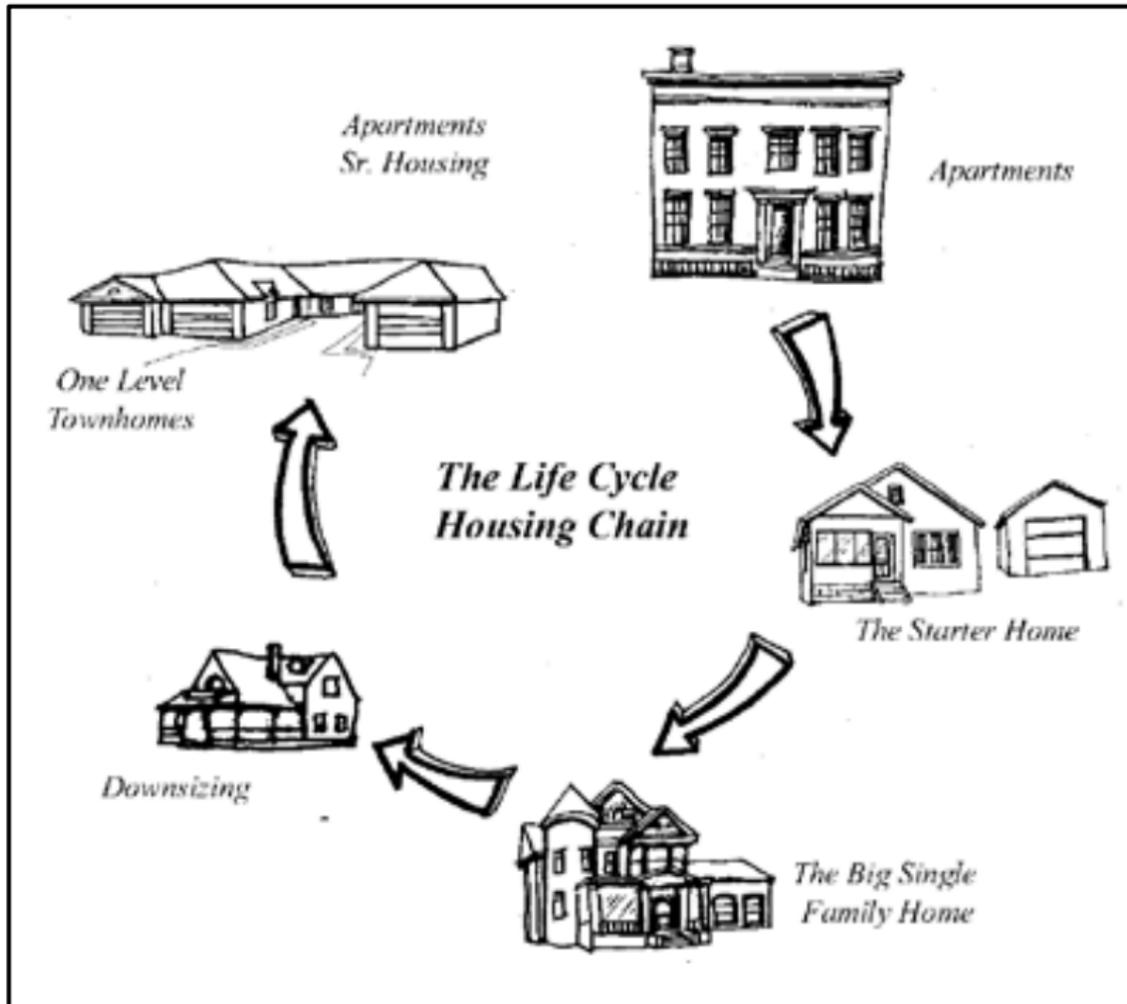
Affordable housing

1. Summary of previous information and discussion
2. Affordable housing policy options
 - A. Supply
 - B. Perception
3. Next Steps

Recap of previous information

- A home is affordable if it costs the occupant not more than 1/3 of their income, including any associated fees, property taxes and insurance.
- For an individual family, housing affordability is directly tied to income, regardless of income level or source or family size. Housing should be “affordable” to the occupant.
- Sometimes housing is subsidized to be affordable (whether through a housing choice voucher or a downpayment assistance program).
- Sometimes housing is “naturally” affordable (a household finds a home for which they can pay not more than 1/3 of their income).
- There are not enough homes for existing population and future expected population growth (births and migrations).
- Incomes have not kept pace with inflation or the cost of housing.
- Mismatch between median HH income and median home prices/costs.

Recap of previous information



Arden Hills 2030 Comprehensive Plan

- Arden Hills homes are mostly “move up” homes (1500 square feet +)
- “Starter homes” typically less than 1500 square feet
- Limited number of apartments
- Aging in place vs aging in community
 - Few places to “downsize”
 - Limited supply of single-level single-family homes

Recap of previous information - supply

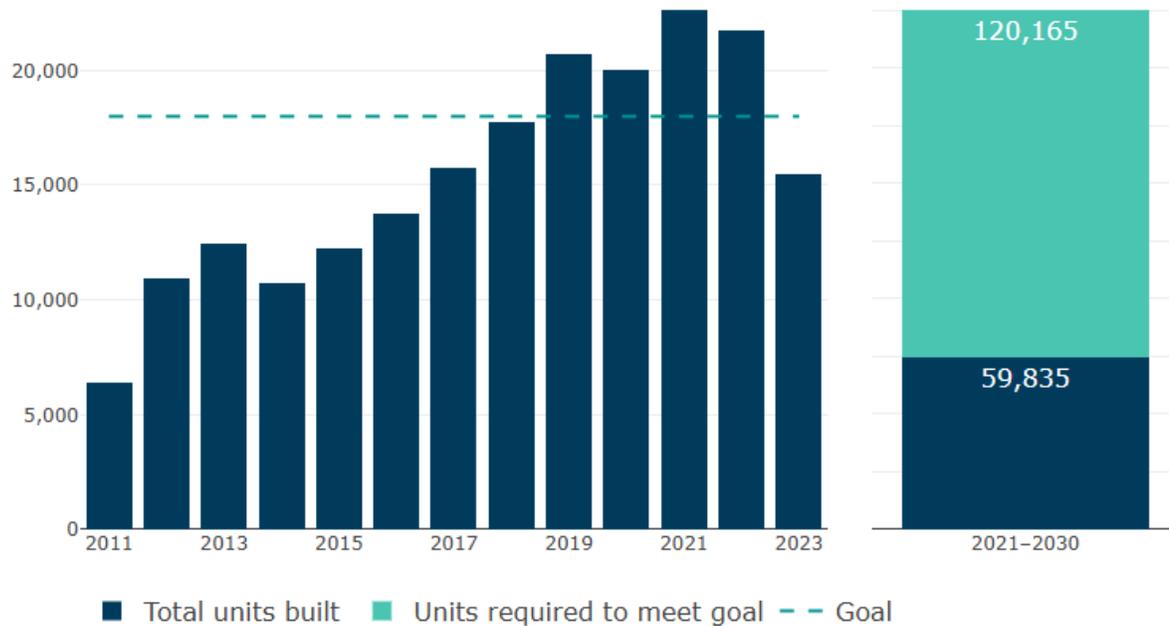


Supply 18,000 new housing units per year

2023: **Goal not met**

2021–2030: **On track**

Number of units built in the seven-county Twin Cities area



Source: Metropolitan Council.

Why this metric matters

Producing more homes is the single most effective way to ensure long-term housing affordability.

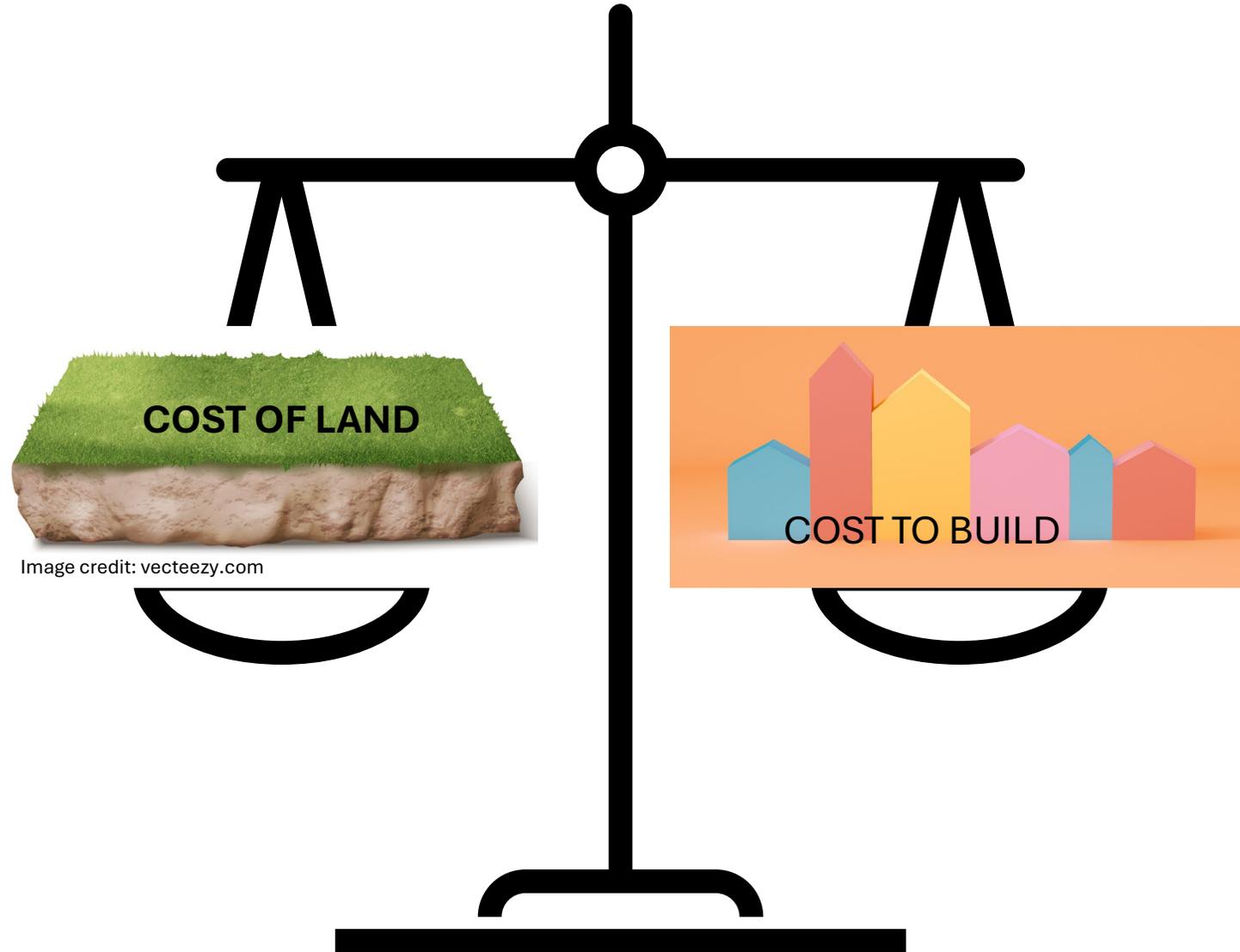
How this goal was set

This goal equates to about 18,000 new units a year. It represents the amount of housing needed to keep pace with household growth (about 12,500 new housing units/year), account for lost housing units, erase the deficit of production left by the Great Recession (about 15,000 units), and provide enough cushion in housing supply to slow the rise in housing prices.

Context

While the region has enjoyed strong home production in the last few years, the low vacancy rate and rising housing prices tell us that there is continued need for new housing production.

Addressing the supply of homes



Affordable housing policy options - Supply

Zoning code reforms to establish standards, reduce regulatory barriers, and make it “easier” to build:

- Permit more homes “by right”
- Reduce minimum lot size
- Change minimum parking requirements
- Increase allowed density
- Increase allowed lot coverage ratio
- Increase number of units allowed per lot
- Pre-approved home designs
- Address definition of family to allow for more flexible multi-generational homes/properties

Affordable housing policy options - Supply

- Offer non-financial incentives such as a density bonus where appropriate in exchange for:
 - More green space
 - Parkland dedication fees in lieu of green space
 - Including affordable units
 - Adding sustainable design elements such as:
 - Passive house construction
 - Solar, geothermal, or small scale wind energy
 - Whole home/unit electrification (not using natural gas)
 - EV charging stations
 - Carshare options (HourCar/Evie)

Concrete examples of code language – Cottage Grove

In any PUD the maximum number of dwelling units allowed shall not exceed the base density identified in the land use districts in the comprehensive plan, except that:

- Density bonuses consistent with the comprehensive plan and any adopted city policies may be granted if the proposed project meets certain objectives of the city as identified in the comprehensive plan. These objectives include but are not limited to affordable housing or other identified housing needs, sustainability, increased open space or greenway development.*
- Density transfers within the PUD may be allowed provided the project area is at least 40 acres; however, this area requirement may be reduced when the project provides for the dedication of needed public infrastructure.*

Concrete examples of code language – Forest Lake

(1) Developers providing affordable housing units may qualify for the following incentives and zoning code modifications listed below. Approval of requested incentives and modifications shall be made by the City Council. The city, in determining the reasonableness of the incentives and modifications to be considered, shall recognize that it may be benefitted not only on the inclusion of affordable housing but overall quality of design, increase in efficiency in public facilities, location and amount of proposed common space and location, design and type of dwelling units.

(a) Density bonus. A developer may qualify for up to 15% increase in the otherwise allowable density for a property as determined by the Comprehensive Plan designation of the property may be allowed. The density bonus must be calculated by determining the largest number of units that may be built on the property, then multiplying the result by 1.15 and rounding up any fractions.

Concrete examples of code language – Golden Valley

Multifamily buildings shall be eligible for a density bonus of up to an additional three units per acre and senior and physical disability housing shall be eligible for a density bonus of up to an additional five units per acre, pursuant to the City's Residential Density Bonus Policy.

Concrete examples of code language – Golden Valley

Multifamily buildings shall be eligible for a density bonus of up to an additional three units per acre and senior and physical disability housing shall be eligible for a density bonus of up to an additional five units per acre, pursuant to the City's Residential Density Bonus Policy.

Note: This approach allows for flexibility in addressing density bonuses overtime. With a separate policy document, the policy is more easily amended than the city's code of ordinances. Other municipalities have also taken this approach.

Concrete examples of code language – Woodbury

Density bonuses consistent with the comprehensive plan may be granted by the City Council to increase the maximum permitted density for residentially guided land, if the proposed project meets certain affordable housing policies. The allowable total density increase under this provision shall not be increased more than twenty percent (20%). For determining AMI requirements, the City shall utilize Metropolitan Council data.

Area Median Income (AMI) Density Increases:	Density Bonus
10 to 15% of the total units set aside for 30% AMI	15-20%
15 to 20% of the total units set aside for 31 to 50% AMI	10-15%
20 to 30% of the total units set aside for 51 to 80% AMI	10-15%
Affordable housing site and design incentives:	
Preservation of significant wooded areas and open space	0-5%
Sustainable design (i.e. LEED, Solar, etc.)	0-5%
Onsite amenities (common space, playgrounds, sport courts)	0-5%
Underground parking	0-5%
Transit Access (i.e. TOD, BRT, or park and rides)	0-5%

Affordable housing policy options - Perception

Addressing any or all is more likely than not to generate interest by builders



Image credit: vecteezy.com



AND the net tax capacity of the municipality increases likely leading to lower property tax impacts for existing residents, decreasing the housing cost burden

Next steps

- Staff/consultant/attorney draft zoning ordinance language to address supply
- Staff draft complementary affordable housing policy
 - Menu of options from municipalities around the state of all sizes
- Identify underutilized land within Arden Hills
 - Underutilized defined as:
 - not reaching potential net tax capacity
 - owned by the city and not dedicated to another use
- Generate concrete/visual examples of implementation
- Include engagement opportunities with existing residents, business owners, and the development community