

**Minnetonka Economic Development Authority
Meeting Minutes**

**March 9, 2004
6:00 p.m.**

****Mezzanine Conference Room**
Minnetonka City Hall, Upper Level**

1. CALL TO ORDER.

EDA President Peter St. Peter called the meeting to order at 6:12 p.m.

2. ROLL CALL

EDA Commissioners present: Paula Chatterjee, Dan Duffy, Bunny Robinson, Peter St. Peter, and Tony Wagner.

EDA Commissioners absent: Dave Larson, Al Thomas, and Bob Walker.

Staff Present: Ron Rankin, Lee Gustafson, and Elise Souders.

Others present: Keith Waters, Mike Steadman, Jody Keppers, Neil Herring, Winnie White Scherber, and Richard Feerick.

3. APPROVE MINUTES

Wagner moved, Robinson seconded a motion to approve the minutes of the February 3, 2004 EDA meeting. All voted yes. Motion passed.

BUSINESS ITEMS

5. HIGHWAY CONSTRUCTION UPDATE BY CITY ENGINEER LEE GUSTAFSON.

(This item was taken up out of sequence).

Rankin introduced City Engineer, Lee Gustafson and said that at the Commissioners' request, Gustafson was here to provide an overview of the construction projects that are planned.

Gustafson reviewed with Commissioners the following projects:

I-494/I-394 Interchange

- With the I-494 construction the confusing weave movements will be eliminated.

Westbound I-394 Ramp from Ridgedale Drive

- The idea is still being looked at and no plans are drawn at the moment.

I-494 (Highway 212 to County Road 6)

- Third lane will be added in each direction in what is now the median area.
- Oakland bridge will be removed and reconstructed, but will have to stay in place from November to December because of the holiday shopping season.
- Orchard Road and Excelsior Boulevard bridges will be removed and reconstructed. They will take turns being closed for 8-10 months each.
- The pedestrian bridge over I-494 will be reconstructed.
- A third left turn lane will be added from southbound I-494 to eastbound State Highway 62.
- Water quality improvements will be made to some area lakes and ponds.
- The number of interchanges will remain the same.
- Noise walls will be added in certain areas. The noise walls will be wood with an earth tone color.
- The Excelsior Boulevard and Orchard Road bridges will have a nine-foot trail constructed on each side of the road, and the Oakland Road bridge will have a twelve-foot trail constructed on one side of the road.
- Construction will begin in the fall of 2004 with some temporary lane work.
- Excelsior Boulevard bridge will be one of the first to be redone.
- There will be dedicated busways on the shoulder.

County Road 3/Baker Road Intersection

- There will be designated right and left turn lanes and one through lane.
- In the northwest corner there may be a land swap for potential future redevelopment.
- Some side streets will be reconstructed to deter cut-through traffic.

County Road 101 Reconstruction

- Same timing as I-494 reconstruction with some work being done this fall and lasting two years.
- Final plans are being drawn now and some soil compression may begin soon.
- Construction will begin at Target and a southbound right turn lane into Target will be added.
- Will be four lanes from Target to Ridgewood Road and three lanes to Minnetonka Boulevard, with one through lane in each direction, a left turn lane and a six-foot shoulder. A dedicated right turn lane will be added at each street.
- There will be an eight-foot trail on the east side of the road, and also a sidewalk on the left side of the road from Target to Ridgewood.
- The Minnetonka Boulevard/Co Rd 101 intersection will also be redone and sidewalks added.

- Access points for businesses at the intersection will be reconfigured in some areas so that they are on the property lines.

County Road 73/Minnetonka Boulevard intersection

- Turn lanes will be added with one through lane and trail extended.
- Intersection will be signalized.
- Construction set to begin in Fall of 2004 and last until 2005.

Additional Future Projects

- County Road 101 north of Minnetonka Boulevard scheduled for 2007-2008.
- County Road 101 from Highway 7 to Co Rd 62 scheduled for 2007-2008.
- Shady Oak Road from Bren Road to Co Rd 3 scheduled for 2006-2007.
- Shady Oak Road from Co Rd 3 to Highway 7 scheduled for 2006-2007.

Rankin said Hennepin County plans to conduct a study on the area of Shady Oak Road from County Road 3 north in the area of the saw-tooth border with Hopkins.

St. Peter requested that as new projects come up Gustafson be invited to return and give an update. Gustafson said Commissioners could find information regarding the projects on the city's website.

6. DEVELOPMENT REVIEWS.

Six-unit housing development at 10413, 10405, 10401, and 10402 34th Circle West (Curt Fretham)

Rankin said this item had been pulled from the agenda at the developer's request.

Twenty-five unit housing development at 2201 Crosby Road (Keith Waters)

Rankin explained that Commissioners would now be reviewing new housing developments. He said the EDA's role would be to look at the affordable housing component of the project, and the Planning Commission would not be making recommendations on the affordable housing component. Rankin also explained how staff had been approaching the inclusion of affordable housing in the developments and contrasted the Fretham and Waters projects as an example.

Souders reviewed the development proposal, and said the developer would be adding Accessory Dwelling Units (ADUs), creating life-cycle housing rather than affordable housing. She said staff recommended that a minimum of six ADUs be constructed and the seventeen Village Green houses all have framed-in space and roughed-in utilities for future construction of the ADUs. The ADUs would provide life-cycle housing in lieu of affordable housing, although some of the ADUs are expected to have affordable rents.

Wagner asked where the six ADUs would be built. Rankin said the homes would be custom built and would be located around the Village Green area. Wagner also asked if

it was possible to put in covenants saying that the ADUs would be for rentals only. Rankin replied the use of the ADUs would be up to the homeowners.

Duffy said it seemed it would be easy enough to punch a door in the wall of the ADU; however, because there is a Conditional Use Permit, then doing such a thing would make it more difficult. Wagner added that the developer should make sure homeowners are aware that the ADUs have a Conditional Use Permit attached.

Rankin mentioned that Mr. Waters, the applicant, had done extensive research on the ADUs and was planning to add some language regarding the ADUs in the association documents.

St. Peter opened up the comment period.

Keith Waters, the applicant, provided additional information on the project. He said the homes would be designed from scratch and that he would be working with the buyers of the unit to design the homes. Waters said the ADUs would use attic trusses, dormers, and have utility rough-ins. The ADUs, Waters explained, could be a place where older parents and young people could live and may not be very expensive. He said research shows that ADUs throughout the country are rented. The ADUs in this project would be one bedroom, have a kitchenette, and bathroom and would be a lot like an efficiency or one bedroom unit in an apartment building. Waters gave examples of who may use an ADU and explained the benefits to the city of having the ADUs.

Robinson clarified that the ADUs would be located on one floor, while the rest of the house was two stories. Wagner clarified that there would be an elevator shaft roughed in for all of the houses having ADUs.

Waters said the ADUs would be available in all of the seventeen Village Green units, and that it would cost approximately \$60,000 to finish them.

St. Peter said historically there has not been a lot of jurisdictional influence on ADUs. He recommended that if there is a violation regarding the ADUs that then the Conditional Use Permit should be lost.

Waters said if the utility rough-ins are not done, then the space is more likely to become a living area rather than an ADU.

St. Peter mentioned that if the homeowners wanted to put a door in the ADU then they could apply to the City Council to put that door in, because it seems that if a door is put in then the ADU would be less likely to be used for that purpose and would be used as additional living space for the rest of the house.

Waters explained that the ADU would change how it is used over time, in that sometimes it may be a living space for the homeowner or sometimes it may be rented

out. He said the ADUs would be written into the restrictive covenants and that the covenants would stay with the land.

St. Peter said there could be a chain of notice regarding if the ADUs were to change functions and that this chain of notice could be written into the development documents with the city.

Mike Steadman, who will be doing the marketing of the units, said that they are finding that there is a need for ADUs and now people are starting to incorporate them in other areas.

Wagner inquired about when inspections could be done on ADUs. Rankin said inspections are done for assessment and building construction and after those on a complaint basis only.

Wagner asked if the Conditional Use Permits would be on the initial six units only and if the other eleven units would need to come to Planning Commission and City Council to apply for the Conditional Use Permit. Rankin said the Conditional Use Permits would be on all of the seventeen Village Green units.

St. Peter thought that if a door was added between the ADU and the living space, then that should trigger a review by the Planning Commission and City Council regarding the Conditional Use Permit status.

Duffy asked if it would be written into the covenants that there would always be six ADUs rented at one time. Waters said if that was written in, then if one home changed from an ADU to living space it might create problems for the entire association. He felt it would make more sense to do any enforcement on the individual homeowners rather than on the association.

St. Peter said in order to see if the ADUs are being used as ADUs or living space then an annual inspection would need to be done. His concern, he said, was that it was not meeting any affordability requirements. St. Peter said this was a large tract of land where affordable units could be included; however, he said he did realize this is a conservation development.

Wagner said there are not many areas where ADUs are included and the challenge is putting the right restrictions on the units. He stated the ADU concept had never been done in a large development in Minnetonka and the project is intriguing, and while it does not meet affordability goals, it does meet other goals like protecting the greenspace. Wagner said to look at how the ADUs are going to be regulated.

Rankin said that staff had worked with the developer to include the ADUs; however, there had not been ways found for keeping them affordable, and keeping the ADUs as rental units rather than living space.

Wagner suggested that research be conducted on what other cities have done regarding ADUs. Waters said this is a learn as you go project and it is hard to guarantee that the ADUs will be rented out all of the time. He said he is providing the opportunity for all seventeen of these units will be built and rented, so the expectations are set.

Duffy said he thought the ADU concept was good and the key is trying to maintain the ADUs and how they will be enforced.

Rankin said in initial talks with the developer there were ideas about requiring the ADUs to be separated; however, it was thought that it would complicate things.

St. Peter said he would not move the plan forward because he felt not enough research had been done. Rankin said because staff was not able to anticipate all of the questions, that there could be a condition in the recommendation that staff work with the developer regarding the preservation of the ADU status.

Wagner asked if the main reason why staff had not asked the developer to include affordable units initially was because the developer was proposing a lower number of units than what could be built on the site. Rankin said that was part of the reason and that staff did not have the negotiating basis to ask the developer to include affordable units rather than ADUs.

St. Peter recommended that as part of the negotiations with the Planned Unit Development that there be some ADUs that have affordability restrictions placed on how much they could be rented for, so that at least some of the affordability goals could be met.

Waters said that there is a tendency to think of needing to provide affordable housing for others; however, we all may need that affordable housing someday. He said while the development may be able to incorporate some of the comments he heard discussed, it may not be feasible to incorporate all of the comments; however, there will be at least six and up to seventeen chances to incorporate the ADUs. Waters asked that the EDA formulate a checklist of items they would like addressed regarding the ADUs.

St. Peter said that while he conceptually supports the project, he did not feel he was ready to vote on it because of a few missing details.

Waters said the project is on the City Council agenda for the April 12th meeting and he wants to be prepared about what he needs to include regarding the ADUs.

Rankin said staff can work with Mr. Waters and try to address maintaining the availability of the ADUs, monitoring, and affordability and at the Council meeting he could review the EDA's discussion. Duffy suggested talking to City Attorney Desyl Peterson about the EDA's discussion. He agreed the ADU was a good concept, but it

needs to address the availability, the monitoring, and the affordability issues of the ADUs.

Wagner moved, Duffy seconded a motion that the EDA supports the Accessory Dwelling Unit concept and directs staff to work with the developer to regarding issues relating to maintaining the availability, the monitoring, and the affordability of the Accessory Dwelling Units based on the EDA's discussion. Wagner, Duffy, and Robinson voted yes. St. Peter abstained. Motion carried.

St. Peter said he abstained because while in concept he supports the project, he felt it was too soon to vote yes on it.

7. MARCH 1 CITY COUNCIL STUDY SESSION UPDATE AND CONTINUED DISCUSSION ON LIFE-CYCLE/AFFORDABLE HOUSING.

St. Peter suggested that this item not be taken up until the April meeting so that Councilmember and Commissioner Thomas is available for the discussion.

Rankin briefly re-capped the meeting and explained that at the next City Council Study Session they would be looking at policies and principles. He said eventually the Planning Commission and EDA would become involved.

4. STAFF REPORT

(This item taken up out of sequence.)

Souders reviewed the staff report updating Commissioners on Minnetonka Heights, Highway 7/Williston Road, Dial-a-Ride, the Metro Transit strike, and upcoming events.

8. OTHER BUSINESS

Rankin mentioned the upcoming meetings, and noted that the April 13th meeting may be changed to the 20th. He said staff would check with the other Commissioners and would let the EDA know the date of the April meeting as soon as possible.

9. ADJOURN

Robinson moved, Duffy seconded a motion to adjourn. All voted yes. Motion carried.
The meeting adjourned at 8:45 p.m.