



14600 Minnetonka Blvd. | Minnetonka, MN 55345 | 952-939-8200 | minnetonkamn.gov

January 29, 2024

Vice Chair
Matt D. Klein
2105 Minnesota Senate Building
St. Paul, MN 55155

RE: Minnetonka Affordable Trust Fund Legislative Report

Dear Mr. Klein,

In 2021, the cities of Minnetonka, Richfield and St. Louis Park received special legislation per MN State Statute 462C.16 to transfer accumulated pooled tax increment for housing purposes to the city's affordable housing trust fund. These efforts provided the City of Minnetonka needed flexibility to support and fund various types of affordable housing investments. Minnetonka transferred approximately \$4.1 million under this legislation and assisted hundreds of people in securing housing, remaining housed, improving housing conditions, and obtaining new housing. The city appreciates the opportunity to showcase how this minor legislative change has opened the door for many people. We hope to share our work with anyone interested in furthering affordable housing initiatives. The enclosed reports summarize how the city utilized the funding to support affordable housing investments.

Please contact me with any questions at 952-939-8285 or agray@minnetonkamn.gov.

Sincerely,

Alisha Gray, EDFP
Economic Development and Housing Manager
City of Minnetonka

Julie Wischnack, AICP
Community Development Director
City of Minnetonka

CC: Vice Chair of Taxes Committee Matt D. Klein; Ranking Minority Member Bill Weber; City of Minnetonka File
Attachments: Minnetonka Legislative Reports



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January 29, 2024

Chair of the Taxes Committee
Ann. H. Rest
328 Capitol
St. Paul, MN 55155-1606

RE: Minnetonka Affordable Trust Fund Legislative Report

Dear Chair Rest,

In 2021, the cities of Minnetonka, Richfield and St. Louis Park received special legislation per MN State Statute 462C.16 to transfer accumulated pooled tax increment for housing purposes to the city's affordable housing trust fund. These efforts provided the City of Minnetonka needed flexibility to support and fund various types of affordable housing investments. Minnetonka transferred approximately \$4.1 million under this legislation and assisted hundreds of people in securing housing, remaining housed, improving housing conditions, and obtaining new housing. The city appreciates the opportunity to showcase how this minor legislative change has opened the door for many people. We hope to share our work with anyone interested in furthering affordable housing initiatives. The enclosed reports summarize how the city utilized the funding to support affordable housing investments.

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January 29, 2024

Ranking Minority Member
Bill Weber
2211 Minnesota Senate Building
St. Paul, MN 55155

RE: Minnetonka Affordable Trust Fund Legislative Report

Dear Mr. Weber,

In 2021, the cities of Minnetonka, Richfield and St. Louis Park received special legislation per MN State Statute 462C.16 to transfer accumulated pooled tax increment for housing purposes to the city's affordable housing trust fund. These efforts provided the City of Minnetonka needed flexibility to support and fund various types of affordable housing investments. Minnetonka transferred approximately \$4.1 million under this legislation and assisted hundreds of people in securing housing, remaining housed, improving housing conditions, and obtaining new housing. The city appreciates the opportunity to showcase how this minor legislative change has opened the door for many people. We hope to share our work with anyone interested in furthering affordable housing initiatives. The enclosed reports summarize how the city utilized the funding to support affordable housing investments.

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City of Minnetonka											
Legislative Report - Affordable Housing Production											
Affordable Housing Project Name	Developer	Year Construction Commenced	Year of Certificate of Completion	Total No. of Units	No. of Affordable Units	% Affordable Units	Income Limit	Rent Limit	Term of Affordability	Total Development Costs	Trust Fund Dollars Allocated
Alcott	Doran	2021	2023	356	18	5%	50%	50%	30 years	\$ 90,542,358	\$ 280,000
					18	5%	60%	60%			
					18	5%	80%	80%			
				356	53	15%	N/A	N/A			
Minnetonka Station	Linden Street Partners	2021	2023	275	28	10%	50%	50%	30 years	\$ 68,408,264	\$ 550,000
Amira Minnetonka	United Properties	2020	2022	186	10	5%	50%	50%	30 year	\$ 60,938,925.00	\$ 400,000
					9	5%	60%	60%			
				186	19	10%	N/A	N/A			
TOTAL				817	100					\$ 219,889,547	\$ 1,230,000

City of Minnetonka

Legislative Report - Housing Initiatives

Housing Initiatives	Partner Agency	Year Program Commenced	Income Limit	Trust fund Dollars Committed	Households Assisted	Trust Fund Dollars Expended
Homeless Assistance	His House Foundation	2021	N/A	\$ 300,000	47 (individuals)	\$ 58,832
Rental Assistance	ICA Food Shelf	2021	120% AMI	\$ 350,000	211	\$ 280,691
Affordable Homeownership	N/A	2023	120% AMI	\$ 300,000	1	\$ 16,000
Cedar Hills Rehabilitation	N/A	2023	30% AMI	\$ 1,000,000	30	\$ 1,000,000
TOTAL				\$ 1,950,000	242	\$ 1,355,523

Affordable Housing Trust Fund

IN 2021, THE CITIES OF MINNETONKA, RICHFIELD AND ST. LOUIS PARK received special legislation per MN State Statute 462C.16 to transfer accumulated pooled tax increment for housing purposes to the city's affordable housing trust fund. These efforts provided the City of Minnetonka more flexibility to support and fund various types of affordable housing projects.

Minnetonka transferred approximately \$4.1 million under this legislation. Here's a look at how the city utilized the funding to support affordable housing projects.



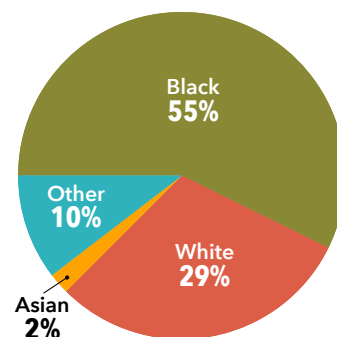
Rent Assistance

MINNETONKA RENTAL HOUSING ASSISTANCE PROGRAM – \$350,000

The Minnetonka Rental Housing Assistance Program provides housing assistance payments to help prevent eviction and homelessness, as well as maintain housing stability for eligible renters and homeowners. Renters earning up to 120 percent average median income (AMI) and experiencing financial hardship may receive a one-time payment of up to \$1,500 to assist with rent and utility expenses.

- Since 2021, the funding supported 211 Minnetonka households with an average assistance of \$1,330 per household.
- 67 percent of recipients were female heads of household.
- ICA administers the program on behalf of the city.

Who does the program serve?



“Housing stabilization is one of the main factors that help families in transition with solutions that provide a sense of stability. Rental assistance allows families to leverage their resources [to] provide other basic needs for the families well-being. ICA helps families move out of crisis mode to provide more time and energy to invest in achieving sustainability.”

–Dan Narr, ICA executive director



Redevelopment Projects

EXPANDING AFFORDABLE RENTAL OPTIONS – \$1.23 MILLION

The establishment of the affordable housing trust fund allowed the city to expand the range of affordable rents and unit types in new multifamily housing, over a term of 30 years.

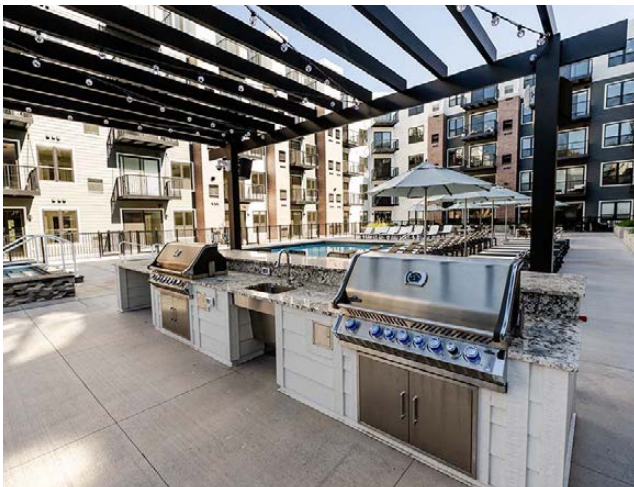
Previously, the city utilized tax increment financing to obtain affordable units based on state law and was confined to 20 percent of the units at 50 percent AMI or 40 percent of the units at 60 percent AMI.

The special legislation allowed a mix of affordable units and incomes to expand rental options:



Minnetonka Station – \$553,000

Located directly south of the Green Line Extension's Opus Station, Minnetonka Station provides 275 housing units, with 28 units affordable at 50 percent AMI.



Alcott – \$280,000

Located within a quarter mile of the Opus Station, Alcott provides 350 housing units, with 18 affordable at 50 percent AMI, 17 at 60 percent AMI and 18 at 80 percent AMI.



Amira Minnetonka – \$400,000

Located near Carlson Towers, Amira Minnetonka, a 55+ community, provides 186 housing units, with 10 units affordable at 50 percent AMI and nine at 60 percent AMI.

Homelessness

EMERGENCY HOMELESSNESS RESPONSE ASSISTANCE PROGRAM – \$300,000

The City of Minnetonka through a multi-departmental response partnered with His House Foundation to establish a two-year pilot program to help homeless Minnetonka households.

The Emergency Homelessness Response Assistance Program provides temporary relief for households experiencing a housing emergency and experiencing homelessness by offering funding for casework, short-term housing and first-month rent deposits.

His House Foundation provides local unsheltered or unhoused persons with intensive case management, temporary housing in extended-stay hotels and assistance with long-term housing opportunities.



His House Foundation assisted one gentleman, who had been living in an abandoned building. He was almost 60 years old but very confused and unsure how long he'd been living in the building. He was unable to understand how to get back into the housing market, so we used the Emergency Homelessness Response Assistance program to move him into a hotel, provide him extensive case management and assist in getting his early dementia diagnosed. All of these services helped him get the housing and support he needed.

—Martha Brannon,
His House Foundation



"We always want to make sure we coordinate these resources as close as possible to their support network, including schools and employment," said Martha Brannon, His House Foundation founder and director.

Started in September 2022, His House Foundation has assisted 47 people in Minnetonka experiencing an emergency homeless situation. These households came from varying situations, household sizes and backgrounds. Each household received necessary resources to get into the best housing situation and connect with other services to help them escape crisis. His House Foundation has not faced any reoccurring crisis for the families served through the Minnetonka emergency homelessness program.

Affordable Homeownership

PATHWAYS TO HOMEOWNERSHIP – \$300,000

In 2023, Minnetonka launched the Pathways to Homeownership program, which provides up to \$75,000 to eligible first-generation homebuyers earning up to 120 percent AMI.

The loan terms provide a 0-percent interest rate with 5 percent of the loan amount forgiven annually. The borrower repays any remaining assistance if the property is sold before the 20-year term. The program supports a higher level of financial aid to offset the high cost of homeownership in Minnetonka, reducing the housing cost burden for these households. One household was served by the program in 2023.

Affordable Rehabilitation

CEDAR HILLS TOWNHOMES REHABILITATION – \$1 MILLION

In 2023, DevCO acquired the Cedar Hills Townhomes. Constructed in 1983, the property includes five townhome buildings with 30 family-sized units (a mix of two-, three- and four-bedroom units) serving very low-income households.



The new owners invested \$2 million into the project and requested an additional \$1 million to assist with improvements to improve living conditions within the individual units. These include replacing windows and trim, appliances, furnaces, water heaters, air conditioners and adding LED light fixtures. These improvements will reduce energy and water consumption for the overall building, saving residents money but also addressing sustainability. The funding available through the affordable housing trust fund made these improvements possible.



Julie Wischnack, AICP
Community Development Director

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