

Anoka County Housing Needs Assessment

October 2023

Key Findings

- Robust household growth in Anoka County and Twin Cities metro area
- Labor shortages remain
- Tight rental market with vacancy rate of 2.3%
- Dramatic increase in for-sale home prices
- Housing affordability continues to decrease in all markets but especially for low and moderate-income households
- Demand for all types of housing through 2030
- Potential demand for 18,041 new housing units

Housing Demand

- The Twin Cities Metro area continues to add households, despite a downturn resulting from the Pandemic
- Labor shortages continue in many industry segments
- Shortages remain for in-person industries is expected to continue for some time.
- Anoka County has experienced strong development of new rental housing product in the “suburban” communities
- Production of rental units in more rural areas is a missing piece
- Strong demand for affordable units across the county with very limited vacant units
- General Occupancy demand projected – **8,295 owner occupied** units and **4,509 rental units** between 2023 and 2030

Senior Housing Demand

- Market rate 2,758 units (56%)
- Affordable 1,269 units (25%)
- Subsidized 666 units (19%)
- Senior housing **5,237 units** by 2030 in addition to the general occupancy demand

Anoka County is a Jobs Exporter

- The ratio of employed residents to jobs is 0.58
- Many residents commute from Anoka County to Hennepin or Ramsey County for higher paying jobs
- Median household income in Anoka County is \$90,027 but average wage in 2022 was \$64,212 for jobs in the county
- While rents tend to be lower in Anoka County, new construction 2-bedroom rents exceed \$1,600 per month
- Anoka County workers can't afford the new construction rents

Cost Burden - Renters

- The Department of Housing and Urban Development has a general benchmark of 30% of a household's adjusted gross rent is affordable
- In Anoka County, 42% of renters pay more than 30% of their income for rent making them cost burdened
- 22% of renters pay more than 50% of their income for rent making them severely cost burdened
- Renter households making less than \$35,000 per year – 82% are cost burdened with 60% severely cost burdened paying more than half of their income for rent

Cost Burdened Homeowners

- 18% of all homeowners are cost burdened, paying more than 30% of their income for housing
- 6% of homeowners are severely cost burdened, paying more than 50% of their income for housing
- For homeowners earning less than \$50,000 per year the numbers increase to 58% cost burdened and 32% severely cost burdened
- The solution is either higher wages or affordable housing development

Affordable Housing Production

- Currently 3,083 affordable units that are income restricted
- Need for an additional 1,935 affordable or subsidized units to meet 2030 demand
- This would require 150-200 units each year be developed over the next decade
- Public and Private sector efforts are needed to meet this goal
- Demand has increased for townhome and small lot single family development, but availability of product is limited
- Developers are increasing production of luxury townhomes/small lot

Aging Baby Boomer Generation

- Aging population substantially impacts Anoka County growth
- This population is projected to have highest growth and is in their senior years
- This shifts housing demand for products other than single family
 - Association maintained villas and townhomes
 - Second homes
- Household size shrinking

Home Sales

- Median resale Twin Cities – single family homes in 2023 was \$416,870
- Up 46% from 2018
- Anoka County had 2nd lowest median resale price in metro area at \$378,000 (in front of Ramsey County \$329,000)
- Time on market continues to be days rather than months
- Multiple offers on entry level housing creates bidding wars
- Metro area new construction single family median price \$500,000

Household Growth 2020-2030

- Next decade Anoka County households anticipated to grow by 10.7% (14,391 households)
- Population growth anticipated at 8.7%
- Cities with highest proportional rates of household growth projected to between 20-28%
 - Hilltop
 - Ramsey
 - St Francis
 - Lino Lakes

Average Household Size – Anoka County

- 2020 Average Anoka County household size 2.80 people
- Higher end of 7 metro area counties (average 2.55 people)
- Anoka County expected to remain stable to 2030
- Hennepin and Ramsey Counties decreasing through 2030
- Young families will offset older households downsizing
- Single family housing development will attract slightly larger households

Household Mobility

- 89% of Anoka County households did not move in 2021
- Of the residents that moved: 5.4% moved from Anoka County but stayed in Minnesota
- Of those residents that moved: 4.1% moved to another Anoka County location
- Younger residents moved more often: 20% of those aged 25-34 moved within the last year compared to 5.2% of persons aged 75+

Demographic Trends

- Blaine is expected to remain the largest city through at least 2040
- In 2023 the largest adult age cohort were those age 35-44 accounting for 14% of the population in Anoka County
- People who identify their race as White alone comprise the largest proportion of the population in every Anoka County community ranging from 97% in East Bethel to 48% in Hilltop
- People who identify their race as Black or African American alone made up the next largest racial group in Anoka County accounting for 8% of the population

Demographic Trends

- Household income in Anoka County is estimated to grow from \$90,027 in 2023 to \$106,359 in 2028
- 81% of Anoka County households own their housing
- Oak Grove has the fewest renters – 2.7% of their residents
- Anoka has the highest percentage of renters – 44%
- 39% of households renting in Anoka County were estimated to have only one person living in the household
- 38.5% of owner-occupied households have two people living in the home

Demographic Trends

- 70% of households in Anoka County are families
- Married couples without children make up the largest share at 32.7%
- Among major cities in Anoka County, Lino Lakes has the highest estimated median net worth at \$579,563; Anoka had the lowest at \$108,403

Employment Growth Trends

- In 2000 Anoka County had 110,050 jobs
- Number of jobs decreased to 106,387 between 2008-2011 (Great Recession)
- 2020 job recovery and rebounded to 113,111 jobs
- Record number of unemployment claims filed in spring of 2020
- Lockdown required non-essential workers stay home and closed all public venues including bars and restaurants
- Between 2020 and 2022 Anoka County is estimated to have bounced back with employment increasing by 15.1% over two years

Employment Trends

- By 2030 Anoka County is forecast to have 137,890 jobs
- 2040 forecasts show 147,220 jobs in Anoka County
- By comparison, the Twin Cities Metro jobs rebounded by 11.7% between 2020 and 2022 with continued strong growth through 2040
- 75% of Anoka County jobs are located in 5 cities: Coon Rapids, Blaine, Fridley, Anoka and Ramsey
- 66% of new job growth is anticipated to occur in these 5 cities
- Ultra-low unemployment rates can be indicative of labor shortages putting pressure on wages

Study Recommendations for Spring Lake Park

- Spring Lake Park is a Fully developed community in Anoka County
- Limited land available for new housing development
- Moderate growth opportunities for multi-family general occupancy and senior housing
- Demand exists for new owned housing

Spring Lake Park- For Sale Housing

- No existing vacant lots available
- Demand identified for 44 single family and 54 multi-family units between 2023 and 2030
- Demand could be accommodated through redevelopment sites

Spring Lake Park – Rental Housing

- Rental housing demand for 261 rental units between 2023 and 2030
- 2030-2040 demand for 279 owned multifamily units
- Very low vacancy rates and pent-up demand for rental units
- Lack of diversity among the rental housing stock
- New rental units are anticipated to be well received

Spring Lake Park – Senior Housing

- Senior Housing demand for 338 units between 2023-2030
- Active Adult demand for 110 units
- Service Enhanced demand for 228 units
- Recommend focus short term on active adult rental units
- Mobility of households allows for cross over in neighboring communities

Karen Skepper, Director Community and
Government Relations

karen.skepper@anokacountymn.gov

763-324-4603