

Addenda
Minnetonka City Council Study Session
Meeting of June 21, 2021

ITEM 2 – Capital Improvement Program (CIP)

A correction has been made to page 164 of the meeting packet. The corrected version is attached.

ITEM 3 – Economic Improvement Program (EIP)

The attached document was submitted by Councilmember Kissy Coakley after distribution of the packet.



14600 Minnetonka Blvd. | Minnetonka, MN 55345 | 952-939-8200 | minnetonkamn.gov

TO: City Council

FROM: Darin Nelson, Finance Director
Corrine Heine, City Attorney

DATE: June 21, 2021

SUBJECT: Change Memo for June 21, 2021

ITEM 2 – Capital Improvement Program (CIP)

Attached in an updated page to the supplemental information provided with the CIP. The replacement page updates affirmative action information to match state law as it relates to the number of employees and contract amounts. The replacement page is page 164 of 288 in the online agenda packet.

If a claim arises within the scope of the stated indemnity, the City may require Contractor to, within fifteen (15) days of receiving notice from the City:

- (1) Furnish and pay for a surety bond, satisfactory to the City, guaranteeing performance of the defense and indemnity obligation; or
- (2) Furnish a written acceptance of tender of defense and indemnity from Contractor's insurance company.

Non-Discriminatory Practices – The Contractor agrees during the life of this Contract:

- (1) That in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no contractor, material supplier, or vendor, shall, by reason of race, creed, or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates;
- (2) That no contractor, material supplier, or vendor, shall, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause (1) of this section, or on being hired, prevent, or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed, or color;
- (3) That a violation of this section is a misdemeanor; and
- (4) That this contract may be canceled or terminated by city or any other Person authorized to grant the contracts for employment, and all money due, or to become due under the contract, may be forfeited for a second or any subsequent violation of the terms or conditions of this contract. This paragraph is inserted in this Contract in accordance with Minn. Stat. Sec. 181.59.

Affirmative Action – The Contractor recognizes the City is an equal opportunity employer and agrees during the life of this Contract to take affirmative action to provide equal employment opportunities without regard to race, creed, color, national origin, age, or sex. If the Contractor has more than twenty (20) full-time employees and the Contract amount exceeds ~~\$50,000.00~~, the Contractor shall supply a certificate of compliance issued by the Commissioner of Human Rights indicating that the Contractor has an approved affirmative action plan.

now 40 employees and \$100,000, to match state law

Data Practices – Contractor is hereby Statutes, section 13.05, subdivision 11. To the extent that this agreement requires Contractor to perform any of the City's functions, then:

- (1) All of the data created, collected, received, stored, used, maintained or disseminated by Contractor is subject to the requirements of Minnesota Statutes chapter 13;
- (2) Contractor must comply with that chapter's requirements as if Contractor were a government entity; and

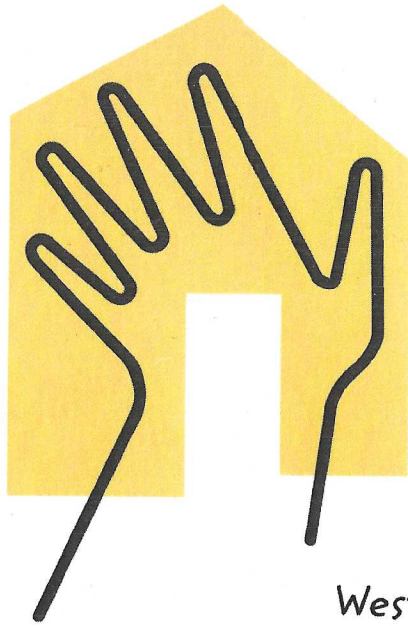


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TO: City Council
FROM: Julie Wischnack, Community Development Director
DATE: June 21, 2021
SUBJECT: Change Memo for June 21, 2021

ITEM 3 – Economic Improvement Program (EIP)

The attached document was submitted by Councilmember Kissy Coakley after distribution of the packet.



Homes within Reach™

West Hennepin Affordable Housing Land Trust

Homes Within Reach Informational Meeting

**5101 Thimsen Avenue, Suite 200
Minnetonka, Minnesota 55345
952-401-7071
www.homeswithinreach.org**

Transforming lives through home ownership

HOMEBUYER INFORMATION MEETING AGENDA

**Hosted by Doris Gruis,
HWR Project Administrator**


- **Welcome and Introductions**
- **Share Information about Community Land Trusts, Homes within Reach, also known as West Hennepin Affordable Housing Land Trust (WHAHLT)**
 - **Mission/Vision**
 - **Overview**
 - **Community Land Trust Model**
 - **Ground Lease**
 - **How it Works**
 - **Benefits**
 - **Service Area**
- **Process for Applying and Qualifying for a WHAHLT Home**
- **Questions and Discussion**
- **Next Steps**



**Homes
within
Reach™**

Homes Within Reach vision is to transform people's lives through homeownership.

Our mission is to use the Community Land Trust model to create, sustain and preserve affordable homeownership for families in suburban Hennepin County.



West Hennepin Affordable Housing Land Trust



Transforming lives through home ownership

The West Hennepin Affordable Housing Land Trust, also known as Homes Within Reach, (“HWR”) is a non-profit corporation providing permanent affordable home ownership opportunities for low to moderate income households in suburban Hennepin County. It partners public and private funds to address the need for affordable housing in suburban Hennepin County. HWR provides communities with the opportunity to create, sustain and preserve affordable housing and to enhance community vitality.

For a one-time investment in the cost of the land and other related expenses, HWR provides a permanently affordable home. HWR maximizes the effectiveness of the investment in affordable housing while providing the benefits of home ownership to households that are otherwise unable to buy a house.

Based on the community land trust model, HWR acquires single family properties, retains ownership of the land, and sells the homes on the land to qualifying families. The land is leased to homeowners through a 99-year renewable ground lease that affords the owner most of the same rights as any other property owner. The removal of the market value of the land from the mortgage equation provides initial affordability. Permanent affordability is obtained through: (1) a pricing formula that provides the owner with a fair amount of equity while ensuring that the resale price of the home is affordable and (2) a resale restriction that requires the homeowner to sell the house to either another low to moderate income household or to Homes Within Reach.

HWR currently owns homes in Minnetonka, Eden Prairie, Golden Valley, New Hope, St. Louis Park and Wayzata. It generally purchases existing homes and sells them to qualifying households on average for \$135,000 to \$160,000. By contrast, the median sales price for a home in the Twin Cities area in July 2005 was over \$260,000.

HWR was created in response to efforts by the City of Minnetonka to develop new methods and tools locally that would help increase the number of affordable homes available and that would make efficient use of financial resources for affordable housing. HWR has received financial and/or other support from: the Family Housing Fund, Fannie Mae Minnesota Partnership Office, Hennepin County, the McKnight Foundation, the Metropolitan Council, the B. C. Gamble and P. W. Skogmo Fund of the Minneapolis Foundation, Minnesota Housing Finance Agency, Otto Bremer Foundation, the City of Minnetonka, the City of Richfield, the City of Eden Prairie, Local Initiatives Support Corporation, St. Luke Presbyterian Church (Minnetonka), United Way and individual donors.

HOMES WITHIN REACH
5101 Thimsen Avenue, Suite 200
Minnetonka, MN 55345

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952-224-2857 fax

info@homeswithinreach.org
www.homeswithinreach.org



How the Community Land Trust Model Works

- 1. A Community Land Trust (CLT) establishes initial affordability by removing the market value of the land from the mortgage equation. For example, a CLT could purchase an existing owner-occupied home when placed for sale on the open market and then sell the home to a low-to-moderate-income household. The CLT retains ownership of the land and enters into a 99-year ground lease with the leaseholder-homeowner. Removing the land's market value from the mortgage equation, results in a lower, more affordable monthly payment of principal and interest. In addition, it results in lower down payment and closing costs.**
- 2. A CLT ensures permanent affordability of the home through two provisions found in the Ground Lease. The first is a pricing formula that provides the owner with a fair amount of equity, while ensuring the sale price for subsequent low-to-moderate-income households is affordable. The second provision requires the homeowner to sell either to another low-to-moderate-income household or to the CLT. In addition, the provisions ensure the home continues to be affordable with each sale.**
- 3. A CLT leaseholder-homeowner receives benefits similar to non-CLT homeowners such as the ability to build equity, the federal mortgage interest and property tax deduction and the ability to pass on the lease interest and home to their heirs.**

Resale Formula

Sample for Discussion Only

CLT Model Resale Formula			CLT Model	
Acquisition costs				
	Market Value Land			\$ 63,000
	Market Value Home			\$ 117,000
		Total		\$ 180,000
Subsidy				
	Subsidy/Affordability Gap			\$ 63,000
	Sale Price			\$ 117,000
Market Value After 10 Years				
	Market Value Home			\$ 190,581
	Market Value Land and Home			n/a
		Increase in Value	1	\$ 73,581
Sale Price Calculation after 10 Years				
	Percentage of Appreciation to Owner			35%
	Owners Share of Appreciation			\$ 25,753
		New Sale Price of Home		\$ 142,753
	¹ Annual average increase in market value 5%			

Ground Lease

West Hennepin Affordable Housing Land Trust

Program known as Homes Within Reach

- **WHAHLT homeowners own the home and WHAHLT owns the land beneath the home.**
- **The Ground Lease gives the homeowner exclusive rights to use the land beneath their home and details the rights and responsibilities of WHAHLT and homeowner.**
- **WHAHLT holds the land “in trust”, creates, and preserves the initial affordability investment for the benefit of the homeowner and community.**
- **The Ground Lease Fee is \$30.00 a month for the use of the land.**
- **The resale formula as written in the Ground Lease is the same for all WHAHLT homeowners.**
- **Ground Lease is renewable every 99 years.**
- **All WHAHLT homeowners can pass their Ground Lease on to their spouse or partner, children or member of the household who have lived in the home for one year.**
- **All WHAHLT homeowners can pass their home on to their heirs if the heirs are income-qualified.**
- **The resale formula is used to calculate future sales prices**
- **All WHAHLT homeowners have the opportunity to make alterations and improvements (beyond normal repair and maintenance), once approved by WHAHLT**
- **WHAHLT homeowner responsibilities include;**
 - **Homeowners are responsible for maintenance and upkeep of the land.**
 - **Homeowners are responsible for paying association fees if applicable to their situation**
 - **Homeowners pay property taxes on the land**
 - **All homes must be owner – occupied**

Benefits of Homeownership Community Land Trust Model

- **Tax Benefits – interest paid on your property taxes and mortgage is tax-deductible**
- **Property Earns Equity (35%)**
- 2 • **You have the right to offer a legacy to your heirs**
- **Mortgage provides consistent housing payments**
- 3 • **You are a part of the community in which you live and the land trust community through voting, volunteering and becoming a WHAHLT committee or board member.**
- **Land Trust homes are more affordable than homes purchased on the open real estate market and you feel a sense of stability and community in owning a community land trust home.**

WHAHLT/HWR

Minimum Qualifications for Purchasing a Home

1. Be at least 21 years of age.
2. Be a citizen of the United States or a legal resident.
3. Have total household income less than 80% of the Area Median Income (AMI) for the household size established by the U.S. Department of Housing and Urban Development (HUD)
4. Applicant (and co-applicant) must qualify for an approved mortgage and must have sufficient income to support housing costs.
5. First-time homebuyers are preferred.
6. Have a credit history acceptable to a lender
7. May not have other liquid assets, excluding retirement accounts that total in excess of \$25,000.

You will need some funds for down payment and closing costs.

What You Need To Do

1. Attend a Homes Within Reach (WHAHLT) information meeting.
2. Complete and return the pre-application form, attachments and required income tax information.
3. Attend Pre-Application interview with Project Administrator and or interview with the Executive Director.
4. Fill out full application (Once approved after the Pre-Application interview)
5. Complete a homebuyer education course
6. Obtain a mortgage pre-approval from one of our approved lenders.
7. Meet with the Homes Within Reach Selection Qualification Committee.

If You Are Selected

1. Get final approval for a mortgage from the lender.
2. Review the ground lease with an attorney.
3. Close on the Home and Join Homes Within Reach Family of Homeowners.
4. MOVE IN!!!!



Transforming lives through home ownership

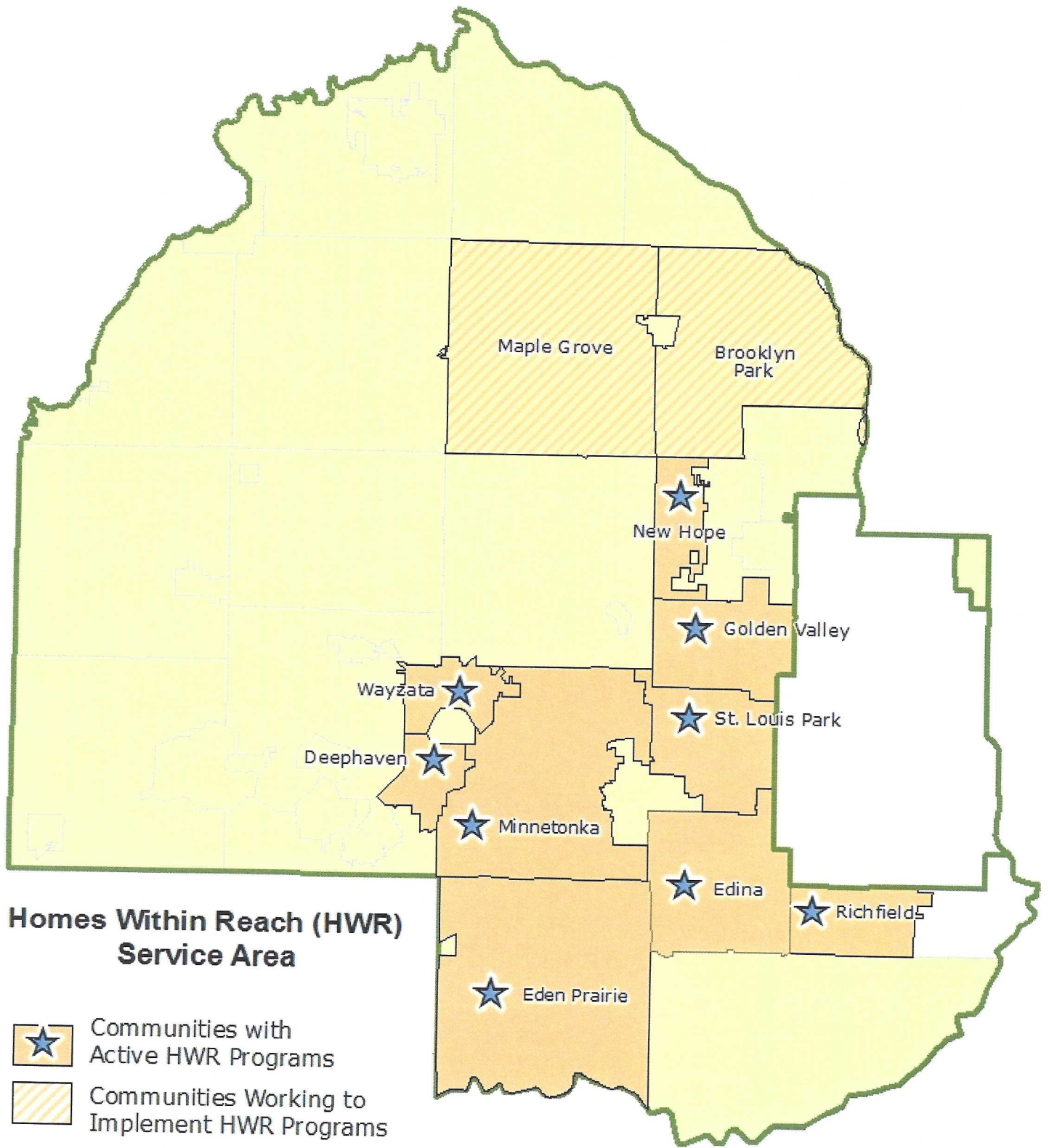
Income Limits
(Effective May 3, 2006)

	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
30%	17,000	19,400	21,850	24,250	26,200	28,150	30,050	32,000
50%	28,300	32,350	36,400	40,450	43,700	46,900	50,150	53,400
60%	33,960	38,820	43,680	48,540	52,440	56,280	60,180	64,080
80%	43,050	49,200	55,350	61,500	66,400	71,350	76,250	81,200



Homebuyer Class Table

<p>CAPSH - Community Action Partnership for Suburban Hennepin 33 Tenth Ave S, Suite 150 Hopkins, MN 55343 Phone) 952-933-9639 Fax) 952-933-8016 www.capsh.org</p>	<p>Powderhorn Residents Group, Inc. 2017 East 38th Street Minneapolis, MN 55407 Phone) 612-721-7556 Fax) 612-721-7708 www.prginc.org</p>
<p>Twin Cities Neighborhood Housing Services, Inc. 823 East Seventh St, Suite 201 St. Paul, MN 55106 Phone) 651-297-6227 Fax) 651-297-6253 www.tcnhs.org</p>	<p>Northside Neighborhood Housing Services 1501 Dupont Ave N Minneapolis, MN 55411 Phone) 612-521-3581 Fax) 621-522-1963 www.tcnhs.org/neighborhoods/nnhs.html</p>
<p>Community Neighborhood Housing Services 35 Water St W St. Paul, MN 55107 Phone) 651-292-8710 Fax) 651-292-0473 www.communitynhs.org</p>	<p>Home Ownership Center 1000 Payne Avenue Suite 200 St. Paul, MN 55130 Phone) 651-659-9336 Fax) 651-659-9518 www.hocmn.org</p>
<p>Anoka County Community Action Program 1201 - 89th Avenue N.E. Suite 345 Blaine, MN 55434 Phone: 763.783.4747 Fax: 763.783.4700 www.accap.org</p>	



Homes Within Reach (HWR) Service Area



Communities with Active HWR Programs



Communities Working to Implement HWR Programs