

**Minnetonka Economic Development Authority
Meeting Minutes**

**Tuesday, June 8, 2004
6:00 p.m.**

**Boards and Commissions Room
Minnetonka City Hall, Lower Level**

1. CALL TO ORDER.

EDA President Peter St. Peter called the meeting to order at 6:07 p.m.

2. ROLL CALL.

EDA Commissioners present: Paula Chatterjee, Dan Duffy, Dave Larson, Bunny Robinson, Peter St. Peter, Al Thomas, Tony Wagner, and Bob Walker.

Staff present: Ron Rankin and Elise Souders.

Others present: Scott Martin.

3. APPROVE MINUTES.

Duffy moved, Larson seconded a motion to approve the minutes of the May 11, 2004 EDA meeting. All voted yes. Motion passed.

Robinson moved, Walker seconded a motion to approve the minutes of the May 24, 2004 special EDA meeting. All voted yes. Motion passed.

5. STAFF REPORT (this item taken up out of sequence).

Souders reviewed the staff report items, including updates on Minnetonka Heights, WHAHLT, Shady Oak Road, and upcoming meetings and events.

St. Peter mentioned that the Rotary and Gardening clubs could be potential collaborators with Minnetonka Heights. He also suggested that staff share information about Minnetonka Heights with Crown Ridge and vice versa.

Thomas suggested that WHAHLT have a booth set up at Summer Fest to share information and educate the community about what they do. He said he would like to see more information and outreach around the community about WHAHLT and perhaps see WHAHLT create a policy to send informational materials to surrounding property owners when WHAHLT purchases a home in their neighborhood. St. Peter suggested that WHAHLT occasionally have an article in the Minnetonka Memo.

4. ELECTION OF OFFICERS (this item take up out of sequence).

St. Peter reviewed that the bylaws call for an election of a president and vice president each year. St. Peter opened the nominations.

Larson moved, Walker seconded a motion to nominate St. Peter for President.

Walker moved, Larson seconded a motion to nominate Duffy for Vice President.

Robinson moved, Larson seconded a motion to close the nominations. All voted yes.
Motion passed.

All voted yes on the nominations of St. Peter for President and Duffy for Vice President.
Motion passed.

BUSINESS ITEMS

6. REQUEST FROM NORTHLAND INSTITUTE FOR A GRANT OF \$12,500 TO HELP START THE TWIN CITIES COMMUNITY CAPITAL FUND (TCCCF).

Rankin reviewed the report, and because of the interest shown by the EDA when the program was introduced at the May meeting, and the need for funds to begin the TCCCF, the Northland Institute was now requesting a grant from the Minnetonka EDA and others to receive funds to start up the program. He said staff recommended that the EDA approve the \$12,500 grant request as a challenge grant.

St. Peter, on the development budget, asked what the membership development costs were. Martin explained what it would entail.

Walker asked if Minnetonka was the first community to commit funds. Martin explained that Hennepin County granted \$20,000 as a challenge grant for either start-up costs or operating expenses. He also said the Wells Fargo request for \$25,000 would be decided on June 11, and the Eagan EDA would be discussing the request on June 14. Martin said the timeline, once enough funds are committed, would be 60 days before materials are sent out, an additional 90-120 days to enroll members, and then hopefully begin making loans in January 2005.

St. Peter inquired if this grant could be used toward Minnetonka's membership to the program. Martin replied that it could.

Thomas moved, Wagner seconded a motion to approve \$12,500 as a challenge grant for the start-up of the Twin Cities Community Capital Fund. All voted yes. Motion passed.

7. BOARDS AND COMMISSIONS WORKSHOP RECAP.

Rankin reviewed that in March a Boards and Commissions workshop was held and several Commissioners attended. He explained this was a recap of their feedback given that evening. He reviewed the feedback given regarding practices and behaviors that make a group effective and items that would be relevant for the EDA. Rankin asked if these items made sense to implement, and if so staff will begin to work on them.

Thomas asked if staff met with new EDA members when appointed. Rankin said that it is offered and most take up the offer. He said when staff meets with new members usually there is a tour of affordable housing sites around the city, previous months agenda packets are given, and there is additional discussion if needed.

Thomas said at interviews it is explained that the EDA works on affordable housing. Thus, the perception has become that affordable housing is the only thing that is done by the EDA. He questioned if the mission of the EDA needs to be reviewed.

St. Peter said the TCCCF is a step forward for doing more than just affordable housing. He also mentioned the Citizenship Academy gives a good overview of how the city works and might be of interest to some Commissioners.

Larson agreed the EDA should do more than affordable housing and mentioned the mission statement that is printed on the agenda and how it covers more than just housing.

Duffy said other comments from the workshop were that the focus lately has been on affordable housing and that now a focus should be on expanding what the EDA does. He also said other comments were that Commissioners would like to be updated on the Comprehensive Plan and development issues and that a joint session with the Planning Commission should also be scheduled.

Robinson said she attended the Citizenship Academy and felt it was something that everybody should attend. She said she also agreed that it would be good to meet with the Planning Commission. Robinson commented that it is hard, when meeting only once a month, to recall and absorb all of the materials in order to make good input and make decisions. St. Peter said it can be a challenge getting up to speed and that he would encourage everybody to ask questions.

Thomas asked about what materials are on the city's website. Souders responded that the EDA has a specific page on the website where information about the EDA and agendas are posted. She encouraged Commissioners to visit the site and if they have comments about the page to let staff know.

Rankin said that if Commissioners wanted a joint session with the Planning Commission it could be scheduled. St. Peter said it was last done in the fall of 2002 and it has not been done recently because of the turnover. Wagner commented that while there are

items that are common that both the Planning Commission and EDA review there are also items that conflict such as tree preservation and affordable housing.

8. MARCH 1 AND APRIL 14 CITY COUNCIL STUDY SESSION UPDATE AND FOLLOW-UP DISCUSSION ON AFFORDABLE AND LIFE-CYCLE HOUSING.

Rankin reviewed the report and said the Council has been discussing affordable housing and environmental policies. He said the focus has been on the environmental discussion and the reaction has been that the Council has an interest in affordable housing, but is looking to the EDA for help. Rankin reviewed the first question posed to the Council at the March study session and asked for Commissioners' feedback.

Wagner said the Council recently approved the 34th Circle West (Fretham) proposal with one affordable housing unit located off-site.

St. Peter said this is a numbers game, and in the late 1990's there was a lot of larger developments that included affordable housing. However, over the past few years the addition of affordable housing has slowed with overall affordability in the city dropping as well. He said if lines are not drawn and goals are not set then we will just chip away at the problem and continue to make exceptions. If the city is to meet its goals then it needs to be more aggressive rather than making exceptions.

Walker said the city negotiates rather than having required standards. He asked which is better: flexibility or rigidity. St. Peter replied in materials he has seen that municipalities with standards, but some flexibility, have more success than communities with complete flexibility. He suggested City Attorney Desyl Peterson be invited to a meeting explain the details.

Walker asked if the city would then stick to its rules once they are implemented. St. Peter said it is usually challenged in the first instance.

Larson said each property is unique and when developers come in they need to see guidelines; however, there also needs to be some flexibility because each site is unique. He said he prefers that affordable housing be located off-site rather than having developers pay money.

Duffy said Minnetonka recently has had the perception of being cooperative with developers, and he doesn't want Minnetonka to become uncooperative in the future. He said guidelines and benchmarks should be set, but to remember each project is unique and should be looked at in that manner.

Robinson referenced the section in the council study session report where it showed that Minnetonka was losing affordable housing and questioned what could be done and how it could be changed. She said if in order to recapture ground the city needs to set guidelines then that should happen. She felt if there is too much flexibility it gives out mixed signals.

Wagner said it depends on two things: it is a numbers game and what are our goals. If the city sets standards then goals need to be defined. He said what is happening is that some units are being made affordable, but in order for the developer to recapture their costs then the higher end units get more costly, therefore we are losing the middle. The citizen survey showed citizens are willing to accept higher density if it is in the right areas. The question he asked is whether the city should be proactive or reactive.

St. Peter said the role of the city is not to solve the developers' problems if they overpaid for the price of the land.

Wagner mentioned the site identification done by the EDA two years ago, and that if the city is looking at an area for affordable housing it should also picture a concept of how it could come together. St. Peter said the Comprehensive Plan process was invaluable in that respect in order to learn about the "big-picture".

Wagner asked if it would be better to think in terms of "life-cycle" housing where there is a certain percentage of units at different price ranges.

St. Peter said in Edina they have been focusing their redevelopment to certain areas, while St. Louis Park took a different approach and put a moratorium on redevelopment in some areas.

Rankin reviewed questions two and three from the March study session and asked for feedback.

Walker inquired about the public resources for funding. Rankin said the housing account would be used more as gap financing. The maximum HRA levy he said would be approximately \$800,000, while the EDA levy could be up to about \$1.1 million per year.

Wagner inquired if the housing account could be used for first-time homebuyers. Rankin replied that it could. Rankin mentioned the survey results listed on page three of the report and the positive response for financial support for first-time homebuyer housing. St. Peter said that in other cities there has been a greater level of support to assist non-profit developers.

Discussion on senior housing/assisted living.

St. Peter asked Commissioners if the city should be more proactive or remain reactive.

Robinson said she felt the city should be more proactive, but in order to do so there should be more mechanisms in place to make it happen. She said the city should also figure out what it wants in terms of affordable housing.

Duffy agreed with being proactive and the city should also reevaluate goals, which projects should include affordable housing, and where these projects should be located.

Larson inquired about how the HRA/EDA levy would work and asked for more information on this tool.

Robinson asked what price range should be targeted. Wagner replied that it would be a tradeoff.

St. Peter said only if the city was truly proactive and acted as the developer/co-developer that for owner-occupied homes the prices could be low. In other communities where they have been the developer the focus has been on rental housing.

Rankin said staff would explore the difference between an HRA/EDA levy and that a decision would need to be made immediately as the 2005 budget is being looked at soon.

St. Peter said because there is no plan at this point in time that it should not be done in 2005. Thomas replied it would be something to work toward. Wagner also said it would give Council time to think about it as well.

Rankin said overall affordability throughout the city dropped from 40 percent in the mid 1990's to the current 11 percent. St. Peter said the Metropolitan Council and WHAHLT are both finding it hard to purchase a home under \$200,000.

Rankin said state and federal funds provide most of the financing, so it may be harder to leverage additional state and federal funds from the local funds. Wagner said there should be a vision on how this money should be spent. St. Peter added that it might be beneficial to bring in developers to help answer some of these questions.

Rankin gave the example of the Beacon Hill (Presbyterian Homes) project where the city was proactive.

Rankin recapped the discussion and said the comments from the EDA were similar to the comments from the council. Rankin said staff would now work on putting together ideas to bring back at the next meeting.

St. Peter suggested that staff utilize the League of Minnesota Cities, the AMM, and the National League of Cities to find out if there are other affordable housing tools on the horizon that may meet the needs of communities like Minnetonka. He said the best investment might be for rental properties.

9. OTHER BUSINESS.

The next regular EDA meeting was announced as Tuesday, July 13 at 6:00 p.m.

10. ADJOURN.

Thomas moved, Wagner seconded a motion to adjourn the June 8, 2004 EDA meeting.
All voted yes. Motion passed. The meeting adjourned at 7:59 p.m.