

HOUSING AND REDEVELOPMENT AUTHORITY

Meeting Agenda

Wayzata City Hall Community Room, 600 Rice Street

Wednesday, July 30, 2025

7:30 AM

1. **Call to Order**
2. **Approval of Agenda**
3. **Approval of Minutes**
 - a. Approval of HRA Minutes of January 29, 2025
4. **New Business**
 - a. Receive Update on Organizational Transitions for City Council and Staffing
 - b. Consider Appointment of Executive Director
 - c. Review and Discuss Affordable Housing Work Plan Items
 - d. Update of Development Projects and Other HRA-related Initiatives
5. **Old Business**
6. **Next Meeting Date: October 29, 2025**
7. **Adjournment**



**City of Wayzata
Housing and Redevelopment Authority
Agenda Report**

MEETING DATE: July 30, 2025	AGENDA ITEM: 3.a
TITLE: Approval of HRA Minutes of January 29, 2025	
PROPOSED MOTION: To Approve the HRA Minutes of January 29, 2025	
PREPARED BY: Kathy Leervig, City Clerk	
REVIEWED BY:	

ACTION REQUESTED:

Staff recommends approval of the attached minutes.

FINANCIAL OR BUDGET CONSIDERATION:

Not Applicable.

BACKGROUND:

Not Applicable.

ATTACHMENTS:

1. January 29, 2025 HRA Meeting (draft)

CALL TO ORDER

Chair Shaver called the meeting of the Housing and Redevelopment Authority to order at 7:30 a.m.

ROLL CALL

Members Present: Commissioners Terri Huml, Bob Ambrose, Dan Koch, Ken Dayton, and Thomas Shaver

City Staff present: City Manager/Executive Director Jeff Dahl, City Planner Valerie Quarles, City Clerk Leervig, and City Attorney Schelzel.

APPROVAL OF AGENDA

Commissioner Huml made a motion, seconded by Commissioner Dayton, to approve the January 28, 2025 agenda, as presented. The motion carried 5/0.

APPROVAL OF MINUTES

A. Consider Approval of HRA Minutes of July 31, 2024 Meeting

Commissioner Koch noted a small error in the name of a consultant on page 4, which should be changed to Ms. Kvilvang.

Commissioner Dayton made a motion, seconded by Commissioner Huml, to approve the July 31, 2024 meeting minutes, with the change on page 4, as discussed. The motion carried 5/0.

NEW BUSINESS

A. Consider Election of Officers

Executive Director Dahl gave a brief overview of the responsibilities of the Chair, Vice-Chair, and Secretary.

Commissioner Ambrose made a motion to appoint Commissioner Shaver as Chair.

Chair Shaver suggested that they take action on the election of officers as a full slate and not individually and offered a friendly amendment to the original motion.

Commissioner Ambrose accepted the friendly amendment and made a motion to appoint Commissioner Shaver as Chair; Commissioner Ambrose as Vice-Chair; and Commissioner Huml as Secretary, for the 2025 HRA Officers. Commissioner Koch seconded the motion. The motion carried 5/0.

B. Consider Appointment of Executive Director

Chair Shaver made a motion, seconded by Commissioner Dayton, to appoint City Manager Jeff Dahl to serve as Executive Director of the HRA for 2025.

Executive Director Dahl noted that last year the HRA had appointed former Community Development Director Goellner to the position of Assistant Executive Director and explained that the City held final interviews for her replacement yesterday, and may want to appoint that individual as the Assistant Executive Director at a future meeting.

The motion carried 5/0.

C. Consider Discussion and Amendments of Bylaws

Executive Director Dahl noted that there had been a few amendments to the Bylaws in 2022 to the goals as well as updating it to include the 2040 Comprehensive Plan. He explained that since that time there have not been many changes and did not see the need for any amendments at the moment.

Chair Shaver stated that he felt that the HRA had done a pretty exhaustive review of the Bylaws in 2022 and unless the HRA had any significant objections, he would suggest that they continue with their existing Bylaws.

Commissioner Koch stated that he was not sure that the packet on the website was the same as the one that was sent out in the packet, but noted that there were pages missing from the Bylaws in the one he received and asked staff to ensure that the website packet information had all the pages.

D. Review and Discuss Affordable Housing Work Plan Items

Executive Director Dahl announced that Valerie Quarles has been promoted from Assistant City Planner to City Planner.

City Planner Quarles reminded the HRA that they had put together an Affordable Housing Work Plan last year for 2024 and 2025 in which the included items were in varying degrees of progress. She highlighted some areas within the draft Affordable Housing policy for the City's density bonus system and explained that she was looking for feedback from the HRA on the draft.

Chair Shaver asked about the density bonus percentage calculation and whether a rental building with 10 units or more would have to have 10% of the units as affordable at an average of 30% AMI or if it was 95% of the units cascading through.

City Planner Quarles explained that these were set up as 4 different scenarios, so for buildings with 10 units or more, it would either be 10% of the units were affordable at an average of 30% AMI or less; 15% of the units are affordable at an average of 50% AMI or less; 20% of units are affordable at an average of 80% AMI or less; or 50% of units are affordable at an average of 100% AMI or less.

Chair Shaver noted that he thought about the practical nature of the affordability component within the City. He stated that they had prior discussions about workforce housing and how they could have housing available for the City's fire and police workers within the City which would not necessarily be determined by AMI as the benchmark. He noted that he used the terms workforce housing and affordable housing interchangeably and did not differentiate between them. He explained that it was expensive to develop in the City, and getting to the numbers in order to hit 30% AMI with 10% of the units, as affordable, required an extraordinary amount of support from the City as well as other outside agencies in order to finance that and becomes even more challenging at the other levels.

Commissioner Koch noted that he does see some of this kind of stuff coming through his workplace, Bridgewater Bank, and explained that they do not see many affordable housing projects that are below the 80% AMI standard, which seemed to be the most common benchmark.

Commissioner Dayton stated that what this paper was indicating was that the City was willing to work with density bonuses, if they meet certain thresholds, which he felt was a positive thing. He asked whether they may want to put in a reference of 60% AMI where they would start getting into Low-Income Rental Classification (LIRC) or 4D taxes. He explained that if a developer would come into the City, and were planning to start doing projects that had a higher level of affordability such as the 30% or 50%, they will look for density bonuses, but also for other resources. He stated that he felt that this would bring them the possibility of talking to the City about some TIF that may be available, but also would possibly begin bringing in funds from the County or Minnesota Housing, so it would create more resources.

Commissioner Koch noted that, for example, it could provide an opportunity if it was a philanthropic organization, to help fund the project, because it would make the math totally different.

Commissioner Dayton agreed that it would make the math different and they would be trying to go to the private sector to help fund the project because the governmental resources are limited. He noted that would be a big area where the City could step in and help make these projects more economical. He explained that he had not really gone through the math, but reiterated his question about whether they wanted to make a reference to the 60% AMI.

City Planner Quarles stated that she felt it was fair to add the 60% AMI threshold and explained that she had it broken down by the Met Council's buckets, in terms of affordability, but since they talk so much about 60%, especially with LIRC and 4D, she felt it would be fine to also include it.

Commissioner Koch noted that he felt having the 100% AMI was a good idea, but he did not think that would get the City anywhere in the Met Council's requirements for 42 units by 2030.

City Planner Quarles confirmed that was accurate, but noted that getting anything in the City at 100% AMI would be great for the City, from a policy perspective, even if it didn't help them out with the Met Council.

Chair Shaver stated that the 2040 Comprehensive Plan guidance is recommendations or targets.

Executive Director Dahl stated that the Met Council tethers grant applications to the City meeting its goals, such as affordable housing, so if the City was not trying or showing projects that were not in alignment with their affordability goals, then they would be less likely to fund projects. He explained that was how the Met Council used this as leverage, but outside of that, acknowledged that they were just targets.

Commissioner Koch asked if the City had added any affordable units since the Comprehensive Plan had been approved.

Executive Director Dahl stated that the City had confirmed some with the Maggie Manor Too project.

City Planner Quarles noted that other cities have different policies on whether for-sale units would be included in affordable housing policies and explained that she did not have high hopes for this to make it into the final policy in the City, because those types of units were really at a premium, even in comparison with rental units and also because some of the administration in that scenario would get really complicated given the limited amount of City staff.

Chair Shaver agreed that he did not believe it would be worth the level of effort it would take in order to implement for-sale units. He stated that he felt more of their focus should be on ways the City can support the naturally occurring affordable housing.

There was Consensus of the HRA to not include for-sale units in the City's affordable housing policies.

City Planner Quarles moved the discussion onto what the role of potential City-funded construction of affordable housing versus mixed-income housing produced by the private sector should be.

Chair Shaver stated that, in his opinion, the City cannot financially support the deeply affordable housing and felt the focus should be on the 60% and 80% AMI because it would move towards accomplishing what the City's objective would be for workforce housing.

Commissioner Dayton noted that a 60% to 80% affordability was a good number to achieve and would be quite a rental advantage in this community to be able to get to that level.

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Chair Shaver stated that he felt it would be helpful, as they consider this policy, to look at the updated AMI metrics that the Met Council was supporting. He stated that he felt it would be good to have an understanding of what income levels would be to be able to support rent and noted that he felt that they would be a good backdrop as they share these numbers.

Commissioner Koch noted that he had looked that information up earlier this morning and stated that for 2024 the AMI was around \$122,400 for a family of 4. He stated that meant that an 80% AMI for one person in the County would be \$68,500, 2 people would be \$78,250, 3 people would be \$88,000, and 4 people would be \$97,800.

Commissioner Huml asked if that was a sliding scale based on incomes as they change or if it only went up.

Commissioner Koch stated that unless there was a deflationary period, it would only go up every year.

Chair Shaver asked when numbers for 2025 would be published.

Commissioner Dayton explained that the preliminary numbers should be announced sometime in February.

City Planner Quarles explained that staff would do some of the revisions to the draft policy, based on the feedback they received from the HRA. She stated that she would also like to engage some assistance from consultants on this, at some point, and noted that they would plan to bring the updated draft back to the HRA at their next meeting.

Executive Director Dahl stated that anytime things come through the Planning Commission or the City Council related to density, it raises eyebrows in the community. He explained that when they bring this to the Council, he felt it would be a good idea to have some representation from the HRA present to support this item. He asked City Planner Quarles which zoning districts or areas the density bonus would be applicable.

City Planner Quarles explained that it would be applicable to R5 projects and most of that was already existing multi-family.

Commissioner Dayton noted that this was focusing on density bonuses and asked if the City had planned on giving any other incentives for different levels of affordability.

City Planner Quarles stated that outside of funding, she felt that this was probably the only way that the City would be able to give this a push.

Executive Director Dahl stated that he felt the options available to them were tax classification, TIF, and density bonuses.

City Planner Quarles stated that scale was a big part of doing much of the math in what she put together because the City was not getting 100-unit buildings that will get to go up

to 120 units and would more likely be a 15 unit building that may get up to 17 units. She stated that they needed to recognize that Wayzata does not have the kind of scale that other cities like St. Louis Park or Minnetonka has. She stated that since the HRA met last, they have been able to get into some meaningful conversations with some of the affordable building owners regarding possible participation in 4D, with the NOAH housing. She noted that none of them have made commitments to the program yet, but at least 2 of the property owners were curious about the possibilities.

Chair Shaver asked the City Planner to give the HRA a brief summary of the LIRC program and the qualifications related to using the 4D.

City Planner Quarles stated that if someone owns a multi-family building and they are willing to charge rents that are affordable to people making 60% AMI or less, they can be eligible for a steep property tax reduction which is around an 80% reduction. She stated that it made the conversations a bit easier with the property owners who were already charging affordable rental amounts of 60% AMI or less because they could just ask them if they would also like to have a property tax reduction. She stated that the other longer-term projects that are in the work plan such as redevelopment of the Park & Ride site would be on hold until the City gets a new Community Development Director in place.

Commissioner Koch asked about distribution, outlined in the 4th paragraph, and noted that it looked like the City allowed density to be added in certain spots for non-affordable housing as long as they provided affordable housing somewhere else in the City.

City Planner Quarles stated that was not noted in this policy, but she felt it could be an interesting addition as they work towards incentivizing some preservation.

Executive Director Dahl stated that he felt that may be more of a one-off kind of situation that would be difficult to include in the overall policy.

Chair Shaver stated that he would agree that it may be difficult to include as part of the policy, but having it as a benefit and a way to reward that kind of behavior may be something to look into.

Commissioner Koch stated that he also felt the City wanted to integrate the affordable units and the market rate units and not simply allow people to put affordable units on one side of town, because he felt that approach may have some unintended consequences.

City Planner Quarles gave a brief update on other things that were included in the work plan.

Commissioner Ambrose stated that it appeared that most of the policy details that they have been discussing were coming from either the Minnesota legislature, Met Council, or the City and asked if any of it was from Federal.

City Planner Quarles stated that the only things that would be based Federally would be if they talked more about low-income housing tax credit projects, but the City has not had

those discussions because they have not had new construction try to take advantage of that.

E. Update of TIF Cashflow and Future Training Opportunities

Executive Director Dahl explained that he had included the most recent cash flow study information in the packet and noted that the City would be working on updating this model with the hopes of having it ready for the April meeting. He noted that he felt that they would be seeing some changes with the increment being generated because he felt the values would continue to go higher. He stated that they were also projecting new developments happening within TIF 6 sometime in the next few months. He noted that they have a pooling amount that is much more than their conservative estimates had expected, which should have additional updated data available within the next few months. He explained that he just wanted to bring this to the HRA's attention in order for the Council and the HRA to maximize the opportunities and be able to reduce the overall burden on the general property taxpayers and noted that he felt it was important for the HRA and the Council to be in sync with each other. He explained that they were hoping to have kind of a TIF 101 session at a Council workshop, where they would bring in the consultants, on March 4, 2025, prior to the regular City Council meeting, and felt it would be a good idea if the entire HRA was able to attend that meeting as well.

Commissioner Huml asked if people would be able to log into that Council workshop remotely.

Executive Director Dahl stated that they would probably not be able to have remote access.

Chair Shaver stated that he felt having a TIF 101 workshop was important, especially with new Councilmembers because frequently, there is a misconception about TIF. He noted that he felt that the City had been able to use the TIF tool very effectively in the past.

Commissioner Dayton stated that he wasn't sure if he would be able to attend the Council workshop when they discuss TIF, but he felt it would be important to discuss the increasing values of redevelopments. He noted that if they have pay-as-you-go TIF, everyone gets concerned about revenues that may be lost. He stated that there was a huge benefit in the additional tax that is created on the market rate levies because that was never actually part of the equation, but they would benefit from the increased values of redevelopment.

Executive Director Dahl stated that he agreed and noted that Mayor Mullin would be speaking about that as well as the misconceptions about TIF in his State of the City address in late February.

F. Update of Development Projects and Other HRA-related Initiatives

Executive Director Dahl noted that for the last few years, the City had been pursuing options for a sales tax in order to keep some revenue because many of the people

spending money in Wayzata are from outside of the community. He explained that currently there was a moratorium on allowing this type of sales tax, so cities cannot even ask for legislative approval, but they had recently heard that the moratorium may be lifted in April. He stated that he expected the City Council to have some conversations about possible options and what may be the best approach between a food and beverage sales tax or a local option sales tax. He explained that he would give the HRA updates as they happen because this could affect local businesses as well as City operations.

City Planner Quarles updated the HRA on development projects and answered questions about plans and progress, including: Wells Fargo project; former TCF site; Moments of Wayzata; Westway Condominiums; Harbors of Wayzata (formerly Cantissimo); the demolished gas station site; and 150 Broadway Avenue S.

Executive Director Dahl noted that 641 Lake Street is the old Caribou location on the west side of the Carisch building, and explained that it would be demolished this spring and rebuilt. He explained that because it would be the same overall footprint and just a small portion of the building, it will be handled through administrative review and not through the development process with the Planning Commission and City Council.

OLD BUSINESS

NEXT MEETING DATE: April 30, 2025

ADJOURN

There being no further business, Commissioner Huml made a motion, seconded by Commissioner Ambrose, to adjourn the meeting. The motion carried 5/0. The meeting adjourned at 8:37 am.

Respectfully submitted,

Kathy Leervig
City Clerk
City of Wayzata



**City of Wayzata
Housing and Redevelopment Authority
Agenda Report**

MEETING DATE: July 30, 2025	AGENDA ITEM: 4.a
TITLE: Receive Update on Organizational Transitions for City Council and Staffing	
PROPOSED MOTION: Receive Update on Organizational Transition	
PREPARED BY: Alex Sharpe, Community Development Director	
REVIEWED BY: Mike Kelly, Interim City Manager	

ACTION REQUESTED:

Review information and organization transition plan provided by staff.

FINANCIAL OR BUDGET CONSIDERATION:

Not Applicable.

BACKGROUND:

Since City Manager, Jeff Dahl's announcement that he would be resigning his position to take a City Administration position with another community, the City Council has been working on both an interim replacement and a long-term plan to fill the City Manager position. The City Council officially approved Mike Kelly, Public Works Director/City Engineer, as interim City Manager. Mike has been with the City for more than three decades and has the leadership abilities to lead the organization during this interim period while both the City Manager seat is vacant and the Deputy City Manager is out on leave.

Staff will provide the HRA with additional information on the recruitment process as the City Council determines the process.

ATTACHMENTS:

None



**City of Wayzata
Housing and Redevelopment Authority
Agenda Report**

MEETING DATE: July 30, 2025	AGENDA ITEM: 4.b
TITLE: Consider Appointment of Executive Director	
PROPOSED MOTION: To Appoint Mike Kelly as Interim Executive Director and Alex Sharpe as Assistant Executive Director	
PREPARED BY: Alex Sharpe, Community Development Director	
REVIEWED BY: Mike Kelly, Interim City Manager	

ACTION REQUESTED:

A motion is needed to appoint Mike Kelly as the Executive Director and Alex Sharpe as the Assistant Executive Director of the HRA.

FINANCIAL OR BUDGET CONSIDERATION:

Not Applicable.

BACKGROUND:

With the recent departure of Jeff Dahl, the previous Executive Director, the HRA will need to fill the vacancy in this position. Per HRA Bylaws, the HRA should annually appoint or reappoint the Executive Director. Below is the description of the Executive Director position. The City Manager has traditionally served in this role.

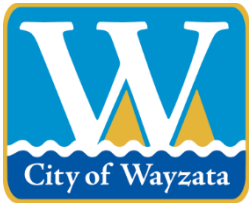
The Executive Director, who shall not be a commissioner, shall be responsible for:

- Securing, supervising and directing any personnel required for work to be accomplished by the HRA;
- Providing for the taking of and preparing minutes of each meeting of the HRA;
- Maintaining any appropriate files as deemed necessary by the Commissioners, including files of minutes, publication of meetings, and meeting agendas;
- The general administration and financial management of the affairs of the HRA pursuant to policies determined by the Commissioners; and
- Any other responsibilities assigned by the Chair or Commissioners.

Due to the leadership transition, staff is recommending that the Interim City Manager, Mike Kelly be named as the Executive Director and Alex Sharpe be named as the Assistant Executive Director of the HRA.

ATTACHMENTS:

None



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: July 30, 2025	AGENDA ITEM: 4.c
TITLE: Review and Discuss Affordable Housing Work Plan Items	
PROPOSED MOTION: Not Applicable	
PREPARED BY: Alex Sharpe, Community Development Director	
REVIEWED BY: Mike Kelly, Interim City Manager	

ACTION REQUESTED:

To review and discuss the attached Draft Density Bonus Policy for Affordable Housing and Discuss NOAH preservation efforts.

FINANCIAL OR BUDGET CONSIDERATION:

Not Applicable.

BACKGROUND:

In 2022, City Council approved a comprehensive zoning code update that included provisions for density bonuses in the R-5, High Density Multiple Residential District. A density bonus is a condition under which a proposed development can gain more allowed density if they meet certain standards. Prior to the update, density bonuses were used to incentivize underground parking and adjacency to commercial properties. Now, density bonuses may also be granted if a development meets conditions related to sustainable energy and affordable housing.

The Housing and Redevelopment Authority (HRA) last met to review and discuss this policy in January 2025. At that time, minor alterations to the density bonus were discussed. The HRA was asked to discuss the following:

- What level of affordability is realistic to try to incentivize?
- What is the role of the Metropolitan Council's Affordable Housing Need Allocation in determining bonus structure?
- Should for-sale units be included as an affordable option under the policy?
- What is the role of potential City-funded construction of affordable housing versus mixed-income housing produced by the private sector?

The draft minutes provide additional context and detail, but a brief summary is below:

- Lower area median incomes (AMI) will be difficult if not impossible to achieve without significant funding sources due to the cost of land and development in Wayzata. For new construction, 60-80% AMI should be the focus.
- Meeting affordable housing goals set by the Metropolitan Council may be impossible to achieve due to the low number of units created by density bonuses. Most apartments or multi-family units in Wayzata would only increase 2-5 units due to the small number of units and size of parcels in Wayzata.
- A new threshold at 60% AMI could be added to the current range but that this AMI does not align with the Metropolitan Council's guidance documents the City would not receive any additional credit towards meeting housing goals.
- Members specifically noted that most of the affordability in Wayzata is Naturally Occurring Affordable Housing (NOAH), and that this density bonus could potentially have an opposite affect by causing existing units to be demolished and not 100% replaced.

Staff is seeking to confirm that the draft policy still aligns with current HRA goals. If so, prior to adoption, staff

would recommend that the HRA present the draft policy to the City Council. Should this occur, the meeting would likely occur in the late fall and the members of the HRA would be asked to attend a joint meeting of the HRA and City Council to present the draft.

ATTACHMENTS:

1. Wayzata Affordability Housing Policy



City Council
Mayor Andrew Mullin
Molly MacDonald
Jeffrey Parkhill
Alex Plechash
Ken Sorensen

City Manager
Jeffrey Dahl

City of Wayzata
Draft Affordable Housing Policy for Density Bonus
Adopted _____, 2025

Purpose

The City of Wayzata Affordability Policy was created to specify the conditions for a residential density bonus in the R-5 High Density Multiple Residential District. Creating affordable housing opportunities through a diversity of housing options is a priority in the City's Comprehensive Plan and this policy contributes to this goal.

Zoning Ordinance

Section 959.07(D) of the Zoning Ordinance of the City of Wayzata notes a Schedule of Allowances for Minimum Lot Area, including:
"Except for elderly housing, the lot areas per multiple family dwelling unit that are required above shall be increased or reduced as follows:

D. If the project includes affordable housing units as defined by the City's **Affordable Housing Policy**, subtract 300 square feet per unit."

Affordable Housing Policy

(1) Definitions

Affordable Units. In multi-family rental buildings, affordable units shall be those which are at a rent level affordable to and occupied by households with an income below the policy's stipulated percentage of the Area Median Income (AMI). In for-sale buildings, affordable units shall be those which are sold at a sale price below 80% AMI.

Area Median Income. The Area Median Income shall be set based on annual calculations for the Minneapolis-St. Paul metropolitan area, calculated annually by the Minnesota Housing Finance Agency for the purpose of establishing rent limits for the Housing Tax Credit Program (rental units) and the Department of Housing and Urban Development (for-sale units).

Rental Units. Housing units proposed to be rented.

Rent Level. The monthly rental price for an affordable unit shall include rent and utility costs and shall be based on the stipulated percentage of AMI for the Twin Cities metropolitan area adjusted for bedroom size and calculated annually by Minnesota Housing Financing Agency for establishing rent limits for the Housing Tax Credit Program.

For-Sale Units. Housing units proposed to be sold to an owner-occupant at an affordable sale price.

Sale Price. The qualifying sale price for an owner-occupied dwelling unit shall include property taxes, homeowner's insurance, principal payment and interest, private mortgage insurance, monthly ground lease, association dues, and shall be based upon 80% AMI for the Twin Cities metropolitan area adjusted for bedroom size and calculated annually by the Department of Housing and Urban Development.

(2) Applicability

All proposed multifamily buildings and townhomes in the R-5 District that elect to participate.

(3) Period of Affordability

Rental units shall be affordable for a period of 20 years.

(4) Standards for Multi-Family Affordable Units

Distribution. Unless otherwise specifically authorized by this policy, affordable units shall be integrated within the development and distributed throughout the building(s). The affordable units shall be incorporated into the overall project unless expressly allowed to be located in a separate building or a different location approved by the City Council.

Number of bedrooms. The affordable units shall have a number of bedrooms proportional to the market rate units. The mix of unit types shall be approved by the City.

Size and design. The size and design of affordable units shall be consistent and comparable with the market rate units in the rest of the project.

Exterior/interior appearance. The exterior/interior materials and design of the affordable units in any development subject to these regulations shall be indistinguishable in style and quality with the market rate units in the development.

(5) Non-Discrimination Based on Rent Subsidies

Developments covered by this policy must not discriminate against tenants who would pay their rent with federal, state or local public assistance, including tenant based federal, state or local subsidies, but not limited to rental assistance, rent supplements, and Housing Choice Vouchers.

(6) Density Bonus by Percentage of Affordable Units

The density bonus shall be granted in the following scenarios.

For rental buildings with 10 units or more:

- 10% of units are affordable at an average of 30% AMI or less.
- 15% of units are affordable at an average of 50% AMI or less.
- 20% of units are affordable at an average of 80% AMI or less.
- 50% of units are affordable at an average of 100% AMI or less.

For condominium buildings with 10 units or more:

- 10% of units are affordable at an average of 80% AMI or less.

(7) Density Calculation Guidance

The City of Wayzata calculates density using lot area per unit. In the R-5 district, a non-senior residential building must have at least 2,175 square feet of lot area per unit, which equals a limit of approximately 20 units per acre. Reducing the amount of lot area required per unit increases allowed density.

(8) Recorded Agreements, Conditions and Restrictions

A declaration of restrictive covenants shall be executed between the City, HRA and developer, in a form acceptable to the City Attorney, which formally sets forth development approval and requirements to achieve affordable housing in accordance with this policy. The declaration shall identify:

- The location, number, type, and size of affordable units to be constructed;
- Sales and/or rental terms; occupancy requirements;
- A timetable for completion of the units; and
- Annual Tenant income and rent reporting requirements; and
- Restrictions to be placed on the units to ensure their affordability and any terms contained in the approval resolution by the City/HRA.

The applicant or owner shall execute all documents deemed necessary by the City Manager, including, without limitation, restrictive covenants and other related instruments, to ensure affordability of the affordable housing unit within this policy. The documents described above shall be recorded with Hennepin County as appropriate.

Supporting Comprehensive Plan Guidance

Wayzata 2040 Comprehensive Plan Vision Statement

Wayzata is a forward-thinking lakeside community that is socially connected, charming, walkable, and pedestrian friendly. A multi-generational community with healthy, engaged, and active residents. A community that is in the forefront of sustainability, with a healthy environment, vibrant parks and enticing City spaces. It is a proud steward of its premier natural asset; Lake Minnetonka.

Wayzata 2040 Comprehensive Plan Guiding Principles

- **Multi-Generational:** A multi-generational community necessarily implies diverse housing, transportation availability, and safe walkable and bikeable environments.
- **City Nodes with Greater Housing Diversity:** Housing availability and affordability were key themes throughout the engagement process. The current Wayzata reality is that single family homes are expensive, pricing young families out of Wayzata. Additionally, most higher density development has been in the form of condos by the lake with price tags sometimes much higher than the City's single-family residences, which attract an older and more financially stable demographic.

Wayzata 2040 Comprehensive Plan Housing Chapter

- **Opportunities:** Residents recognize and advocate for the establishment of "life-cycle" housing options, so that a diverse mixture of individuals, including young families and older residents, may all have the opportunity to live within Wayzata.
- **Challenges:** One of the greatest challenges facing Wayzata is the economic reality of rapidly increasing land values. As a fully built out community, developable land is scarce, which when combined with the City's proximity to the lake, has driven up the value of land. While the City and the Wayzata Housing and Redevelopment Authority (HRA) are committed to providing opportunities for a range of individuals, the City will likely continue to have difficulty identifying appropriate locations for additional affordable and moderated priced units. Much of the existing affordable housing within the community was the result of private sector developments, and the City will continue to work with these organizations to identify future affordable housing opportunities if they arise.
- **Affordable Housing Units:** According to the Metropolitan Council's 2016 staff estimates, nearly 42% of the City's 2016 housing stock (1,048 units) is considered affordable to households with an income of 80% or less of the Area Median Income. In 2018, there were 89 publicly subsidized housing units within the City.
- **Median Gross Rent:** In 2010, nearly 40 percent of all housing within the community was renter occupied. As the City continues to provide a variety of housing types, a variety of rental rates can contribute to a variety of options for future and current residents. The median gross rent in Wayzata has continued to grow since 1990, but the growth rate has tapered between 2010 and 2016. Additionally, the rent within Wayzata is historically less expensive than that of surrounding communities.
- **Housing Cost Burden:** In 2016, a total of 36 percent of households within Wayzata were cost burdened. The majority of the 597 cost-burdened households in 2016 earned an income between 51-80% of the AMI.

Housing Goals and Policies

Goal: Support housing development which recognizes the diverse housing needs of the community, including all affordability levels, young families and the elderly, and contributes to the development of safe, comfortable, and attractive neighborhoods within the City.

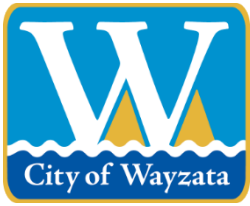
- Research first-time homebuyer programs and low-interest loan programs to encourage homeownership for young families.
- Support housing typologies and development that will help the City fill the existing affordable housing gap and provide housing for households at or below 80 percent of the AMI. Meet the 2030 affordable housing allocation of 42 additional units.
- Promote the development of life-cycle housing options for all residents, including single family housing for young families and well-designed multiple family options.

- Explore opportunities to infill development and redevelopment to provide housing options for all incomes.
- Explore partnerships with local non-profit organizations, including neighborhood groups, churches, Interfaith Outreach and Community Partners (IOCP), and other organizations to identify potential opportunities for additional affordable rental, multiple family and single-family units within the community. Continue to work with the Metropolitan Council in order to meet the agreed upon goals for additional affordable units as part of the Livable Communities Act.
- Investigate additional financial incentives for increased home ownership and home maintenance, including low or no interest loan programs for maintenance of older housing stock in established neighborhoods and uses of Community Development Block Grants.
- Review area and national affordable housing programs which aid the development of workforce housing development and promote homeownership for public service and workforce professionals.

Metropolitan Council Affordable Housing Need Allocation

The Metropolitan Land Use Planning Act requires communities in the metropolitan region to include in their comprehensive land use plans a housing element that acknowledges the city's share of the regional need for low- and moderate income housing. The Metropolitan Council has identified its total need of 37,900 affordable housing units between 2021 and 2030 throughout the region. A total of 42 units has been allocated to the City of Wayzata to support the development of the affordable housing stock. Affordability ranges are based on the Area Median Income (AMI), with a specific number of units identified for each range.

	Number of Units
At or below 30% AMI	19 units
From 31 to 50% AMI	13 units
From 51 to 80% AMI	10 units
Total Units	42 units



**City of Wayzata
Housing and Redevelopment Authority
Agenda Report**

MEETING DATE: July 30, 2025	AGENDA ITEM: 4.d
TITLE: Update of Development Projects and Other HRA-related Initiatives	
PROPOSED MOTION:	
PREPARED BY: Alex Sharpe, Community Development Director	
REVIEWED BY: Mike Kelly, Interim City Manager	

ACTION REQUESTED:

N/A

FINANCIAL OR BUDGET CONSIDERATION:

N/A

BACKGROUND:

Staff will provide an update at the meeting of on-going development projects and other items.

ATTACHMENTS:

None