

AGENDA

MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

Tuesday, February 3, 2004

*Please note change of location

6:00 p.m.



Oak Knoll Room
Minnetonka Community Center, Lower Level

1. Call to Order.
2. Roll Call:

Paula Chatterjee	Peter St. Peter
Dan Duffy	Al Thomas
Dave Larson	Tony Wagner
Bunny Robinson	Bob Walker
3. Approve minutes of December 9, 2003 EDA meeting.
4. Staff Report.

BUSINESS ITEMS

5. Affordable housing component proposed with a 13-unit townhouse development at 14201, 14213, and 14225 Excelsior Boulevard.

Action recommended is a motion recommending the inclusion of two affordable units.

6. EDA Resolutions.

Action recommended is to adopt the following resolutions:

- Resolution approving the change in the indexing system used for affordable housing resale prices to 50% of the average annual percent increase of the metropolitan area.
- Resolution approving the EDA's policy on the inclusion of 10-20% affordable units in multi-family developments.

7. Continued discussion regarding residential density and life-cycle/affordable housing.

Action recommended is to hold the discussion.

8. Other Business.

The next regular EDA meeting is Tuesday, March 9, 2004 at 6:00 p.m.

9. Adjourn.

**Minnetonka Economic Development Authority
Meeting Minutes**

**December 9, 2003
6:00 P.M.**

****Gray's Bay Room**
Minnetonka Community Center, Upper Level**

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 6:01p.m.

2. ROLL CALL

EDA Commissioners present: Paula Chatterjee, Dan Duffy, Dave Larson, Bunny Robinson, Peter St. Peter, Ken Tauer, and Al Thomas.

EDA Commissioners absent: Bob Walker.

Staff present: Ron Rankin and Elise Souders.

3. APPROVE MINUTES

Larson moved, Tauer seconded a motion to approve the minutes of the November 18, 2003 EDA meeting. All voted yes. Motion passed.

4. STAFF REPORT

Souders updated Commissioners on the Minnetonka Boulevard/County Road 101 roadway improvements and upcoming meetings and events.

Rankin reviewed the 2003 Annual Report and asked for feedback on the report. St. Peter said a 2004 goal should be to revisit the Neighborhood Renovation Program and either continue on with the program or end it.

BUSINESS ITEMS

5. CONTRIBUTION OF \$6,000 TO COMMONBOND FOR RENT PAYMENTS OF EXPANDED ADVANTAGE CENTER AT CROWN RIDGE.

Souders reviewed the request and the expanded Advantage Center programming. She said staff recommends the EDA recommend approval by City Council of the \$6,000 towards rent payments for 2004.

St. Peter said it was the school district that first offered to provide additional programming, and asked what it would take from CommonBond and the City to make it happen. With the direct access to the parents and kids, he said the School District wanted to offer additional programs on-site. St. Peter also mentioned this program may be able to serve the Ridgebury neighborhood. Rankin said the contribution of \$500 per month is about half of the total monthly rent and CommonBond would be responsible for absorbing the remaining costs.

Duffy clarified the agreement is for two years, and another \$16,000 could be a possibility again next year. He suggested if this is an annual request, CommonBond should look at the church for additional space. St. Peter replied the rents at Oak Knoll and the apartment are similar.

Thomas asked where the funding for this request would come from. Rankin said the funding would be from the Livable Communities Fund, and explained the fund. St. Peter mentioned the 60-day notice period if the city decided to terminate the agreement earlier.

Duffy asked who would be responsible for conducting the quarterly review. Rankin said those who had been involved in the first meetings would be responsible. He also mentioned it might take some time this spring to get the programs going; however, he expects that with the start of the school year next fall there would be more programming.

Thomas said he thought it was a good program to have; however, he questioned how it helped the economic development of the city. St. Peter said by providing these programs it would hopefully help ease the need for support services for these residents now and in the future. Rankin added it supplements the investment the city had already made in affordable housing.

Thomas asked if this was the appropriate funding source. Rankin said the request was to help provide the space for the program and not the programming.

Tauer said the city is responsible for affordable housing. He said right now Crown Ridge has a negative reputation associated with it. He felt that if there is a negative image associated with affordable housing, then it might be more difficult to add more affordable housing in the city.

Thomas asked about the monitoring. St. Peter replied it would be done through the quarterly reports. Thomas asked if the EDA could review the progress, and also compare the building before and after the implementation of the programs through police reports and other sources.

Rankin again mentioned that the \$16,000 total the city is contributing to CommonBond for Crown Ridge is a concern. He said staff had spoken with CommonBond that this cannot be a total each year, and the \$10,000 can possibly be used to supplement both programs.

Duffy said supporting this kind of programming is part of the hidden cost of developing affordable housing. He said the county is not contributing, and CommonBond needs to realize the city does not have an open checkbook and will follow-up to see what is happening.

Larson had a question about Vacation Bible School and if the city was funding part of that. Rankin clarified residents are invited to participate in events at the church if they wish. Larson said he supports the expanded program.

Duffy moved, Larson seconded a motion that the EDA recommend the City Council approve the \$6,000 in rent contribution for expanded services at Crown Ridge. All voted yes. Motion passed.

6. OTHER BUSINESS

Rankin said the next EDA meeting would be Tuesday, January 13, 2004.

7. ADJOURN

Tauer moved, Larson seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 6:40 p.m.



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director
Elise Souders, Community Development Coordinator

DATE: January 27, 2004

SUBJECT: Staff Report for February 3, 2004 EDA Meeting

1. New EDA Commissioner and Reappointments

Please welcome Councilmember Tony Wagner as the new Councilmember representative to the EDA replacing Ken Tauer. As you may know, Tony served on the Planning Commission prior to being elected to City Council. Bob Walker has been reappointed as a citizen representative to the EDA for a six-year term. Also Paula Chatterjee was reappointed for another one-year term as youth liaison.

2. Dial-a-Ride

In the attachments, Commissioners will find an update on ridership numbers since Dial-a-Ride started in July 2002, including year-end totals. The 2003 total is already about 90% of the five year target level of 9,000 rides per year.

3. Family Affordable Housing Program (FAHP)

In 2001, the City and the Metropolitan Council entered into an agreement for the Metropolitan Council to own and operate up to twenty scattered-site FAHP units (they are then rented out at an affordable rate to qualifying households) within the City. To date, the Metropolitan Council has acquired twelve units. Hennepin County recently awarded the Metropolitan Council \$275,000 from their Affordable Housing Incentive Fund for the FAHP units in Minnetonka, Edina, Golden Valley, and Richfield. The funds in Minnetonka will be used for the reimbursement of rehab work already completed on some of the units, and it will also be used to acquire an additional unit within the City. It is unsure how many more units the Metropolitan Council will be acquiring in Minnetonka because of a lack of funding from the U.S. Department of Housing and Urban Development. They will be continuing to look for additional funding sources and hope to acquire at least fifteen units in Minnetonka.

4. Crown Ridge

The additional space for expanded Advantage Services at Crown Ridge has begun to be used for programming and services. Currently, CommonBond is using the room for math homework help for junior high students once per week, and will potentially be

using the room on another night for “teens only” homework help. The manager is also using the room when potential tenants are filling out forms and viewing a video on how to be a good neighbor. The school district is working on their programming and plans to have programming in place by mid-February (or potentially sooner). CommonBond has also added a part-time assistant who will be organizing additional programming including a more structured homework center. This will allow the current program coordinator more time to focus on individual services and the high school students. Currently, Crown Ridge has twelve vacancies, the majority being market rate units.

5. Minnetonka Boulevard/County Road 101

Staff and consultants are working on creating an accurate base map for the intersection with right-of-way lines and other measurements necessary to establish distances and information needed to proceed with the streetscaping design. Once this information is collected and a base map is created, the business association will meet to help work on the streetscape plans. As requested by Commissioners in December, attached are the northeast and southeast corners’ revised access and parking lot plans.

6. WHAHLT

On January 26th, the City Council approved a \$200,000 grant request by WHAHLT. The funds will be used to acquire between two to six additional affordable housing sites in the city, and will also serve as the local match required for other grant funds that WHAHLT is applying for from the state, Metropolitan Council, and Family Housing Fund.

7. Community Involvement Programs (CIP)

CIP provides affordable adult foster care and supportive housing in the Twin Cities, including locations in Minnetonka. Currently, they have a site on Clear Springs Road that houses twelve individuals in three buildings. CIP has met with staff to discuss expanding this site by demolishing two of the buildings and building three new buildings, bringing the total to four buildings on-site. Each building would have four studio apartments and a common area and the entire site would accommodate twenty individuals. CIP is looking at different funding sources, including Community Development Block Grant funding from the city as well as the Minnesota Housing Finance Agency and Hennepin County HOME funds.

Upcoming Meetings/Events

Sunday, February 22—Home Remodeling Fair
10:30 a.m. to 3:30 p.m.
Eisenhower Community Center, Hopkins

Wednesday, February 25—Sensible Land Use Coalition Program
“Metro Transportation Project Updates”
11:30 a.m. to 1:30 p.m.
DoubleTree Park Place (St. Louis Park)

**If you are interested in attending, please let Elise know before Tuesday, February 17th.*

Tuesday, March 9—EDA Meeting
6:00 p.m.
Gray's Bay Room

Wednesday, March 17—Boards and Commissions Training
6:00 p.m.
Minnetonka Community Center

****Please make a note of this date—it is a bi-annual event that all boards and commissions members are invited to attend. Staff is inquiring to see if this session can be videotaped for those who may be unable to attend.***

Attachments

- Updated EDA Roster
- Dial-a-Ride update
- Minnetonka Boulevard/County Road 101 northeast and southeast corner drawings
- “Livable Places Update” December 2003
- Summary of “Rethinking Local Affordable Housing Strategies”, a paper prepared by the Brookings Institution.
- Summary and illustrations from “The Next Decade of Housing in Minnesota”, a paper prepared for the Family Housing Fund, MHFA, and the Greater Minnesota Housing Fund.

Upcoming EDA Meetings

Updated January 26, 2004

Meeting Date All meetings at 6:00 pm unless otherwise noted	Item Description	Room/Special Notes
Tuesday, February 3	Regular EDA Meeting	Oak Knoll Room •Excelsior Blvd townhouse development affordable housing component •Indexing resolution
Tuesday, March 9	Regular EDA Meeting	Gray's Bay Room
Tuesday, April 13	Regular EDA Meeting	Gray's Bay Room
Tuesday, May 11	Regular EDA Meeting	Gray's Bay Room
Tuesday, June 8	Regular EDA Meeting	Gray's Bay Room
Tuesday, July 13	Regular EDA Meeting	Gray's Bay Room
Tuesday, August 10	Regular EDA Meeting	Gray's Bay Room
Tuesday, September 21 <i>(Please note the date)</i>	Regular EDA Meeting	Gray's Bay Room
Tuesday, October 12	Regular EDA Meeting	Gray's Bay Room
Tuesday, November 9	Regular EDA Meeting	Gray's Bay Room
Tuesday, December 14	Regular EDA Meeting	Gray's Bay Room

Items to be Scheduled



TO: EDA Commissioners

THROUGH: Ron Rankin, Community Development Director

FROM: Elise Souders, Community Development Coordinator

DATE: January 28, 2004

SUBJECT: Affordable housing component proposed with a 13-unit townhouse development at 14201, 14213, and 14225 Excelsior Boulevard

Background

Arnie Zachman of GL Development LLC has submitted to the city an application for a townhouse development located at the intersection of Excelsior Boulevard and Kinsel Road (An area map, location map, and site plan are included as attachments). The proposal includes 13 owner-occupied townhouse units.

The Planning Commission reviewed the item at their January 15, 2004 meeting, and City Council will be reviewing it at their February 9th meeting. The EDA is asked to review the affordable housing component of the development.

Development Proposal

The 2.8-acre site is located along Excelsior Boulevard between Stewart Lane and Kinsel Road. All existing structures on site would be removed and there would be 13 units built in six, two-story buildings. Five of the buildings would be duplexes and one building would have three units. Access would be provided from a private road off of Stewart Lane.

The applicant is asking for a guide plan amendment, rezoning, preliminary plat with variances, and site and building plan review with variances. The Planning Commission reviewed the proposal at their January 15th meeting and recommended to the City Council that the development be approved, with the condition that the EDA review the proposal with regard to the appropriate number of affordable units.

Affordable Housing Component

In the original plans submitted by the applicant, one affordable unit was shown out of the thirteen. In these original plans, no architectural features were shown on the back sides of the buildings that would face Excelsior Boulevard. The Glen Lake Planning Study Committee last spring, however, recommended that when redevelopment in the area occurred that the back sides of buildings not be facing the road or not look like back sides. With this information the applicant added more features to the back sides of the buildings, and because of the upscale features, the inclusion of the affordable unit was pulled out for the Planning Commission meeting.

In the Planning Commission's staff report, it was recommended that affordable housing be included as part of the project. The Planning Commission also reviewed whether affordable units should be included in the development. Their recommendation was that affordable housing should be included as conditions to receiving a guide plan change, a rezoning, and approval of the site and building plans. However, the appropriate number of units should be left to the EDA to decide.

Discussion

The City Council has directed staff to meet with developers to include affordable housing in new housing projects. Staff typically asks that developers include ten to twenty percent of the total units as affordable units. Recent developments where affordable units have been incorporated include:

Project	Total Units	Affordable Units	Percent Affordable
Enclave Townhouses (2002)	13	1	7.7%
Sussex Townhouses (2002)	4	1	25%
Parkers Lake Road Condominiums (2003)	39	8	20.5%
Meadowwoods (2003)	17	2	11.7%
The Sanctuary (2003)	23	4	17.4%

The Council also looks at the inclusion of affordable units when reviewing guide plan changes. There are ten criteria that the city has for changing the guide plan, and two of these ten criteria relate to affordable housing. Criterion #8 states, "There is a community or regional need identified in the comprehensive plan for the proposed use or service." Criterion #9 states, "The change would help the City meet its life-cycle and affordable housing goals." In 1995, the city worked with the Metropolitan Council to create affordable housing development goals. Specifically, the city set a goal of adding 180 new affordable owner-occupied units by the year

2010. To date the city has added 155 new affordable units (86% of its owner-occupied housing goal). Currently, the Metropolitan Council defines affordable as \$170,000 or less, which is affordable to those at 80% of Area Median Income (currently \$60,240).

In 2002, the EDA worked to identify potential sites where affordable housing would be appropriate to be included. These nine sites that were identified were evaluated according to specific criteria (included as an attachment). Glen Lake was identified as one of the nine sites and was rated positively on four of the five criteria, including: walkable neighborhoods, easy access to transit, proximity to shops and services, and closeness to parks and amenities. This site was rated neutrally on the feasibility to develop. This development would be near a neighborhood commercial center, which includes a grocery store, service stations, a bank, the post office, and other service businesses. The development is also adjacent to Kinsel Park, and two bus routes run along Excelsior Boulevard.

If the EDA finds that affordable units are appropriate for this development, there are two ways that affordability may be maintained. The first concept would be to use the indexing system, as has been done at The Gables of West Ridge, Ridgebury, and at the Enclave. The second concept would be for the city or another affordable housing organization, such as the West Hennepin Affordable Housing Land Trust, to acquire the units for re-sale to eligible households. As Commissioners may remember, a similar decision needed to be made for the affordable units at the Sanctuary. In that case the EDA recommended that the units be transferred to the city or another affordable housing organization.

Recommendation

Staff believes that this location is appropriate for the development and for the inclusion of affordable units. The EDA has also in the past rated positively on this site as having characteristics appropriate for housing developments and for developments that include affordable units.

As has been the EDA's policy, staff asks developers that ten to twenty percent of the total units be affordable. With thirteen units proposed, one affordable unit would make 7.7% of the total units affordable. Two units would make 15.4% of the development affordable, which would be in line with the EDA's policy.

Based on the information presented above and the EDA's policy, staff recommends the EDA adopt a motion making a recommendation to the City Council as follows:

That two affordable housing units be included, and they be transferred to the city or an affordable housing organization designated by the city, at a cost not to exceed \$170,000 each.

Staff will review this information in further detail at the EDA meeting.



TO: EDA Commissioners

THROUGH: Ron Rankin, Community Development Director

FROM: Elise Souders, Community Development Coordinator

DATE: January 27, 2004

SUBJECT: Resolution approving the change in the indexing system used for affordable housing resale prices to 50% of the average annual percent increase of the metropolitan area

At the April and May 2003 EDA meetings, Commissioners discussed the indexing system that is used for setting the maximum resale prices on designated affordable housing units. Attached are copies of the May staff report and meeting minutes for reference.

As Commissioners may recall, at the May meeting it was decided to revise the indexing system. The current indexing system at the time used the average annual percent increase of the metropolitan area to find the maximum resale price. Commissioners felt it was necessary to change the system because the old system had not been successful in keeping the resale prices affordable. It was suggested to change the indexing system to use 50% of the average annual percent increase of the metropolitan area. While there was some discussion if 50% was too low, Commissioners decided it would be a good starting point and would be easier to raise the percentage if it did not seem appropriate rather than trying to lower the percentage.

In May, at the time the recommendation by the EDA was made to use the 50% of the average annual percent increase to calculate the resale price, no resolution was adopted. In order to put the new system in place, a resolution should be adopted defining what the EDA recommended in May. There have been no developments built since May 2003 where the revised indexing system would apply.

Staff recommends the EDA adopt the attached resolution revising the indexing system to use 50% of the average annual percent increase as suggested previously.

RESOLUTION 2004-001

RESOLUTION APPROVING THE CHANGE IN THE INDEXING SYSTEM USED FOR AFFORDABLE HOUSING RESALE PRICES TO 50% OF THE AVERAGE ANNUAL PERCENT INCREASE OF THE METROPOLITAN AREA

BE IT RESOLVED by the Economic Development Authority of the City of Minnetonka, Minnesota as follows:

Section 1. Background.

- 1.01. The Economic Development Authority implemented an indexing system placed on certain affordable housing units in order to maintain the affordability of the units.
- 1.02. The indexing system used the average annual percent increase of the metropolitan area in order to calculate the maximum resale price of the units for the following year.
- 1.03. The average annual percent increase of the metropolitan area has increased significantly, and the indexing system is no longer able to maintain affordability.
- 1.04. The Economic Development Authority recommended at its May 13, 2003 meeting that the indexing system be changed to use 50% of the average annual percent increase of the metropolitan area in the resale calculations for new developments that use the indexing system to maintain affordability.

Section 2. Economic Development Authority Action.

- 2.01. The Economic Development Authority of the City of Minnetonka hereby approves the change in the indexing system to 50% of the average annual percent increase of the metropolitan area in order to maintain affordability of certain affordable housing units.

Adopted by the Economic Development Authority of the City of Minnetonka, Minnesota, on February 3, 2004.

Peter St. Peter, President

ATTEST:

Ronald Rankin, Secretary

ACTION ON THIS RESOLUTION:

Motion for adoption: Walker

Seconded by: Robinson

Voted in favor of: Duffy, Larson, Robinson, St. Peter, Thomas, Wagner, Walker

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Economic Development Authority of the City of Minnetonka, Minnesota, at a duly authorized meeting held on February 3, 2004, as shown by the minutes of the said meeting in my possession.

Ronald Rankin, Secretary



TO: EDA Commissioners

THROUGH: Ron Rankin, Community Development Director

FROM: Elise Souders, Community Development Coordinator

DATE: January 29, 2004

SUBJECT: Resolution approving the EDA's recommendation on the inclusion of 10% to 20% of the total units in multi-family developments as affordable housing

Over the past several years, the EDA has been working to add more affordable units to the city by having developers include affordable units in new housing developments. In order to work to accomplish this, the EDA and City Council has asked staff to meet with developers when new development projects are brought in to discuss the inclusion of affordable units. The EDA has directed staff to ask that 10% to 20% of the total units in the development be made affordable, especially in the cases of multi-family developments, such as townhouses, apartments, and condominiums.

While the EDA has directed staff to ask for the inclusion of 10% to 20% affordable units in a development, there is no written policy or resolution by the EDA affirming that this is their recommendation. Because there is no written documentation of the wishes of the EDA, this was a point of concern heard at the Joint Study Session with the EDA and Planning Commission held in October 2002 and more recently. Establishing a written resolution affirming the EDA's recommendation that 10% to 20% of the total units in multi-family developments be affordable will give staff with the documentation needed to provide to developers who wish to develop projects within the city.

Staff recommends the EDA adopt the attached resolution.

RESOLUTION 2004-002

**RESOLUTION APPROVING THE ECONOMIC DEVELOPMENT AUTHORITY'S
RECOMMENDATION ON THE INCLUSION OF 10% TO 20% OF THE TOTAL
UNITS IN MULTI-FAMILY DEVELOPMENTS AS AFFORDABLE HOUSING**

BE IT RESOLVED by the Economic Development Authority of the City of Minnetonka, Minnesota as follows:

Section 1. Background.

- 1.01. The City of Minnetonka and Metropolitan Council have worked together to create affordable housing goals for the development of new affordable housing units within the city.
- 1.02. The Economic Development Authority has been working to accomplish these goals and include affordable housing in new housing developments by recommending that 10% to 20% of the total units in a housing development be made affordable.

Section 2. Economic Development Authority Action.

- 2.01. The Economic Development Authority of the City of Minnetonka hereby affirms their recommendation that 10% to 20% of the total units in new multi-family housing developments be sold at an affordable price as set forth by the Metropolitan Council.

Adopted by the Economic Development Authority of the City of Minnetonka, Minnesota on February 3, 2004.

Peter St. Peter, President

ATTEST:

Ronald Rankin, Secretary

ACTION ON THIS RESOLUTION:

Motion for adoption: Duffy

Seconded by: Larson

Voted in favor of: Duffy, Larson, Robinson, St. Peter, Thomas, Wagner, Walker

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Economic Development Authority of the City of Minnetonka, Minnesota, at a duly authorized meeting held on February 3, 2004, as shown by the minutes of the said meeting in my possession.

Ronald Rankin, Secretary



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director

DATE: January 29, 2004

SUBJECT: Continued discussion regarding residential density and life-cycle/affordable housing.

The EDA has taken time at several meetings to discuss residential density and life-cycle/affordable housing, as well as pro-active approaches to redevelopment. Doing this has been timely, because the council will be holding a special study session on Monday, March 1, to discuss land use and development issues, including aspects of residential density and affording housing.

The council has chosen to do this because two new councilmembers started in January and the entire council has not had an opportunity to discuss these issues for some time. Further, the outcome of The Sanctuary development approval process has prompted some thoughts about whether the city actually gains from a project where no one seems very pleased with the result – not the neighbors, the developer, or the city. Staff believes these thoughts fit with concerns the EDA has expressed about the city losing opportunities for more density near commercial areas that have walkable neighborhoods, shopping and services close by, and ready access to transit service.

Staff has recently done follow-up work on the process issues – how to develop a broader plan for proactive redevelopment that could be supported by the community. In a conversation with John Shardlow of DSU planning consultants, he said Roseville and Columbia Heights have had great success in using advisory panels for community-wide issues. Unlike the multi-year community “visioning” process used by St. Louis Park, Golden Valley, and others, the advisory panel can complete its work within several weeks or months, depending on the scope of the issue.

In Roseville, the city is working to build support for redevelopment of the remaining truck terminals along I-35W. Roseville has appointed an Advisory Panel that includes some residents from the neighborhood, business and Chamber of Commerce representatives, plus Roseville’s “Council of Chairs” –

the chairs of the Planning Commission, EDA, Park Board, and others. The Advisory Panel goes through an iterative process of studying the issue, examining concepts, and presenting their findings to the city council. All panel members have a voice in the process, but there is no voting – it is entirely a consensus-building effort.

In Columbia Heights, the project was a bit more specific, directed toward reviewing a plan for the redevelopment of a closed K-Mart property on Central Avenue NE, but the process used was very similar. Enclosed are diagrams that outline the process used in these two cities.

Staff suggests the EDA discuss this at the February 3rd meeting, particularly with regard to how the city can better address the combined issues of density and life-cycle/affordable housing.