

# Home Ownership for Equity (HOPE)

## Frequently Asked Questions

### **Why is the City looking to develop these vacant parcels as housing?**

Identified in the 2040 Comprehensive Plan's Housing Chapter, preserving a measure of affordability in the owner-occupied housing market is an important asset to housing market stability and the community's overall livability. For example, in 2019, the median property value in Golden Valley was \$327,000; and in 2024, it was \$440,600 and currently rising. This type of increase in housing value can price out working-class families or the elderly who are on a fixed income from owning a home in Golden Valley.

### **What is the process for determining which vacant parcels should be developed?**

In 2021, the City adopted a Public Land Disposition Ordinance to better manage land held by the City, especially those without an existing or intended role serving a governmental service. Vacant land held by the City comes in a wide range of sizes, shapes, and with their own physical or infrastructure challenges. The City's first inventory of vacant land identified 15 vacant properties with some redevelopment potential; however, this list could shrink or expand over time as City's goals or needs change.

### **Why can't the vacant parcels be used as parks?**

The City's park system, including community and neighborhood parks, nature areas, wetlands, ponds, and open spaces are located throughout the City to maximize the number of residents who are near a recreational area. As identified in the 2040 Comprehensive Plan's Parks and Natural Resources chapter, the City will evaluate opportunities to add to or improve existing park locations so that each neighborhood is adequately served with appropriate recreational facilities. The parcels identified for development are in neighborhoods where residents have access to existing parks. Some vacant parcels that are not suitable for housing or another government use such as stormwater management may be retained as open space or eventually converted into the park system.

### **What is "affordable" housing when talking about ownership versus rental units?**

The HOPE program will provide homes that would target affordability for households making 60 to 80% of Area Median Income (AMI). An 80% AMI household makes \$97,800 per year, while a 60% AMI household is around \$74,520. While these new units will not manage to get at deep affordability levels due to the costs involved with constructing a home, these units will be income restricted for 20–40 years or even 99 years, ensuring long-term affordability.

### **How will HOPE assist in reducing racial disparity in homeownership in Golden Valley?**

Minnesota, including Golden Valley, has one of the worst racial disparities in homeownership in the nation. HOPE prioritizes organizations that have demonstrated success in building relationships of trust with Black, Indigenous, and people of color (BIPOC) communities. For example, over 80% of Twin Cities Habitat for Humanity and 70% of Greater Metropolitan Housing Corporation's (GMHC) home buyers are BIPOC.

### **What impact will these homes have on area property values?**

These homes are estimated to cost around \$500,000 to build, and while subsidized to be made affordable, these subsidies are not considered by the County Assessor when establishing property valuations. These homes after construction should be assessed along with the underlying land similarly to other residential properties in Golden Valley.

### **If the HOPE homes cost \$500,000 to build, how will people with low to moderate incomes afford them?**

The non-profit developers will apply for County, State, and Federal grants to subsidize construction costs and make the homes more affordable. Non-profit affordable housing organizations like Twin Cities Habitat for Humanity and GMHC receive generous donations from community members committed to stabilizing families in affordable housing. The home buyers may also be eligible for down payment assistance which would help to make the homes affordable to households earning 60% of Area Median Income, around \$74,520.

### **How did the assessor/City come up with the values?**

Since these properties are currently City-owned and tax exempt, the County Assessor has not established values. The City consulted the County Assessor and realtors to establish an estimated market value per square foot of the vacant land at \$18-\$20 per square foot. The value of the vacant parcels is estimated to be \$200,000 or more. The homes are estimated to cost approximately \$500,000 to build. New construction homes often are appraised using the cost method while appraisers may use the sales method to value existing homes. The cost method looks at the value of land plus the actual cost to build. Because the developers will not begin planning for construction until 2025, it is too early for a formal appraisal. The County Assessor will not determine the fair market value until the homes are built. For more information on fair market value:

[www.hennepin.us/residents/property/assessment](http://www.hennepin.us/residents/property/assessment).

### **Why not build these homes on excess commercial properties and unused parking lots?**

The City's 2040 Comprehensive Plan envisions single family homes in residential areas. The HOPE program is just one aspect of the City's housing efforts. The City is examining mixed use development in underutilized areas in and around the downtown for higher-density housing, as there remains a shortage in all types of housing within the City given the local and regional demand. The commercial real estate market in Golden Valley is also in high demand.