

**WORK STUDY SESSION
JULY 27, 2020
5:30 PM IN THE COUNCIL CHAMBERS**

- 1. CALL THE MEETING TO ORDER**
- 2. 2021 AND BEYOND TRACY HOUSING**
- 3. ADJOURN**

2021 and beyond Tracy Housing

City Council has made housing one of the top priorities for 2021.

“In 2021 we will build on our success at broad acres and pursue partnerships with private developers to build new homes to attract families to the City of Tracy as well as update the city’s comprehensive plan.”



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Current Housing Challenges

- Housing starts have been weak
 - In the last five years three twin homes and one single family home have been permitted
 - 7 total units
- According to Realtor.com there are currently 29 active listings in Tracy with an average list price of \$96,700 at \$55 a square foot and an average of 103 days on market.
- An average new home construction cost could be \$80 to \$120 a square foot or about \$175K for the same size home.
- Current housing stock is old on average



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Why aren't new homes built?

- New build construction costs are significantly higher than comps which makes it difficult for a builder to make a profit.
 - According to Zillow only 2 homes have sold in Tracy for more than \$175K in recent years
- Estimated median household income in Tracy of \$45K reduces buying power
- Population loss in Tracy and rural areas in general has reduced demand for housing
 - Population high of 3,040 in 1940 to approximately 2,100 today.



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What has the city done?

- City acting as developer-builder has not worked
 - Orchard land has cost the city at least \$600K in the last decade and continues to bleed \$40K a year.
 - No tax revenues.
- Broad acres is more successful
 - Potential for break even with lot sales.
 - Future tax revenues.



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Opportunities for New Housing

- Affordability for young families compared to metro areas.
- Rise in tele-work increases mobility of workers
- Tracy is a full service community with strong schools, good amenities and safe streets.
- Tracy has committed to invest in the city's infrastructure



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Goal for Tracy Housing

- Three housing start-ups per year for 10 years:
3x3 people per household = increase
population to near 2,200 by 2030
 - Create an image of Tracy as an affordable place to own a home with high quality of life
 - Create a supply of options for people who want to move to Tracy



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Housing Tools for Success



Tracy
MINNESOTA

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2021 Activities to Set the Pace

- Tap financial resources
 - Complete sale of O'Brien Court
 - Consider Residential TIF District
 - Finish Broad Acres project by marketing to potential owners and selling additional lots to Pipestone Development Corp.
 - Continue to promote the new Small Cities Grant for 2021 and 2022 to further stabilize our current housing infrastructure (apply again in 2025)
 - Pursue additional grants including EDA grant to open up Front Street addition



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2021 Activities to Set the Pace

- Increase demand for new housing
 - Down payment assistance program
 - Market the city of Tracy as a place where people will want to live and raise families
 - Tax abatements
 - Cash grants to families who move to Tracy



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2021 Activities to Set the Pace

- Increase supply of new housing
 - Develop relationships with other development companies such as Summit Development.
 - Work with local builders and market available infill lots for housing.
 - Use free land as incentive for developer/builder.
 - Explore purchasing property for future housing and investing in engineering to get land ready for building.



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2021 Activities to Set the Pace

- Plan for the future
 - Update comprehensive plan
 - Think outside the box, i.e. downtown rentals, city/private rentals with 3+ bedrooms (8 out of 10 calls I receive are for 3 bedrooms rentals and above)
 - Identify growth areas and engage community in a growth strategy for new housing



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