

## AGENDA

### MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

Tuesday, October 12, 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 September 21, 2004 EDA Meeting.

### BUSINESS ITEMS

4. Development Review.
  - 77-unit senior rental housing development at 5431/5439 Williston Road.

Action recommended is a motion to not recommend approval by the City Council.
  
5. Staff Report.
  
6. Other Business.
  - The next regular EDA meeting is Tuesday, November 9, 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, September 21, 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: Paula Chatterjee, Dan Duffy, Dave Larson, Bunny Robinson, Peter St. Peter, Al Thomas, and Tony Wagner (arrived at 6:20pm).

EDA Commissioners absent: Bob Walker.

Staff present: Ron Rankin, Geoff Olson, and Elise Souders.

Others present: Neil Hering.

**3. APPROVE MINUTES.**

Larson moved, Duffy seconded a motion to approve the minutes of the August 10, 2004 EDA meeting. All voted yes. Motion passed.

**BUSINESS ITEMS**

**4. PRESENTATION BY GEOFF OLSON, MINNETONKA PLANNING DIRECTOR,  
ON THE COMPREHENSIVE PLAN.**

Rankin introduced Olson and explained that Olson would be talking about the Comprehensive Plan as well as sites identified in the Comprehensive Plan that may be suitable to be regulated for housing and redevelopment opportunities.

Olson distributed handouts and began by explaining what the Comprehensive Plan is and how it was written and adopted. He explained the land use plan and its purpose as a guide plan for the development/redevelopment of land within the city. Olson also described there are criteria that need to be met when a guide plan change is requested, one of which is the inclusion of affordable housing.

Olson said one of the issues the Comprehensive Plan committee faced during the latest revision was how to meet the housing needs and goals of the city. He said many sites for increased density were identified; however, several of the sites were dropped. Olson said the question, which still remains, is whether there is enough land for additional housing.

Duffy asked if the Metropolitan Council reviewed the Comprehensive Plan once it was complete. Olson replied that the Metropolitan Council did comment on the plan from a regional perspective, saying that Minnetonka's plan was a model.

Olson said the challenge for affordable housing is the lack of developable sites in the city as well as the high land prices.

St. Peter asked if Olson had any numbers from developers comparing land values in Minnetonka to other areas in the cities. Olson said for the same lot in Roseville it would be about \$40,000 less. St. Peter said land prices seemed comparable throughout the west metro unless beyond the MUSA line.

Olson explained the density designations and said possibly something else the EDA could look at for the next Comprehensive Plan update is changing how many units/acre is under each classification. St. Peter said a rationale for not changing it previously is that bonus density credits could be given if a development included affordable housing.

Olson said density is a subjective decision, and in Minnetonka it can be negotiated if there are factors such as affordable housing or environmental protection. St. Peter said the James Cargill site was a good example how negotiation was used.

Olson explained the city has not historically used condemnation, and instead relies on developers to work with homeowners. He said an example of when the city may use it is if there is a holdout by a homeowner that prevents the project from moving forward.

Olson went through the listing of potential sites for increased density or redevelopment.

Rankin reviewed the latest regarding the Shady Oak Road upgrades, from Excelsior Boulevard to Highway 7. He said the county has hired a consultant to look at possible redevelopment areas in the corridor.

Robinson clarified that the roadway will change from two lanes to four lanes. Rankin said the question with this project will be how the four lane roadway works, how it is placed, and where redevelopment opportunities are at. He said as the project continues, more information and updates will be brought back to the EDA.

Olson said it seems that each year the city gets a little more proactive, but it is not as aggressive as other cities. Duffy asked if there was really a need to be more aggressive when developers are still coming in. Olson said developers are coming in, but usually just one out of every ten has a serious project.

Rankin said with some areas, such as Northridge, Wilshire, and single-family homes with small lots, it is tough to make redevelopment financially feasible. St. Peter said an example was the Sunset Ridge luxury townhouses that were approved next to the RidgePointe apartments.

Olson suggested the EDA look both long- and short-term. He said for long-term it could mean a change in strategies, and in the short-term it could mean specific parcels to reguide.

Rankin said the EDA did some work based on the Comprehensive Plan and Housing Needs Study in 2002 looking at particular sites that would be suitable for affordable housing. He said developers typically come in looking to develop housing, and want the city to help facilitate finding properties.

St. Peter said St. Louis Park and Edina are examples of how two cities reacted differently to developers, and how their housing stock is different now because of it. He said Edina was more proactive and St. Louis Park was more reactive until the Excelsior and Grand project. Rankin said Edina primarily developed senior housing. St. Peter said by developing more senior housing it moves seniors out of the single-family homes and frees them up for new households to move into.

He also said that along I-394 developers are buying up single-family lots and putting up McMansions. He asked if this was a trend seen elsewhere throughout the city. Rankin said if developers can get enough land then they may subdivide similar to the CoPar development. St. Peter said a similar thing happened in St. Louis Park where there were small redevelopment sites throughout the city, but this created a problem when the city wanted to do a larger redevelopment area because these homes were in the way. He said the EDA should look at the big picture.

Olson said throughout the city, what is happening is that the smaller, more affordable units are being redeveloped or they are being added onto, making them no longer affordable.

Duffy said what he has heard is that most of the time people realize that density is going to happen and so they are more accepting of it, up to a certain point.

Wagner asked if there are any existing commercial sites that may be suitable for a mixed-use development. St. Peter replied the K-mart site is one.

Rankin said the EDA's discussion with Colleen Carey is that the retail is the key component in the housing over retail. He said Carey's suggestions were for the Glen

Lake or Shady Oak Road areas. St. Peter added the Excelsior and Grand project, as well as the Marketplace Lofts project have had a hard time filling their retail space.

Wagner suggested the EDA look at mixed-use sites as well. St. Peter said that in developing these types of projects that some city subsidy may be necessary, as well as having the city be proactive because of the fragmented ownership. He said a problem may be in keeping the local businesses there because the rents may increase so much that they cannot affordable to stay there.

Thomas said there are commercial centers where there needs to be updating. He said the city should do a similar initiative to Plymouth where commercial centers in need of updating are identified. Rankin said land values, and the lack of incentives to update the buildings, keep owners from doing that on their own.

St. Peter thanked Olson for attending the meeting and said if there were any new updates the EDA would be happy to hear about them.

## **5. STAFF REPORT.**

Souders reviewed the staff report items, including: a Crown Ridge update, follow-up to the August 10 EDA Meeting, economic development activities in other communities, the 2030 Transportation Policy Plan, the open house, and Deephaven Cove, as well as upcoming events and meetings.

St. Peter suggested that Crown Ridge work with churches to market their building.

Relating to the economic development activities, St. Peter said it was important to preserve small businesses. Thomas suggested that the EDA should host one meeting a year and invite the business community to have a meet and greet with the EDA and city staff.

Thomas pointed out that there are a lot of cities that use levies to get money for affordable housing, and Minnetonka is not among them.

## **6. OTHER BUSINESSES.**

The next regular EDA meeting was announced as Tuesday, October 12. It was decided that because at least two people would be gone for the meeting that the continued discussion on affordable housing would move to the November 9 meeting.

## **7. ADJOURN**

Thomas moved, Larson seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 8:06 p.m.



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TO: EDA Commissioners

THROUGH: John Gunyou, City Manager

FROM: Ron Rankin, Community Development Director

DATE: October 7, 2004

SUBJECT: Affordable housing at the proposed Williston Road Senior Housing development

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## **Background**

Mr. Mike Suess is proposing to develop a 77-unit building of senior rental apartment housing on the east side of Williston Road, near Excelsior Boulevard (directly north of Kraemer's Hardware Store). A location map and site plan are enclosed.

The building would be four stories high, plus a level of underground parking for residents and on-site employees. Fifty of the units would be independent-living rental apartments and 27 units would be designated as assisted-living rental apartments. This is the first building staff is aware of in Minnetonka that includes both types of units – instead, we have seen separate buildings built for independent living and assisted living. However, there is no physical difference in the floor plans of the apartments in this building, as each unit will have its own bedroom or sleeping area, kitchen, living area, and bathroom. The project is expected to include a mix of studio, one-bedroom, and perhaps some slightly larger apartments.

The EDA is being asked to make a recommendation on the affordable housing aspect of this proposal prior to the Planning Commission review scheduled for their October 21, 2004, meeting.

## **Affordable Housing**

Mr. Suess is now proposing that 10 of the independent living units be designated for rents affordable to senior households making 60 percent or less of metro area

median income. (Previously, he had proposed 5 affordable units.) Using 2004 figures\*, this would result in the following rents, including utilities:

Studio:	\$805 per month
One Bedroom:	\$863 per month

\*2004 metro area median income is \$76,400. Sixty percent of the median is \$32,220 for a one-person household, and \$36,840 for a two-person household.

This senior housing development plans to offer a range of supportive services to its residents as needed, in order to avoid placement in an intermediate care facility or nursing home. Examples of supportive services include cooking and serving meals, housekeeping services, and assistance with medications and other personal care needs. This approach provides a “continuum of care” that benefits residents as they age and require more assistance with daily living.

Staff appreciates the developer’s willingness to increase the number of proposed affordable apartments from the original 5 units to the 10 units proposed now, and to make a 30-year commitment by restrictive covenant to have rents for these units affordable to seniors at 60 percent or less of median income. Ten units amount to 20 percent of the independent units, and 13 percent of the 77-unit total.

However, staff believes the affordable housing proposed by Mr. Suess comes up short for the following reason. Because there is no physical distinction between the independent-living and assisted-living apartment units, staff believes twenty percent of all the apartments – 15 units – should be designated as affordable. This is the city’s target for affordability in every multi-housing development of townhomes, apartments, or condos. Especially in the case of senior housing, staff has sought to make a large percentage of units affordable.

Until more affordable units are included, staff cannot recommend approval of the affordable housing aspect of this development proposal.

### **Planning Issues**

This proposal is tentatively scheduled for the October 21 Planning Commission meeting. While the planning staff believes this site may be appropriate for a guide plan change and rezoning to allow senior housing, they have serious concerns that the current plan “overbuilds” the property due to: 1) the extent of grading that is required on the site, 2) the size of the building which results in setback variances, and 3) impacts to the single-family homes to the west and north.

Having the affordable housing issue come up short compounds the problems with the planning issues, and makes a much less compelling case for the guide plan change and rezoning.

**Recommendation**

Staff recommends the EDA not recommend approval of the affordable housing component of the proposed Williston Road senior housing development, for the reasons listed above.



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TO: EDA Commissioners

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

DATE: October 4, 2004

SUBJECT: Staff report for October 12 EDA meeting

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### **1. Minnetonka Heights**

A quarterly meeting was held with the Minnetonka Heights program coordinator, Minnetonka School District and community education staff, and city staff to receive and discuss programming at Minnetonka Heights. In the attachments is a detailed sheet explaining events from the summer and planned events for the upcoming year. The seniors have begun increased programming already with art classes and helping to stuff envelopes for the school district. The Parent Leadership Group has changed its focus to a community-wide group as there were some adults, without children, that wanted to participate. Sessions sponsored by this group in the upcoming months include financial literacy and voter information. The youth program has just started for the school year, and will again start with homework time each day before additional structured programming. It was also mentioned that many youth were interested in participating in different sports; however, they do not have the money to buy the equipment. We have coordinated with the Recreation Department to donate lost and found sporting good items (that would normally go to Goodwill) from the ice arena, Shady Oak Beach, and Williston Center. Summer programming for the youth was busy with a number of programs available for them both on-site and off-site. All-day programming for the youth will be available also during MEA. The international program also continues to meet as there are a number of immigrants at Minnetonka Heights.

### **2. Dial-a-Ride**

Beginning November 1, the Minnetonka Senior Center will no longer be providing transportation services, and will be relying on Dial-a-Ride to get seniors to different events that are held at the center. Currently, there are only approximately three to five riders per day, twice a week that utilize the Senior Center Transportation. Because these trips are taken during the off-peak time,

Senior Community Services, who operates Dial-a-Ride, has indicated their willingness to take on the additional trips. Senior Center and Dial-a-Ride staff will work together to make sure all seniors utilizing the Senior Center transportation are aware of the change, and also to make available scholarships/reduced fares for those who may not be able to afford the \$3 round-trip fee. This change will help to increase the overall ridership on Dial-a-Ride.

### **3. Duplication Factory**

The Duplication Factory is a plastic injection-molding business that produces DVDs and CDs. The company is working to consolidate operations from Kansas City and Chaska to a site in Minnetonka. City staff and Hennepin County are helping the company assess previous contamination at the site, and potential financing from Hennepin County's Commonbond Fund (low-interest financing for manufacturing companies).

### **4. Annual Memorandum of Understanding with Metro Transit and the Metropolitan Council**

As part of the Transit Cooperation Agreement between the city and the Metropolitan Council an annual MOU is drafted to review the prior year's transit activities and also to set a work plan for the next five years. Attached is a copy of the 2003-2004 MOU for your information. Highlights of the MOU include service levels, ridership levels, service levels through 2009 and the I-394/County Road 73 Park and Ride expansion. The city will be working with Metro Transit and the Metropolitan Council to promote all bus routes, emphasizing routes 612, 614, and the Dial-a-Ride, which have ridership below the regional averages.

### **Upcoming Events/Activities**

Wednesday, October 27—Sensible Land Use Coalition Program  
“NIMBY Study”

11:30 am—1:30 pm

DoubleTree Park Place (St. Louis Park)

*Please let Elise know by Tuesday, October 19 if you would like to attend*

Tuesday, November 9—EDA Meeting  
6:00 pm

### **Attachments**

- Sensible Land Use Coalition October program information
- Minnetonka Heights activity sheet
- Annual MOU with Metro Transit and the Metropolitan Council
- *Livable Places Update*—August 2004
- “City to see influx of upscale homes”—*Star Tribune*, August 1, 2004
- “Room for less”—*Star Tribune*, September 11, 2004

**Upcoming EDA Meetings**  
Updated October 4, 2004

<b>Meeting Date</b> All meetings at 6:00 pm unless otherwise noted	<b>Item Description</b>	<b>Room/Special Notes</b>
Tuesday, October 12	Regular EDA Meeting	Boards and Commissions • Development Review
Tuesday, November 9	Regular EDA Meeting	Boards and Commissions • Continued discussion on affordable housing
Tuesday, December 14	Regular EDA Meeting	Boards and Commissions
<b>2005</b>		
Tuesday, January 11	Regular EDA Meeting	Boards and Commissions
Tuesday, February 8	Regular EDA Meeting	Boards and Commissions
Tuesday, March 8	Regular EDA Meeting	Boards and Commissions
Tuesday, April 12	Regular EDA Meeting	Boards and Commissions
Tuesday, May 10	Regular EDA Meeting	Boards and Commissions

**Items to be Scheduled**