

AGENDA

MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

Tuesday, April 13, 2004

6:00 p.m.

Please note new location



**Boards and Commissions Room
Minnetonka City Hall, 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 March 9, 2004 EDA meeting.
4. Staff Report.

BUSINESS ITEMS

5. Development Reviews.
 - 6-unit housing development at 10413, 10405, 10401, and 10402 34th Circle West (Curt Fretham)
 - 164-unit condominium development at 5621 Smetana Drive (Kurt Williamson)
 - 39-unit condominium development at 408 Parkers Lake Road (Tom Threlkeld)

Actions recommended are motions recommending the number of affordable units for the development.

6. March 1 City Council Study Session update and continued discussion on lifecycle/affordable housing.

Action recommended is to hold the discussion.

7. Boards and Commissions Training re-cap.

Action recommended is to hold the discussion.

8. Other Business.

The next regular EDA meetings are:

- Tuesday, May 11, 2004 at 6:00 p.m.
- Tuesday, June 8, 2004 at 6:00 p.m.

9. Adjourn.

The mission of the Economic Development Authority is to advise the City Council on matters related to affordable housing, redevelopment, and economic development.

**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.



TO: EDA Commissioners

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

DATE: March 29, 2004

SUBJECT: Staff Report for April 13 EDA Meeting

1. Minnetonka Boulevard/County Road 101

A Minnetonka•101 Business Association meeting was held on Wednesday, March 24th to begin a discussion on streetscaping plans for the intersection. Approximately fifteen business and property owners met with staff and consultants to talk about preliminary ideas of what streetscaping elements (such as plantings, benches, sidewalks, streetlights, etc.) they would like incorporated into the plans. The Business Association will be meeting again on April 13th and April 28th to review streetscaping designs with the elements they indicated they liked (lighting, benches, and trees). Hennepin County must have all sidewalk and streetlight locations by May 1st to continue with their final designs. The Business Association will then continue to meet after May 1st to finalize all of the other streetscaping elements to be included.

2. New Affordable Housing Price Limits

The Metropolitan Council has revised their affordable owner-occupied price limit. Previously this number had been set at \$170,000. The new price limit is now \$193,700. This is the price at which a household at 80% of area median income (\$61,120) would be able to afford.

3. Southwest Rail Study

The modified 3A study has been completed. After reviewing the information from the consultants, it was decided that a modified alternative(s) should be included in the next phase of study. The modified alternative was defined as a general corridor, rather than a specific route for the next phase of study. In Minnetonka this area would be between Highway 169 and Shady Oak Road through Opus. A general corridor area was described rather than a particular alignment, because there were travel time advantages from the original 3A route, and access and economic development potential advantages with the modified 3A route. The next step will be an advanced planning study, which will take the alternatives recommended for further study and refine ridership, costs, traffic impacts, station locations, land use impacts,

environmental impacts, and community impacts, and narrow down the alternatives to one or two for an environmental review. The advanced planning study is expected to begin in late summer.

4. 2201 Crosby Road—Keith Waters Project—ADU Update

Commissioners discussed this item at their March 9th meeting. In the attachments, there is a recap as to subsequent discussions with the developer and what was recommended to City Council for their April 12th meeting. Staff will update Commissioners on the Council's discussion at the meeting.

5. 3660 County Road 101 Annexation

Commissioner Duffy asked for a brief summary for the EDA regarding the proposed annexation of this property to the City of Deephaven. The developer is proposing to build 28 townhouse units. Because the property is split between the City of Minnetonka and the City of Deephaven, the developer is requesting that Minnetonka allow the annexation of the property to Deephaven. The item is tentatively scheduled to go to the Planning Commission on May 6.

Upcoming Meetings/Events

Tuesday, April 13—Minnetonka•101 Business Association meeting
1:00 pm—2:30 pm
Lakewinds Store Classroom

Wednesday, April 28—Sensible Land Use Coalition program
“Preserving the American Dream” with Randall O’Toole
11:30 am—1:30 pm
DoubleTree Park Place (St. Louis Park)

**If you are interested in attending please let Elise know by Tuesday, April 20th.*

Wednesday, April 28—Minnetonka•101 Business Association meeting
1:00 pm—2:30 pm
Lakewinds Store Classroom

Tuesday, May 11— EDA Meeting
6:00 pm
Boards & Commissions Room

Attachments

- April 28th Sensible Land Use Coalition program information
- February 2004 *Livable Places Update*
- March 2004 *Livable Places Update*
- 2004 Minnetonka Community Survey results
- 2201 Crosby Road—Keith Waters project—ADU update

*The WHAHLT annual report and new informational material will be handed out at the meeting.

Upcoming EDA Meetings
Updated March 29, 2004

Meeting Date All meetings at 6:00 pm unless otherwise noted	Item Description	Room/Special Notes
Tuesday, April 13	Regular EDA Meeting	Boards and Commissions <ul style="list-style-type: none"> • Development Reviews • 3/1 Council Study Session • Boards & Commissions Training Recap
Tuesday, May 11	Regular EDA Meeting	Boards and Commissions <ul style="list-style-type: none"> • Twin Cities Community Capital Fund
Tuesday, June 8	Regular EDA Meeting	Boards and Commissions
Tuesday, July 13	Regular EDA Meeting	Boards and Commissions
Tuesday, August 10	Regular EDA Meeting	Boards and Commissions
Tuesday, September 21 <i>(Please note the date)</i>	Regular EDA Meeting	Boards and Commissions
Tuesday, October 12	Regular EDA Meeting	Boards and Commissions
Tuesday, November 9	Regular EDA Meeting	Boards and Commissions
Tuesday, December 14	Regular EDA Meeting	Boards and Commissions

Items to be Scheduled

- Election of Officers

2004 MINNETONKA COMMUNITY SURVEY RESULTS

Housing/affordable housing questions

Does Minnetonka currently possess an adequate mix of housing to meet the needs of all residents, such as young families, maturing families, single, “empty nesters” and retirees?

	<u>2000</u>	<u>2004</u>
YES	56 (71%)	60 (68%)
NO	23 (29%)	28 (32%)

In recent years, the city has seen increasing interest in higher density development such as condominiums and townhouses. Would you be more likely or less likely to support a higher density development if some affordable housing units were included in the development?

Much more likely	19 (20.3%)
Somewhat more likely	27 (28.7%)
No difference	12 (12.7%)
Somewhat less likely	16 (17%)
Much less likely	20 (21.3%)

Would you favor or oppose the city requiring developers to provide a broader range and mix of housing prices in new housing developments?

	<u>2000</u>	<u>2004</u>
Strongly favor		27 (29.7%)
Favor		33 (36.2%)
Subtotal favor	51 (64.5%)	60 (66%)
Oppose		15 (16.5%)
Strongly oppose		16 (17.5%)
Subtotal oppose	28 (35.5%)	31 (34%)

The city could provide financial incentives and tax breaks to direct and encourage the development of the following types of housing. For each one, please tell me whether you would support or oppose it.

	<u>Senior Housing</u>	<u>First Time Homebuyers</u>	<u>Rental</u>
Strongly support	40 (43%)	35 (37%)	14 (15.2%)
Somewhat support	41 (44%)	41 (43.6%)	34 (37%)
Somewhat oppose	6 (6%)	8 (8.5%)	23 (25%)
Strongly oppose	6 (6%)	10 (10.6%)	21 (22.8%)

2201 Crosby Road—Keith Waters Project—ADU Update

At the March EDA meeting, Commissioners reviewed the life-cycle/affordable housing component associated with this project. While in general Commissioners supported the ADU concept, it was instructed that staff work with the developer to address three main issues:

- Monitoring
- Affordability
- Maintaining the ADU status

During the past month staff worked with the developer to address these issues. Both the applicant and staff researched additional information as to what other communities were doing with their ADUs. It is important to note that a lot of communities, particularly in Minnesota, do not even allow for the construction of ADUs.

Monitoring

In discussions with the applicant, he indicated that he would be willing to and interested in having the homeowner's association conduct an annual survey of the accessory dwelling units, collecting information such as: how many ADUs have been built, who they are being rented to, rents charged, and are they used as ADUs or living space. The monitoring would benefit the developer and the city. By providing an annual summary the city can learn how the units are being used. In research with other communities, there is no monitoring being done on the ADUs or how they are being used.

After discussions with the Metropolitan Council, they would be interested in seeing the summary as well, not only to count units toward Livable Communities Act affordable housing goals, but also so they can see how these units are working.

In addition, the ADUs will have a conditional use permit attached, which is on file and may be tracked, as well as any building permits that are pulled for the ADUs.

Affordability

In the research conducted studies showed that rents tended to be in the affordable range for other ADUs without having any covenants attached because the units were smaller and also because homeowners are interested in getting and keeping good tenants.

If the city learns from the monitoring that the units are being rented at an affordable value, then they can be counted as affordable units in working towards the Metropolitan Council goals.

In other communities where affordability covenants have been placed on the ADUs, there has been some incentive (ex: In Santa Cruz, they offer low interest rate loans and potential building fee waivers when renting to those at 80% AMI or 60% AMI).

Maintaining the ADU status

In the additional research that was completed, there was nothing found regarding how other communities were addressing that the ADUs be used for rental purposes only. Some communities monitor the ADUs by requiring that a rental license be obtained for the units and renewed every year or every other year, as well as have an inspection completed. In conversations with other communities, they did not attempt to maintain the rental status of the ADUs because they do offer flexibility for the homeowner, and placing a restriction on them for rental purposes only would make the units less attractive to the buyer.

The Conditional Use Permit would require that one of the units, either the ADU or the main dwelling is owner-occupied. Also, the Homeowner's Association Documents will address that the sale of the ADU is prohibited, and a covenant will be registered with the deed on each lot informing homeowners of the ADU guidelines.

Incentives to ensure that 6 (32%) of the 19 single-family lots will incorporate ADU's

The applicant is proposing that a minimum of six ADUs be built initially and that the nineteen single-family homes have framed-in space and utility rough-ins for future construction of ADUs. The rough-in work would include:

- stubbing trunk lines for heating and ventilating to the space
- stubbing trunk lines for plumbing (capping in wall or floor)
- providing attic trusses which provide for the volume of open livable space
- spacing trusses such that future dormers can be added at the roof
- providing headers for some future window locations
- laying a plywood subfloor down at floor
- providing a door into the space so that it is easy for people to visualize
- planning location of future stair (for separate access to ADU)
- providing elevator shaft for future elevator (typically are closets until an elevator is installed)

In order to ensure that at least six of the ADUs will be built initially, the applicant will be working with buyers of the units and would offer priority to those who wish to incorporate the ADUs.

4/5/04

Mr. Ron Rankin
Community Development Director
City of Minnetonka
14600 Minnetonka Blvd. Minnetonka, MN 55345

Ref: James Cargill Property @ Crosby Rd., Minnetonka, MN

Dear Ron,

The following is a summary from our March 31 meeting, regarding ADU's and how we propose to address the discussion items from the March 9 EDA meeting.

1. Affordability

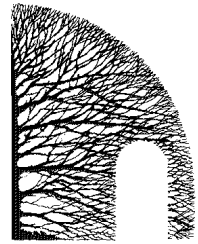
- The ADU's would be 950 sq. ft. or less. As demonstrated by other cities, the small size puts them into the affordable category.
- All the cities that we contacted put the ADU concept into place in response to a need for lower priced housing opportunities within their community.
- In our phone and e-mail survey we have found no community that regretted the introduction of ADU's.
- The use of ADU's cuts across many price ranges of the housing market. However, most cities cited a shortage of available land and high housing costs as the underlying basis for ADU's.
- Other cities are including ADU's into affordable housing counts for the Metropolitan Council, based on a family earning 80% median income.

2. Monitoring

- The Homeowner's Association will provide the City with an annual summary on ADU status, including how many ADU's have been built, and who they are rented to (family/third party). This will allow the city to build a database for future reference.
- The City requires a Conditional Use Permit for ADU's, which is on file and can be tracked.
- Building permits would be pulled at the time the ADU is finished off.
- Establish separate mailing addresses for the ADU's, distinguishing it from the main house.

3. Maintaining ADU Status

- Creating a Conditional Use Permit that requires the owner to live in main dwelling or ADU.
- The Homeowner's Association Documents would state that separate sale of the ADU is prohibited, and would list ADU guidelines and covenants.
- A covenant would be registered with the deed for each lot, informing future homeowners about the ADU guidelines. This would permanently ensure that the ADU would remain in place. An overall covenant would be placed on the HOA when the plat is filed.



**KEITH WATERS
& ASSOCIATES,
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4. Incentives to ensure that 6 (32%) of the 19 single family lots will incorporate ADU's

- To date, there has been a high level of interest from people who wish to receive more information on building as part of the Cargill project. We would offer priority to those people interested in building ADU's during the initial construction.
- The set of plans for each home would include layouts for the finished ADU.
- Rough-in work for ADU would be done at time of initial home construction, in order for ADU's to be easily finished off. Rough-in would include:
 - stubbing trunk lines for heating and ventilating to the space
 - stubbing trunk lines for plumbing (capping in wall or floor)
 - providing attic trusses which provide for the volume of open livable space
 - spacing trusses such that future dormers can be added at the roof
 - providing headers for some future window locations
 - laying a plywood subfloor down at floor
 - providing a door into the space so that it is easy for people to visualize
 - planning location of future stair (for separate access to ADU)
 - providing elevator shaft for future elevator (typically are closets until an elevator is installed)



TO: EDA Commissioners

FROM: Elise Souders, Community Development Coordinator

DATE: April 8, 2004

SUBJECT: Affordable housing component for a six-unit, single-family home development on 34th Circle West

Background

As Commissioners may recall, this item was originally scheduled to appear before the EDA on March 9; however, at the developer's request the item was pulled and rescheduled for the April meeting.

Curt Fretham has submitted to the city an application for a single-family residential development located on 34th Circle West (maps are enclosed). The proposal is for six single-family homes.

The Planning Commission will be reviewing this item at their April 15 meeting, and is scheduled to go to City Council on May 10. The EDA is being asked to review the affordable housing component of the proposal.

Development Proposal

The site is currently vacant and is a total of two acres in size. The applicant is asking for the following approvals:

- Rezoning from Planned Unit Residential Development (PURD) to Planned Unit Development (PUD) with a master development plan.
- A preliminary plat of the property.
- Right-of-way vacation on 34th Circle West.

In 1978, a PURD was approved for this site, allowing for a total of six units to be built (two single-family homes and two duplexes). Since the approvals, however,

the site has remained vacant, and the wetland located on Lot 3, Block 2 has enlarged. Because of this, the duplex originally planned to be located on this lot cannot be built because of the setbacks required. The city attorney has advised staff that reasonable use of the site would be for four units, rather than the six previously approved.

Affordable Housing Component

While the EDA has not typically reviewed affordable housing components in single-family developments, it is being reviewed in this development for several reasons. As mentioned previously, the city attorney has said that reasonable use of this site would be for four units, not the six previously approved. In addition, the applicant is requesting the rezoning of the site from PURD to PUD. According to the Minnetonka zoning ordinance, the overall density of a PUD must be within the range specified in the Comprehensive Plan (1-4 units per acre). The density of the proposed development is three units per acre. Because the density is on the upper end of the scale, affordable housing is recommended to be incorporated into the project to justify the applicant's requests.

The applicant has agreed to include an affordable housing component to the project; however, they are asking that the affordable unit be located off-site. The applicant is proposing to build the affordable unit at an off-site location within 24 months of receiving final city council approval. Until the unit is built, a building permit will be withheld on one of the six units for 34th Circle West. If the unit is not built off-site within the 24 months, then the applicant has agreed to build the affordable unit on-site (see the attached affordable housing proposal submitted by the applicant).

Discussion and Recommendation

Because of the requests that the applicant is asking for, including the upper end density request, as well as the 50 percent increase in the number of lots from a previous approval, staff feels that the inclusion of one affordable unit is justified.

As the EDA begins to review more housing development proposals it is likely that the EDA will also receive some requests for affordable housing to be located off-site, rather than in the development. The EDA must evaluate if this option is appropriate for this request. The City Council has begun to review land use policies, including affordable housing, and one of the discussion points has been the question of should all affordable units be located on the project site or is off-site an option if it is appropriate.

The applicant originally did not propose an affordable unit; however, they now have worked to provide an affordable unit off-site. Staff has reviewed the affordable housing component submitted by the applicant, and has modified the proposal to ensure, since the unit will be located off-site, that the affordable unit

will be built. While the two-year time to build the affordable unit is acceptable, staff has revised the stipulation that instead of the affordable unit being built on site, that one lot within the development be transferred to city ownership. In addition, staff has also included that only one certificate of occupancy may be issued for the development until a purchase agreement for the affordable unit is executed. While the developer would be allowed to build all of the units, they would not be able to receive more than one certificate of occupancy.

Staff recommends the EDA adopt a motion making a recommendation to the City Council as follows:

A restrictive covenant in a form acceptable to the city attorney providing that one housing unit, to be located within the City of Minnetonka, must be built and sold to the city or an affordable housing organization designated by the city. The unit would be sold at a cost not exceed the Metropolitan Council's definition of affordable housing, as it exists at the time of offering. If the unit is not sold to the city or affordable housing organization it must be subject to resale indexing covenants approved by the city council. This unit must be built and sold within 2 years from the date of final plat approval, or if not, one lot within this development will be automatically transferred to city ownership. The city must approve specifications for the construction of the affordable unit. No building permit will be issued for one of the lots, until the off-site affordable unit is built and sold to the city or an affordable housing organization designated by the city. Only one certificate of occupancy may be issued for this development before a purchase agreement for the affordable unit is executed.

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



TO: EDA Commissioners

FROM: Elise Souders, Community Development Coordinator

DATE: April 5, 2004

SUBJECT: Affordable housing component associated with a 164-unit condominium development at 5621 Smetana Drive

Background

The JLT Group has submitted to the city an application for a condominium development located at 5621 Smetana Drive (maps are enclosed). The development would be a conversion of an office building, currently the site of Medica, to a 164-unit condominium building. The developer is requesting a rezoning of the site from B-2, Limited Business District, to R-5, High Density Residential.

The Planning Commission will be reviewing this item at either their May 6 or May 20 meeting. The EDA is being asked to review the affordable housing component of the project.

Development Proposal

Currently, 5621 Smetana Drive is occupied by Medica. Medica will be moving to 401 Carlson Parkway during the month of April, and at which time their current site will be left vacant. The developers are proposing to convert the office building into condominiums, with units ranging in size from 636 square feet to 1,741 square feet. The smallest units are shown as studio units and the larger units would be two bedroom/two bath units. Additional amenities in the building would include a fitness center, a business center, and a party room.

Affordable Housing Component

The developer has provided a general breakdown of the units according to the anticipated selling price. This breakdown is included as an attachment for your reference. In initial conversations with the developer, staff was basing the affordable housing price limit at \$170,000. Using this figure, approximately 10 percent of the units (16 total units) would fall into that price range, with some

units priced as low as \$145,000. Using the new Metropolitan Council affordable housing price limit of \$193,700, now 34 units (20.7 percent) are priced at or below \$190,000, and 38 units (23 percent) are priced under \$195,000. Additionally, another 55 units are priced between \$200,000 and \$250,000. Therefore, over 60 percent of the units will be priced below \$250,000.

Discussion

As shown on the price breakdown attachment, and described above, over 20 percent of the units will be priced as affordable. This falls within the EDA's policy that 10 percent to 20 percent of the units in multi-family developments be affordable. It is also important to point out that a total of 60 percent of the units (100 of the 164 units) will be priced under \$250,000. These 100 units all fall under the maximum home cost limits for the first-time homebuyer programs that the Minnesota Housing Finance Agency offers (which is \$261,900).

Because the proposal is to develop condominium units, the affordable units will need to be indexed to maintain affordability. The indexing system needs to be used because there are no land parcels tied to individual units, which could be acquired by another affordable housing organization.

In 2003, the EDA reviewed the indexing system that had been put into place at The Gables, Ridgebury, and The Enclave. This review was done because while the system had prevented any potential gains for the first buyer, it had not helped to maintain the affordability of the units. In these discussions, Commissioners recommended that the indexing system be changed, and a formal resolution was adopted at the February 2004 meeting, changing the indexing system from using 100 percent of the average metropolitan sales price to 50 percent of the average metropolitan sales price. As Commissioners may recall however, the 50 percent average metropolitan sales price had been suggested because it would be easier to increase it if the EDA felt that it was too low, rather than trying to decrease the number later on.

Recommendation

In discussions with the developer, there has been some hesitation about using the 50 percent number for indexing. While they understand the purpose of the indexing system, they feel that the 50 percent number is too low and would ultimately affect the sale of the units that have the indexing covenants attached to them. Their proposal is to index the sixteen units priced under \$170,000 using 100 percent of the average metropolitan sales price.

Because this is the first development that will be using the new indexing system, the EDA should again review it to determine if the 50 percent number is appropriate. While using 100 percent of the average metropolitan sales price has shown that it does not maintain affordability, the 50 percent number agreed

to by the EDA in 2003 was recommended because of the possibility to increase it if necessary. Since the developer is agreeing to provide over 20 percent of the units as affordable, over 60 percent of the units under \$250,000, and they are not asking for assistance in financing the project or the affordable units, staff feels a 75 percent to 80 percent average metropolitan sales price number would be more appropriate.

Staff recommends the EDA adopt a motion making a recommendation to the City Council as follows:

That 34 units be priced at a cost not to exceed the Metropolitan Council's definition of affordable housing at least 60 days prior to the closing of the affordable units, and that the 16 units priced under \$170,000 be indexed using 75 percent of the average metropolitan sales price to maintain affordability.

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



TO: EDA Commissioners

THROUGH: Ron Rankin, Community Development Director

FROM: Elise Souders, Community Development Coordinator

DATE: March 30, 2004

SUBJECT: Affordable housing revisions to 408 Parkers Lake Road Condominiums

Background

As Commissioners may recall, in 2003 Yellowstone Trail LLC submitted to the city an application for a condominium development located at 408 Parkers Lake Road, a nine-acre site, of which 5.5 acres are wetlands. The original application submitted to the city showed a 60-unit condominium building of which ten units would be affordable. The applicant also was requesting a rezoning from R-1, Low Density Residential to PID, Planned I-394 District, a master development plan, and site and building plan review.

The Planning Commission reviewed this plan at their April 3, 2003 meeting. Prior to the meeting, the applicant reduced the number of total units from 60 to 53 units. The number of affordable units was also reduced to eight. This was done in order to meet the density requirements of the Comprehensive Plan. The Planning Commission recommended approval of the project to the City Council.

On April 28, 2003, the City Council reviewed the project. Prior to the meeting, the developer again reduced the total number of units, this time from 53 to 46; however, the number of affordable units stayed the same at eight. The council approved the project with the condition that: "The eight affordable units be priced at \$170,000 or less, and be subject to resale indexing covenants approved by the City Council, after EDA review of the city's indexing policies." Throughout the course of the approval process, staff had been working with the developer for the inclusion of affordable units.

As the developer worked on final layout plans for the building and conducted market research, they found that a larger size unit was wanted versus a smaller unit. In June 2003, the applicant submitted an amendment to the master development plan showing a smaller building footprint, as well as a reduction in the number of units from 46 to 39. The number of affordable units however was not reduced and remained at eight. The

Planning Commission and City Council both reviewed the proposed amendment in July 2003 and approved it, again with the condition that eight units be affordable, priced at \$170,000 or less, and that they be indexed.

Request

Since receiving approvals for the amended number of units, the developer has been conducting additional research on the economics of the project and now has found that by having only 39 units, with eight affordable, the project is no longer economically feasible. Therefore, the developer has asked that the city reconsider the number of affordable units included in the project, and asked that it be reduced to six affordable units, with the total number of units remaining at 39.

Date (Application process)	Total Units	Affordable Units	Percentage Affordable
October 2002 (Application submitted)	60	10	16.67%
April 28, 2003 (City Council approval)	46	8	17.40%
July 28, 2003 (City council approval)	39	8	20.50%
April 13, 2004 (Current proposal)	39	6	15.40%

Recommendation

The previous reductions in the total number of units for the project was a result of both city requirements, and was also done voluntarily by the developer after their own research.

As is the EDA's policy, staff works with developers to include 10 to 20 percent affordable units in multi-family developments. As shown in the table above, the developer has been in the 15 to 20 percent range, including the current proposal.

Because the city is fully developed, the opportunity to add additional affordable units becomes more difficult, and therefore, the need arises to include as many affordable units in multi-family developments similar to this. However, as has recently been noted in other development reviews, the inclusion of affordable units means that the market rate units would need to subsidize not only the initial purchase price of the units, but also association dues; although the affordable units in this project would be significantly smaller than the market rate units.

Staff recommends the EDA recommend to city council, a change in the number of affordable units at the 408 Parkers Lake Road Condominium project to six affordable units to be built on-site at a price of \$170,000 or less, and be subject to the indexing covenants.



TO: EDA Commissioners

THROUGH: Ron Rankin, Community Development Director

FROM: Elise Souders, Community Development Coordinator

DATE: March 31, 2004

SUBJECT: Boards and Commissions Training re-cap

On March 17th members of Minnetonka's Boards and Commissions met as individual boards to discuss what best practices will work to make their group more effective. The following is a recap of the ideas the EDA Commissioners came up with that evening:

Our board will be successful if...

- All members participate
- Members are civil to one another
- Communicate with the Planning Commission and Planning Department
- Meet/exceed our affordable housing goals
- Work on more redevelopment projects
- Have input during the review process on commercial development
- Have a periodic review of goals
- Educate the community as to what the EDA does—more public relations efforts

Each member was to think of a team/group that was effective and to respond to the following question:

Practices and behaviors that made the group effective

- With criticism comes a suggestion to make it better
- Teamwork/group activities
- Get ideas for goals and have the group set priorities
- Have the mission statement written on materials
- Learn more about other boards and commissions
- Include graphs, pictures, and charts in the materials
- Do not be afraid to speak up

The following were identified as items relevant for the EDA based on the question above

- Teamwork/group activities
- Get ideas for goals and have the group set priorities
- Have the EDA's mission statement written on materials
- Learn more about and hear from other city boards and commissions

Attached is a copy of the summary of the Boards and Commissions training evaluation. Commissioners who attended the training felt this information was important to share with the entire group and would like to spend some time at the meeting reviewing the discussion.