

AGENDA

MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

Tuesday, September 21, 2004
6:00 p.m.

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 August 10, 2004 EDA Meeting.

BUSINESS ITEMS

4. Presentation by Geoff Olson, Minnetonka Planning Director, on the Comprehensive Plan.

Action recommended is to hear the presentation and continue the discussion on affordable and life-cycle housing.

5. Staff Report.

6. Other Business.

- The city-wide Open House is Tuesday, October 5 from 5:00-8:00 p.m.
- The next regular EDA meeting is Tuesday, October 12, 2004.

7. 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**

**Tuesday, August 10, 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 6:05 p.m.

2. ROLL CALL.

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

EDA Commissioners absent: Paula Chatterjee and Bunny Robinson.

Staff present: Ron Rankin and Elise Souders.

Others present: Mike Suess, Tom Goodrum, Guy Peterson, Neil Hering, Jerry Nystuen, and Arlene Nystuen.

3. APPROVE MINUTES.

Duffy moved, Wagner seconded a motion to approve the minutes of the July 13, 2004 EDA meeting. All voted yes. Motion passed.

**5. DEVELOPMENT REVIEW OF 77-UNIT SENIOR RENTAL HOUSING
DEVELOPMENT AT 5431/5439 WILLISTON ROAD (This item taken up out of
sequence).**

Rankin reviewed the report and said this senior housing proposal is different than others in Minnetonka because of the combined assisted living and independent living units in one building. He said the applicant revised the original proposal of five affordable units and is now proposing eight affordable units; however, the unresolved issue is the continued long-term affordability. Rankin went over the approvals needed by Planning Commission and City Council and said because of the approvals and lack of a plan to maintain affordability, he said staff recommends denial of the proposal, but the EDA may direct staff to continue to work with the applicant if they wished.

Tom Goodrum, representing the applicant, said he is excited about the proposal and senior housing is needed in Minnetonka. He said to combine assisted living and

independent living units together works well for the tenant and their families, as they need to only move once rather than twice. Goodrum stated it is new for the private sector to do an assisted living and independent living project together. He said the applicant and management company are willing to market the program and also willing to work with the city to come up with an agreement to ensure long-term affordability.

Wagner asked if the eight affordable units will count towards the city's affordable housing goals. Rankin said the units will count toward the goals, but it is also important to have a plan to maintain their affordability.

Wagner clarified that in the past the city has not done affordable housing in other assisted living projects. Rankin replied that is true because licensed assisted living units are typically very expensive. The city is focused on the independent living units.

Duffy asked the applicant if they had done research to see if studio units were desired, and he also questioned how many bedrooms the affordable units will have. Mike Suess answered that the affordable units could be either studio or one-bedroom units, and said there will be very few two-bedroom units available. Suess said according to their research what was needed was mostly studio or one-bedroom units because most of the renters are single.

Thomas inquired if any mechanisms for maintaining affordability have been discussed with the applicant. Rankin said this has been the topic of the most recent discussions with the applicant, and most likely a legal agreement will be needed to maintain affordability.

Thomas said in his opinion that with a rezoning and guide plan change that 16 percent affordable units is not enough, and it should be 20 percent.

Walker asked about the opportunity for redevelopment elsewhere in Glen Lake, specifically from Kraemer's Hardware to the gas station. Rankin said recently there have been no discussions and that most of the previous discussions focused on areas at the east end of Glen Lake.

Walker asked the applicant if there are case studies where assisted living and independent living are together in one building. Suess replied that this housing is done to build a continuum and a campus environment. He also said financial institutions look for a campus environment when funding developments.

Walker asked if someone came into an independent living unit and a few years later needed assisted living if they would need to move to a different unit. Suess said in this building they could stay in the same unit because there will be little difference in the way the units look. He said International Care Management Company, the management company for the development, has done this type of development elsewhere.

Larson inquired about the size of the units. Suess replied the units will be approximately 700 to 950 square feet for studio and one-bedroom units.

Thomas asked about the experience of the applicant. St. Peter clarified the applicant, Mr. Suess, is the developer and the developer does not have much experience in this type of development.

Walker requested information on the management company. Suess said the management company has been working with them since the beginning.

St. Peter made a suggestion for staff regarding the agreement. He said to look at the pricing of the additional services available and the original prices of all of the units prior to adding on the services. He also suggested that the agreement be done in a form similar to a development agreement for it to run with the land.

St. Peter said the project seems to make sense, but may be premature to vote upon. Wagner added that with a guide plan change, rezoning, and the other requests that eight affordable units is not enough.

Walker moved, Larson seconded a motion to table the discussion on the affordable housing component associated with 5431/5439 Williston Road until the September 21, 2004 EDA meeting and direct staff to continue working with the applicant.

Wagner clarified the long-term affordability would be for thirty years.

Goodrum asked if it was possible to make the agreement part of the condition of approval. St. Peter said there was not enough support at this time for the project to put in a condition as such.

All voted yes. Motion passed.

6. PRESENTATION BY GUY PETERSON OF THE METROPOLITAN COUNCIL ON AFFORDABLE AND LIFE-CYCLE HOUSING IN THE TWIN CITIES.

Rankin introduced Peterson and gave some background on Mr. Peterson's history with the Metropolitan Council and his work with affordable housing.

Peterson provided handouts and discussed the handout on tools that other communities have been using for affordable housing. He said there are three types of tools: Local fiscal devices/authorities, official controls/land use regulation, and housing assistance/development programs. Peterson reviewed specific tools under the local fiscal devices and stated how many Hennepin County communities are using or have used these tools.

Thomas said there has been some discussion by the group about an EDA or HRA tax levy and he inquired what the reaction has been in other communities. Peterson replied

the biggest negative heard is usually the complaints by residents about the tax increase; however, he said it has been very good for some communities. Thomas requested information on which communities have used the levy and what they have done with it.

Wagner asked if the revenue generated by the levy could be carried over to the next year. St. Peter replied that it could.

Peterson reviewed and gave examples of the official controls and land use regulations as well as the housing assistance and development programs. He said for many of the funding programs there is not enough money to go around. He said for example in the latest round of funding for gap financing dollars, there were 23 single-family homeownership projects requesting \$10 million, but is less than \$3 million available. A similar situation occurs with the rental housing requests also.

Peterson went over the regional tools available through the Metropolitan Council including the Local Housing Incentives Account and Livable Communities Demonstration Account funding.

St. Peter inquired how much the Metropolitan Council funded the Excelsior & Grand and the Marketplace Lofts projects. Peterson said he would get that information to staff to distribute.

Peterson also reviewed county tools and said in Carver, Scott, and Dakota counties that the county HRAs do projects working with the local communities.

Wagner asked if the county tools are available as a grant or is the county investing the money on their own. Peterson said it depends on the county and the tools. St. Peter said the developing counties established their HRAs first, but in the case of Hennepin County, the cities established their HRAs first.

Peterson went over the non-profits and said there are more community land trusts developing around the Twin Cities. Peterson then reviewed the affordable housing progress handout. He said this was the composite of self-reporting done by the communities. Peterson commented the bulk of the affordable homeowner was developed mostly in the first four to five years. He said the goal of the affordable homeowner was 86,000 units and for the rental it was 15,000 units, but for both types of units it is likely the goals will not be reached. Peterson commented it has become increasingly difficult to develop affordable housing because of the land building price increases.

Wagner commented that what has been happening is a gap is developing between the affordable priced units and the more expensive units. He said developers go through a trade-off, so in order to add affordable units then they increase the price in their market rate units. Peterson said the Metropolitan Council has not looked at this gap.

Peterson said in the next few years new housing goals will be developed. He gave background information on the Land Planning Act and the Livable Communities Act and that new housing goals would be done in time for the 2008 comprehensive plan updates. Peterson said an ad hoc group representing different sectors dealing with housing will begin meeting this fall to start developing the framework for the next housing goals. Items to discuss, he said, included: demographic goals for different populations, how to express the goals, goals geography, what factors should be looked at, the existing number of affordable housing units in the community, housing conditions, and the availability of services. He said he welcomes any comments.

Larson said the \$1.5 million available for Local Housing Incentives Account funding seems low. Peterson said it is a statutory amount that the Metropolitan Council is allowed to collect for the seven county metropolitan area.

Duffy asked what carrot/stick the Metropolitan Council holds for communities to reach their goals. Peterson said through a survey given to all communities each year, housing performance scores are given, which provide a small factor in scoring to receive grant funding.

St. Peter gave several comments to think about when looking at the new housing goals, including: rental and owner-occupied affordable units should be counted collectively rather than separately and to look at goals in terms of permits pulled, land availability, and access to transit.

Rankin said the Metropolitan Council has been supportive and helped out the city in several occasions, specifically with West Ridge Market. He inquired what trends may be occurring that we should be aware of. Peterson replied it is important to understand the demographics, what opportunities are available for first-time homebuyers and seniors, and the relationship to the employment base.

Rankin explained how Minnetonka has a gap in pricing for rental housing stating there are some units that are affordable and then a lot of units at higher prices. He said the same thing is happening with ownership units. Peterson said this is happening in other communities as well and is partially a function of the marketplace. Thomas mentioned it is a tough issue because cities are creating the gap by requesting the affordable units.

St. Peter said another tool is the preservation of the existing housing stock.

Wagner stated that with increasing housing prices, the assessed value increases as well as the taxes. He asked if there is a potential to create a program to write down the taxes if the homeowners sell to a certain buyer. St. Peter said looking into a program such as that would be a question to ask the city attorney. Peterson said Roseville has a similar program that gets single-family houses vacated by seniors linked-up for sale to younger families.

Rankin stated that additions and remodels have caused prices to increase as well. St. Peter said this is another reason for preservation.

St. Peter opened the discussion to the public.

Hering asked if it was possible, when developing the housing goals with communities, to have them look at increasing funding. Peterson said a concern by cities when setting goals is the lack of federal and state funding to help achieve these goals.

Hering stated it is critical to get cooperation at all levels of government and asked how to strengthen this cooperation. Peterson said county governments have stepped up some and it is a competition in order to receive funds.

Jerry Nystuen said in the development proposal for the senior housing heard earlier that two already affordable units would be sacrificed to build eight affordable units out of 77, a net gain of only 6. He said this tends to happen with redevelopment. St. Peter said that is a good reason to include preservation.

Goodrum said if it is not his project, then it will be some project and that land prices are really causing this to happen.

Hering suggested when looking at housing goals to look at housing for the poor and low-income that sometimes get lost in the discussion.

St. Peter thanked Peterson for coming to the meeting and said the Minnetonka EDA would be happy to hear of any new ideas.

4. STAFF REPORT (This item taken up out of sequence)

Souders reviewed the staff report including updates on the I-394/County Road 73 Park and Ride expansion, Dial-a-Ride, The Sanctuary, and upcoming meetings and events.

7. OTHER BUSINESS.

The next regular EDA meeting was announced as Tuesday, September 21.

8. ADJOURN.

Larson moved, Walker seconded a motion to adjourn the meeting. All voted yes.
Motion passed. The meeting adjourned at 8:07 p.m.



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director
Geoff Olson, Planning Director

DATE: September 17, 2004

SUBJECT: Presentation by Geoff Olson regarding the Comprehensive Plan
and land-use designations

Planning Director Geoff Olson, will attend the September 21 EDA meeting and make a presentation on Minnetonka's Comprehensive Plan and land-use designations, focusing on how these affect affordable housing. The following information and the attachments to this report provide background that should be helpful in the discussion with Geoff.

Comprehensive Plan

The Metropolitan Land Planning Act is a state law that requires metro-area cities to periodically prepare comprehensive plans for future land use, transportation, parks and open space, housing, sewer and water systems, and other needs as directed by the Metropolitan Council. Minnetonka's most recent plan was adopted in April, 1999 after many months of study and review. Most of the work was done by the Comprehensive Plan Citizens Committee, which included representatives from city boards and commissions as well as the community at large. The EDA was represented by Denny Longren, Peter St. Peter was the TwinWest Chamber of Commerce representative, and Ken Tauer and Dick Allendorf were the City Council representatives. The plan drafted by the citizens committee was reviewed by the Planning Commission and adopted by the City Council with very few changes.

The Comprehensive Plan made certain changes to land-use designations for mid- and high-density residential developments, and Geoff will discuss these with the EDA (copies of the land-use map will be distributed at the meeting). Density designations in the Comprehensive Plan are:

- Low-Density=0-4 units per acre (typical single-family neighborhood)
- Medium Density=5-12 units per acre (townhouses, for example)
- High Density=13 or more units per acre (apartments and condominiums)

The areas that were changed were reviewed by the EDA in 2002, and those having access to transit, walkable neighborhoods and other important features were evaluated and toured by the EDA. Seven “best” housing locations were discussed at a Joint Study Session of the EDA and Planning Commission in October, 2002 (The staff report and meeting minutes are enclosed).

Potential Changes to the Land-Use Plan

Changes to the land-use plan can be requested and the plan anticipates this by including specific criteria to be considered when such changes are proposed. The Sanctuary development is an example where this has occurred, and it is also one of the seven sites promoted for housing development by the EDA (The list of criteria are enclosed), but the key criteria is whether the development helps achieve the city’s life-cycle and affordable housing goals. Geoff will discuss potential changes to land-use designations in terms of the list of criteria and also regarding housing developments in particular.

Where can we build more affordable housing in Minnetonka?

Working from the Comprehensive Plan, staff will review specific areas that offer opportunities for future housing developments that can include affordable housing. These locations include several of the special area plans included in the Comprehensive Plan, as well as other possibilities:

- Area 3—Glen Lake
- Area 8—Minnetonka Boulevard/Highway 169
- Area 10—Parkers Lake Road
- Area 11—Northridge/Southridge
- Area 12—Corens Drive/Sunset Drive
- Minnetonka Heights
- Special Study—Shady Oak Road (From Excelsior to Highway 7)

(Copies of the area maps are enclosed with the exception of Shady Oak Road.)

We expect Geoff’s presentation will provide important information for the EDA as we continue to discuss the practical aspects of how Minnetonka can add more affordable housing. Your questions and comments will be important to this discussion.



TO: EDA Commissioners

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

DATE: September 15, 2004

SUBJECT: Staff report for September 21 EDA meeting

1. Crown Ridge

On September 15 staff met with CommonBond Advantage Services and Hopkins School District staff to discuss the programming at Crown Ridge. This was an interim meeting to discuss what has been going on between the larger meetings set for twice per year. Currently, 47 of the 64 units are occupied and they continue to work to advertise the building. An occupancy sheet is included in the attachments. The current vacancy rate in the area is 15-20 percent, while Crown Ridge is at about a 26 to 27 percent vacancy rate. The challenge continues to be filling the market-rate units. Additionally, a programming update sheet is included in the attachments, highlighting the summer activities as well as what has been planned for the fall. CommonBond has done some restructuring in the Advantage Services side, and the Advantage Center at Crown Ridge will now be open 32 hours per week.

2. Follow-up to August 10 EDA meeting

At the August 10 EDA meeting, there were questions that Guy Peterson did not have answers to, and he indicated he would follow-up. One of the questions asked about the amount of Livable Communities Funds that were used at the Excelsior & Grand project in St. Louis Park and the Mainstreet Lofts in Hopkins. For the Excelsior & Grand project a total of \$2.8 million was awarded to the city from the Livable Communities Demonstration Account (over several years). For the Mainstreet Lofts, \$579,528 was awarded from the Tax Base Revitalization Account and \$850,000 from the Livable Communities Demonstration Account. Additionally, Commissioners asked to see which communities use HRA/EDA levies. A listing of the communities adopting a levy in 2003 is included in the attachments.

3. Shady Oak Road

Shady Oak Road, from Excelsior Boulevard to Highway 7, is currently being planned for reconstruction and widening by Hennepin County. However, because of the constraints associated with the project (such as wetlands and businesses/homes located near the roadway), the alignment of the reconstructed roadway becomes more difficult. In an effort to help the Minnetonka and Hopkins City Councils decide which alignment makes the most sense, Hennepin County will be hiring Hoisington Koegler Group, Inc. to work with Minnetonka and Hopkins staff to determine where there could be possible redevelopment areas depending on the roadway alignment. The findings of this work will be incorporated into the information given to the City Councils regarding alignment alternatives.

4. Economic development activities in other communities

Bob Walker asked if staff would find out what other communities are doing in terms of economic development activities. Plymouth, Edina, and Eden Prairie are very similar to Minnetonka in that not a lot of economic development tools are used, mainly because the location of the communities are such that they are a desirable place for businesses to locate. Eden Prairie has done additional outreach by implementing a meet and greet with business leaders, the mayor, city manager, and economic development manager. This has been well received with more than 100 businesses visited in the past two years. Edina has also begun a newsletter for their businesses, "About Business", detailing a variety of information for businesses including local government information, activities, special events, and more. A more detailed outline of activities is included in the attachments.

5. 2030 Transportation Policy Plan

The Metropolitan Council is in the process of updating its 2030 Transportation Policy Plan. Currently, they have adopted a draft plan and are seeking public input through a series of open houses. If you are interested in attending and providing comments the last open house is Thursday, September 23 from 4-5:30 pm at the Southwest Metro Transit Center in Eden Prairie. Plans will also be available on Tuesday, September 21 from 11am-1pm in the IDS Crystal Court in Minneapolis and on Wednesday, September 22 from 11am-1pm at the 5th Street Center Building skyway in St. Paul.

The draft plan can also be read online at www.metrocouncil.org and comments may be submitted via mail, email, or fax.

6. Citywide Open House

The citywide open house will be held on Tuesday, October 5 from 5pm-8pm. Commissioners indicated previously they were interested in having a booth for the EDA. Additionally, Homes within Reach (WHAHLT) and I-494 Commuter Services will have their own booths. Thoughts of what could be presented, include boards on: what the EDA is, affordable housing, Minnetonka Boulevard/County Road 101 improvements, and general and business statistics about the city. Additionally, the Housing Needs Study could be at the table for those interested. Staff will explain more at the EDA meeting, and any suggestions or comments are appreciated. We also hope that Commissioners will be able to attend that evening and spend some time helping to answer questions at the booth.

7. Deephaven Cove

A development plan for 28 townhouses was considered by the City Council on August 23 for property on Highway 101 that straddles the Deephaven-Minnetonka border. That plan called for the Minnetonka portion to be annexed by Deephaven, to be served by private wells rather than city water, and to not include any affordable housing. The City Council voted down that idea and asked that the developer consider a plan with affordable housing, and without annexation to Deephaven. A new plan is scheduled for consideration at the October 4 City Council meeting.

Upcoming Events/Activities

Thursday, September 23—2030 Transportation Policy Plan Open House

4:00pm—5:30pm

Southwest Metro Transit (13500 Technology Dr.,
Eden Prairie)

Friday, September 24—CURA Housing Forum

“Hmong Homeownership Trends”

12:00pm—1:30pm

U of M, Carlson School of Management Room 2-215

Tuesday, September 29—Sensible Land Use Coalition Program

“Water, Water Everywhere...”

11:30am—1:30pm

DoubleTree Park Place (St. Louis Park)

Let Elise know by Tuesday, September 21 if you wish to attend

Tuesday, October 5—Citywide Open House

5:00pm—8:00pm

Tuesday, October 12—Regular EDA Meeting
6:00pm

Attachments

- From Guy Peterson, Metropolitan Council, listing of 2003 EDA/HRA levies
- Economic development activities in other communities
- September Sensible Land Use Coalition program information
- “Minnetonka office park: Condos in the clouds”—*Star Tribune*, August 12, 2004
- “An affordable foundation”—*Star Tribune*, August 18, 2004
- *Livable Places*—July 2004
- Crown Ridge August Newsletter, September Occupancy, and Advantage Center programming information
- September CURA Housing Forum program information

Upcoming EDA Meetings
Updated September 15, 2004

Meeting Date All meetings at 6:00 pm unless otherwise noted	Item Description	Room/Special Notes
Tuesday, September 21	Regular EDA Meeting	Boards and Commissions <ul style="list-style-type: none"> • Geoff Olson, Planning Director
Tuesday, October 12	Regular EDA Meeting	Boards and Commissions <ul style="list-style-type: none"> • Continued discussion on affordable housing
Tuesday, November 9	Regular EDA Meeting	Boards and Commissions
Tuesday, December 14	Regular EDA Meeting	Boards and Commissions
2005		
Tuesday, January 11	Regular EDA Meeting	Boards and Commissions
Tuesday, February 8	Regular EDA Meeting	Boards and Commissions

Items to be Scheduled