



AGENDA
CITY OF MINNETONKA
ECONOMIC DEVELOPMENT ADVISORY COMMISSION
Jan. 26, 2023
6:00 p.m.

Council Chambers – Minnetonka Community Center (open to public)

1. Call to Order
2. Roll Call

Charlie Yunker
Maram Falk
Melissa Johnston
Ann Duginske Cibulka

Steven Tyacke
Jay Hromatka
Lee Jacobsohn

3. Approval of Sept. 08, 2022 Minutes

BUSINESS ITEMS

4. Marsh II – Doran Financing Request

Review and provide a recommendation.

5. Cedar Hills Townhomes – DevCo Financing Request

Review and provide a recommendation

6. Staff Report

7. Other Business

The next regularly scheduled EDAC meeting will be held on **Feb. 23, 2023 at 6:00 p.m.**

8. Adjourn

If you have questions about any of the agenda items, please contact:
Alisha Gray, EDFP, Economic Development and Housing Manager (952) 939-8285
Julie Wischnack, AICP, Community Development Director, (952) 939-8282

**Unapproved
Minnetonka Economic Development Advisory Commission
Minutes**

Sept. 8, 2022

1. Call to Order

Chair Yunker called the meeting to order at 6 p.m.

2. Roll Call

EDAC commissioners Ann Duginske Cibulka, Jay Hromatka, Lee Jacobsohn, Steven Tyacke, and Melissa Johnston were present. Maram Falk was absent.

Staff present: Community Development Director Julie Wischnack, Economic Development and Housing Manager Alisha Gray, and Community Development Coordinator Rob Hanson.

Councilmember Deb Calvert was present.

3. Approval of the EDAC May 19, 2022, and July 14, 2022, Meeting Minutes

Tyacke moved, and Hromatka seconded, a motion to approve the May 19, 2022, and July 14, 2022, meeting minutes. Duginske Cibulka, Hromatka, Jacobsohn, Tyacke, Johnston, and Yunker voted yes. Falk was absent. Motion carried.

4. MCCD Open to Business

Chair Yunker introduced the item and called for the staff report.

Hanson introduced Tyler Hilsabeck, director of small business development at the Metropolitan Consortium of Community Developers (MCCD), and Vicky Gonzalez, a business advisor with the Hennepin County Open to Business program.

Mr. Hilsabeck stated that:

- MCCD works with small businesses one-on-one to provide technical assistance and financing options.
- MCCD's mission is to build strong, stable communities by leveraging resources for the development of people and places.
- MCCD assists businesses that are starting or expanding by creating a strategic plan.
- There is no cost to the business owner.
- MCCD provides a loan program with participating lenders.
- MCCD has served 127 clients since 2017.
- MCCD distributed CARES Act funds and small-business-emergency loans.

- There is a challenge in communicating what MCCD does due to confidentiality issues.

Ms. Gonzalez stated:

- She has been working with several businesses. One is a start-up, and one is an existing daycare looking to expand.
- She is able to provide additional resources and different language capabilities.

Mr. Hilsabeck stated that:

- MCCD is seeing businesses having difficulties due to a shortage of workers.
- There is an increased need for financing as interest rates increase.

Johnston stated that she appreciates the work done by MCCD. She has worked with MCCD in her role as a banker. She asked if MCCD receives tax allocation for new-market-tax-credit loans. Mr. Hilsabeck answered that MCCD does not, but it works with CDFI banks that do receive allocations.

In response to Jacobsohn's question, Mr. Hilsabeck stated that the SBA definition of a small business is a business with 1,500 or fewer employees that earns less than \$40 million a year in revenue. He explained that 95 percent of the businesses MCCD serves have 20 employees or less. Start-up businesses typically have no employees in the beginning and, at the most, usually five or ten employees.

Ms. Gonzalez stated that she deals mainly with start-up businesses that have one to two employees.

Mr. Hilsabeck stated that the most common type of businesses MCCD serves are service, retail, and food which includes distilleries and breweries. Restaurants are difficult to operate if a business owner does not have the right experience. Generally, a business with 20 employees or more has more resources. He had one client that made \$8 million in one year, but usually, MCCD assists businesses that earn no more than \$500,000 a year.

Hromatka asked how MCCD markets its services. Mr. Hilsabeck answered that they travel to businesses in person, attend chamber meetings; host webinars; attend city events; hold office hours at city halls and libraries, and leave brochures for cities to distribute. He would appreciate ideas. Outreach is half of the job. He has learned a lot from the grant programs on how to reach those clients. MCCD tracks its numbers, and if participation dips, then staff looks into the cause.

Wischnack added that Minnetonka advertises MCCD's services in the Thrive newsletter, which is delivered to every business in Minnetonka. Almost every Minnetonka staff

member knows about the service, including building permit inspectors and environmental health staff who interact with business owners on-site and have the opportunity to direct a business owner to MCCD. Participation was slow in the beginning, but the last few years have produced amazing results.

Chair Yunker thanked Mr. Hilsabeck and Ms. Gonzalez for attending the meeting.

Hromatka thanked staff for the city tour commissioners and council members attended. He found it very beneficial.

5. Commercial Code Compliance Loan Program

Hanson provided the staff report.

Jacobsohn asked if the loan could be utilized by either a business owner or a property owner. Hanson answered affirmatively. The property is required to be used for commercial use.

Johnston likes the changes made from the last meeting. She asked if a C corporation would be ineligible. Hanson answered affirmatively. National-chain franchises would not be eligible.

Hromatka moved, seconded by Jacobsohn, to recommend that the city council approve the commercial code compliance loan program with the following changes:

- Loans would have a two percent interest rate; loans less than \$15,000 would have a term of five years; loans between \$15,000 and \$25,000 would be paid over ten years, and there would be a monthly repayment.
- Loans would be entirely guaranteed by at least 50 percent ownership of the business.
- The full balance of the loan may be due at the sale or transfer of ownership of the business.
- The business must operate for profit and be legally allowed or licensed to operate within Minnetonka.

Duginske Cibulka, Hromatka, Jacobsohn, Tyacke, Johnston, and Yunker voted yes. Falk was absent. Motion carried.

6. Staff Report

Hanson and Wischnack provided the staff report:

- Staff, councilmembers, and commissioners went on a bus tour of developments and improvements recently done and ongoing in Minnetonka.

- The Metropolitan Council staff are offering a walking tour of the Opus SWLRT Station on Sept. 17, 2022, from 1 p.m. to 3 p.m. Bren Road West has reopened, and the bridgework is complete. Construction on Yellow Circle Drive will continue into the fall. Part of Red Circle Drive remains closed to westbound traffic.
- Regional Metro Transit ridership is increasing. The express routes have not yet returned to normal; however, local routes have largely returned to normal scheduling.
- Development updates on The Pointe, Minnetonka Station, Doran, Shady Oak Office Center (Wellington), Greystar Development, Abdo Market House, Amavida, Ridgedale Park project, Goddard School, Minnetonka Vantage and Momentum buildings, Buhl Investments, Brito's Burritos, First Light Donuts, Dick's House of Sport and Top Ten Liquors and WineSide.
- The number of visitors to the Ridgedale shopping area has improved since the decrease caused by COVID.
- Update on the business work plan.
- HomeHelpMN is accepting applications for mortgage assistance until funds are exhausted. Homeowners may now be eligible for up to \$50,000. There is no longer a time restriction on past-due expenses.
- Minnetonka continues to offer emergency rental assistance to Minnetonka renters who have been financially impacted by COVID.
- A new staff member will be starting in community development on Sept. 26, 2022.
- The Homes Within Reach CDBG rehabilitation program provided nine households with assistance. Forty-four percent of the assisted homeowners were people of color, and all had incomes below 80 percent of the area median income.

7. Other Business

EDAC commissioners are invited to attend a housing study session with council members scheduled to be held on Sept. 19, 2022, and review a TIF management report with council members at its meeting scheduled to be held on Oct. 3, 2022.

There will be a webinar entitled The Leading Real Estate Voices on the Business Case for Sustainability scheduled to be held on Oct. 5, 2022, from 12 p.m. to 1 p.m.

The next EDAC meeting is scheduled to be held on Oct. 27, 2022, at 6 p.m.

Tyacke noted that the electric-vehicle chargers at Target by Ridgedale are always being used. He suggested electric-vehicle-charging stations be provided at Ridgedale Center. Wischnack explained that staff is researching the legality of requiring businesses to provide electric-vehicle-charging stations. There are 434 electric vehicles currently owned by Minnetonka residents. She noted that there is usually a wait to purchase an electric vehicle.

8. Adjournment

The meeting was adjourned at 6:55 p.m.



**Economic Development Advisory Commission
Agenda Item #5
Meeting of Jan. 26, 2023**

Title: Marsh II - Doran Financing Request
Report From: Alisha Gray, EDFP, Economic Development and Housing Manager
Submitted through: Julie Wischnack, AICP, Community Development Director

Action Requested: Motion Informational Recommendation
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed: 4 votes 5 votes N/A Other

Summary Statement

Doran Development is seeking financing assistance to provide affordable housing units at 11816 Wayzata Blvd, currently known as Offices of Marsh Run.

Recommended Action

Review the financing request and make a recommendation.

Strategic Profile Relatability

- | | |
|--|--|
| <input type="checkbox"/> Financial Strength & Operational Excellence | <input 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 items supports the production of affordable housing.

Financial Consideration

- Is there a financial consideration? No Yes [Enter estimated or exact dollar amount]
Financing sources: Budgeted Budget Modification New Revenue Source
 Use of Reserves Other [Enter]

Statement: The proposed funding source is a new tax increment financing redevelopment district.

Background

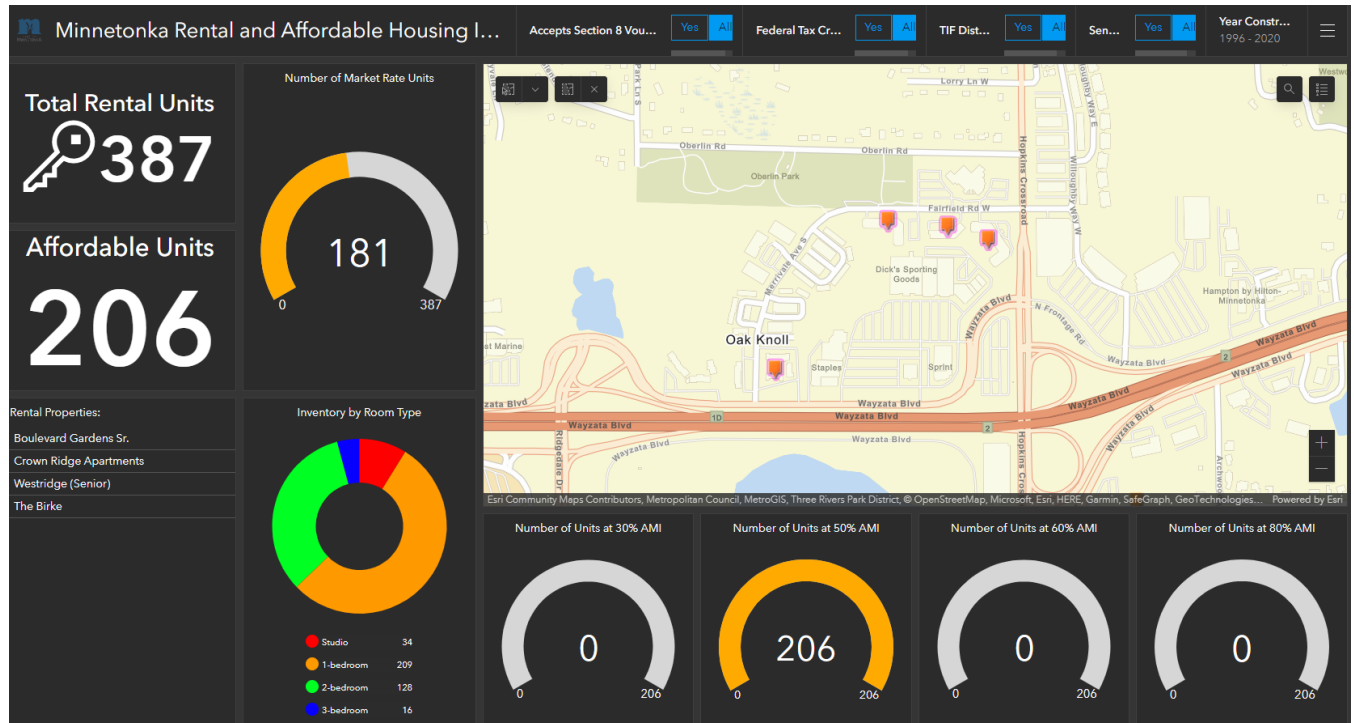
Doran Development has submitted a concept plan to redevelop the property at 11816 Wayzata Blvd. The 4.33-acre property contains a 31,104 sq. ft. two-story office building with associated parking and a stormwater management pond. Doran contemplates redevelopment of the property with the following:

- A 6-story, market-rate apartment building with 197 units. The building would include interior and outdoor amenity spaces for residents, such as:
 - Fitness room, business center, pool and patio area, grill station, and entertainment suites.
- An underground parking garage with approximately 279 parking spaces and surface parking with about 23 parking spaces



Existing Multifamily Housing

Staff recommended affordable units to diversify the affordable housing mix in the area. There are four multifamily housing buildings in the vicinity of the site, as indicated in the [Affordable Housing Dashboard](#) below. The existing neighborhood currently has 206 units at 50% of the area median income and an additional 181 market-rate units. Overall, the Ridgedale area has 2,180 rental units with 336 affordable contractual units ranging from 50% to 60% AMI. Additionally, local for-sale housing at the Gables and Ridgebury provides 104 units of "for sale" affordable housing opportunities for households earning between 50%-80% of the area median income. From this localized analysis, it is apparent that adding affordable units at 60% AMI and 80% AMI will diversify the affordable housing mix in the area.



Current Proposal

The proposed project would include a six-story apartment building with 197 units (40 affordable units). The units would be a mix of studio, one, two, and three-bedroom units. The developer is proposing to provide 20 affordable units at 60% AM and 20 affordable units at 80% AMI, with the following unit mix:

# of Units	Type	Rent Type	Rent
2	Studio (673sf)	Market	\$1,675
		60% AMI	\$1,233
12	1-BR (765sf)	Market	\$1,825
		60% AMI	\$1,320
6	2BR (1,179sf)	Market	\$2,700
		60% AMI	\$1,584
2	Studio (673sf)	Market	\$1,675
		80% AMI	\$1,644
10	1-BR (765sf)	Market	\$1,825
		80% AMI	\$1,761
6	2BR (1,179sf)	Market	\$2,700
		80% AMI	\$2,112
2	3BR (1745sf)	Market	\$3,850
		80% AMI	\$2,440

Market-rate rents on the remaining 157 units range from approximately \$1,675 to \$3,850 per month.

Contract for Private Development

Construction Commencement and Completion

- Construction commencing in Q3 of 2023

Affordability Compliance

- The developer will make 40 units (20% of the total unit mix) affordable to households:
 - 20 units at or below 60% AMI (defining unit mix in the contract)
 - 20 units at or below 80% AMI (defining unit mix in the contract)
 - The city's policy requires a minimum of 30 years of affordability
- The rent on the affordable units is anticipated to be between \$1,223 and \$2,440 per month (depending on the unit size) and based on projected income limits.
- Parking rates would not exceed 10% of the base rent permitted by the published area median income rental rates.
- Language prohibiting practices that discriminate against Section 8 voucher holders or indirectly prohibit tenants from renting a unit (requiring a tenant to have more than two times the applicable rent to qualify for an affordable unit).

A Property Management Covenant will outline the process for disorderly conduct violations at the property.

Financial Assistance

Doran development contacted the city in 2022 to discuss the potential financing gap for the project. The developer initially indicated a gap of approximately \$8.25 million due to site conditions, rising construction and infrastructure costs, and the cost of providing affordable units. The city's financial advisor, Ehlers, reviewed the request and completed the financial analysis. Ehler's analysis found that the affordable units created a gap of \$3.8 million. In addition, poor soil conditions requiring demolition, dewatering, and geo-piers/piling created an additional gap of \$800,000. The proposed source of financing to fill the \$4.6 million gap is the establishment of a new tax increment financing redevelopment district. Shane Rudlang and Stacie Kvilvang from Ehlers reviewed this request and prepared the attached memo that includes an analysis of the request and a recommendation.

Staff Recommendation

Staff recommends up to \$4.6 million to assist with financing the affordable units and extraordinary project costs through establishing a tax increment financing redevelopment district. The following is a summary of Ehlers' recommendation that is included in the memo:

- Provide up to \$4.6 million in tax increments over a 12-year term.
- Require a 30-year period of affordability.
- Establish a look-back provision in the development agreement
- Continue discussion to provide a transitional housing unit

The assistance requested from the developer would result in a per-unit cost of approximately \$3,833 per year over a 30-year affordability period based on total assistance of \$4.6 million. The per-unit assistance on previously approved housing redevelopment projects ranges from \$500 per unit/per year to \$4,571 per unit/per year.

The city's financial consultants, Shane Rudlang or Stacie Kvilvang of Ehlers, and Minnetonka staff member Alisha Gray will be present at the meeting to answer any questions.

Next Steps

Depending on the commission's recommendation, the next step would be to prepare a formal contract with the applicant. The contract for private development would then be presented to the city council/economic development authority at a future meeting.

Project Schedule

- Planning Commission - Jan. 19, 2023
- EDAC - Jan. 26, 2023
- City Council- Jan. 30, 2023

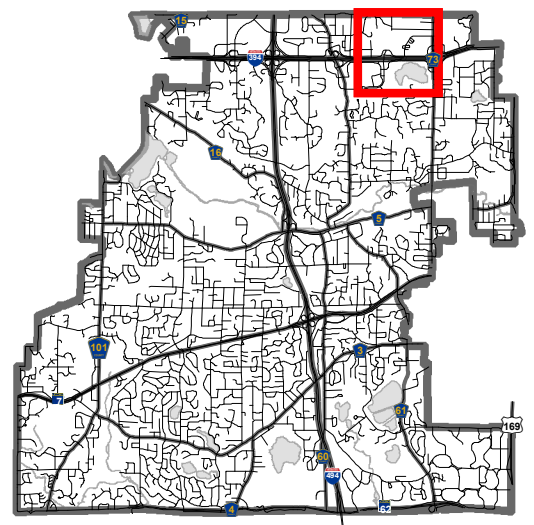
Attachments

- Location Map
- Doran Memo
- Ehlers Memo
- Affordable Housing Production Summary
- [Affordable Housing Policy](#)



Location Map

Project: Marsh Run II redevelopment
 Address: 11816 Wayzata Blvd



DORAN

DEVELOPMENT

January 17, 2023

City of Minnetonka
Planning Department
Attention: Alisha Gray
14600 Minnetonka Blvd
Minnetonka, MN 55345

Dear Ms. Gray,

Doran RE Partners, LLC would like to submit a formal application for Tax Increment Financing (TIF) to support a proposed redevelopment located at 11816 Wayzata Blvd. In October 2022, the Doran Development team had an initial meeting with City staff to discuss goals for redevelopment of the existing three-story office building and associated parking. The discussion included suitable uses for redevelopment, site layout considerations, and challenges with redevelopment given the sites current condition. After initial staff feedback, the Development Team produced plans and hosted a neighborhood meeting on November 29, 2022. Feedback from neighbors was taken into consideration when further developing concept plans that were submitted to the City Planning Department on December 16, 2022. The concept plans for redevelopment include a six-story, 197-unit apartment building with two levels of podium enclosing parking (one level below grade) and five levels of wood frame construction.

To make the Development economically feasible, Doran is requesting the city consider providing \$4.6 million in redevelopment TIF for a term of 12 years. The proposed project income is assuming 80% of the units to be priced at market rates with the other 20% of the units to be affordable (40 total units). 10% of the units will be affordable to households earning up to 60% of the Area Median Income (AMI) and the other 10% of the units affordable to households earning up to 80% AMI. The affordability limits on these units are proposed to remain for at least 30 years. The affordability mix was strategically targeted to provide housing that meets what the development team believes the affordability gaps are in this specific area.

The total development costs for the project are estimated to be \$68.5 million. The costs are based on current construction conditions, land acquisition and site preparation costs. Residential income modeled for the project assumes market rates based on current in-place rents from the adjacent Birke Apartments, along with the affordability limits on 20% of the units. Due to extraordinary costs associated with redevelopment and decreased rental income from the affordable units, there project model shows insufficient cash flow to provide a sufficient rate of return, pay operating expenses, and service the debt. Therefore, Doran has modeled a TIF request that would make this redevelopment feasible.

DORAN

DEVELOPMENT

We look forward to continued conversations regarding the requested TIF assistance. Please let me know if you have any questions or concerns.

Sincerely,



Jacquell Hajder
Director of Development
Doran Development, LLC
952-641-9423
Jacquell.Hajder@dorancompanies.com

MEMORANDUM

TO: Julie Wischnack – Community Development Director
 Alisha Gray – Economic Development and Housing Manager
 FROM: Stacie Kvilvang & Schane Rudlang - Ehlers
 DATE: January 17, 2023
 SUBJECT: Marsh Run II - Doran Development Analysis of Financial Request

The City of Minnetonka (the “City”) received a financial assistance request from Doran Companies (the “Developer”) seeking tax increment financing (TIF) for their proposed redevelopment of 11816 Wayzata Blvd. The Developer has proposed to construct a 197-unit, mixed-income, multi-family apartment consisting of studio, 1, 2, and 3-bedroom units. Construction would commence in Q3 of 2023 and is anticipated to cost approximately \$67.3 million or \$341,000 per unit. The Developer cited a financial gap in their financial projections for the project (“proforma”) and requested 15 years of TIF at a present value they estimated at \$8.25 million (2% inflation figured in).

Affordability and Unit Mix

As currently proposed, the developer plans to include 20% of the units affordable at 60% Area Median Income (AMI) and 80% AMI as shown in the tables below:

Unit Mix				
	Market	60% AMI	80% AMI	Total
Studio	32	2	2	36
1-BR	86	12	10	108
2-BR	31	6	6	43
3-BR	8		2	10
Total	157	20	20	197

Affordability By Unit Type			
Type	# of Units	# affordable	% Affordable
Studio	36	4	11%
1-BR	108	22	20%
2-BR	43	12	28%
3-BR	10	2	20%
Total	197	40	20%

Financial Analysis – Affordability and Extraordinary Costs

Providing affordable and workforce housing has a cost that can be quantified. We calculated the differential between market rate rents and rents for the 60% AMI and 80% AMI units. We amortized this over 30 years (per the City’s policy on term for affordability) and discounted it at 5% which is the Developers anticipated rate of permanent financing. This equates to a present value cost of \$3.8 million as further noted in the table below:

Affordability Costs		Years: 30	
Units	Total	Per Unit	Per Year
40	\$3,816,672	\$95,417	\$3,181

In addition, the project has \$800,000 in extraordinary costs as shown in the table on the following page:

Extraordinary Costs			
Project Cost	Amount	% of Cost	Per Unit
Demolition	\$200,000	0.4%	
Dewatering	\$100,000	0.2%	
Geopiers/Piles	\$500,000	0.9%	
TOTAL	\$800,000	1.5%	\$20,000

Added together, the cost to provide the affordable and workforce housing units and extraordinary costs is \$4.6 million.

Based on previous policy discussion and similar recent projects, we understand that the City is willing to consider TIF, provided that the amount of assistance does not exceed what is necessary to make the project financially feasible. Ehlers sized the need for TIF assistance by taking the aforementioned issues into consideration as well as analyzing the Developer’s project budget and projections, generally known as a pro forma. We reviewed the project based on industry standards for construction, land, and project costs; rental rates; operating expenses; developer fees; underwriting and financing criteria; and, cash flow / return on investment. The table below depicts the Developer’s proposed sources and uses for the project.

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	41,501,905	62%	210,580
TIF Note	4,600,000	7%	23,340
Equity	21,167,145	31%	107,402
TOTAL SOURCES	67,269,050	100%	341,323

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	5,122,000	8%	25,989
Construction Costs	49,982,341	74%	253,610
Contractor Fee	1,370,699	2%	6,955
Environmental Abatement/Soil Correction	1,250,000	2%	6,342
Professional Services	3,693,000	5%	18,738
Financing Costs	3,847,260	6%	19,521
Developer Fee	2,003,750	3%	10,167
TOTAL USES	67,269,050	100%	341,323

The analysis shows that \$4.6 million in TIF assistance results in financial returns that makes the project financially feasible and the returns are within market industry standards.

Recommendation

Based on our review, we’ve concluded that the development would not reasonably be expected to proceed without \$4.6 million in TIF assistance over 12 years. We recommend that a term sheet and development agreement include a lookback as with past projects to ensure that the actual financial returns on the project are not in excess of normal market returns.

Please contact either of us at 651-697-8500 with any questions.

Minnetonka Affordable Housing Production Summary

Name of Project	Number of Affordable Units	Number of Market Rate Units	Total Assistance (for affordable units)	Years of Affordability	Assistance per Unit, per Year	Affordability Level
Doran (Marsh II)	40 units (20% of units)	157	\$4.6M (\$3.8M for afford. and \$800k site improv.)	30	\$3,833	10% at 60% AMI and 10% at 80% AMI
Doran (Birke)	35 (20% of units)	175	\$4,800,000	30	\$4,571	50% AMI
Linden Street (10400 Bren Rd)	28	247	\$553,000	30	\$1,315	10% at 50% AMI
Doran (5959 Shady Oak)	54	302	\$280,000	30	\$491	5%@50%, 5%@60%, 5%@80%
Wellington Management	68	155	\$2,400,000	30	\$1,716	10%@50% AMI, 20% @80% AMI
United Properties (The Pointe)	19	167	\$400,000	30	\$701	9@ 50% AMI, 9@ 60% AMI
Dominium	482	0	\$7,809,000	30	\$540	60% AMI
Homes Within Reach (2004-2020 grant years)	59	0	\$2,981,435	99	\$510	80% AMI
The Ridge	52	0	\$1,050,000	30	\$673	60% AMI
Shady Oak Crossing	52	23	\$1,900,000	30	\$2,753	60%AMI
West Ridge Market (Crown Ridge, Boulevard Gardens, Gables, West Ridge)	185	0	\$8,514,000	30	\$1,534	<i>Crown Ridge—60% AMI Boulevard Gardens—60% AMI Gables—initially 80% AMI, now no income limit West Ridge—50% AMI</i>
Beacon Hill (apartments)	62	48	\$2,484,000	25	\$1,602	50% AMI
Ridgebury	56	163	\$3,243,000	30	\$1,930	Initially--80% AMI, Now no income limit
Glen Lake (St. Therese, Exchange)	43	119	\$4,800,000	30	\$3,721	60% AMI
Cedar Point Townhomes	9	143	\$512,000	15	\$3,792	50% AMI
Tonka on the Creek (Overlook)	20	80	\$2,283,000	30	\$3,805	50% AMI
At Home - The Chase at 9 Mile	21	106	\$2,500,000	30	\$3,968	50% AMI
Applewood Pointe	9	80	\$1,290,000	Initial Sale/Ongoing maximum %	\$4,777	80% AMI

updated 01/18/2023



**Economic Development Advisory Commission
Item #5
Meeting of January 26, 2023**

Title: Cedar Hills – DevCo LLC Financing Request
Report From: Alisha Gray, Economic Development and Housing Manager
Submitted through: Julie Wischnack, AICP, Community Development Director

Action Requested: Motion Informational Recommendation Vote
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed 4 votes 5 votes N/A Other

Summary Statement

DevCo LLC is seeking financing assistance to rehabilitate Cedar Hills Townhomes at 10860 Cedar Bend.

Recommended Action

Make a recommendation to the city council to enter an agreement with DevCo LLC to provide financial assistance.

Strategic Profile Relatability

Financial Strength & Operational Excellence Safe & Healthy Community
Sustainability & Natural Resources Livable & Well-Planned Development
Infrastructure & Asset Management Community Inclusiveness N/A

The proposed project preserves naturally occurring affordable rental housing units for very low-income households.

Financial Consideration

Is there a financial consideration? No Yes \$1,063,833
Financing sources: Budgeted Budget Modification New Revenue
Source Use of Reserves Affordable Housing Trust Fund

Background

DevCo has a contract to purchase Cedar Hills Townhomes (currently owned by Dominion). Cedar Hills Townhomes, built in 1983, consists of five townhome buildings with 30 family-sized units. The unit mix includes 20 two-bedroom units, nine three-bedroom units, and one four-bedroom unit. The property currently serves very low-income families. DevCo's interest in purchasing the property is to maintain long-term affordability and complete substantial renovations. DevCo intends to assume the Section 8 Housing Assistance Payment (HAP) contract until 2033. The HAP assistance ensures that households only pay 30% of their income towards rent. Additionally, the project formerly received Low-Income Housing Tax Credits (LIHTCs) that provide additional affordability restrictions through 2037 and will remain in place following the sale of the property.

Financing Request

DevCo plans to acquire the property and complete nearly \$2 million in improvements (\$64,714 per unit) to remedy high-priority improvements to the property. DevCo is requesting an additional \$1,011,830 (\$34,117 per unit), structured as a 30-year deferred loan, to assist with improvements that will increase the living conditions within the individual units. Repairs include replacing windows and trim, appliances, furnaces, water heaters, A/C, and adding LED light fixtures. These improvements will not necessarily reduce costs for residents as they are only required to pay 30% of their income towards housing. It will reduce energy and water consumption for the overall building. The proposed scope of work for the DevCo and city-assisted improvements is attached.

Ehlers reviewed this request with staff and recommended the following structure for assistance:

- Provide a 0% interest 30-year deferred loan for \$1,011,830 through the city's Affordable Housing Trust Fund
 - The loan will be paid back at recapitalization, refinance, or sale
- The 30-year term coincides with the city's affordability requirement.

Acquisition Timeline

On [Dec. 19, 2022](#), the city council supported the application for tax-exempt private activity bonds through the state. In January 2023, the State of MN notified the city that DevCo was preliminarily approved for an allocation to purchase and rehabilitate the Cedar Hills Townhomes and the Blooming Glen Townhomes in Bloomington. The city's support for the issuance of these bonds does not impact the city's ability to issue general obligation bonds in 2023. In addition, DevCo must pay all fees related to the issuance of the bonds for the Minnetonka and Bloomington projects.

DevCo is under contract to acquire Cedar Hills Townhomes on Feb. 13, 2023, and will apply for 4% Low-Income Housing Tax Credits through MHFA.

DevCo plans to close on the property on Feb. 13, 2023.

- Property Acquisition: Feb. 13, 2023
- Close on the bond financing around May 2023
- Start Construction following bond and tax credit allocation
- Complete construction within seven months of construction start

Next Steps

Depending on the commission's recommendation, the next step would be to prepare a formal contract with the applicant for the deferred loan. The agreement would then be presented to the city council/economic development authority.

Attachments

Location Map

DevCo funded improvements scope of work

DevCo city assistance requested scope of work

Letter and information from DevCo

DevCo- Planned Improvements for Cedar Hills



Budgeting Cost Proposal Scopes of Work

Number Units: **30**

Project: **Cedar Hills Townhomes**
 Location: **Minnetonka, MN**
 Estimator: **Mike Szurek**

Date: **1/18/2023**

1	Needs Ass. #	Site Work	Quantity	Unit	Budget	Alternates
13		Replace 75% of concrete garage aprons			\$10,882	
14		Repair CMU foundation walls at garages (allowance)			\$69,071	
16		Replace corroded foundation wall of laundry building with poured in place foundation wall			\$24,587	
19		Replace Monument Sign			\$12,000	
TOTAL SITEWORK					\$116,540	\$0

2	Needs Ass. #	Building Exterior	Quantity	Unit	Budget	Alternates
31		Replace shingle roofing			\$375,416	
		Repair/Caulk Siding			\$40,000	
38		Repair Decks			\$100,000	
TOTAL EXTERIOR					\$515,416	\$0

3	Needs Ass. #	Common Areas	Quantity	Unit	Budget	Alternates
TOTAL INTERIOR COMMON AREA WORK					\$0	\$0

4	Needs Ass. #	Unit Interiors	Quantity	Unit	Budget	Alternates
42		Move Tenants Belongings			\$24,115	
45		Replace flooring (Carpet in living/bedroom, sheet vinyl in kitchens and bathrooms) Vinyl base. Replace flooring (LVP in kit and bath only) = \$153,123			\$394,087	
47		Replace cabinets and tops			\$216,478	
48		Repair squeaky floors in upper level of units			\$2,387	
49		Replace window sills			\$26,394	
50		Interior unit painting (Full = \$132,000 - Kitchen and bath only = \$16,114)			\$132,000	
51		Replace corroded foundation walls at unit entry areas with poured in place foundation walls			\$96,456	
TOTAL UNIT INTERIORS					\$891,917	\$0

5	Needs Ass. #	Mechanical/Electrical	Quantity	Unit	Budget	Alternates
61		Replace tubs/surrounds with fiberglass			\$148,500	
TOTAL MECHANICAL/ELECTRICAL					\$148,500	\$0

Hard Cost Subtotal					\$1,672,373	
Hard Cost Subtotal (Per Unit)					\$55,746	

78		General Conditions		6%	\$100,342	
79		Overhead		2%	\$33,447	
80		Profit		6%	\$100,342	
81		Performance Bond			\$16,842	
82		Building Permit			\$18,075	
Grand Total Base Cost					\$1,941,422	
Cost Per unit					\$64,714	

DevCo Additional Improvements - Seeking City Assistance



Budgeting Cost Proposal Scopes of Work

Number Units: **30**

Project: Cedar Hills Townhomes
 Location: Minnetonka, MN
 Estimator: Mike Szurek

Date: 1/18/2023

1	Needs Ass. #	Site Work	Quantity	Unit	Budget	Alternates
		TOTAL SITEWORK			\$0	\$0

2	Needs Ass. #	Building Exterior	Quantity	Unit	Budget	Alternates
12		Replace windows and trim with Pella Encompass Include extension jambs			\$288,876	
		TOTAL EXTERIOR			\$288,876	\$0

3	Needs Ass. #	Common Areas	Quantity	Unit	Budget	Alternates
		TOTAL INTERIOR COMMON AREA WORK			\$0	\$0

4	Needs Ass. #	Unit Interiors	Quantity	Unit	Budget	Alternates
4		Replace appliances			\$67,089	
		TOTAL UNIT INTERIORS			\$67,089	\$0

5	Needs Ass. #	Mechanical/Electrical	Quantity	Unit	Budget	Alternates
12		Replace furnaces (has some transite ducting) Thermostats			\$308,154	
14		Replace water heaters			\$114,351	
21		All of the existing line sets for the A/C run along the floor to the exterior and are hidden with fin tube covers. Most of the covers are destroyed. Replace			\$51,360	
22		Replace light fixtures with LED			\$50,023	
		TOTAL MECHANICAL/ELECTRICAL			\$523,888	\$0

Alternate Cost Subtotal					\$879,853	
Alternate Cost Subtotal (Per Unit)					\$29,328	

27		General Conditions		6%	\$52,791	
28		Overhead		2%	\$17,597	
29		Profit		6%	\$52,791	
30		Performance Bond			\$9,269	
31		Building Permit			\$11,199	
		Grand Total Base Cost			\$1,023,501	
		Cost Per unit			\$34,117	

DEVCo, LLC

Acquisition/Rehab Business Plan



Blooming Glen Townhomes

724 Southglen Drive, Bloomington, MN 55420

50 Units | 100% Project Based Section 8 | 1981 Year Built | 2008 Rehabbed



Cedar Hills Townhomes

10844 - 10860 Cedar Bend | Minnetonka, MN 55305

30 Units | 100% Project Based Section 8 | 1983 Year Built | 2007 Rehabbed

MARKET

Brief Market Description

Hennepin County is Minnesota's most populous county as of the 2020 census, the population was 1,281,565. Hennepin county is home to many major employers, including twelve fortune 500 companies headquartered in the county such as United Health Group, Target, and Best Buy. According to the 2016 American Community Survey, the average household income in Hennepin County is \$71,200.

Brief Submarket Description

Blooming Glen is conveniently located off the East Bloomington Freeway at 724 Southglen Drive in Bloomington, Minnesota, a Minneapolis suburb. Residents have speedy access to Interstate 35W, facilitating an easy commute to the major employment, education, and retail and entertainment hubs throughout the greater Minneapolis region. The property is a half mile south of West 98th Street, a primary arterial and commercial corridor filled with Bloomington's top amenities and conveniences including Marsh Lake Park and Bloomington Ice Garden, Bloomington Center for the Arts, and numerous shopping and dining options. The Old Cedar Avenue Bridge Trailhead, the Mall of America, and Minneapolis Saint Paul International Airport are all within a 5- to 10-minute drive. Central Minneapolis is 12 miles north, and downtown St. Paul is a 25-minute commute for residents.

Cedar Hills Townhomes is conveniently located at 10844-10860 Cedar Bend in Minnetonka, Minnesota. Minnetonka is an affluent suburb with a quaint and thriving downtown, set amongst beautiful national surroundings with quick access to Central Minneapolis, situated 8.5 miles east. Residents are within short walking distance of conveniences such as Hopkins North Junior High, Hopkins High School, ALDI grocery store, and a shopping and dining plaza. Ridgedale Center shopping mall, anchored by Nordstrom and Macy's, is just two miles from the property. Local amenities like Minnetonka Ice Arena and Cedar Manor Lake Park are nearby. Interstates 494 and 394 are quickly accessible, facilitating an easy commute to major employment and education hubs throughout the metro area. The Minneapolis-Saint Paul International Airport is about a 20-minute drive from the property.

Site Description, Amenities, & Neighboring Uses

Blooming Glen is an affordable, 50-unit apartment community located in Bloomington, Minnesota in Hennepin County, part of the Minneapolis-St. Paul-Bloomington, MN-WI Metro Area. Built in 1981 and rehabbed in 2008, the garden-style property is comprised of 7, two-story, townhome-style apartment buildings of wood frame construction with vinyl panel siding and pitched composition shingle roofs. Some exterior buildings have been recently updated with new siding and roofs. A separate property management building is on-site. Blooming Glen offers a unit mix of spacious two-, three, and four-bedroom residences, each featuring a fully equipped kitchen, an in-unit washer and dryer, and a private garage. Common areas include a clubhouse, business center, playground, and professionally maintained grounds.

Unit Amenities

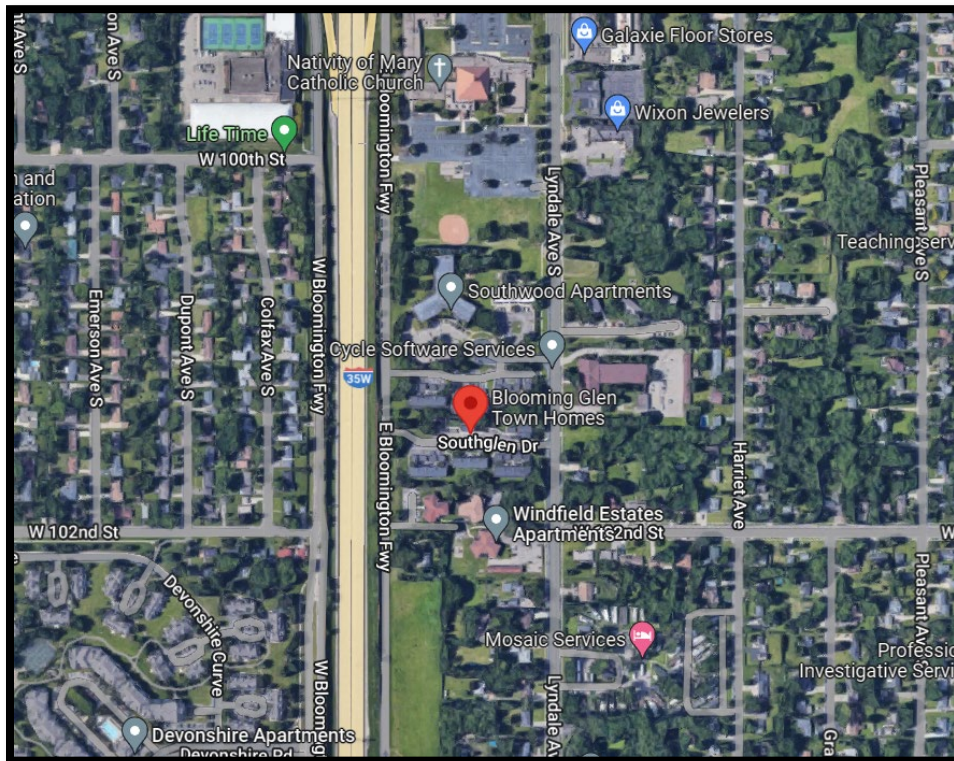
- Spacious and Open Floor Plans
- Private Entry
- Heating
- Refrigerator
- Electric Range with Oven
- Dishwasher
- Built-In Microwave Oven

Common Area Amenities

- Clubhouse With Fireplace
- Business Center
- Playground
- Professional Landscaping
- Open Green Spaces

- Dual Stainless-Steel Sink
- Upgraded Cabinetry
- Dining Area
- Vinyl Flooring
- Washer And Dryer
- Private Porch
- High-Speed Internet Access

Surrounding uses include apartment buildings, a church, retail to the north and single-family homes. The property is located just east of Highway 35W which can provide quick access to the twin cities.



Cedar Hills Townhomes is an affordable 30-unit, multifamily community located in Minnetonka, Minnesota, a Minneapolis suburb in Hennepin County. Built in 1983 and rehabbed in 2007, the property is situated on 2.78 acres and consists of 2, two-story buildings with vinyl panel siding and pitched composition shingle roofs. Cedar Hills Townhomes offers a variety of spacious two-, three-, and four-bedroom units featuring new individual HVAC air conditioning and heat, new carpeting, and private patios / balconies. Laundry facilities, a playground area, and a management office are on-site. The grounds are aesthetically pleasing, with manicured grass areas and a variety of mature shade trees. The property is within walking distance of shopping, dining, and schools.

Unit Amenities

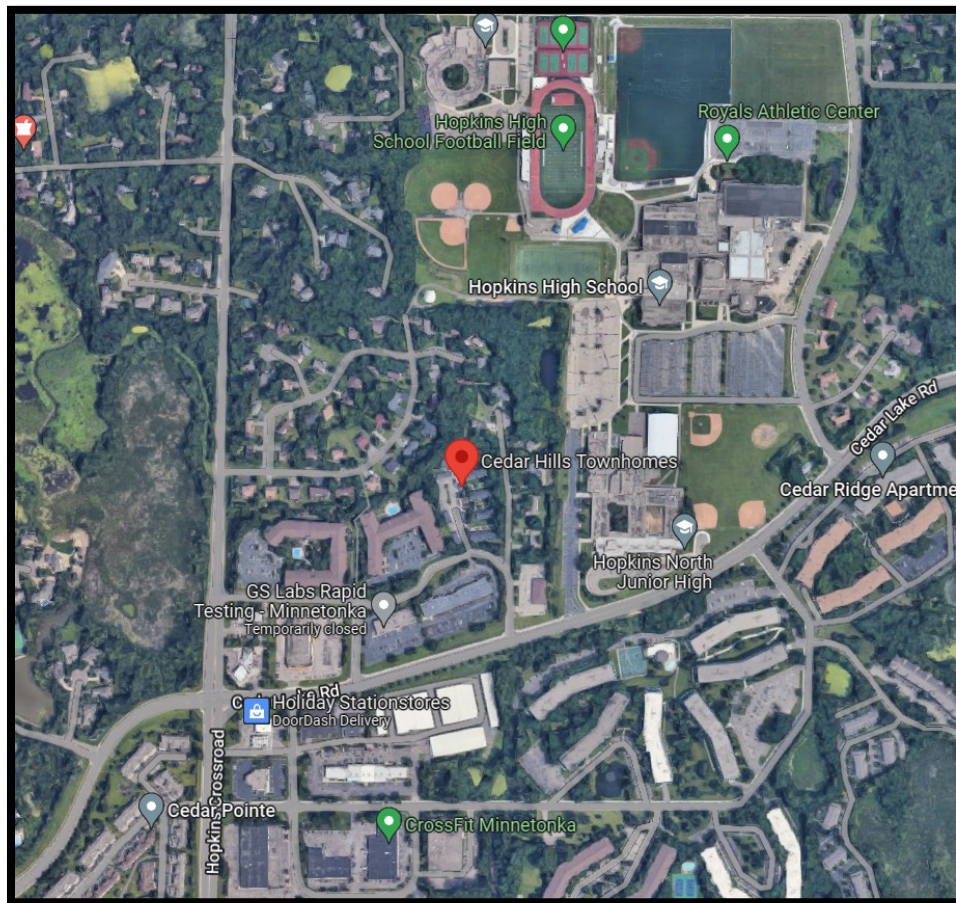
- Open And Spacious Floor Plans
- Townhouse-Style Floor
- Plans Available
- Individual Air Conditioning / Heat
- Refrigerator

Common Area Amenities

- Clubhouse With Fireplace
- Laundry Facilities
- Additional Storage Space Available
- Playground
- Picnic Areas With BBQ Grills

- Range With Oven
- Combination Tub And Shower Surround
- New Carpeting
- Window coverings
- Vinyl Flooring
- Washer And Dryer
- Private Porch
- High-Speed Internet Access
- Professional Landscaping Open Green Spaces
- Open Green Spaces
- No Pets Allowed
- On-Site Property Management
- 24-Hour Emergency Maintenance
- 24 Covered Parking Spaces
- 40 Open Surface Spaces
- Detached Garages Available

Surrounding uses include Hopkins High School, several apartment buildings to the west and SE, single family homes, and commercial uses to the SW of the property.



UNDERWRITING

Unit Mix & Affordability Restrictions

Bedrooms	Bathrooms	Set Aside	Units	Square Footage	Current Rent	As-Is Market Rents	Renovated Market Rents
Blooming Glen Townhomes							
2	1	60%	28	980	\$1,500	\$1,370	\$1,520
3	2	60%	18	1120	1,630	1,800	1,950
4	2	60%	4	1260	1,950	2,100	2,250
Cedar Hills Townhomes							
2	1	60%	20	980	1,362	1,825	1,975
3	1.5	60%	9	1120	1,541	2,125	2,275
4	1.5	60%	1	1260	1,736	2,400	2,550

Both properties are covered by Housing Assistance Payment (HAP) Contracts and tenants are required to pay only 30% of their income each month to rent. Income restrictions are in place at the property where tenants cannot make more than 60% of the Area Median Income (AMI). The units will remain income and rent restricted for a period of 15 years with the initial compliance period and an additional extended use period of 15 years after.

Schedule

DevCo is under contract to purchase the properties in January of 2023 and will apply for 4% Low Income Housing Tax Credits through MHFA and Tax-Exempt Private Activity Bonds through the City of Minnetonka while adhering to the following timeline, which is subject to change. DevCo will apply for the MN 2023 housing tax credit round in January.

PSA Executed	8/22/2022
Bond Allocation	1/12/2023 – Received allocation from MMB
Hap Assignment Approval	1/13/2023 – Received approval from HUD
Acquisition Closing	2/13/2023
Tax Credit Application	2/17/2023 target date – MHFA accepts TC applications on a rolling basis
Tax Credit Closing Date	Late Q2 2023
Construction Start Date	Two weeks after tax credit closing
Construction End Date	7 months after construction start

DEAL TEAM

General Contractor

Frerichs Construction has been successfully completing projects in nearly every facet of commercial construction since our inception in 1983. From big box office warehouses, schools, and industrial work to hospitality or retail; you name it, we can and have done it successfully. Our primary niche market has become multi-family housing, new or remodel. But simply because that is the majority of our work, don't let that indicate it to be all that we do.

Contact: Jason Larson

Phone: 612-615-5198
Email: Jasonl@frerichsconstruction.com

Architect

KWA is a unique Architectural design firm that uses a team approach to better understand specialized environments for living and aging. Our team is exceptional in its ability to create positive solutions to complex buildings and interiors. We thrive in early and constant collaboration with Clients and General Contractors, creating a team approach that generates unmatched successes in the end. This process has produced award winning projects in Affordable Housing, Market Rate Rental, Senior Living, Historic Preservation, and Rehabilitation.

Contact: Jim Schloemer
Phone: 612-279-8837
Email: jims@kaaswilson.com

Management

Evergreen Real Estate Services, LLC (Evergreen) was formed in 1999 and currently manages a diverse property management portfolio of 104 properties consisting of 11,059 units in 11 states. Evergreen Real Estate Services. Evergreen is a full-service property management firm that provides broad-based value to our clients across several disciplines including strategic planning; accounting and financial management; regulatory and compliance and reporting; capital needs analysis; capital improvement planning; facilities management; preventive maintenance administration; resident services; outreach marketing and community liaison services; and human resources and staff training

Contact: Mary Mauney
Phone: 312-382-3237
Email: mmauney@evergreenreg.com

CONSTRUCTION

DevCo is budgeting \$49,095 per door on Cedar Hills and \$38,078 per door on Blooming Glen, or \$3.38M in hard costs. The scope of this work will include but is not limited to the repainting of kitchens and baths, replacement of flooring, kitchen and vanity cabinets, tops and sinks, repairing decks, and repairing foundation walls. DevCo will be dialing in a final scope of work over the next couple of months after visiting the site with the contractor and architect.

Tenants at the property will be allowed to stay in place while their unit is undergoing rehabilitation. Frerichs will provide plastic totes or cardboard boxes for packing up items and the contractor will move any large items around the unit during construction. Work in the units will begin around 8am and fully functional units will be given back to tenants at the end of the workday around 5pm.

Environmental

A Phase I Environmental Site Assessment was conducted for Blooming Glen. EBI recommends the development and implementation of an Asbestos Operations and Maintenance (O&M) Plan for the Subject Property. This O&M Plan provides the procedures and guidelines that, when used during facility cleaning, maintenance, and general operations, will minimize human exposure to asbestos fibers and minimize release of asbestos fibers to the environment. This O&M Plan is a long-term management approach. Estimated cost: \$500. EBI additionally recommends that a comprehensive asbestos inspection be conducted prior to significant renovation or demolition of the buildings.

A Phase I Environmental Site Assessment was conducted for Cedar Hills. EBI recommends the development and implementation of an Asbestos Operations and Maintenance (O&M) Plan for the Subject Property. This O&M Plan provides the procedures and guidelines that, when used during facility cleaning, maintenance, and general operations, will minimize human exposure to asbestos fibers and minimize release of asbestos fibers to the environment. This O&M Plan is a long-term management approach. Estimated cost: \$500

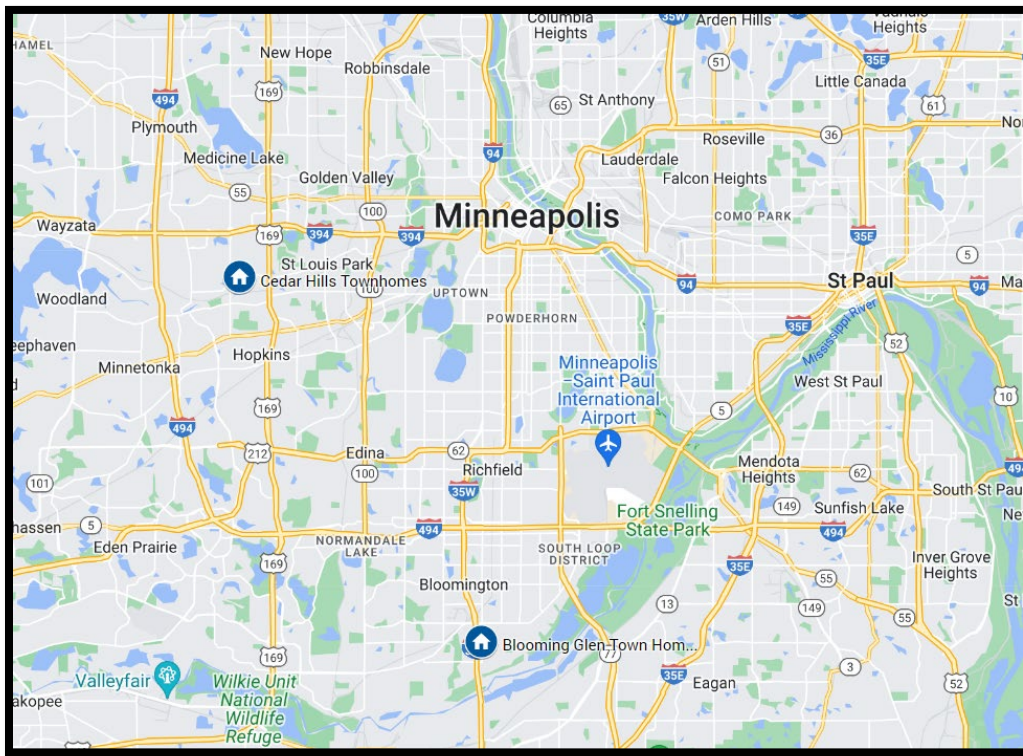
DEVCO PROJECT CONTACTS

- Project Manager: Michael Volz
 - Michael.volz@devcous.com
 - 253-973-7768
- Development Associate: Nick Storlie
 - Nick.storlie@devcous.com
 - 763-688-1119

DEVCO MISSION STATEMENT

DevCo uses its experience in the management, construction and financing of affordable housing to revitalize existing properties and build long lasting communities. By planning extensive renovations and making long-term affordability commitments DevCo Preservation provides quality, affordable housing in growing markets where it is needed most.

MAP



PHOTOS

Blooming Glen Townhomes:







Cedar Hills Townhomes:







**Economic Development Advisory Commission
Item #6
Meeting of January 26, 2023**

Title: Staff Report

Report From: Rob Hanson, EDP, Economic Development Coordinator
Kendyl Larson, Housing Coordinator

Submitted through: Julie Wischnack, AICP, Community Development Director

Action Requested: Motion Informational Recommendation Vote
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed 4 votes 5 votes N/A Other

Summary Statement

Staff updates on community transit, economic development, and housing matters.

Recommended Action

Receive the report; no formal action is required.

Strategic Profile Relatability

Financial Strength & Operational Excellence Safe & Healthy Community
 Sustainability & Natural Resources Livable & Well-Planned Development
 Infrastructure & Asset Management Community Inclusiveness N/A

Transit Updates

Green Line Extension (Southwest LRT)

General Update

Civil work is 70% complete. All bridges, tunnels, and stations are underway, with some completed. Eighty-seven percent of the retaining walls are completed or under construction. Track installation has been ongoing throughout the alignment and is substantially complete in Eden Prairie and Minnetonka. The Franklin Operation & Maintenance facility modifications are complete, and all 27 Light Rail Vehicles have been delivered. Last spring, systems work began in Eden Prairie. This work will continue in the west half of the LRT corridor throughout 2023. Systems work comprises all electrical components necessary to power the LRT

Minnetonka Updates

Construction activities to expect in 2023 include:

- Final paving and guardrail installation at Red/Yellow Circle Drives will be finished.
- An anticipated 45-day full closure of Bren Road E between Bren Road Station and Red Circle Drive to perform road and trail construction work in the spring.
- The contractor will close 5th St/K-Tel Drive for the entire construction season to construct a 17th Ave S extension between Excelsior Blvd and K-Tel Drive. Traffic from the east and west to businesses along 5th St/K-Tel will be detoured.
- Substantial completion and reopening of all remaining roadways, sidewalks, and trails in Eden Prairie and most of Minnetonka are anticipated by the end of 2023.
- Crews will continue to work on the Minnetonka-Hopkins LRT bridge.

Metro Transit

Staff continues to meet with Metro Transit every quarter. At the December meeting, staff received a report on Metro Transit's next public engagement plan called "Network Now." This plan aims to define what Metro Transit's network should look like now. Over the coming year, the project will:

- Review feedback from recent input surveys
- Ask about our framework for making decisions, and what our region needs and values, and work together to develop a network vision.
- Review service changes made since 2020 and how those changes will be addressed.
- Establish what our transit should be today, given changes to travel patterns since 2020.
- Prioritize services to be added back as resources allow.

Overall, system ridership continues to rebound, albeit very slowly. Local routes tend to have recovered more quickly than express routes. Staff is continuing to look at commuting patterns and reaching out to other suburban transit systems to determine the state of suburban commuter transit before making any recommendations for restoration of service.

Development Updates

Projects	Location	Status
<i>Housing</i>		
The Pointe (Amira Minnetonka)	801 Carlson Pkwy	Under Construction – Opening Spring 2023
Minnetonka Station	Opus	Under Construction
Doran (Shady Oak)	5959 Shady Oak Rd	Under Construction
The Townline Apartments (Wellington)	10901 Red Circle Dr	Under Construction – Opening Spring 2023
Greystar Development	10701 Bren Road	Proposed Concept
Abdo Market House	14317 Excelsior Blvd	Approved, Awaiting Plan Submission
Marsh Run II	11816 Wayzata Blvd	Proposed Concept
Mills Church Project	13215 Minnetonka Drive	Proposed Concept
City-owned Properties	Rowland/Baker	Outreach/RFP
<i>Misc. Projects</i>		

Ridgedale Area Park Project	Ridgedale Dr	Under Construction
The Marsh	15000 Minnetonka Blvd	Purchase Agreement Approved
Business Projects		
Buhl Investments	10900 Red Circle Dr	Pending

Business Updates

MCCD Open to Business and Elevate Business HC

The city and Hennepin County have long partnered to provide funding for services through the Open to Business program. The most recent contract between the organizations expired at the end of 2022.

In 2020, Hennepin County launched [Elevate Business](#) to connect businesses and entrepreneurs to experts, capital, and resources. The platform has more than 20 diverse professional business advisors and specialized consultants on board, and more than 1000 entrepreneurs have participated in the platform since its launch.

City staff has communicated with both MCCD and Hennepin County staff and will be integrating the Elevate Business platform and Open to Business services into one service package. The city will enter into a new contract with Open to Business to act as a “business navigator” to help businesses access services via the Elevate Business platform.

The scope of services with Open to Business will remain essentially the same, however, the pool of experts available to Minnetonka businesses will be much larger through the joint partnership. Additionally, Open to Business advisors will now have the capacity to be more engaged with local businesses due to the contract with Hennepin County changing and freeing up organizational resources.

Business consulting services for Minnetonka businesses and residents remains in high demand. Since resuming monthly office hours last spring, Open to Business Advisors have met with 18 different clients. The mid-year report showed that Open to Business spent 53.25 hours providing technical assistance to businesses in the following industries: Food, Health/Fitness, Manufacturing, Professional Services, Tech, Retail, and Service.

The annual financial commitment is \$10,000 for Open to Business to serve as a navigator and \$10,000 for supporting the Elevate Business Platform. The Development Fund is the proposed source for the membership to Open to Business and Elevate.

Contractor Expo

Staff is hosting a half-day contractor’s expo on Thursday, Feb 2, 2023. The expo will be a one-stop shop for builders and contractors across the region. It will provide an overview of everything from permit and inspection requirements to resources for small businesses and sustainability ideas.

Thrive Newsletter

The [Fall 2022 Issue of Thrive](#) Minnetonka was mailed at the beginning of November. This issue featured updated statistics on the traffic patterns at the Ridgedale area from 2018 to the present, and an interview with Hennepin County Business Resource Navigator Tashie George.

The Winter issue of Thrive is currently under development and is planned to be released at the end of February.

Each issue is mailed to 1,208 unique addresses and is sent out electronically 1,515 email subscribers.

Business Workplan Update – Bold items are recent updates

Activity / Topic	Status
Employer Benefit: Down Payment Assistance/Rent	Future
Encourage Business Education Network Partnerships	Underway – Staff to participate with the MPLS Chamber workforce advisory board.
Encourage Business Participation in Local High School Career Programs	Future
Technical Assistance for Creation of Career Pathway Programs	Underway
Police/Community Development Quarterly Business Meetings	Underway
Commercial Code Compliance Loan Program	Complete
CPTED Certification for city staff	Complete
Construction Technical Assistance Marketing Program	Research
Recurring meeting with Xcel Intragovernmental Liaison Staff	Future
Neighborhood Meetings for County/DOT Road Projects	Future
Partner with MPLS Chamber to host business mixers/hiring fairs	Future
Mayor’s Outstanding Business Award	Underway – State of the City to feature Minnetonka Businesses and recognition from the Mayor
Update of city business development webpages	Complete
Obtaining and maintaining up-to-date local economic data	Complete
Business Registration Form	Future
Emergency Assistance Fund	Research
Review contract procurement procedures to encourage DBE contract awards	Underway
List culturally relevant business development centers on the website	Complete

Housing Updates

His House Foundation

On July 27, 2022, an agreement between His House Foundation and the City of Minnetonka was signed to establish a two-year pilot program to help 24 homeless Minnetonka households. The Emergency Homelessness Response Assistance Program provides temporary relief for households experiencing a housing emergency and are experiencing homelessness. The program finances casework, temporary housing, and first-month rent deposits. His House Foundation will help local homeless residents with intensive case management, temporary housing in extended-stay hotels, and assistance with long-term housing solutions.

The program officially started in September 2022, and His House Foundation has assisted 4 Minnetonka households experiencing an emergency homeless situation. To date, approximately \$19,780 has been used to support the 4 households, with approximately \$180,220 remaining in the program funds.

As a reminder, here are the project details:

- The program budget is \$200,000
- HHF will provide services to approximately 24 households over a two-year term.
- HHF estimated project costs:
 - \$95,616 for hotel costs (estimated hotel costs at \$66.40 per night for average of 60-day stay to serve 24 households).
 - \$72,000 for case management costs (60 hours per month at \$50 per hour).
 - \$24,000 to assist with deposit for first month rent (\$1,000 per household)
 - \$8,384 in contingency funding (hotel costs for additional stays)

Mortgage Assistance

HomeHelpMN is accepting applications for mortgage assistance until funds are exhausted. Homeowners with incomes at 100% AMI or under, have fallen behind on their mortgage, or have incurred other housing-related expenses are eligible for the funding. Details of the program include:

- Eligible expenses include: mortgage payments, contract for deed payments, manufactured housing loans, property taxes, property insurance, homeowner or condo fees, and manufactured home lot rent.
- Homeowners may now be eligible for up to \$50,000
- There is no longer a time restriction on past-due expenses. Previously, expenses had to be incurred after January 2020.

HomeHelpMN has received applications for just over 8,000 households as of January 6, 2023, with the request for funds representing approximately 88% of the available funds. Only about 42% of the funds available have been dispursed.

Rental Assistance

ICA and Minnetonka continue to offer emergency rental assistance for Minnetonka residents financially impacted by the COVID pandemic. As of July 2022, the city's funds have helped around 187 households, with \$26,067 remaining to assist Minnetonka residents. In 2023, an additional \$50,000 will be allocated to continue providing this assistance.