

**Agenda  
City of Minnetonka  
Economic Development Authority  
Monday, July 17, 2023  
6:30 PM  
Council Chambers**



1. Call to Order
2. Roll Call: Coakley-Kirk-Schack-Wilburn-Calvert-Schaeppi-Wiersum
3. Approval of Agenda
4. Approval of Minutes
  - A. June 26, 2023 economic development authority minutes
5. Business Items
  - A. Agreements related to Homes Within Reach (HWR)
6. Adjournment

Minnetonka City Council meetings are broadcast live and available for replay on Comcast Channel 16 (SD)/859 (HD) and the city website.

**Minutes**  
**Minnetonka Economic Development Authority**  
**Monday, June 26, 2023**

**1. Call to Order**

Wiersum called the meeting to order at 10:29 p.m.

**2. Roll Call**

Commissioners Bradley Schaeppi, Brian Kirk, and Rebecca Schack, Kimberly Wilburn, Deb Calvert and President Brad Wiersum were present.

Commissioner Kissy Coakley was excused.

**3. Approval of Agenda**

Calvert moved, Wilburn seconded a motion to approve the agenda, as presented.

All voted "yes". Motion carried.

**4. Approval of Minutes:**

**A. June 05, 2023 EDA meeting minutes**

Calvert moved, Kirk seconded a motion to approve the minutes, as presented.

All voted "yes". Motion carried.

**5. Business Items:**

**A. Marsh Run II Redevelopment at 11816 Wayzata Blvd.**

Community Development Director, Julie Wischnack discussed the item.

Calvert moved, Wilburn seconded a motion to approve Res. 2023-005, 2023-006, and 2023-007.

All voted "yes". Motion carried.

**6. Adjournment**

Wilburn moved, Kirk seconded a motion to adjourn the meeting at 10: 32 p.m.

All voted "yes". Motion carried.

Respectfully submitted,

Becky Koosman  
City Clerk

**Economic Development Authority  
Agenda Item 5.A  
Meeting of July 17, 2023**



**Title:** Agreements related to Homes Within Reach (HWR)  
**Report from:** Rob Hanson, EDFP, Economic Development Coordinator  
**Submitted Through:** Darin Nelson, Assistant Treasurer  
Julie Wischnack, AICP, Community Development Director  
Mike Funk, Executive Director  
**Presenter:** Julie Wischnack, AICP, Community Development Director

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**Action Requested:** Motion  
**Form of Action:** Resolution  
**Votes needed:** 4 votes

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**Summary Statement**

City staff has developed updates for the city and Homes Within Reach (HWR) agreements. These agreements cover Homes Within Reach's line of credit access and updating the housing services agreement directing how capital and administrative grant dollars are spent.

**Recommended Action**

Adopt the resolution.

**Strategic Profile Relatability**

Financial Strength & Operational Excellence

HWR provides safe, secure, affordable homeownership opportunities within the City of Minnetonka.

**Financial Consideration**

Yes

\$1,000,000 Line of Credit Access  
\$300,000 Allocation of excess funds

The \$300,000 allocation of excess funds was received from a previous loan to Minnetonka Heights that was returned to the city's Livable Community Fund following the sale.

**Background**

See attached report.

**ATTACHMENTS:**

[Attached Report](#)  
[Attachments](#)

Resolution

Meeting of July 17, 2023

Subject: Agreements related to Homes Within Reach

### **Background**

On May 16, 2011, the city council approved an amended and restated line of credit agreement with the West Hennepin Affordable Housing Land Trust (WHAHLT), also known as Homes Within Reach (HWR). The purpose was to formalize the terms of the line of credit that HWR would use when borrowing money to purchase homes in Minnetonka. The line of credit access was first issued in 2002 and was limited to the fund balance in the Livable Communities Fund (previous tax increment). The balance of those initial funds utilized to purchase homes needs to be more to cover the purchase of new homes. Staff is proposing that the purchase of new homes is completed through the development fund. The HRA levy funds in the existing Livable Communities Fund will continue to fund the rehabilitation of the properties.

Minnetonka and Homes Within Reach also operate collaboratively through a Housing Services Agreement. The purpose of this agreement outlines the use of capital funds and administrative expenditures for grant funds provided to Homes Within Reach by the City of Minnetonka.

### **Amended and Restated Letter of Credit Agreement**

Under the terms of the former agreement, Homes Within Reach was provided a line of credit of up to \$750,000 with a maximum of \$250,000 per property or \$275,000 for foreclosed properties. The line of credit is to be repaid within nine months on a standard purchase or 12 months for foreclosed properties. Additionally, the agreement states that the city manager, or designee, may approve each draw without city council approval and that locations of purchases in Minnetonka to be funded by the city must be approved in advance by city staff.

The local housing market has changed significantly since the last line of credit agreement amendment in 2011 (with median home sales prices at Minnetonka around \$250,000 now at over \$450,000). For HWR to continue investing in Minnetonka, staff recommends adjusting the line of credit parameters to reflect current market conditions and the costs necessary to acquire, rehab, and sell a home within the land trust model. Staff proposes adjusting the line of credit to \$1,000,000, with a maximum per property based on the [rolling 12-month median home sales price](#) for Minnetonka (\$450,000). The [city's assessment report illustrates](#) the median home value increase over the past 10 years. The remaining aspects of the agreement would be unchanged from the previous versions.

The proposed agreement would be in effect for the years 2023 through 2025. The funds for the line of credit will be secured through the city's development fund.

### **Housing Services Agreement**

City staff has prepared a draft of an amended housing services agreement. This agreement stipulates that the city will reallocate the \$300,000 repayment of a previous loan to Minnetonka Heights to HWR for rehabilitation in 2023 and \$25,000 for administrative expenditures for 2023. Funds to be provided for 2024 and 2025 will be considered during the city council budget process and finalized in December for the following year. When available, HWR will be notified of the 2024 and 2025 funding amounts.

HWR will use the funds provided by the city to purchase at least two residential properties each year and then re-sell the units to "qualified buyers," or buyers with an income no greater than 80% AMI. Additionally, HWR will use operating funds to cover its operational expenses in providing affordable housing units to qualified buyers listed above.

Meeting of July 17, 2023

Subject: Agreements related to Homes Within Reach

The city's development fund will secure the funds identified through the housing services agreement.

**Attachments**

Letter of Credit Agreement Draft

Housing Services Agreement Draft

## AMENDED AND RESTATED LINE OF CREDIT

This Amended and Restated Agreement (the “LOC”) is made on July 17, 2023 between the CITY OF MINNETONKA (“City”), a Minnesota municipal corporation, the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA (the “Authority”) a public body corporate and politic of the State of Minnesota, and WEST HENNEPIN AFFORDABLE HOUSING LAND TRUST (“WHAHLT”), a Minnesota nonprofit corporation, d/b/a Homes Within Reach.

The City has elected to participate in the Livable Communities Program (“Program”) sponsored by the Metropolitan Council. As part of this Program, the City has agreed to ensure the creation of housing units that are affordable under the Program's guidelines. WHAHLT was created to ensure the long-term affordability of housing by owning the land underlying housing units and placing limitations on the income and equity participation of buyers of the housing units. The City and WHAHLT wish to cooperate with each other in achieving their mutual goal of providing affordable housing in the City. The parties previously entered into a Line of Credit dated October 28, 2002, which has expired. The parties intend to replace the 2002 Line of Credit Agreement with this Amended and Restated Agreement.

Accordingly, the parties agree as follows:

1. **TERMS.** The City and the Authority agree to provide WHAHLT an interest-free revolving line of credit for the purchase and re-sale of housing units in the City that comply with the Program's guidelines. This line of credit is subject to the following conditions:

- a. The maximum of the line of credit is \$1,000,000.
- b. The maximum available for one housing unit is the Rolling 12 month median sales prices for Minnetonka (<https://maar.stats.10kresearch.com/docs/lmu/x/Minnetonka?src=map>).
- c. Each draw on the line of credit must be repaid within nine months, except as follows:
  - i. The City Manager may extend the repayment period to a total of twelve months if WHAHLT makes a written request with an explanation for the need, and
  - ii. The repayment period for a housing unit that is in foreclosure is twelve months.

Any further extensions require approval of the City Council. WHAHLT will provide quarterly reports to the City regarding each property in Minnetonka for which an outstanding balance remains. The reports from WHAHLT will specify the amounts borrowed, the amounts repaid to date, and the status of any grants sought.

- d. Each draw will be interest-free, except that any interest that WHAHLT earns on the funds must be paid to the City.
- e. The City Manager, or designee, may approve each draw without City Council approval.
- f. The locations of purchases in Minnetonka to be funded by the City must be approved in advance by City staff.
- g. The line of credit will be secured by the funds held in the Development Fund of the Authority.





The City of Minnetonka, the Economic Development Authority in and for the City of Minnetonka, Minnesota, and the West Hennepin Affordable Housing Land Trust hereby approve this Homes Within Reach Amended and Restated Letter of Credit Agreement.

**CITY OF MINNETONKA**

By \_\_\_\_\_  
Its Mayor

And \_\_\_\_\_  
Its City Manager

**ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR  
THE CITY OF MINNETONKA, MINNESOTA**

\_\_\_\_\_  
Its President

And \_\_\_\_\_  
Its Executive Director

**WEST HENNEPIN AFFORDABLE HOUSING LAND TRUST**

By \_\_\_\_\_  
Its President

And \_\_\_\_\_  
Its Executive Director

## **HOUSING SERVICES AGREEMENT**

This Agreement (the “Agreement”) is made on July 17, 2023, between the CITY OF MINNETONKA (“City”), a Minnesota municipal corporation located at 14600 Minnetonka Boulevard, Minnetonka, MN 55345 and the WEST HENNEPIN AFFORDABLE HOUSING LAND TRUST (“Provider”), 5101 Thimsen Ave, Suite 202, Minnetonka, MN 55345. The City and the Provider are referred to herein as a “Party” or the “Parties.”

The Provider is a non-profit organization that provides affordable housing in the Minneapolis suburban area. The City wishes to contract with the Provider to provide affordable housing units within Minnetonka. The Parties wish to set forth in writing the terms and conditions of their agreement.

Therefore, in return for the mutual agreements set forth below, the Parties agree as follows:

1. TERM

The term of this Agreement is from July 17, 2023, through December 31, 2025, regardless of the dates of execution, unless terminated earlier as provided below. This Agreement may be extended for an additional six months upon written request from the Provider and approval by the City Council. Upon expiration, the Provider will relinquish to the City all funds unexpended or uncommitted for the services to be provided under this Agreement.

2. PAYMENT

The City will pay to the Provider the lump sum of \$300,000 for capital expenditures for 2023 and \$25,000 for administrative expenditures for 2023. Funds to be provided for the years 2024 and 2025 will be considered during the City Council budget process and finalized in December for the following year. The Provider will be notified of the 2024 and 2025 funding amounts when they are available.

3. SERVICES

The Provider will use the capital funds provided by the City to purchase at least two residential properties each year and then re-sell the dwelling units but not the land to “Qualified Buyers,” which means buyers that have an income no greater than 80% of the median income for the Twin Cities Metropolitan area as determined by the U.S. Department of Housing and Urban Development. The Provider must limit the equity participation of the Qualified Buyers to no more than 33%. Funds received by the Provider when selling the dwelling units in Minnetonka must be used only for the capital purchases of other residential properties in Minnetonka that are re-sold to Qualified Buyers. The Provider will use the operating funds to cover the Provider's operating expenses in providing housing units that are affordable under the guidelines of the Livable Communities Program (“Program”) sponsored by the Metropolitan Council.

4. NON-ASSIGNMENT

The Provider may not assign, subcontract, transfer, or pledge this Agreement and/or the services to be performed under it, whether in whole or in part, without the prior consent of the City.

5. RECORDS

The Provider will maintain such records as are deemed necessary by the City to ensure that the services are provided as represented by the Provider.

6. DISCRIMINATION

The Provider agrees not to discriminate in providing services under this Agreement on the basis of race, sex, creed, national origin, age or religion.

7. CONFLICT OF INTEREST

No officer, director, employee, or agent of the Provider may engage in a conflict of interest in providing the services required under this Agreement. A “conflict of interest” is defined as engaging on behalf of the Provider in any matter that affects the person's financial interests outside of the person's duties with the Provider, the financial interests of a member of the person's immediate family, or those of a business with which the person is associated, unless the effect on the person, relative, or business is no greater than on other members of the same business classification, profession or occupation. “Immediate family” is defined as the following relatives of the person or the person's spouse: siblings, parents, step-parents, grandparents, children, step-children, grandchildren, aunts, uncles, and first cousins.

8. SUSPENSION AND TERMINATION

A. If the Provider materially fails to comply with any term of this Agreement or fails to administer the work in a manner that would endanger the performance of this Agreement, shall failure would constitute noncompliance and a default. Unless the Provider's default is excused by the City, the City may take one or more of the actions prescribed in 24 CFR 85.43, including the option of immediately canceling this Agreement in its entirety.

B. The City's failure to insist upon strict performance of any provision or to exercise any right under this Agreement cannot be deemed a relinquishment or waiver of the same. This will not constitute a general waiver or relinquishment throughout the entire term of the Agreement.

C. This Agreement may be cancelled with or without cause by either Party upon 30 days written notice.

D. Funds allocated to the Provider under this Agreement may not be obligated or expended by Provider following the date of termination of this Agreement. Any funds allocated to Provider under this Agreement, which remain unobligated or unspent following the date of termination shall automatically revert to the City.

9. INDEMNITY

The Provider agrees to hold harmless, indemnify and defend the City, its elected officials, officers, agents, and employees against any and all claims, losses, or damages, including attorneys' fees, arising from, allegedly arising from, or related to, the provision of services under this agreement by the Provider, its employees, agents, officers, or volunteer workers.

10. INSURANCE

The Provider agrees that it will, at all times during the term of this agreement, have and keep in force a general liability insurance policy with coverage in the amount of at least \$1,000,000 per occurrence. A certificate of insurance on the City's approved form verifying this coverage must be provided before services are rendered under this agreement.

11. UNSPECIFIED SERVICES

The City will honor no claim for services not specified in this agreement.

12. ENTIRE AGREEMENT

The entire agreement of the Parties is contained in this document. This agreement supersedes all oral agreements and negotiations between the Parties relating to the subject matter of this agreement. Any alterations, amendments, deletions or waivers of any provisions of this agreement will be valid only when placed in writing and signed by the Parties.

13. INDEPENDENT CONTRACTOR

Nothing in this agreement is intended, nor may be construed, to create the relationship of partners or employer/employee between the Parties. The Provider, its officers, agents, employees, and volunteers are, and will remain for all purposes and services under this agreement, independent contractors.

The City of Minnetonka and the West Hennepin Affordable Housing Land Trust hereby approve this Homes Within Reach Housing Services Agreement.

Dated: \_\_\_\_\_ 2023

CITY OF MINNETONKA

By: \_\_\_\_\_  
Its Mayor

And: \_\_\_\_\_  
Its City Manager

Dated: \_\_\_\_\_ 2023

WEST HENNEPIN AFFORDABLE HOUSING LAND TRUST

And: \_\_\_\_\_  
Its: \_\_\_\_\_

## EDA Resolution No. 2023-

### Resolution approving modified documents related to the Homes Within Reach Program

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Be it resolved by the Board of Commissioners (the “Board”) of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the “Authority”) as follows:

Section 1. Background.

1.01. The Authority was created pursuant to Minnesota Statutes, Sections 469.090 through 469.1082, as amended, and was authorized to transact business and exercise its powers by a resolution adopted by the City Council of the City of Minnetonka, Minnesota (the “City”).

1.02. The Authority and the City have undertaken a program to promote economic development and job opportunities, promote the development and redevelopment of land which is underutilized within the City, and facilitate the development of affordable housing.

1.03. The Authority and the City of Minnetonka have previously partnered with the West Hennepin Affordable Housing Land Trust (“WHAHLT”) for the Homes Within Reach Program.

Section 2. Modifications to Homes Within Reach Documents.

2.01. The Homes Within Reach Housing Services Agreement has been updated with new dates for funding and new funding amounts for the Homes Within Reach Program for the years 2023 through 2025.

2.02. The City previously entered into a Letter of Credit Agreement regarding the Homes Within Reach Program which has expired. A new Amended and Restated Letter of Credit Agreement has been drafted which provides for a maximum line of credit of \$1,000,000 which shall be secured by the funds held in the Development Fund of the Authority.

2.03. The forms of the Housing Services Agreement and the Amended and Restated Letter of Credit Agreement are hereby approved.

2.04. The staff of the Authority are authorized to provide the funds to the Homes Within Reach Program, as needed based on the Housing Services Agreement.

Section 3. Effective Date.

3.01. This resolution shall be effective as of approval.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on July 17, 2023.

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Brad Wiersum, President

Attest:

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Becky Koosman, Secretary

**Action on this resolution:**

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

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a meeting held on July 17, 2023.

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Becky Koosman, Secretary