

## ***Minnetonka's Request for Tax Increment in Affordable Housing Trust Fund***

- Historically, Minnetonka has been judicious and strategic about their use of tax increment.
- Minnetonka has been a leader in affordable housing efforts – establishment of the original suburban land trust (different than the trust fund); early adopters of livable community goals and participation; and established an affordable housing policy 17 years ago.
- Minnetonka has challenges producing affordable units, much like other communities. Land costs are high and financing gaps are great.
- Despite these challenges; the city has had strong construction activity. Over the last 5 years; nearly 4,000 units of housing have been built or are about to be built – with 22% of the units being contractually affordable.
- Minnetonka's most recent affordable housing project, has nearly 500 units of affordable housing serving our seniors and work force. These units are affordable to those earning at a 60% area median income level.
- Minnetonka has been particularly successful at building 50 and 60% area median income priced affordable housing, but TIF laws make it very difficult to do any other stratification of affordability.
- This statutory change would assist the city in creating more affordable housing, at a variety of income levels and lower the amount of new TIF districts that are created.
- The purpose of the dollars that would be transferred to the trust fund would:
  - Assist in creating more affordable units, while construction activity remains high;
  - Assistance which could be more nimble by having a fund to help create a diversity of affordable units (at a variety of income levels); and
  - Create a longer term solution to financing affordable housing within the city.



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