City Council Agenda Item #14B(3)
Meeting of June 12, 2017

Brief Description
Resolution supporting a tax credit application related to Newport Midwest “The Mariner”

Recommendation
Adopt the resolution

Background

On February 16 and March 6, 2017 the planning commission and city council discussed the initial concept plan from Newport Midwest that is proposing the redevelopment of existing commercial properties at 10400, 10500, and 10550 Bren Road East. The concept plan contemplates redevelopment of the existing office buildings to construct 240 units of rental housing on the 3.2 acre site. The proposed housing will provide a mix of unit types from studio to three-bedroom units for a range of income levels. Plans include common-space amenities, outdoor recreational space, underground parking and a small surface parking lot.

The developer is proposing that one building will be entirely workforce housing consisting of 55 of the units available to households earning 60 percent AMI ($54,240 for a family of four or less). The adjacent building is proposed to have 191 market rate units. The developer is anticipating separate ownership entities for each building due to the structure of the financing.

Both the planning commission and the city council discussed the density of the proposed building as well as the design, and generally commented that a multi-family development in this location is appropriate based on the comprehensive plan and the proximity to the proposed Southwest Light Rail station to the northwest of the property.

Since the concept plan review, the developer has been refining the concept plans, is working toward securing financing, and finalizing construction cost estimates. At this time, no formal land use application has been submitted; however, the developer recently requested a deferred loan to assist with the development of affordable units on the site. Staff felt it was appropriate to have an EDAC subcommittee review and comment on the request prior to negotiation, development of a redevelopment contract, and formal land use submittal.

Current Concept and Financing Request

The developer is in the process of redesigning the proposed building and working on finalizing all needed applications for city approvals. As noted above, 55 units of the development are available to households earning 60 percent of the AMI or less and 191 units are proposed to be market rate apartments. The developer anticipates making an application to Minnesota Housing Finance Agency (MHFA) on June 15 for 9% housing
tax credits. If tax credits are awarded, the developer foresees that there will still be a gap in the financing and has approached staff about potential funding to assist with the workforce housing component of the project.

It was brought to staff’s attention that MHFA is requiring more specific information regarding what they will accept as a “city commitment for assistance”. As part of the MHFA application, the city is now required to adopt a resolution that includes the potential range of city assistance and the terms and conditions of the financing as part of the submittal of the application for tax credits. In order to facilitate this request, staff is requesting that the EDAC and city council consider the request for financial assistance prior to reviewing the draft contract for private development, in order to meet the June 15 MHFA application deadline. If the developer was unable to negotiate the contract for private development or could not secure additional financing to move the project forward, the city could rescind the support resolution and would have no further obligation to fulfill the request for assistance.

The developer is requesting assistance of up to $556,179 from the city’s TIF Pooling Fund. Staff is proposing that the assistance be structured as a note with a 4% interest rate, repayable over 14 years, as a source to fill the remaining development gap. The note would be repayable with any excess cash flow each year over the 14 year term. If a capital improvement was necessary during the 14 year term, the developer could access the cash flow to make any necessary improvements. Additional information regarding this request is included in the attached memo from Ehlers Associates.

In addition to the request for city funding, the developer applied for funding through Hennepin County for AHIF or HOME Funding, and was recently awarded $200,000. The developer will also submit an application for the Metropolitan Council’s Livable Communities Demonstration Account TOD Program in partnership with assistance from the city at the end of June. The awards for the LCDA grant will be announced in November 2017.

After detailed review of the development proposal, establishment of a TIF district for this project does not seem to be appropriate because of the scale of the affordability in this project. Instead, staff believes use of TIF pooling funds is more appropriate. As noted in the city’s 2016 TIF Management Report, by 2021, a total of $6 million in TIF pooling funds will be available for tax-credit eligible affordable housing developments. To date, $1.025 million has been used for The Ridge project and $500,000 was committed to the Music Barn project. The Music Barn project is no longer moving forward so the $500,000 commitment is no longer needed. The attached Council Policy 2.14, provides further guidance on the use of TIF pooling funds. Uses of the funds are intended to be strategically allocated to projects that provide affordable housing.
EDAC Subcommittee Review and May 25 EDAC Review

On May 15, EDAC Commissioners Isaacson, Yunker, and Jacobsohn met as a subcommittee to review the assistance request, using Council Policy 2.14 on TIF pooling as a guide. The EDAC subcommittee expressed that the request for assistance was reasonable and concluded that it met the following criteria:

- The project is compatible with the Comprehensive Guide Plan as a proposed mixed-use development;
- The project would not occur “but for” the assistance;
- The project is in a high priority “village area” as identified in the Comprehensive Guide Plan;
- The project includes affordable housing units, which meets the city’s affordable housing standards;
- The proposed project amenities will benefit a larger area than identified in the development; and
- The project will maximize and leverage the use of other financial resources.

In addition, the EDAC subcommittee provided feedback on items to consider including in the contract for private development. The commissioners suggested capping the assistance as a percentage of the total development costs. If the total development costs came in lower, the city assistance would be lower, proportionately. In addition, the commissioners advised to secure the cash flow note in second position after the first mortgage and add a deadline for use of the city assistance in the event that the project does not begin on schedule.

At the EDAC meeting on May 25, 2017 the commissioners recommended that the city council adopt the resolution of support committing up to $556,179 in TIF pooling assistance to support the MHFA tax credit application due June 15. The city assistance would be considered "gap assistance" and the last source of funding into the project.

Recommendation

The project concept by Newport Midwest will help meet the city’s affordable housing goals outlined in the 2008 Comprehensive Guide Plan, the city’s 2011-2020 affordable housing goals, and new housing construction needs identified in the Southwest Corridor Housing Strategy. Staff recommends the city council adopt the resolution, committing up to $556,179 in TIF assistance, to support the tax credit application for Newport Midwest.

If the city council adopts the resolution supporting the tax credit applications, the next step in the process will consist of working with the developer to draft a Contract for Private Redevelopment, which will come back to the EDAC and city council later this year.
Submitted through:
   Julie Wischnack, AICP, Community Development Director
   Geralyn Barone, City Manager
   Merrill King, Finance Director

Originated by:
   Alisha Gray, EDFP, Economic Development and Housing Manager

**Additional Information**

Memo from Ehlers

TIF Pooling Policy 2.14

History of Affordability and Assistance

Minnetonka Housing Action Plan (2011-2020 Affordable Housing Goals)

[March 6, 2017 City Council Staff Report](#)

[February 16, 2017 Planning Commission Report](#)

[Southwest LRT Corridor Housing Strategy](#)

[Southwest LRT Housing Gaps Analysis](#)
LOCATION MAP

Landon/Domus Group
10400, 10500 and 10550 Bren Road East

This map is for illustrative purposes only.
Memo

To: Alisha Gray, Economic Development and Housing Manager
From: Stacie Kvivang & James Lehnhoff - Ehlers
Date: May 10, 2017
Subject: The Mariner Affordable Housing Project

The City of Minnetonka requested Ehlers to review the development pro forma and $556,179 funding request from Newport Midwest, LLC for their proposal to construct a new 55-unit affordable housing project called The Mariner.

They are submitting a funding application to the Minnesota Housing Finance Agency (MHFA) in June 2017 to compete for an allocation of 9% Low-income Housing Tax Credits (LIHTC), which would provide nearly 64% of the project’s funding needs. The applicant is requesting financial support from the City to close a financial gap and increase their competitiveness for a LIHTC allocation from MHFA. Locally committed funds make funding applications more competitive for MHFA’s limited and highly competitive 9% LIHTC resources.

We have reviewed the project based on general industry standards for construction, land, and project costs; affordable rental rates and operating expenses; developer fees; available funding sources; underwriting criteria; and, project cash flow. Based on the submitted project information, the development pro forma assumptions are reasonable and within industry standards. The applicant has maximized the potential private mortgage, 9% tax credits and is seeking out other sources of funding. However, a demonstrated financial gap remains.

The Developer has requested $556,179 from the City of Minnetonka to help fill the project funding gap. If the City chooses to fund this project, Ehlers recommends structuring the $556,179 as a cash flow note with a 4% interest rate (based upon the maximum interfund loan rate the City can charge). The project would repay the principle and interest to the City from 100% of available cash flow after operating expenses and debt service on the first mortgage. Based on current projections, the cash flow note may be repaid to the City in approximately 14 years, with the City receiving approximately $203,000 in interest payments during that period. The cash flow note structure helps the developer to have a competitive application and fill the funding gap while returning proceeds to the City over time that can be utilized for other affordable housing projects.

Please contact me at 651-697-8506 with any questions.
Policy Number 2.14
Tax Increment Financing Pooling Funds

Purpose of Policy: This policy establishes evaluation criteria that guide the city council in consideration of use of tax increment financing pooling funds

Introduction

Under the Minnesota Statutes Chapter 469, at least 75 percent of tax increment in a redevelopment tax increment financing (TIF) district must be spent on eligible activities within the district, leaving up to 25 percent of the funds to be pooled and therefore eligible to be spent outside of the district, but within the project area.

An exception to the pooling funds is for affordable rental housing. The city may allow the pooling allowance to be increased to 35 percent, which can then go to finance certain affordable housing projects. The project may be located anywhere in the city, and not limited to the project area. Each financed project must be rental housing that is eligible for federal low income housing tax credits. The amount of the assistance is also limited to any amount that satisfies tax credit rules.

The council is aware that use of such TIF pooled funds may be of benefit to the city and will consider requests for pooled funds subject to this council policy. The council considers the use of these funds to be a privilege, not a right.

It is the judgment of the council that TIF pooled funds is to be used on a selective basis. It is the applicant’s responsibility to demonstrate the benefit to the city, and that they should understand that although approval may have been granted previously by the city TIF pooled funds for a similar project, the council is not bound by that earlier approval.

Evaluation Criteria

The city will use the following criteria when evaluating a development proposal requesting the use of TIF pooled funds:

- The project supports reinvestment in an identified village center and addresses the goals set out in the comprehensive plan for that center.

- Priority will be provided for projects that are within a “regional” village center or support transit areas.

- Weight will be given when the proportion of affordability is greater than what is customary in other tax increment financed projects in the city, overall affordability of 20% of units (usually at 60% AMI for rental).

- The project may request both tax increment financing and pooling dollars as long as the project has provided data that “but for” the additional pooling dollars, this project would not occur.
• If the project is receiving funds from other sources, the pooled dollars would be the last source utilized unless it impacts other sources.

Other Provisions
• A project will not normally be given financing approval until all city planning and zoning requirements have been met. Planning and zoning matters may be considered simultaneously with preliminary approval of the financing.

• The city is to be reimbursed and held harmless for any out-of-pocket expenses related to the TIF pooling funds, but not limited to, legal fees, financial analyst fees, bond counsel fees, and the city’s administrative expenses in connection with the application. The applicant must execute a letter to the city undertaking to pay all such expenses.

• The applicant will be required to enter into a development agreement with the city outlining the terms of the use of TIF pooled funds.

Adopted by Resolution No. 2011-039
Council Meeting of May 16, 2011
## ASSISTANCE TO AFFORDABLE HOUSING PROJECTS

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Number of Affordable Units</th>
<th>Total Assistance</th>
<th>Years of Affordability</th>
<th>Assistance per Unit per Year</th>
<th>Affordability Level</th>
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<tbody>
<tr>
<td>Newport Partners (Mariner)</td>
<td>55</td>
<td>$556,179 (est)</td>
<td>30</td>
<td>$337</td>
<td>60% AMI</td>
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<tr>
<td>Shelter Corporation (Pending)</td>
<td>27</td>
<td>$500,000</td>
<td>30</td>
<td>$617</td>
<td>50% AMI</td>
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<tr>
<td>Tonka on the Creek</td>
<td>20</td>
<td>$2,283,000</td>
<td>30</td>
<td>$3,805</td>
<td>50% AMI</td>
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<tr>
<td>Cedar Point Townhomes</td>
<td>9</td>
<td>$512,000</td>
<td>15</td>
<td>$3,792</td>
<td>50% AMI</td>
</tr>
<tr>
<td>Glen Lake (St. Therese, Exchange)</td>
<td>43</td>
<td>$4,800,000</td>
<td>30</td>
<td>$3,721</td>
<td>60% AMI</td>
</tr>
</tbody>
</table>
| Ridgebury                        | 56                         | $3,243,000       | 30                      | $1,930                       | Initially—80% AMI  
                                |                             |                  |                         | Now—No income limit |
| Beacon Hill (apartments)         | 62                         | $2,484,000       | 25                      | $1,602                       | 50% AMI            |
| West Ridge Market (Crown Ridge,  | 185                        | $8,514,000       | 30                      | $1,534                       | Crown Ridge—60% AMI  
                                | Boulevard Gardens, Gables,  |                  |                         | Boulevard Gardens—60% AMI  
                                | West Ridge)                 |                  |                         | Gables—initially 80% AMI, now no income limit  
                                |                             |                  |                         | West Ridge—50% AMI |
| The Ridge                        | 52                         | $1,050,000       | 30                      | $673                         | 60% AMI            |
| Homes Within Reach (2004-2012    | 35                         | $1,740,000       | 99                      | $502                         | 80% AMI            
 grant years)
Introduction

In 1995, the Minnesota Legislature created the Livable Communities Act (LCA) to address the affordable and life-cycle housing needs in the Twin Cities metropolitan area. When the LCA was established, Minnetonka was one of the communities to sign up to participate in the program, negotiating a series of affordable and lifecycle housing goals with the Metropolitan Council for 1996-2010.

In August 2010, the Minnetonka City Council passed a resolution electing to continue participating in the LCA for the years 2011-2020. As part of that resolution, the city agreed to the following affordable and lifecycle housing goals:

| New Affordable Units (rental and ownership) | 246 to 378 |
| New Lifecycle Units                      | 375 to 800 |

The purpose of this Housing Action Plan is to outline the steps and tools that the city may use between the years 2011-2020 to help meet its LCA goals.

Overview of Minnetonka Housing Trends

Development Conditions

Minnetonka is a desirable community in which to live. Its natural environment, good schools, and homes on large lots contribute to the attraction of Minnetonka as a great place to live, work and play. As such, the demand for these community attributes has led to increased home values that have risen to the point that most single-family homes, despite their age, are not affordable to low and moderate income families. Land values, in particular, have increased substantially, making it difficult for developers to build affordable and mid-priced single-family homes.

Additionally, Minnetonka is a fully developed city with little vacant or underdeveloped land available for new housing development. With the combination of increasing land values and little developable land, most of the affordable homes in the community are rental units and for-sale condominiums and townhomes.

Aging of the Population

One of the biggest demographic shifts affecting this nation is the aging of the “baby boomer” generation (the large generation of people born between 1946 and 1964). This trend is already apparent in Minnetonka, where the median age in 2007 was 52 years old and 44% of the households were age 55 and older. As the population continues to
age, housing location, types, and proximity to public transit or transit alternatives will become increasingly important.

Preservation and Rehabilitation of the Existing Housing Stock

Much of Minnetonka’s single-family housing stock was built between 1950 and 1970 while most multi-family housing was built in the 1970s and 1980s. As the housing stock continues to age, additional maintenance and repairs will be needed in order to keep homes in adequate condition and to preserve neighborhood character. Older homes may need to be updated in order to attract younger families to the community. Also, as both Minnetonka’s population and housing age, older residents may require increased support through funding and in-kind service programs that will help them to maintain and make necessary repairs to ensure that their homes are safe, accessible, energy efficient, and habitable.

While not all older homes are affordable, older homes tend to be the more affordable housing stock in Minnetonka. The preservation of these homes is critical to providing homeownership opportunities for those who could normally not afford to live in the community.

Current Housing Conditions

In 2007, there were approximately 22,500 housing units in Minnetonka, of which 76.6% are owner-occupied. The housing stock includes a mix of the following types:

- 57% single-family
- 20% condominium/townhome
- 18% general-occupancy rental
- 5% senior (including independent and assisted living facilities)

Land values in Minnetonka continue to greatly influence the cost of housing. In Minnetonka, land accounts for about one-third of a home’s total value, thus making up a large proportion of the home value. For a single-family home, the median value is $326,850, with only about 1% of the single-family homes valued under $200,000. The median value of Minnetonka’s multi-family for-sale homes (i.e. condominiums and townhomes) in 2007 was $200,000. Multi-family homes contribute to the bulk of the city’s affordable for-sale housing stock because they are generally more affordable than Minnetonka’s single-family detached homes.

The average monthly rents at Minnetonka’s market-rate multi-family apartments are much higher than other market-rate apartments in the metropolitan area. In the 1st Quarter 2007, Minnetonka’s average apartment rents were $1,106 compared to the metropolitan area’s average apartment rental rate of $876. Additionally, only about 20% of Minnetonka rental units are considered affordable under the Metropolitan Council’s definition.
**Housing Goals**

In addition to the city’s agreement to add new affordable and lifecycle housing units as set out in the 2011-2020 affordable and lifecycle housing goals with the Metropolitan Council, the city's 2008 Comprehensive Plan update also provides a series of housing goals that the city will be working towards achieving. These goals include:

1. Preserve existing owner-occupied housing stock.
2. Add new development through infill and redevelopment opportunities.
3. Encourage rehabilitation and affordability of existing rental housing and encourage new rental housing with affordability where possible.
4. Work to increase and diversify senior housing options.
5. Continue working towards adding affordable housing and maintaining its affordability.
6. Link housing with jobs, transit and support services.

More details on these goals as well as action steps are provided in the 2008 City of Minnetonka Comprehensive Plan Update.

**Tools and Implementation Efforts to Provide Affordable and Lifecycle Housing**

**Housing Assistance Programs**

The purpose of housing assistance programs is to provide renters or homeowners help in obtaining a housing unit. These programs can be federal, state, or local programs. For the years 2011-2020, Minnetonka anticipates the following programs will be available to Minnetonka residents.

**Section 8 Voucher Program**

The Section 8 Voucher Program is funded by the U.S. Department of Housing and Urban Development (HUD), and administered by the Metro HRA on behalf of the city. The program provides vouchers to low income households wishing to rent existing housing units. The number of people anticipated to be served depends on the number of voucher holders wishing to locate in Minnetonka as well as the number of landlords wishing to accept the vouchers.

**Shelter Plus Care**

The Shelter Plus Care program is another federal program administered by the Metropolitan Council and sometimes the City of St. Louis Park. This program provides rental assistance and support services to those who are homeless with disabilities. There are a small number of these units (less than 10) in the city currently, and it is unlikely there will be any more added.

**Minnesota Housing Finance Agency Programs**

The Minnesota Housing Finance Agency (MHFA) offers the Minnesota Mortgage Program and the Homeownership Assistance Fund for people wishing to purchase a
home in Minnetonka. The Minnesota Mortgage Program offers a below market rate home mortgage option, while the Homeownership Assistance Fund provides downpayment and closing cost assistance. It is unknown how many people are likely to use these services as it seems to depend on what the market conditions are.

Homes Within Reach
Homes Within Reach, the local non-profit community land trust, acquires both new construction and existing properties for their program to provide affordable housing in the city. Using a ground lease, it allows the land to be owned by Homes Within Reach and ensures long-term affordability. Additionally, if rehabilitation is needed on a home, Homes Within Reach will rehabilitate the home before selling the property to a qualified buyer (at or less than 80% area median income). It is anticipated that approximately three to five homes per year will be acquired in Minnetonka as part of this program.

City of Minnetonka First Time Homebuyer Assistance Program
In 2010, the city levied for funds to begin a first time homebuyer assistance program. The program is anticipated to begin in 2011. General program details include funds for downpayment and closing costs of up to $10,000, which would be structured as a 30 year loan and available to those at incomes up to 115% of area median income or those that can afford up to a $300,000 loan. The number of households to be assisted depends on the amount of funding available for the program. Currently, this program is anticipated to be funded with HRA levy funds.

Employer Assisted Housing
Through employer assisted housing initiatives, Minnetonka employers can help provide their employees with affordable rental or home ownership opportunities. There are several options that employers can use to both increase the supply of affordable housing, as well as to provide their employees with direct assistance by:

- Providing direct down payment and closing cost assistance
- Providing secondary gap financing
- Providing rent subsidies

No employer assisted housing programs have been set up to date; however, it is a tool that the city has identified in the past as an opportunity for those who work in Minnetonka to live in Minnetonka.

Housing Development Programs

Housing development programs provide tools in the construction of new affordable housing units—both for owner-occupied units as well as rental units.

Public Housing
There are currently 10 public housing units, located in two rental communities, which offer affordable housing options for renters at incomes less than 30% of area median income. The Metropolitan Council and Minneapolis Public Housing Authority administer
the public housing program on behalf of the city. It is not anticipated that more public housing units will be added to the city.

**HOME Program**
 HOME funds are provided through Hennepin County through a competitive application process. The city regularly supports applications by private and non-profit developers that wish to apply for such funds. Homes Within Reach has been successful in the past in obtaining HOME funds for work in Minnetonka and suburban Hennepin County.

**Other Federal Programs**
The city does not submit applications for other federal funding programs such as Section 202 for the elderly or Section 811 for the handicapped. However, the city will provide a letter of support for applications to these programs.

**Minnesota Housing Finance Agency Programs**
The Minnesota Housing Finance Agency (MHFA) offers a variety of financing programs, mainly for the development of affordable rental housing. Similar to federal programs, the city does not usually submit applications directly to MHFA; however, it will provide letters of support for applications to the programs.

**Metropolitan Council Programs**
The Metropolitan Council, through participation in the LCA, offers the Local Housing Incentives Account and Livable Communities Demonstration Account programs to add to the city’s affordable housing stock. Over the past 15 years, the city has received nearly $2 million in funds from these programs, and will continue to seek funding for projects that fit into the criterion of the programs.

**Twin Cities Habitat for Humanity**
The Twin Cities Habitat for Humanity chapter has had a presence in Minnetonka in the past, completing four affordable housing units. At this time there are no projects planned for Minnetonka, as land prices make it significantly challenging unless the land is donated. The city is willing to consider projects with Habitat for Humanity in the future to assist those with incomes at or below 50% of area median income.

**Tax Increment Financing**
Minnetonka has used tax increment financing (TIF) to offset costs to developers of providing affordable housing in their development projects. The city will continue to use TIF financing, as permitted by law, to encourage affordable housing opportunities. Unless the state statutes provide for a stricter income and rental limit, the city uses the Metropolitan Council’s definition of affordable for housing units.

**Housing Revenue Bonds**
The City has used housing revenue bonds for eight rental projects since 1985. Housing revenue bonds provide tax exempt financing for multi-family rental housing. The bond program requires that 20 percent of the units have affordable rents to low and moderate income persons. The city will continue to use housing revenue bonds for projects that
meet housing goals and provide affordable units meeting the Metropolitan Council’s guidelines.

Housing and Redevelopment Authority (HRA) Levy
By law, the city’s Economic Development Authority (EDA) has both the powers of an economic development authority and a housing and redevelopment authority (HRA). It can use these powers to levy taxes to provide funding for HRA activities, including housing and redevelopment. The city first passed an HRA levy in 2009 to support Homes Within Reach, and now uses the funds to support its own housing rehabilitation and homeownership activities for those at 100-115% of area median income.

Community Development Block Grant (CDBG) funds
CDBG funds are allocated to the city by HUD each year. Based upon the needs, priorities, and benefits to the community, CDBG activities are developed and the division of funding is determined at a local level. CDBG funds are available to help fund affordable housing.

Livable Communities Fund
In 1997, special legislation was approved allowing the City to use funds remaining from Housing TIF District No. 1 for affordable housing and Livable Communities Act purposes. The city can use these funds to help achieve its affordable housing goals.

Housing Maintenance and Rehabilitation
As the city’s housing stock continues to age, a number of programs are already in place to help keep up the properties.

Minnesota Housing Finance Agency Programs--Rental
The Minnesota Housing Finance Agency (MHFA) offers a variety of financing programs, for the rehabilitation of affordable rental housing. The city does not submit applications for these programs as the city does not own any rental housing; however, it will provide letters of support for those wishing to apply.

Minnesota Fix-up Fund
The Minnesota Housing Fix-Up Fund allows homeowners to make energy efficiency, and accessibility improvements through a low-interest loan. Funded by MHFA, and administered by the Center for Energy and Environment, the program is available to those at about 100% of area median income.

Community Fix-up Fund
The Community Fix-Up Fund, offered through Minnesota Housing, is similar to the Fix-Up Fund, but eligibility is targeted with certain criteria. In the city, Community Fix-Up Fund loans are available to Homes Within Reach homeowners, since community land trust properties cannot access the Fix-Up Fund due to the ground lease associated with their property.
Home Energy Loan
The Center for Energy and Environment offer a home energy loan for any resident, regardless of income, wishing to make energy efficiency improvements on their home.

Emergency Repair Loan
Established in 2005, the City's Emergency Repair Loan program provides a deferred loan without interest or monthly payments for qualifying households to make emergency repairs to their home. The amount of the loan is repaid only if the homeowner sells their home, transfers or conveys title, or moves from the property within 10 years of receiving the loan. After 10 years, the loan is completely forgiven. This loan is funded through the City's federal Community Development Block Grant (CDBG) funds in order to preserve the more affordable single-family housing stock by providing needed maintenance and energy efficiency improvements. The program is available to households with incomes at or below 80% of area median income. On average, 10 to 15 loans are completed each year.

City of Minnetonka Home Renovation Program
In 2010, the city levied for funds to begin a home renovation program. The program is anticipated to begin in 2011. This program would be similar to the existing federal community development block program (CDBG) rehabilitation program. The challenge with CDBG funding involves the maximum qualifying household income of 80% of AMI, Use of HRA funds, would allow the City of Minnetonka Home Renovation Program more flexibility to include households up to 115% AMI, which equates to 82% of all Minnetonka households. The program would be geared toward maintenance, green related investments and mechanical improvements. Low interest loans would be offered up to $7,500 with a five year term.

H.O.M.E. program
The H.O.M.E. program is a homemaker and maintenance program that is designed to assist the elderly. The H.O.M.E. program assists those who are age 60 and older, or those with disabilities with such services as: house cleaning, food preparation, grocery shopping, window washing, lawn care, and other maintenance and homemaker services. Anyone meeting the age limits can participate; however, fees are based on a sliding fee scale. Nearly 100 residents per year are served by this program.

Home Remodeling Fair
For the past 17 years, the city has been a participant in a home remodeling fair with other local communities. All residents are invited to attend this one day event to talk to over 100 contractors about their remodeling or rehabilitation needs. Additionally, each city has a booth to discuss various programs that are available for residents. Approximately 1,200 to 1,500 residents attend each year.
Local Official Controls and Approvals

The city recognizes that there are many land use and zoning tools that can be utilized to increase the supply of affordable housing and decrease development costs. However, with less than two percent of the land currently vacant in the city, most new projects will be in the form of redevelopment or development of under-utilized land. New infill development and redevelopment is typically categorized as a planned unit development (PUD), which is given great flexibility under the current zoning ordinance.

Density Bonus
Residential projects have the opportunity to be developed at the higher end of the density range within a given land use designation. For example, a developer proposing a market rate townhouse development for six units/acre on a site guided for mid-density (4.1-12 units/acre) could work with city staff to see if higher density housing, such as eight units/acre, would work just as well on the site as six units/acre. This is done on a case by case basis rather than as a mandatory requirement, based on individual site constraints.

Planned Unit Developments
The use of cluster-design site planning and zero-lot-line approaches, within a planned unit development, may enable more affordable townhome or single-family cluster developments to be built. Setback requirements, street width design, and parking requirements that allow for more dense development, without sacrificing the quality of the development or adversely impacting surrounding uses, can be considered when the development review process is underway.

Mixed Use
Mixed-use developments that include two or more different uses such as residential, commercial, office, and manufacturing or with residential uses of different densities provide potential for the inclusion of affordable housing opportunities.

Transit Oriented Development (TOD)
TOD can be used to build more compact development (residential and commercial) within easy walking distance (typically a half mile) of public transit stations and stops. TODs generally contain a mix of uses such as housing, retail, office, restaurants, and entertainment. TODs provides households of all ages and incomes with more affordable transportation and housing choices (such as townhomes, apartments, live-work spaces, and lofts) as well as convenience to goods and services.

Authority for Providing Housing Programs

The City of Minnetonka has the legal authority to implement housing-related programs, as set out by state law, through its Economic Development Authority (EDA). The EDA was formed in 1988; however, prior to that time, the city had a Housing and Redevelopment Authority (HRA).
Resolution No. 2017-____

Resolution supporting a tax credit application for a multifamily housing project 10400, 10500, and 10550 Bren Road East

Be it resolved by the City Council (the “Council”) of the City of Minnetonka, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. Newport Midwest LLC, a Minnesota limited liability company, or an affiliate or successor thereof (the “Developer”), has proposed to construct a multifamily housing development consisting of approximately 55 affordable units (the “Development”) in the City of Minnetonka, Minnesota (the “City”) at 10400, 10500, and 10550 Bren Road East.

1.02. The Developer has presented the proposed Development to the Council and has received support of the Council.

1.03. The success of the tax credit application is predicated on local support of the proposal.

Section 2. Findings and Approval.

2.01. The Council supports the application for the Minnesota Housing Finance Agency tax credits for the Development.

2.02. The Council supports the use of tax increment financing pooling funds for the Development in the approximate amount not to exceed $556,179; however, the Council must complete all of the legally required proceedings set forth in Minnesota Statutes, Sections 469.174 through 469.1794, as amended.
Adopted by the City Council of the City of Minnetonka, Minnesota this ____ day of June 12, 2017.

________________________________________
Terry Schneider, Mayor

ATTEST:

________________________________________
David E. Maeda, City Clerk

ACTION ON THIS RESOLUTION:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on May ___, 2017.

________________________________________
David E. Maeda, City Clerk