

STRATEGIES FOR METRO AREA SALES AND USE TAX FOR HOUSING IN CHASKA

RESILIENT COMMUNITIES PROJECT | RCP 52

About the Partner

Chaska is an outer ring suburb located southwest of Minneapolis. It is Carver County's largest city and the county seat. The land was originally occupied by the Mdewakaton Dakota people and, according to the Minnesota Historical Society, the name "Chaska" is derived from a common Dakota name given to a first-born son. The city encompasses 17.7 square miles, and its historic downtown is adjacent to the Minnesota River, which played a significant role in its early identity as a trading post and commerce hub. Chaska was incorporated as a city in 1891, and its industry was first centered on brick manufacturing and agricultural processing. Rapid growth and transition to a metropolitan community began in the 1950s and 60s. In 2020, Chaska had a population of roughly 27,800 people, with a median age of 37.2 and a median household income of \$99,988. The three largest racial/ethnic groups in Chaska are White (Non-Hispanic) (82.2%), Multi-Racial (Hispanic) (3.59%), and Multi-Racial (Non-Hispanic) (3.46%).



City of Chaska

Project Description

In 2023, the Minnesota State Legislature passed a Metro Area Sales and Use Tax for Housing at 0.25%. Proceeds of the tax are distributed directly to Twin Cities metro area cities to use in support of affordable housing preservation and development. The City of Chaska has a well-established history of working proactively to develop and preserve affordable housing, as supported by the City's Comprehensive Plan goals and policies. Chaska has used tools such as TIF, land trusts, land donation, zoning flexibility, and others in pursuit of its housing goals. With the establishment of a new funding source through the metro area sales tax, the City desires to be strategic in its use of the funds to maximize outcomes.

The City of Chaska seeks research support to help determine best strategic use for these annual, yet limited, funds to support affordable housing opportunities for residents, including possible new programs, investment in preservation of existing affordable housing, and development of new affordable housing. This project will not only help the City maximize a new capital resource for affordable housing, but also revisit the City's housing policies to recommend any needed changes in support of their affordable housing goals.



Resilient Communities Project

UNIVERSITY OF MINNESOTA

Key Issues, Questions, and Ideas for Students to Explore

1. How are other cities using the sales tax revenue to support affordable housing?
2. Given Chaska's existing housing stock, are funds best used to support preservation, development of new housing, or a combination of both?
3. What innovative programs should Chaska consider developing or expanding to advance affordable housing with these funds?
4. What other policy changes should be considered to better leverage and supplement use of these funds?
5. Are there other agencies the City can collaborate or partner with to implement projects or leverage resources and expertise to create more affordable housing opportunities?

How Student Work Will Build Community Resilience

Chaska's 2040 Comprehensive Plan sets several goals that promote a diversity of housing opportunities, preservation and creation of affordable housing, reinvestment into aging neighborhoods, and fair housing opportunities. Policy and strategy recommendations for the sales tax funds will help to advance the sustainability of the community by providing housing for all parts of the lifecycle, as well as advancing the City Council's strategic vision to be a "welcoming, respectful, engaging and inclusive community." In addition, this research will be made available to other Twin Cities metro cities who are deciding how to best utilize Metro Area Sales and Use Tax for Housing funds through a partnership with the Metropolitan Council.

Potential Partners or Stakeholders

- Metropolitan Council
- Carver County CDA and Land Trust
- Local banks

Existing Plans and Reports

- City of Chaska 2040 Comprehensive Plan
- City of Chaska 2025 Strategic Plan

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