

HOUSING BRIEF

Background

This brief summarizes the staff efforts to continue supporting existing households and expanding housing choices, as well as outlines important local and regional housing priorities.

HOUSING BRIEF – HOMELESSNESS WORK GROUP

- November 2022 group prioritized two goals:
 - Drafting procedures based on common housing insecurity scenarios
 - Developing an ArcGIS dashboard to communicate information between departments.

If a call is received related to homelessness, follow these procedures.

<p>Scenario 1</p>	<p>City receives a call about an Individual/Household who appears to be unsheltered (in vehicle, in tent, out in the open).</p>	<ul style="list-style-type: none"> • If it is not an immediate situation or emergency, the call can be directed to CD staff to take in the information. • If it is immediate emergency situation contact Duty Supervisor (952-939-8581). • CD Staff will take the call, see if any other calls have been received via the ArcGIS online database and maps for the same individual/household. • CD staff will connect with Community Engagement Officer (Chad Fierst) to let him know of the individual/household and any additional information that came with the call. • PD should attempt to make contact with individual/household in need of assistance and provide information/support accordingly. • Make determination about what resource to provide. <ol style="list-style-type: none"> i. His House Foundation ii. Contact mental health at PD iii. Contact Family and Friends
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HOUSING BRIEF – HOMELESSNESS WORK GROUP

- Cross-departmental workgroup to proactively address homelessness
- Creation of Homelessness Activity Reporter and Dashboard
- Local research continues; Minnetonka leading in cross-departmental collaboration among neighboring communities
- Most cities house their homeless efforts in their Police and Fire departments, and do not have outlined procedures for different scenarios.

The screenshot displays the Homelessness Activity Dashboard and Reporter interface. The dashboard includes a map of the Minneapolis area with several colored markers indicating activity locations. A legend on the right side of the dashboard lists the following data points:

Type	Status	Date/Time
Encampment	Submitted	12/13/2022, 3:25 PM
Encampment	In Progress	12/6/2022, 4:29 PM
Individual	In Progress	12/6/2022, 3:55 PM
Encampment	Resolved	12/6/2022, 3:51 PM
Encampment	In Progress	12/6/2022, 11:22 AM
Individual	Resolved	12/6/2022, 10:50 AM

The Homelessness Activity Reporter form includes the following fields:

- Activity Observed***: Radio buttons for Individual, Encampment, and Other.
- Observed On***: Date field (2/3/2023) and Time field (03:17 PM).
- Observed At***: A map view with a search bar for finding an address or place.

The dashboard also features a 'Homelessness Reports' section with a logo of two hands holding a large number '6', and a 'Test Data' label at the bottom right.

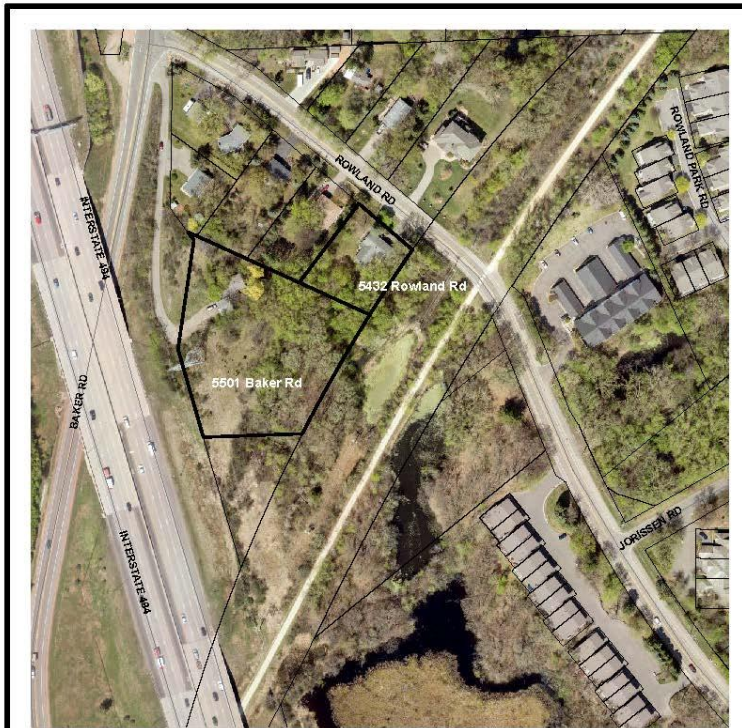
HOUSING BRIEF – HIS HOUSE FOUNDATION

- Emergency Homelessness Response Assistance Program Update
- 2-Year pilot program finances casework, temporary housing, and first-month rent deposits.
- \$19,780 has been used, so far, to support 4 Minnetonka households experiencing homelessness.

Specific Resources Spent

Lease Termination	\$956
Shelter (176 days in hotel @ \$74/night)	\$13,174
Case Management (37 hrs. @ \$20/hr.)	\$740
Case Management (226 hrs. @ \$25/hr.)	\$5,650

HOUSING BRIEF – CITY-OWNED PROPERTIES



- 5501 Baker Road and 5432 Rowland Road Tentative Timeline

February-March 2023	Release of Marketing Soliciting Potential Buyers
March-April 2023	Land use pitch to city staff, city staff makes a recommendation to the city council.
April-May 2023	Sale of Property and Beginning of Concept Plan Review Process
Summer 2023	Land Use Approval and Permitting
Summer-Fall 2023	Construction Begins

- 1809 Welland and 10505 Belmont – closed on January 30th.



LOCATION MAP

Project: City Owned Property Redevelopment
 Location: 5432 Rowland Rd. and 5501 Baker Rd.



HOUSING BRIEF – AFFORDABLE HOUSING TRUST FUND (AHTF)

- In 2021, Minnetonka and 2 other cities received special legislation to transfer “pooled” tax increment for housing development to the city’s housing trust fund to assist with producing affordable units.

Rental Assistance Program \$350,000	<ul style="list-style-type: none">• Up to \$1,500 per household for rental assistance• Assisted 205 households as of January 2023
Minnetonka Station \$553,000	<ul style="list-style-type: none">• 28 units at 50% AMI, 247 market-rate units
Doran (Opus) \$280,000	<ul style="list-style-type: none">• 18 units at 50% AMI, 17 units at 60% AMI, 303 market-rate units
Amira Minnetonka (Carlson Towers) \$400,000	<ul style="list-style-type: none">• 10 units at 50% AMI, 9 units at 60% AMI 167 market-rate units
Housing Emergency Assistance (His House) \$200,000	<ul style="list-style-type: none">• Assistance for households at risk of homelessness or currently homeless
Potential- Pathways to Homeownership Program \$300,000	<ul style="list-style-type: none">• Expanded down-payment assistance program

HOUSING BRIEF – HOUSING STUDY SUMMARY

- Potential rental housing demand is for an additional 6,000 rental units (non-senior) in the next 5 years.
 - 1,800 market-rate units
 - 4,200 affordable units – includes pent-up demand
- 3,200 Minnetonka Households are currently housing cost-burdened, spending more than 30% of their income on housing.
- The chart indicates remaining unmet rental demand over the next 5 years by income group.
- There is a demand for 669 senior units (rental and for sale) within the next 5 years, increasing to 935 units in 5-10 years.

Remaining Unmet Demand	1-5 Years		
	Rental	For-Sale	Total
HH Group by % of AMI			
30% AMI	1,083	0	1,083
50% AMI	778	0	778
60% AMI	1,262	0	1,262
80% AMI	881	0	881
Market Rate	553	150	703
Total	4,557	150	4,707

Source: Marquette Advisors

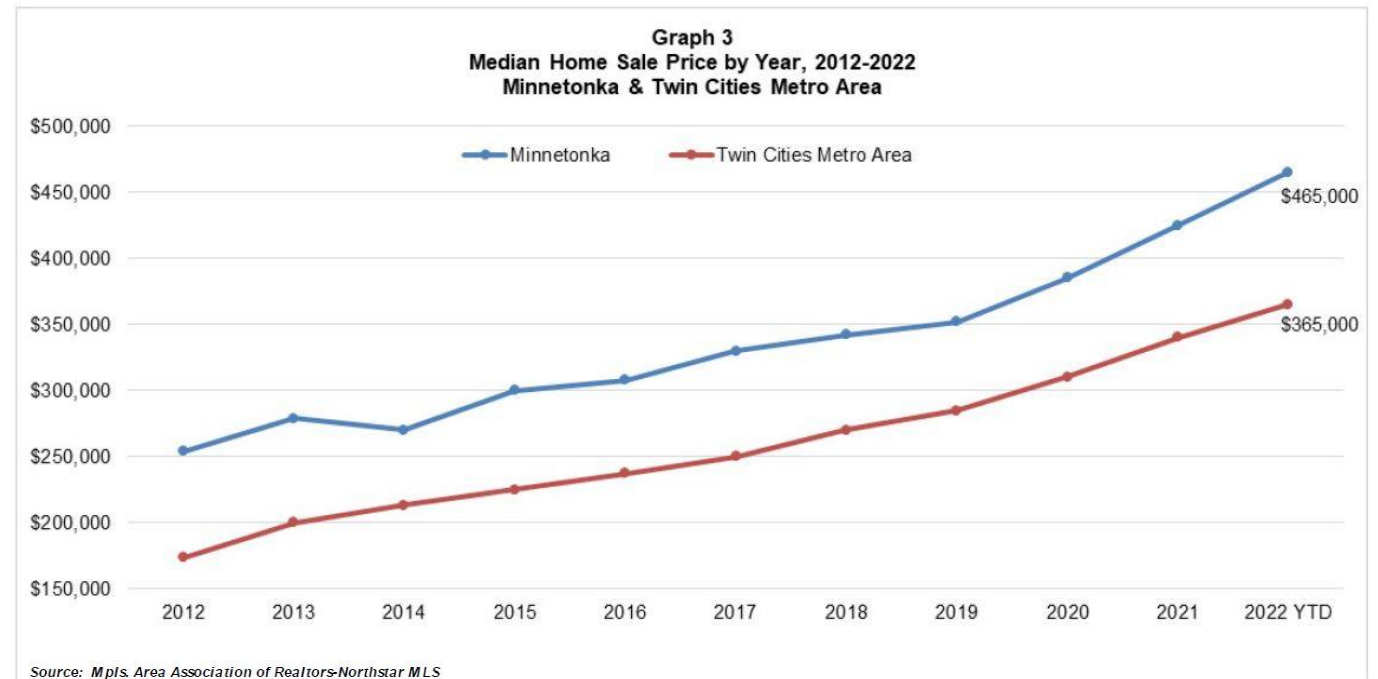
HOUSING BRIEF – EMERGENCY RENTAL ASSISTANCE

- In 2020, council approved \$300,000 for an emergency rental assistance program for Minnetonka residents impacted by COVID-19.
- As of January 2023, 205 households have received assistance totaling \$273,769.63.
- Council approved and allocated an additional \$50,000 for 2023.

Demographic Data – January 2023	
Black Households	55%
White Households	30%
Asian Households	2%
Hispanic Households	7%
Other Households	11%
Female Head of Household	69%

HOUSING BRIEF – HOUSING STUDY SUMMARY

- For-Sale Housing Demand is around 300 units over the next 5 years.
- Expected to be unmet due to market challenges impacting buyers and builders.
 - Median Sale Price in 2022: \$465,000
 - Late 2022, median sales price: \$599,000.
 - Cost and supply of developable land
- Homeownership in Minnetonka is unattainable for many young couples and families.



DISCUSSION QUESTIONS

- Does the council have any feedback regarding the homelessness efforts by the workgroup or the pilot program with His House Foundation?
- Does the council have any feedback on the affordable housing proposal for city-owned properties?
- Does the council have any additional feedback?

FEEDBACK

MINNETONKA DOWN-PAYMENT/CLOSING COST AND PATHWAYS TO HOMEOWNERSHIP PROGRAMS

Background

The EDAC and City Council expressed interest in developing a new program that would provide an opportunity for first-generational homebuyers to purchase a home in Minnetonka. Over the past several months, staff met with the EDAC and City Council to discuss opportunities for a new program and expansion of the existing down-payment program.

Meetings to discuss new programs:

- [City Council Study Session – June 21, 2021 \(2022-2026 EIP\)](#)
- [EDAC Meeting – July 8, 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](#)
- [Joint EDAC/CC Study Session - Feb 14, 2022 – Wealth Building Discussion](#)
- [City Council Study Session – June 20, 2022 \(2023-2027 EIP\)](#)
- [EDAC – July 14, 2022 \(Pathways Program\)](#)
- [City Council Study Session – Sept. 19, 2022](#)
- [City Council – Oct. 3, 2022](#)

MINNETONKA DOWN-PAYMENT/CLOSING COST AND PATHWAYS TO HOMEOWNERSHIP PROGRAMS

Increasing the existing down payment Assistance Program to \$50,000 and

Creating a new Pathways program providing up to \$75,000 for buyers who have not owned a property in 7 - years

Minnetonka down-payment Assistance Program (modified program)	Pathways to Homeownership (new program)
Name: Welcome To Minnetonka	Name: Pathways to Homeownership
Source: HRA Levy (\$940,000 committed to a down payment and rehab loans) - \$555,000 balance remaining for programs.	Proposed Source: Indirect ARPA (\$300,000 initial contribution.
<p>Proposed Terms: Maximum Amount: Up to \$50,000 (previously \$15,000 maximum) Terms:</p> <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. • The borrower must contribute \$3,000 of the total down-payment or closing costs • Assets cannot exceed \$25,000 (does not include non-cash assets or retirement) - asset maximum to the first \$200,000 of retirement savings. 	<p>Proposed Terms: Maximum Amount: Up to \$75,000 Terms:</p> <ul style="list-style-type: none"> • 0% interest- repaid if sold or not owner-occupied before 20 years (forgiven at 5% per year) – Maximum 20 year term. • The borrower must contribute \$1,000 in down- payment or closing costs • Assets cannot exceed \$25,000 (does not include non-cash assets or retirement) – asset maximum to first \$200,000 of retirement savings.
<p>Homebuyer Eligibility:</p> <ul style="list-style-type: none"> • Homebuyers earning up to 120% AMI (\$141,840 for a family of 4) - Assistance is prorated based on need, not maximum eligible • A credit score of 620 or higher • Must occupy the home as the primary residence • Must be a legal resident 	<p>Homebuyer Eligibility: Borrower may not have owned a home within the past seven years.</p> <ul style="list-style-type: none"> • Homebuyers earning up to 120% AMI (\$141,840 for a family of 4) - Assistance is prorated based on need, not maximum eligible • Must be a legal resident • A credit score of 620 or higher • Must occupy the home as the primary residence

Pathways includes 5% forgiveness of the loan each year.

If sold, the homeowner repays the outstanding balance minus the forgiveness.

MINNETONKA DOWN-PAYMENT/CLOSING COST AND PATHWAYS TO HOMEOWNERSHIP PROGRAMS, CONT.

<p>Max. Home Price: 12-month median sales price for Minnetonka (2022 is \$460,000) - (previously established by MN Housing First Time Homebuyer Program Limit \$372,600 in 2022)</p>	<p>Max. Home Price: 12-month median sales price for Minnetonka (2022 is \$460,000)</p>
<p>Home Energy Squad: City will pay for Home Energy Squad visit within a year (newly added to assist with energy efficiency and cost savings)</p>	<p>Home Energy Squad: City will pay for the Home Energy Squad visit within a year.</p>
<p>Underwriting Costs:</p> <ul style="list-style-type: none"> • \$1,100 per loan closed 	<p>Underwriting Costs:</p> <ul style="list-style-type: none"> • \$1,100 per loan closed
<ul style="list-style-type: none"> • \$5,000 annual fee (for all programs managed by CEE) 	<ul style="list-style-type: none"> • \$5,000 (for all programs managed by CEE) • \$1,500 one-time setup fee for programs managed by CEE (software setup, etc)

PROPOSED HOMEBUYER ASSISTANCE

Purchase Price	10% assistance at 120% AMI	Balance (mortgage)	15% assistance at 80% AMI	Balance (mortgage)	20% assistance at 60% AMI	Balance (mortgage)	25% assistance at 50% AMI	Balance (mortgage)
\$ 200,000	\$ 20,000	\$ 180,000	\$ 30,000	\$ 170,000	\$ 40,000	\$ 160,000	\$ 50,000	\$ 150,000
\$ 250,000	\$ 25,000	\$ 225,000	\$ 37,500	\$ 212,500	\$ 50,000	\$ 200,000	\$ 62,500	\$ 187,500
\$ 275,000	\$ 27,500	\$ 247,500	\$ 41,250	\$ 233,750	\$ 55,000	\$ 220,000	\$ 68,750	\$ 206,250
\$ 300,000	\$ 30,000	\$ 270,000	\$ 45,000	\$ 255,000	\$ 60,000	\$ 240,000	\$ 75,000	\$ 225,000
\$ 325,000	\$ 32,500	\$ 292,500	\$ 48,750	\$ 276,250	\$ 65,000	\$ 260,000		
\$ 345,000	\$ 34,500	\$ 310,500	\$ 51,750	\$ 293,250	\$ 69,000	\$ 276,000		
\$ 350,000	\$ 35,000	\$ 315,000	\$ 52,500	\$ 297,500				
\$ 375,000	\$ 37,500	\$ 337,500	\$ 56,250	\$ 318,750				
\$ 400,000	\$ 40,000	\$ 360,000	\$ 60,000	\$ 340,000				
\$ 418,000	\$ 41,800	\$ 376,200	\$ 62,700	\$ 355,300				
\$ 425,000	\$ 42,500	\$ 382,500	\$ 63,750	\$ 361,250				
\$ 435,000	\$ 43,500	\$ 391,500	\$ 65,250	\$ 369,750				
\$ 450,000	\$ 45,000	\$ 405,000						

Metropolitan council affordable home price:

120% AMI: purchase price, less city assistance at 10%, affordable up to \$450,000

- This scenario provides up to \$45,000 in assistance

80% AMI: purchase price, less city assistance at 15%, affordable up to \$418,000

- This scenario provides up to \$62,700 in assistance

60% AMI: purchase price, less city assistance at 20%, affordable up to \$345,000

- This scenario provides up to \$69,000 in assistance

50% AMI: purchase price, less city assistance at 25%, affordable up to \$300,000

- This scenario provides up to \$75,000 in assistance

SCENARIO

Assumptions

- Household of four earning 80% AMI (~\$89,400 per year)
- Purchase price of the home is \$355,600 (\$2,599 per month) at 5% interest on the first mortgage, with 3.5% down
- \$53,340 in down payment assistance
 - Reduces monthly mortgage payment to \$2,160 per month (15% down)
- Property value increases (approximately) 2% each year.

Scenario 1 – Sell home in 12 years with the program	Scenario 2 – Sell home in 12 years without the program
Value of home at 12 years = \$440,800	Value of home at 12 years = \$440,800
Outstanding mortgage in year 12 (assumes monthly mortgage) = \$230,800	Outstanding mortgage in year 12 = \$262,010
Outstanding down payment = \$53,340 – \$32,004 = \$21,336 (5% forgiveness each year)	Outstanding down payment = \$0
Total funds due at sale = \$252,166	Total funds due at sale = \$262,010
Proceeds from sale = \$188,664 + total benefit includes monthly payment savings over 12 years of \$63,216 = Total proceeds after sale \$251,850	Proceeds from sale = \$178,790
City funds not recaptured = \$32,004	City funds not recaptured = \$0

DISCUSSION QUESTIONS

- Does the council support the proposed changes to the current down-payment assistance program?
- Does the council support the creation of a new program, Pathways to Homeownership, to be funded through the affordable housing trust fund?
- Does the council have any additional feedback?

FEEDBACK