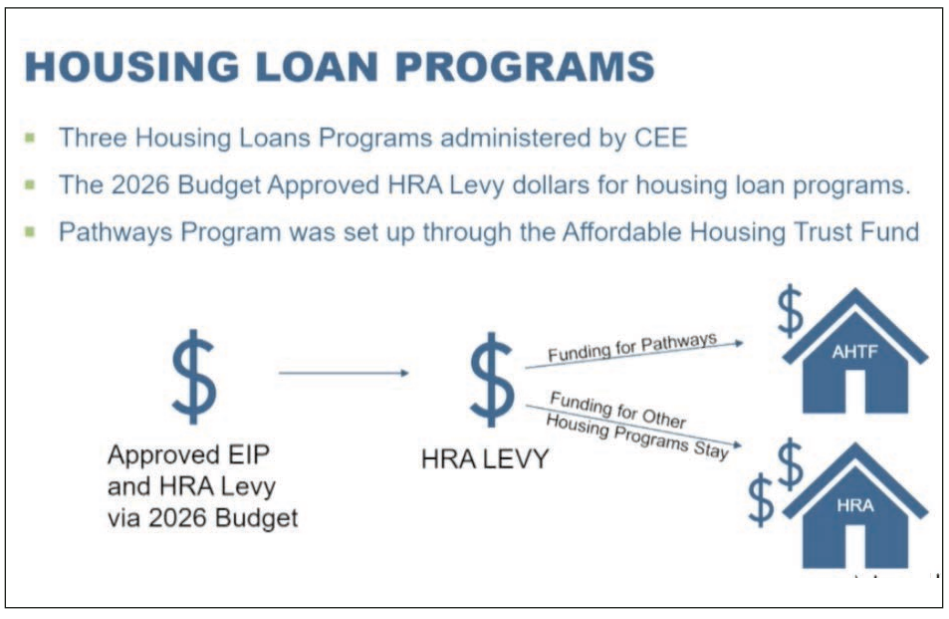
Tonka Council adds funds to program helping first-time homebuyers

Council approved $175,000 transfer from the city's Affordable Housing Fund to its Pathways program

NATALIE TRIMBLE
natalie.trimble@apgecm.com



(SCREENSHOT)

A visual display of the transferral of funds from the HRA Levy to the various housing loan programs provided through the city of Minnetonka.

With rising housing costs making homeownership increasingly challenging, the Minnetonka City Council voted March 9 to move $175,000 from the city's Affordable Housing Trust Fund into the Pathways to Homeownership Down-Payment Assistance program, helping residents cover down payments and closing costs.

The move comes as demand for down-payment assistance continues to outpace available funding.

The Pathways program provides borrowers who have not owned a home in the last seven years with down-payment and closing cost assistance. The program was set up through the city's Affordable Housing Trust Fund, which provides necessary flexibility to support and fund a range of affordable housing options, including helping individuals secure housing, stay housed, improve housing conditions, and acquire new homes.

In addition, the Pathways program is one of four loan programs administered by the Center for Energy and Environment (CEE) for the city. The other programs include the Minnetonka Home Enhancement program, the Welcome to Minnetonka DPA program, and the Commercial Code Compliance program.

"The funding sources though, for all those loan programs have been coming from a variety of areas. So originally there was some money coming from the Recovery Act and then there were Development Fund dollars and then HRA dollars as well as Affordable Trust Fund dollars," Community Development Director Julie Wischnack said. "So it depends on the year. If you ask me what year and what fund, I'd have to go back and look at each loan program, but generally you get the idea."

Funding for the four CEE loan programs also comes from the city's Housing and Redevelopment Authority (HRA) Levy, which was approved in the 2026 Budget and the 2026-2030 Economic Improvement Program (EIP).

The $175,000 first had to be transferred from the HRA levy to the Affordable Housing Trust Fund before moving to the Pathways program.

"Every year you run out of money in that Pathways program so this is a pretty common issue. This action will put new money into the fund and people will be able to continue using that," Wischnack said.

CEE HISTORY

In 2018, the city of Minnetonka entered into an agreement with CEE to manage the Minnetonka Home Enhancement Loan and the Welcome to Minnetonka DPA Loan. In 2022, the Fifth Amendment added the Commercial Code Compliance Program to the city's CEE housing loan programs, followed by the Pathways program in 2023 under the Seventh Amendment.

The cumulative amount of dollars approved over the lifespan of each program (2018-2026) is as follows:

- Minnetonka Home Enhancement and Welcome to Minnetonka DPA: $600,000
- Pathways to Homeownership DPA: $1,275,000
- Commercial Code Compliance: $100,000

Visit bit.ly/4131RsN to learn more about the Pathways program and other housing loan programs offered through the city of Minnetonka.

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