

RESOLUTION 2004-002

**RESOLUTION APPROVING THE ECONOMIC DEVELOPMENT AUTHORITY'S
RECOMMENDATION ON THE INCLUSION OF 10% TO 20% OF THE TOTAL
UNITS IN MULTI-FAMILY DEVELOPMENTS AS AFFORDABLE HOUSING**

BE IT RESOLVED by the Economic Development Authority of the City of Minnetonka, Minnesota as follows:

Section 1. Background.

- 1.01. The City of Minnetonka and Metropolitan Council have worked together to create affordable housing goals for the development of new affordable housing units within the city.
- 1.02. The Economic Development Authority has been working to accomplish these goals and include affordable housing in new housing developments by recommending that 10% to 20% of the total units in a housing development be made affordable.

Section 2. Economic Development Authority Action.

- 2.01. The Economic Development Authority of the City of Minnetonka hereby affirms their recommendation that 10% to 20% of the total units in new multi-family housing developments be sold at an affordable price as set forth by the Metropolitan Council.

Adopted by the Economic Development Authority of the City of Minnetonka, Minnesota on February 3, 2004.

Peter St. Peter, President

ATTEST:

Ronald Rankin, Secretary

ACTION ON THIS RESOLUTION:

Motion for adoption: Duffy

Seconded by: Larson

Voted in favor of: Duffy, Larson, Robinson, St. Peter, Thomas, Wagner, Walker

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Economic Development Authority of the City of Minnetonka, Minnesota, at a duly authorized meeting held on February 3, 2004, as shown by the minutes of the said meeting in my possession.

Ronald Rankin, Secretary

FINAL DRAFT

POLICY OUTLINE

City Assistance to Affordable Housing Developments

Statement of Policy

The City of Minnetonka has established goals for adding new affordable housing through discussions with the Metropolitan Council, and Minnetonka's participation under the Livable Communities Act. The City's Housing Action Plan describes how the City will work to accomplish these challenging but achievable goals for affordable rental and owner-occupied housing.

The City may assist affordable housing development in a number of ways, including financial assistance, which typically occurs through Tax Increment Financing (TIF). Other types of assistance may include, in the case of housing redevelopment of significant size, the use of powers of eminent domain to ensure final assembly of a site that meets housing and redevelopment objectives.

This policy has been prepared in order to assist the City Council and the Economic Development Authority in evaluating requests for city assistance by using a set of consistent guidelines.

Policy Guidelines

- When multifamily developments are proposed, Minnetonka prefers mixed-income housing developments that include affordable housing. The City will consider requests for assistance for mixed-income development that help achieve this objective.
- The resources available for city financial assistance are limited. Developers must first explore the availability of federal, state, regional, county and not-for-profit resources to assist affordable housing developments.
- City financial assistance will have a finite, limited term of no more than 12-15 years.
- Minnetonka will encourage, but not require, the development of affordable housing by developers constructing new housing in the City.

Evaluation Guidelines

These guidelines will be used by the Economic Development Authority and the City Council to evaluate requests for city assistance to affordable housing developments. An assessment will be made as to how well any specific development proposal meets the evaluation guidelines. The EDA and City Council may choose to apply greater emphasis to some guidelines rather than others.

1. Amount of Assistance Per Unit

The City will calculate the amount of assistance being requested per unit, based on the total number of units included in the development and the number of affordable units being provided.

Benchmark: In general, based on its past assistance, the city will consider assistance of up to \$20,000 per unit for affordable units (in 1998 dollars). However, the total amount of assistance provided may be affected depending upon the type and number of life-cycle housing units included in the development. Consequently, the actual per-unit amount of assistance may vary.

Assistance amounts provided to approved affordable housing developments are listed in the Appendix.

2. Long-Term Affordability

Developers are expected to make a commitment to the long-term affordability of the units receiving assistance:

For rental developments - a contractual commitment to keep rentals affordable for a period matching the term of the original mortgage financing (25 years or longer).

For owner-occupied developments - a restrictive covenant that limits resale prices to the average increase in metro-area house sale prices for 20 years or longer.

3. Mixed-Income Developments

When multifamily developments are proposed, Minnetonka will work to encourage mixed-income housing developments and will consider providing assistance in order to help achieve affordable housing goals. Mixed-income developments are those that include 20% to 40% affordable units. The actual unit prices and rents, and the range of prices and rents, will also be taken into account.

Financial assistance will not be provided to strictly market-rate developments. Other assistance may be provided where a market-rate development achieves important redevelopment objectives.

Minnetonka, as a matter of policy, encourages multifamily housing developments which provide varied housing types and prices designed for people of different ages, incomes, and household size. Financial and other assistance will be considered for developments which help achieve these and other important housing objectives.

4. Assistance in Reaching Housing Goals

Requests for city assistance will be considered based on how the housing development will help achieve particular housing goals.

Similarly, requests will take into account the number of affordable units that will be lost through a housing redevelopment project, and the city will calculate the net number of affordable units provided by the development proposal.

5. Planning and Land-Use Considerations

The proposed development will first be evaluated with regard to its current status as an existing neighborhood or part of a neighborhood, including the quality of the housing already in place.

Also to be taken into account are planning and land-use considerations such as the site plan for the development, including its density, building design, landscaping, the overall quality of the development, green space, play areas, pedestrian access, and how the plan affects surrounding properties.

OTHER CITIES' COST CONTRIBUTIONS

EDEN PRAIRIE:

- Columbine rental townhomes (Cornerstone):

TIF = \$ 230,000
CDBG = 143,000
 \$ 373,000

÷ 32 units
= \$11,656/housing unit

(this is a tax credit development, but had no HOME funds or Met Council funds)

- Purgatory creek rental townhomes:

TIF = \$ 500,000
CDBG = 188,000
 \$ 688,000

÷ 32 units
= \$21,500/housing unit

(this development also received 4200,000 from the Family Housing Fund and \$300,000 from the Met Council)

Eden Prairie has not set contribution policy, but looks at proposals case-by-case policy, based on resources available and assistance being provided by other agencies.

PLYMOUTH:

- Single-family affordable:

New: Up to \$20,000 per unit generally; up to \$25,000 for handicapped-accessible units.
(most of these are for first-time homebuyers or clients of non-profit agencies)

Rehab: Up to \$10,000 per grant
(this is the same as Minnetonka)

- Multifamily:

A large mixed-use development will have substantial TIF assistance, but it has not been calculated on a per unit basis.

An apartment building similar to Crown Ridge was provided TIF of \$2,200/unit with additional contributions from the MHFA, Met Council, HOME funds, and the Family Housing Fund.