



**Agenda
Minnetonka City Council
Economic Development Advisory Commission
Joint Study Session
Monday, Feb. 14, 2022
5:30 p.m.
WebEx**

- | | | |
|----|---|----------------|
| 1. | Joint EDAC/CC Wealth Building Discussion | 5:30-6:30 p.m. |
| 2. | Boards & Commissions Interviews | 6:30-8:30 p.m. |
| | | Break |
| 3. | 2022 Community Survey review | 8:40-9:00 p.m. |
| 4. | Reports from City Manager & Council Members | 9:00-9:10 p.m. |
| 5. | March Study Session – topics and date | 9:10-9:15 p.m. |
| 6. | Adjournment | 9:15 p.m. |

The purpose of a study session is to allow the city council to discuss matters informally and in greater detail than permitted at formal council meetings. While all meetings of the council are open to the public, study session discussions are generally limited to the council, staff and consultants.



**Study Session Agenda Item #1
Meeting of Feb. 14, 2022**

Title: Wealth Building Discussion

Report From: Alisha Gray, Economic Development and Housing Manager

Submitted through: Mike Funk, Acting City Manager
Julie Wischnack, AICP, Community Development Director

Action Requested: Discuss the options and provide feedback

Summary Statement

Discuss wealth building opportunity.

Strategic Profile Relatability

- | | |
|--|--|
| <input type="checkbox"/> Financial Strength & Operational Excellence | <input checked="" type="checkbox"/> Safe & Healthy Community |
| <input type="checkbox"/> Sustainability & Natural Resources | <input checked="" type="checkbox"/> Livable & Well-Planned Development |
| <input type="checkbox"/> Infrastructure & Asset Management | <input checked="" type="checkbox"/> Community Inclusiveness |
| <input type="checkbox"/> N/A | |

Statement: This discussion item supports home ownership and community inclusiveness.

Background

EDAC Subcommittee Meeting

On Oct. 8, 2021, an EDAC subcommittee met to explore the idea of expanding the city's programs for affordable homeownership opportunities. The city currently offers a down-payment assistance program; however, some cities have expanded the program to promote wealth building for households who have not had generational opportunities to build wealth. The information in this report summarizes the [Nov. 4, 2021, EDAC](#) meeting on the city's current down-payment assistance program and a new program that is being piloted in St. Louis Park. A summary comparing the programs is outlined below:

Down Payment Assistance Programs

Minnetonka down-payment Assistance Program (existing)	Saint Louis Park - Proposed Wealth Building Program
Name: Welcome To Minnetonka	Name: Generational Wealth Building Program

Minnetonka down-payment Assistance Program (existing)	Saint Louis Park - Proposed Wealth Building Program
Source: HRA Levy (\$940,000 committed to down-payment and rehab loans) - \$438,000 balance remaining for programs.	Proposed Source: Pooled TIF (\$300,000 initial contribution)
Proposed Terms: Maximum Amount: \$15,000 Terms: <ul style="list-style-type: none"> • 1% interest, 30-year deferred loan (no payments) – due if refinanced or sold prior to 30 years. Forgiven if in the home for 30 years. • Prior to 2018 – 10 year loans with 3% interest (payments required) • Borrower must contribute 25% of total down-payment or closing costs • Assets cannot exceed \$25,000 	Proposed Terms: Maximum Amount: Up to \$75,000 based upon purchase price. Terms: <ul style="list-style-type: none"> • 0% interest, forgiven at 5% each year, remaining prorated balance must be repaid if sold or not owner-occupied before 20 years • Borrower must contribute \$1,000 in down- payment or closing costs • Assets cannot exceed \$15,000
Eligibility: First Time Homebuyer, Up to 120% AMI	Eligibility: First Generation Buyer (buyer or parents cannot have previously owned property), <ul style="list-style-type: none"> • Up to 80% AMI, a minimum of 25% of income provided by the buyer. (assistance is prorated based on need not maximum eligible) • Must sign an affidavit indicating no past ownership by borrower and parents of borrower
Max. Home Price: MHFA First time buyer max \$352,300	Max. Home Price: MHFA First time buyer max \$352,300
Underwriting Costs: <ul style="list-style-type: none"> • \$750 per loan closed • \$2,500 annual fee 	Underwriting Costs: <ul style="list-style-type: none"> • \$350 per loan application and \$700 per loan closed • One-time setup fee of \$1,000 • Annual admin fee to CEE

Wealth Building Example Scenario:

- Household of four earning 80% AMI (~\$80,000 per year)
- Purchase price of home \$352,000 (\$1,600 per month)
- \$52,845 in down payment assistance (5% forgiven annually)
 - Reduces monthly mortgage payment to \$1,343 per month
- Property value increase (approximately) 2% each year

Scenario 1 – Sell home in 12 years with program	Scenario 2 – Sell home in 12 years without program
Value of home at 12 years = \$437,667	Value of home at 12 years = \$437,667
Outstanding mortgage in year 12 = \$215,050	Outstanding mortgage in year 12 = \$253,039
Outstanding down payment = \$30,058	Outstanding down payment = \$0
Total due at sale = \$245,108	Total due at sale = \$253,039
Proceeds from sale = \$154,570 (total benefit includes monthly payment savings over 12 years of \$37,008) = Total benefit after sale \$191,578	Proceeds from sale = \$184,628
City funds not recaptured = \$22,787	City funds not recaptured = \$0

Feedback from the EDAC subcommittee meeting on Oct. 8, 2021

Commissioners Lee Jacobson and Melissa Johnston provided feedback on the idea at the Oct. 8, 2021 subcommittee meeting. Summary of feedback from the meeting:

- The down-payment assistance program should be simple and create successful homeownership opportunities.
 - Make the parameters broad enough that it meets the current Minnetonka market.
 - Sale prices up to \$400,000 or \$450,000
 - Open up to 120% AMI (Up to \$99,475 for a two-person household)
 - First-time home buyer is defined as borrower(s) who haven't owned a home or real estate in the last five years.
 - Loan amounts up to \$50,000 or \$60,000 or 20% of the sale price, whichever is lower.
 - Require buyers to contribute at least 5% of the sales price for closing costs and down payment.
 - Operational suggestions
 - Promote the product through real estate agents and lenders
 - A potential buyer, or their agent, should be able to figure out if they qualify with a one-page questionnaire.
 - Homes sell quickly and close in 30 days, potential buyers need to have a document in hand that shows they qualify and funds in the program are available.
- Create successful homeownership
 - Require that the borrower has two months reserves for PITI (principal, interest, taxes, and insurance) after closing.
 - Require that the homeowner take a financial literacy/homeownership class.
 - Require the down payment assistance loan to be paid off on the sale of the property like any normal second mortgage.
 - Require payoff if the first mortgage is refinanced to take equity out.
 - Keep borrowers aware of other maintenance and rehab loan programs in case they need help in the future.

The EDAC met to discuss the subcommittee recommendation on [Nov. 4, 2021](#). The commissioners provided the following feedback:

- Support higher level of down-payment assistance due to high ownership costs in Minnetonka (tie assistance to median home value in Minnetonka)
- Support assistance for households earning up to 120% AMI (roughly \$100k for a two-person household)
- Support to move assistance up from \$15,000 to \$50,000-\$60,000 (one program that serves more people)
- Support program that is repaid at sale vs. forgiven (preserve HRA fund while supporting additional households)
 - Interest in not unduly enriching one segment of Minnetonka residents (i.e., picking winners and losers using taxpayer funds)
- Add as an additional program to support homeownership. Keep Homes Within Reach as an alternative option (receive the benefit of rehabilitation of home at the time of purchase)

The city council met to discuss the budget on Nov. 15, Dec. 6, and Dec. 30.

- On Dec. 6, councilmembers provided feedback to look at implementing wealth-building opportunities to households in Minnetonka and other affordable housing initiatives and ensure equity throughout the programs.

Program options for consideration:

- Retain the existing down-payment assistance program without changes.
- Modify the existing down-payment assistance program.
 - Goal – Broaden the pool of eligible applicants by increasing the amount of assistance available to each applicant and by increasing eligible purchase price requirements to support current sales market data in Minnetonka.

And/or,

- Develop a new pilot program to address first-generation homeownership and community wealth building.
 - Goal – Increase access to homeownership for first-generation homeowners and provide the opportunity to generate wealth.

Program Funding

Historically, the down-payment assistance program received its funding through annual contributions from the HRA levy.

- There is a balance of \$551,589 in the HRA levy to support the Welcome to Minnetonka and Minnetonka Enhancement programs.
 - The existing balance supports both programs. However, there is currently more interest in the down-payment assistance program.
- On Sept. 13, 2021, the council voted to move approximately \$5 million of the existing balance of tax increment pooling funds to the affordable housing trust fund (AHTF). This

action loosened the restrictions on that funding pool, which can now be utilized for a wider variety of affordable housing needs.

- To date, the AHTF has provided assistance to provide affordable housing for Minnetonka Station for \$553,000 and Doran Apartments in Opus for \$280,000. The current balance of the funds is \$6.2 million.
- The fund could be utilized to support the expansion of down-payment assistance or to develop a new pilot program as the remainder of the funds are uncommitted at this time.

Discussion Questions

- *Should staff explore expanding the current down-payment assistance and/or creating a new program funded through the affordable housing trust fund?*
- *Does the EDAC/Council have any additional feedback?*

Attachments:

EDAC Subcommittee Agenda – Oct. 8, 2021

Minnetonka Down-Payment and Closing Cost Assistance Guidelines

Saint Louis Park First Generational Wealth Building Homeownership Program Guidelines

Supplemental information:

[Information on community wealth building](#)

[EDAC Meeting – July 8, 2021 \(2022-2026 EIP\)](#)

- [Minutes](#)

[City Council Study Session – June 21, 2021 \(2022-2026 EIP\)](#)

[City Council Study Session – Aug. 16, 2021 – Preliminary Budget and 2022-2026 EIP](#)

[Economic Development Authority Sept. 13, 2021 – 2022 Preliminary HRA Levy](#)

[Economic Development Advisory Commission – Nov. 4, 2021 – Wealth Building Discussion](#)

- [Minutes](#)

**EDAC Subcommittee Agenda Item #3
Meeting of Oct. 8, 2021**

Brief Description Affordable Housing Program Discussion

Recommendation Review and provide feedback

Background

During a previous budget study session held on [Aug. 16, 2021](#) and prior to the adoption of the Economic Improvement Program on [Sept. 13, 2021](#), council requested staff to review additional opportunities for owner occupied affordable housing programs. Specifically, the new First Generation Wealth Building Homeownership Program developed by Saint Louis Park.

The Saint Louis Park program operates similar to the Welcome to Minnetonka Program. The primary difference is the amount of assistance provided under the Saint Louis Park program and the forgiveness of the assistance, aimed at building wealth. The program details are summarized below.

Down Payment Assistance Programs

Minnetonka down-payment Assistance Program	Saint Louis Park - Proposed Wealth Building Program
Name: Welcome To Minnetonka	Name: Generational Wealth Building Program
Source: HRA Levy (\$940,000 committed to down-payment and rehab loans) - \$438,000 balance remaining for programs.	Proposed Source: Pooled TIF (\$300,000 initial contribution)
Proposed Terms: Maximum Amount: \$15,000 Terms: <ul style="list-style-type: none"> • 1% interest, 30 year deferred loan (no payments) – due if refinanced or sold prior to 30 years. Forgiven if in home for 30 years. • Prior to 2018 – 10 year loans with 3% interest (payments required) • Borrower must contribute 25% of total down-payment or closing costs • Assets cannot exceed \$25,000 	Proposed Terms: Maximum Amount: Up to \$75,000 based upon purchase price. Terms: <ul style="list-style-type: none"> • 0% interest, forgiven at 5% each year, remaining prorated balance must be repaid if sold or not owner occupied before 20 years • Borrower must contribute \$1,000 in down- payment or closing costs • Assets cannot exceed \$15,000
Eligibility: First Time Homebuyer, Up to 120% AMI	Eligibility: First Generation Buyer (buyer or parents cannot have previously owned property), <ul style="list-style-type: none"> • Up to 80% AMI, Minimum of 25% of income provided by buyer • Must sign affidavit
Max. Home Price: MHFA First time buyer max \$352,300	Max. Home Price: MHFA First time buyer max \$352,300

Underwriting Costs: <ul style="list-style-type: none">• \$750 per loan closed• \$2,500 annual fee	Underwriting Costs: <ul style="list-style-type: none">• \$350 per loan application and \$700 per loan closed• One-time setup fee of \$1,000• Annual admin fee to CEE
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Saint Louis Park Assistance Model

The Saint Louis Park Assistance model contemplates contributing a higher amount of assistance for lower income households supporting households at the 50% AMI, 60% AMI and 80% AMI income levels. The model requires the homeowner to contribute a minimum of 25% of their gross income to PITI, then the down-payment assistance is based upon the remaining amount required to ensure affordability.

- The maximum homebuyer deferred loan amount will be based on the household's income and the purchase price of the home up to the MHFA first time homebuyer purchase price regardless of household size. All homebuyers are required to spend a minimum of 25% of their gross income as defined below for principal, interest, taxes and insurance (PITI) and homeowner HOA fees if applicable. The maximum deferred loan provided will be as follows:
 - Households with incomes at or below 50% AMI: 25% of the purchase price up to the MHFA first time homebuyer limit regardless of household size, not to exceed \$75,000.
 - Households with incomes between 51% and 60% AMI: 20% of the purchase price up to the MHFA first time home buyer limit regardless of household size
 - Households with incomes between 61% and 80% AMI: 15% of the purchase price up to the MHFA first time homebuyer limit regardless of household size.

Assistance based on purchase price

Purchase price	15% assistance 80% AMI	Balance	20% assistance 60% AMI	Balance	25% assistance 50% AMI	Balance
\$200,000	\$30,000	\$170,000	\$40,000	\$160,000	\$50,000	\$150,000
\$250,000	\$37,500	\$212,500	\$50,000	\$200,000	\$62,500	\$187,500
\$285,000	\$42,750	\$242,250	\$57,000	\$228,000	\$71,250	\$213,750
\$300,000	\$45,000	\$255,000	\$60,000	\$240,000	\$75,000	\$225,000
\$340,000	\$51,000	\$289,000	\$68,000	\$272,000		
\$345,000	\$51,750	\$293,250	\$69,000	\$276,000		
\$352,300	\$52,845	\$299,455	\$70,460	\$281,840		

MHFA First time home buyer purchase price maximum = \$352,300.

Met council affordable home price:

80% AMI \$293,500: purchase price, less city assistance at 15%, affordable up to \$345,000

60% AMI \$228,500: purchase price, less city assistance at 20%, affordable up to \$285,000

50% AMI \$187,500: purchase price, less city assistance at 25%, affordable up to \$250,000

Financing Considerations

Historically, the city has routinely funded both the Welcome to Minnetonka program and the Homes Within Reach Program through the HRA levy as opportunities to promote affordable home ownership. During budget discussions this year, the council expressed interest in exploring other opportunities, such as the St. Louis Park wealth building program. For 2022, the council approved a preliminary HRA levy of \$325,000. The portion of the levy set aside for Homes Within Reach or an alternative affordable housing priority was \$125,000 and the Welcome to Minnetonka and Minnetonka Programs are recommended to receive \$100,000. The city also received ARPA funds and set aside \$375,000 for affordable housing priorities. The city also has access to the pooled TIF that has been placed in the Affordable Housing Trust Fund.

Supporting Information:

Minnetonka

- Median home sale price in 2020 was \$399,000, 2021 projections are at \$450,000 for median sale price.
- Currently 24 properties in Minnetonka available under the first time homebuyer maximum purchase prices of \$352,300 established by MHFA. Two are single-family homes and the remaining are townhomes or condos.

Homes Within Reach

- Average purchase price of the last 5 properties purchased by Homes Within Reach was \$294,580
- Average city assistance provided on last 5 properties purchased by Homes Within Reach was \$93,787

- Average rehabilitation costs for each property is \$40,000.

Welcome to Minnetonka Program

- Average purchase price of the last 5 properties was \$167,326
 - 4 condo or townhomes properties/1 single family property
- Average assistance provided was \$9,591

General Observations

- The median sales price for homes in Minnetonka is significantly higher than St. Louis Park (\$450,000 vs. \$341,000).
 - Minnetonka could consider raising the income limit to 120% AMI with 10% down-payment assistance to expand the pool of eligible applicants.
 - A household of 4 could make up to \$124,344 under this scenario.
 - Minnetonka could adjust maximum purchase price to median home value to support single-family home ownership.
- The Homes Within Reach Program provides basic repairs and improvements to promote stable homeownership. The down-payment assistance programs do not have a mechanism to repair the homes (outside of applying for a separate loan for repairs).
- In 2019, the DPA program was modified to allow for assistance with purchasing a home within the HWR program.
- If the goal of the program is to support first generation BIPOC homeownership, staff would research opportunities to reach organizations that focus on this issue.
- Each program supports different goals and could be packaged as a portfolio of homeownership options:
 - Welcome to Minnetonka – supports homeownership for first time buyers.
 - Homes Within Reach – supports long-term homeownership (with 99 year covenant) and stabilizes housing stock. Can build wealth through retained equity on home.
 - Wealth Building Program – supports first generation homeowners that traditionally could not afford to purchase a home in Minnetonka. Includes a mechanism to forgive the balance of assistance over time.

Next Steps

- Oct. 21, 2021 – EDAC Meeting
- November 15– Second City Council Budget Discussion
- December 6 – Final City Council Budget Discussion

Discussion Questions

- ***Should the EDAC consider adding a new wealth building down-payment assistance program and/or modify the current down-payment program?***
- ***What additional information is needed to present to EDAC?***

Recommendation

Provided feedback.

Submitted through:
Julie Wischnack, AICP, Community Development Director

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

Additional Information

Welcome to Minnetonka Guidelines

Saint Louis Park Draft Guidelines

- [Link to Saint Louis Park city council study session](#)

[Sept. 13, 2021 City Council – EIP Adopted](#)

Minnetonka Down-Payment and Closing Cost Assistance Deferred Loan

Interest Rate: 1% fixed

Amortization Type: Principal and interest are deferred for the term of the loan

Loan Amount: Maximum of \$15,000. The homebuyer(s) must contribute at least 25% of the total down-payment and/or closing costs of the borrowers own funds. Borrower funds do not include seller credits or pre-paid property taxes.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to purchase the property in accordance with the first mortgage guidelines.

Loan term: Deferred for a period of 30 years or when the borrower sells, transfers title or if the home is no longer the primary residence of the original borrower the entire balance is due and payable. The loan may also become due and payable upon refinance. The loan principal and interest is 100% forgiven if the property has not been sold, transferred and has remained the primary residence of the borrower.

Eligible Properties: Single family owner-occupied properties located within the geographical boundaries of the City of Minnetonka. Townhomes and Condominiums are eligible. Property must have an Estimated Market Value at or below the current annually adjusted Minnesota Housing First Time Homebuyer limit, \$352,300 (2021), <http://www.mnhousing.gov/sites/homebuyers/startup> . The property must be homesteaded or in the process of being homesteaded. Properties within the West Hennepin Affordable Land Trust.

Ineligible Properties: Dwellings with more than one unit, cooperatives, manufactured homes, time shares. Properties held within a trust.

Eligible Borrowers: Borrower(s) must be a first-time homebuyer (a person or household that has not owned a home within the last three years). The homebuyer(s) **MUST** attend a Home Stretch workshop and provide evidence prior to closing. All borrowers must be legal residents of the United States, as evidenced by a social security number, Including: U.S. Citizens, Permanent Resident Aliens, and Non-Permanent Resident Aliens. TAX IDENTIFICATION NUMBERS (ITIN) ARE NOT ACCEPTABLE.

Ineligible Borrowers: Including but not limited to: - Foreign Nationals, and Non-Occupant Co-Borrowers.

Ownership/Occupancy: Owner-occupied only.

Loan to Value Ratio N/A

Income Limit: The total gross annual household income cannot exceed 120% of the area median income based on household size. The income limits shall be determined by the U.S. Department of

Housing and Urban Development (HUD), and is adjusted annually. Income shall be the projected gross income for the upcoming 12 months or the average of the prior two years tax returns if self-employed.

Documentation Requirements:

- Copy of purchase agreement
- Commitment letter/approval for first mortgage
- Copy of Title Commitment
- Copy of Initial Loan Estimate for first mortgage
- Value of home (property tax or appraisal)
- Certification of Home Stretch Homebuyers course completed

Asset Limit: Borrower may not own a second property. The maximum assets of the borrower, excluding the residential property to be improved and retirement accounts such as a 401k or IRA shall not exceed \$25,000. Assets will generally be defined as: cash on hand, checking and savings. Borrower will be required to fill out a Declaration of Assets form and provide recent bank statements.

Credit Requirements: Borrower needs to show mortgage approval for the purchase of the home. The purchase mortgage must be a fixed interest rate.

Loan Security: All loans will be secured with a mortgage in favor of the Minnetonka Economic Development Authority. Borrower will pay all applicable title and filing fees, which may be financed in the loan amount.

Borrower Fees: Borrower will be responsible for mortgage filing and service fees, flood certificate, credit report fees and any other applicable closing fees.

Underwriting Decision: Applicants must have acceptable credit history. CEE will approve or deny loans based on a credit report, income verification and other criteria as deemed necessary through CEE's underwriting guidelines. CEE's decision shall be final. Appeals can be made to the Authority.

Disbursement Process: Loan funds will be made payable and delivered to the title/closing agent. The down-payment and closing cost assistance deferred loan will be signed at closing of the purchase mortgage.

General Program Conditions for the Revolving and the Down-Payment & Closing Cost Assistance Loan Programs

Application Processing: Loans will be distributed on a first come first serve basis as borrowers qualify. **Applicants must provide a completed application package including the following in order to be considered for funding.**

- Completed and signed application form
- Proof of income and assets
- Proof of Identity (driver's license, passport, etc.)
- Bids or estimates for proposed projects (if applicable)
- Other miscellaneous documents that may be required.

Contractors/Permits: Contractors must be properly licensed. Permits must be obtained when required by city ordinance.

Program Costs: Loan set up and loan origination fees will be paid out of the Program Budget. Loan program marketing efforts will be billed directly to the Authority and is a separate expense should the city choose to commission CEE for marketing support. Borrowers will pay all mortgage filing fees and related closing costs.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final cost exceeds the original loan amount, the borrower must obtain the additional funds and show verification of the additional funds in order to be approved for the loan.

Disbursement Process for the Revolving Loan Program: Payment to the contractor (or owner in sweat equity situations) will be made upon completion of work. An inspection will be performed by a City Inspector and/or CEE to verify the completion of the work. The following items must be received prior to final disbursement of funds for the Revolving Loan Program:

- Final invoice or proposal from contractor (or materials list from supplier);
- Final inspection verification by a City Inspector;
- Completion certificate(s) signed by borrower and contractor;
- Lien waiver for entire cost of work;
- Evidence of city permit (if required)

Disbursement Process for the Down-Payment and Closing Cost Assistance Deferred Loan Program: Payment will be made to the title company and sent with the loan closing package to the place of closing.:

First Generation Wealth Building Homeownership Program

Program summary

Issue: It is recognized that historical and institutional racism has disproportionately created housing challenges and disparities for Black, Indigenous, and People of Color (BIPOC) communities and other underserved low-income communities. Black persons/households have historically been prohibited from purchasing and owning a home due to redlining, block busting and decimation of Black neighborhoods for “public purposes” (i.e., freeways). Additionally, the income and education gap between households of color and White households has resulted in difficulty for Black persons and households of color to obtain a mortgage and subsequent on-going housing stability issues. Due to this income gap and other social injustices, many households of color have poor credit or no credit, making it even harder to get a mortgage or to get a mortgage with a favorable interest rate. This program is designed to address these historic injustices and inequities, to facilitate affordable homeownership and to provide a means for wealth-building.

What: The city is proposing to create a homeownership program designed to address these historic injustices and inequities, to facilitate affordable homeownership for Black, Indigenous and persons of color households and other underrepresented households and to provide a means for wealth-building.

The goal is to address housing disparities, build power in communities most impacted by housing challenges and disparities and pilot an innovative program to address housing challenge for Black, Indigenous, and People of Color (BIPOC) communities and other low-income communities and support inclusive and equitable communities.

2. Eligible Borrower:

- First generation buyer – buyer(s) and parents of buyer(s) cannot have previously owned a home.
- Must occupy this property as their primary residence.
- Must be a legal resident.
- The borrower’s maximum household income cannot exceed 80% of the area median income (AMI) based on a family size of four for households of 1-4. Income limits will be increased based on family size for families with more than four members. Income is calculated using paystubs W2’s, if self-employed two years tax returns, and any other documentation needed to verify projected gross income. The income of the following persons must be verified and included when calculating income:
 - Anyone who will have title to the subject property and signs the Mortgage Deed.
 - The legal spouse of the mortgagor who will also reside in the subject property.
 - Multi-generational buyers are allowed. Income used for mortgage eligibility; would also be included to determining income eligibility for SLP program.
- Credit score of 620+ for all borrowers

- No outstanding liens and judgements.
- Maximum liquid assets \$15,000 following closing on home, does not include retirement assets or noncash assets (i.e. cars, jewelry, vehicles, etc.)

Eligible Properties:

A single family (including a townhome or condominium) or duplex property located within the city limits of St Louis Park

- Purchase price may not exceed the MN Housing 11 county home value limit for the down payment assistance program (2021 - \$352,300) a single-family home for households with 1 – 4 people. The purchase price limit for households with 5 or more people is 15% above the MN Housing home value limit. There is no maximum purchase price for duplexes.
- Owner occupied dwellings only. The homebuyer must homestead and occupy the home within 60 days following the home purchase closing.

Loan Terms:

- The loan has a zero percent interest rate (0% APR).
- There are no monthly payments.
- The loan is forgiven at a prorated rate (5% per year) over a twenty-year owner occupancy period. If the homeowner ceases to occupy the home as a primary residence during the twenty-year owner occupancy period, the remaining balance of the loan must be repaid.
- The mortgage may be subordinated as part of a refinance of the primary loan.
- Borrower must contribute at least \$1,000 to down payment or closing costs to purchase home

Loan Amount:

- The maximum homebuyer deferred loan amount will be based on the household's income and the purchase price of the home up to the MHFA first time homebuyer purchase price regardless of household size. All homebuyers are required to spend a minimum of 25% of their gross income as defined below for principal, interest, taxes and insurance (PITI) and homeowner HOA fees if applicable. The maximum deferred loan provided will be as follows:
 - Households with incomes at or below 50% AMI: 25% of the purchase price up to the MHFA first time home buyer limit regardless of household size, not to exceed \$75,000.
 - Households with incomes between 51% and 60% AMI: 20% of the purchase price up to the MHFA first time home buyer limit regardless of household size
 - Households with incomes between 61% and 80% AMI: 15% of the purchase price up to the MHFA first time home buyer limit regardless of household size
- This program may not be layered with Down Payment Assistance Program for First Time Homebuyers from the City of St. Louis Park.

Use of Funds:

- Down payment costs and closing costs as needed per the restrictions listed above.

Required Homebuyer Financial and Homeownership Counseling and Education:

Homebuyers must complete homeownership HomeStretch™ (sponsored by the Minnesota Homeownership Center, 651-659-9336 or www.hocmn.org), Framework® (online homebuyer education available at www.hocmn.org), or the Minneapolis Urban League American Dream Program or another designated program approved by the city.

- Financial wellness counseling through a designated service provider approved by the city. Buyers must have completed a financial wellness counseling program that pre-dates the purchase agreement or have enrolled and attended at least one session. Buyers are required to complete the financial wellness counseling.
- Certificates for homeownership education or counseling older than two years will not be accepted.
- Must complete training before funds are reserved.
- The city will reimburse buyers for any approved educational program costs following the closing.

Eligible Primary Financing:

- This loan must be a fixed interest rate.

Loan Security:

- The loan funds will be separately secured by a Promissory Note and Mortgage.
- The loan may be secured in a subordinate lien position behind other lender resources.

Application and reservation of funds:

- Must complete homeownership counseling program before applying. Must complete financial counseling or have enrolled and attended at least one session before applying.
- Upon determination of approved eligibility applicant must submit confirmation of preapproval for a first mortgage at which time funds will be reserved.
- Funds will be reserved for 90 days and will be extended to accommodate a scheduled closing provided a purchase agreement is in place.
- One 60-day extension will be granted if applicant is actively searching for a home.
- Another extension will be considered if no other applicants have applied and are waiting for a loan reservation.
- If funds are not available due to prior reservations, eligible homebuyers may be placed on a waiting list. A maximum of 10 people will be placed on the waiting list. Applicants will be contacted in the order they are placed on the waiting list.

Home energy squad visit

- The city will pay for a Home Energy Squad Visit to be completed within the first year following purchase.



**Study Session Agenda Item #2
Meeting of Feb. 14, 2022**

Title: Boards and Commissions Interviews – Senior Advisory Board and Sustainability Commission

Report From: Kyle Salage, Elections Specialist

Submitted through: Mike Funk, Acting City Manager
Moranda Dammann, Acting Assistant City Manager

Action Requested: Interview applicants for the Senior Advisory Board and Sustainability Commission

Summary Statement

The Minnetonka City Council will interview selected applicants for the Senior Advisory Board and Sustainability Commission, which have one immediate vacancy each.

Strategic Profile Relatability

- | | |
|--|---|
| <input type="checkbox"/> Financial Strength & Operational Excellence | <input type="checkbox"/> Safe & Healthy Community |
| <input type="checkbox"/> Sustainability & Natural Environment | <input type="checkbox"/> Livable & Well-Planned Development |
| <input type="checkbox"/> Infrastructure & Asset Management | <input checked="" type="checkbox"/> Community Inclusiveness |
| <input type="checkbox"/> N/A | |

Background

Applications for city boards and commissions were accepted throughout the month of January. The applications for boards and commissions that have immediate vacancies are reviewed by the city council, and those for boards and commissions that do not have any immediate vacancies are kept on file for the rest of the year and considered in the event a mid-year vacancy occurs.

In total, 44 applications were received:

- *EDAC – 8 applications
- *Park Board – 10 applications
- *Planning Commission – 5 applications
- Senior Advisory Board – 7 applications
- Sustainability Commission – 14 applications

* No current openings

In 2022, there are vacancies on:

- Senior Advisory Board – 1 position

Subject: Boards and Commissions Interviews – Senior Advisory Board and Sustainability Commission

- Sustainability Commission – 1 position

Applications for the Senior Advisory Board and Sustainability were sent to the council on Friday, February 4 for review and scoring. Based on the aggregate rankings of the Senior Advisory Board and Sustainability Commission applicants by the individual councilmembers, the following candidates were invited to be interviewed.

Senior Advisory Board Candidates

First Name	Last Name	Ward
*Susan	Mohr	4
*Bonni	Boudreau	2
*Sharon	Berg	2
*Jeffrey	Kurtz	2

Sustainability Commission Candidates

First Name	Last Name	Ward
*Paula	Ramaley	3
*Elizabeth	Boor	2
*Kevin	O'Connor	4
*Adam	Schurle	3

* = confirmed interview attendance

Applicants not scheduled for an interview were notified prior to the posting of this report. Their applications will be kept on file for the rest of the year and considered in the event a mid-year vacancy occurs. They may also be notified of other volunteer opportunities in their areas of interest.

Interviews

To ensure equitable access, all candidates will be calling into the virtual study session with audio only (no video). Interviews will be limited to a maximum of 15 minutes. Each applicant will be asked to give a brief (about two to three minutes) presentation on his/her background. Then the applicant will be asked to respond to questions from the council. The applicants may also ask the council any questions they may have at the end of the interview.

A one hour block has been dedicated for each respective group of applicants:

- Senior Advisory Board – 6:30 p.m. to 7:30 p.m.
- Sustainability Commission – 7:30 p.m. to 8:30 p.m.

Next Steps

Following the meeting, individual councilmembers will provide rankings to staff, with aggregate results presented to Mayor Wiersum. At the Feb. 28 regular council meeting, the mayor would then recommend appointments for the consideration of the city council.



**Study Session Agenda Item #3
Meeting of Feb. 14, 2022**

Title: 2022 Community Survey review

Report From: Moranda Dammann, Acting Assistant City Manager

Submitted through: Mike Funk, Acting City Manager

Action Requested: Review community survey and discuss any further additions

Summary Statement

Each year the city conducts a statistically valid telephone survey of residents on a variety of topics of interest. These topics range from demographic, quality of life, city services, public safety, natural environment, development and redevelopment, city parks and recreational facilities, public transit issues, city government and staff, local authority and communication issues. Staff is currently in the process of reviewing the annual survey questions and developing further areas of topics and themes to add for 2022 survey.

Strategic Profile Relatability

- | | |
|--|---|
| <input type="checkbox"/> Financial Strength & Operational Excellence | <input type="checkbox"/> Safe & Healthy Community |
| <input type="checkbox"/> Sustainability & Natural Resources | <input type="checkbox"/> Livable & Well-Planned Development |
| <input type="checkbox"/> Infrastructure & Asset Management | <input checked="" type="checkbox"/> Community Inclusiveness |
- N/A

Background

For many years, the City of Minnetonka has consulted with The Morris Leatherman Company to conduct an annual survey. This survey is a statistically valid telephone survey of approximately 400 Minnetonka resident on a variety of topics and allows the organization to ensure high quality of services and watch trends from year to year. The community survey is conducted in the month of March annually and results are delivered back to the organization in April or May.

Surveying residents is intended to inform strategic planning and budgeting decisions, help set performance targets, and strengthen community engagement. It is important for residents to have the opportunity to share their opinions. It is equally important for them to feel confident that their voices are being heard. Conducting a survey is a proactive approach to initiating and completing the communication loop with the community.

At the May 24, 2021 city council meeting, Mr. Leatherman presented the 2021 annual survey results. During that meeting, members of the City Council expressed the interest in allowing council members to play a more interactive role when topics and themes were being developed. The 2021 final survey and presentation of the results can be found in the [May 24, 2021 council packet](#).

Staff is currently in the process of reviewing the annual survey questions and developing further areas of topics and themes to add for the 2022 survey. Staff recommends the city council consider additional questions surrounding the topics of ranked choice voting, noise discussion including lawn mowers, leaf blowers and hardscape such as pickle ball. Additional recommendations include storage of garbage and recycling containers and Diversity Equity and Inclusion.

Staff plan to continue with the annual topics ranging from demographic, quality of life, city services, public safety, natural environment, development and redevelopment, city parks and recreational facilities, public transit issues, city government and staff, local authority and communication issues.

Discussion Questions

1. Are there any additional topics or themes the Minnetonka City Council want incorporated into the annual community survey?



**Study Session Agenda Item #5
Meeting of Feb. 14, 2022**

Title: March Study Session – topics and date

Report From: Mike Funk, Acting City Manager

Submitted through:

Action Requested: Affirm upcoming topics and date

Summary Statement

This item is informational and is intended to provide the council with the upcoming study session agenda items and study session schedule. The March 14 Study Session coincides with the annual National League of Cities Congressional City Conference, so the study session will need to re-scheduled. Also, staff recommends a study session be added to the schedule to discuss Diversity, Equity and Inclusion and police/policy policies.

Background

The Minnetonka city council is scheduled to hold a total of eleven (11) study sessions in 2022. To maximize study session meetings, provide staff direction and focus on council priorities, council members ranked specific topics they expressed interest to review. At the Jan. 10, 2022 Study Session the city council reviewed these rankings, discussed priorities, and provided direction to staff.

At the Feb. 7, 2022 regular council meeting the city council unanimously approved the 2022 Study Session Work plan. See attached. Staff committed that at each proceeding study session the topics for the upcoming study session will be provided.

Section 1.5 of the City Council Rules of Procedure states, individual council members may propose agenda items for future meetings at a study session, and the council may provide direction to the city staff regarding scheduling such matters. In essence, this document can be modified throughout the remainder of the year by a majority of council members.

Unless modified by the city council, the 2022 Study Session Work Plan agenda items for March 14 (to be re-scheduled) are:

- Director presentation: Chief Scott Boerboom, Police
- Director presentation: Mike Funk/ Moranda Dammann, Administration
- Director presentation: Corrine Heine, Legal
- Director presentation: Kelly O'Dea, Recreation programming overview

Discussion Questions

Subject: March Study Session – topics and date

- **What date and time will work for the city council to re-schedule the March 14 Study Session (estimated 3 hours)?**
- **What date and time will work for the city council to schedule a study session to discuss Diversity, Equity and Inclusion and police/police policies (estimated 3 hours)?**

2022 Council Study Session Work Plan		
C i t y M a n a g e r R e c r u i t m e n t	Quarter 1	
	10-Jan	
	Establish 2022 Council Work Plan Study Session: streaming/broadcasting	
	TBD	Council Retreat/In-Service
	14-Feb	
	Joint EDAC/CC wealth building buy-down program Boards & Commission Interviews 2022 Community Survey questions review	
	14-Mar	
	Director presentation: Chief Scott Boerboom, Police Director presentation: Mike Funk/ Moranda Dammann, Administration Director presentation: Corrine Heine, Legal Director presentation: Kelly O'Dea, Recreation programming overview	
	TBD	Insights Discovery Session: Dr. Jean Davidson
	Quarter 2	
	TBD	Joint meeting with City of Hopkins: Southwest Light Rail & Dual city contracts
	04-Apr	
	Recap RCV Sign ordinance in reference to elections Director presentation: Julie Wischnack, Community Development Director presentation: Chief John Vance, Fire	
	11-May	Annual Park Board tour
	16-May	
	Director presentation: Will Manchester, Public Works Director presentation: Darin Nelson, Finance 2023 Kick-Off Budget discussion	
	20-Jun	
	NRMP/POST Plan, park dedication fees, funding, priority list 2023 CIP/EIP	
	TBD	Boards & Commissions dinner
	Quarter 3	
	15-Aug	
	2023 budget discussion Media Training	
	25-Aug	Annual joint Planning Commission, EDAC and City Council tour
	19-Sep	
	Housing: homelessness Affordable Housing	
	Quarter 4	
	02-Nov	Annual Park Board and City Council joint meeting
	07-Nov	
	Speed limits Police policy/data collection	
	21-Nov	
2023 Enterprise budget discussion, including utility billing/senior discount) 2023 budget discussion		
12-Dec		
2023 Study Session Work plan 2023 Legislative Breakfast - confirm priorities		

Other Potential Topics

- Technology security and data practice training
- Council meeting length/meeting efficiencies
- Review solar energy programs and offerings
- Noise discussion: Lawn mowers, leaf blowers
- Storage of garbage/recycling containers
- Council member compensation
- Noise discussion/hardscape discussion: outdoor pickleball
- Personal property tax
- Review of business programs
- Permitting work flow: informational
- Human Rights/DEI Commission
- Community Engagement
- New Low to Medium Density Zoning Discussion Along Identified Corridors
- annual survey and/or a question through MinnetonkaMatters
- city council retreat item; Spring 2022