

**Minnetonka Economic Development Authority
Meeting Minutes**

**Tuesday, January 11, 2005
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 6:00 p.m.

2. ROLL CALL.

EDA Commissioners present: Paula Chatterjee, Dave Larson, Peter St. Peter, Al Thomas, and Tony Wagner.

EDA Commissioners absent: Dan Duffy, Bunny Robinson, and Bob Walker.

Staff present: Ron Rankin and Elise Souders.

Others present: Pam Pearce, Nellie Johnson, Stacey Morgan, Janet Lindbo, Jerry Nystuen, and Neil Hering.

3. APPROVE MINUTES OF DECEMBER 7, 2004 EDA MEETING.

Wagner moved, Larson seconded a motion to approve the minutes of the December 7, 2004 EDA meeting. All voted yes. Motion passed.

BUSINESS ITEMS

4. COMMONBOND FUNDING REQUEST FOR CROWN RIDGE ADVANTAGE CENTER AND CONTRIBUTION OF \$6,000 TO COMMONBOND FOR RENT PAYMENTS OF EXPANDED ADVANTAGE CENTER AT CROWN RIDGE.

Souders reviewed the report and highlighted programming that is happening at Crown Ridge. She said staff recommends approval of the \$10,000 request by CommonBond, with the condition that any funding requests next year should be recommended to be less and also for approval of the \$6,000 to be used for the expanded Advantage Center.

Nellie Johnson said CommonBond appreciates the city's support of the Crown Ridge Advantage Center. She said without the funding, there would be less programming at Crown Ridge. Johnson also said the expanded advantage center has allowed additional programming to take place.

Thomas asked staff what account the funds for this will come from. Souders responded it will be from the Livable Communities Account.

Thomas inquired about funding for next year if the city does not fund them again. Johnson said they will look to other partners, like General Mills, and also to community support, but there is a lot of competition for dollars. Thomas said the initial funds were not meant to be a continuing source of funds. He said there is competition for public sector funding also, and CommonBond should be looking for a new plan for funding for next year. St. Peter commented the original plan was \$10,000 the first year, and \$5,000 the second year.

Wagner asked if there was programming prior to 2002. Souders said there was not.

Wagner asked CommonBond if the HUD fees and CommonBond funds are already committed funds. Johnson replied they have already been committed.

Wagner commented many residents are under eighteen. Johnson said the majority of programming is targeted to them. Wagner asked what the resident participation rate is in programming. Stacey Morgan said there is good participation compared to other properties.

Larson inquired about the staffing at the Advantage Center. Johnson said the Advantage Center is staffed 32 hours per week.

St. Peter asked about vacancy rates. Pam Pearce said there are 16 vacancies, with the challenge being the market rate units. St. Peter asked if they were letting organizations such as CASH, ICA, the Family Resource Center, PRISM, and local churches know about the vacancies. Pearce said they work with about six organizations, including Twin West Chamber of Commerce, but the majority of applicants are not qualified. Pearce added the number of vacancies at the beginning of 2004 was 22.

St. Peter suggested CommonBond work with the Hopkins School District and Recreation Department to help plan for summer programming. He said he was disappointed the school district had no ECFE programming this fall.

St. Peter asked if CommonBond works with Families Moving Forward to help fill vacancies. Pearce said she has worked with them; however, most of the applicants do not qualify.

Wagner asked if the CommonBond approached the city initially for funding, or if it was the city that approached CommonBond to initiate the program. St. Peter said the city approached CommonBond to begin their Advantage Center programming.

Thomas moved, Wagner seconded a motion to recommend to the City Council approval of the \$10,000 funding request by CommonBond, approval of the \$6,000 for partial rent payments for the expanded Advantage Center, and recommended CommonBond look into other funding sources for next year. All voted yes. Motion passed.

5. HOMES WITHIN REACH REQUEST FOR FUNDING.

Souders reviewed the report, including a recap on past city contributions, other funding sources, and what Homes Within Reach plans to do with the funds. She said staff recommends the EDA recommend City Council approval of the funding request.

Janet Lindbo, Homes Within Reach Executive Director, said she appreciates the city's support. She said there have been home cost increases and increases in the number of applicants in the homebuyer pool. Lindbo said, on average, land costs have increased \$20,000 in the past year, while approved mortgage amounts have only increased \$6,000.

Wagner asked what percentage would the city's contribution be compared to the entire budget. Lindbo replied the city's funds are approximately one-third of the budget; however, 50 to 60 percent of the homes are in Minnetonka.

Thomas inquired what the area median income for a two-person household is and if Family Housing Funds are public funds. Souders replied the two-person median income is about \$45,000. Rankin said the Family Housing Fund money is mostly private.

Thomas asked Lindbo if Homes Within Reach was pursuing other funding sources than the public sector. Lindbo said the majority of funding has been public sector funding; however, as the organization grows they will be looking to the private sector. She said they have received grants from banks, in-kind donations, and are working with religious affiliations to obtain funding as well. Rankin added that Homes Within Reach has also previously received operations funding from McKnight and Bremer foundations. He said private sector funds tend to be for operating costs rather than acquisition.

Thomas asked if Homes Within Reach has enough funds to cover operating costs for the upcoming year. Lindbo replied in the next few years they will need to grow this.

Thomas asked if the city did an EDA or HRA levy if it could be used for Homes Within Reach or for other similar organizations. St. Peter replied they could be.

Rankin said Homes Within Reach will need continuing money for land write-down.

Wagner asked how much time is spent on purchased land. Lindbo replied there is ongoing homeowner support and time spent on paperwork for public financing compliance.

Wagner asked about the other qualifications besides income, and if Homes Within Reach tends to focus on families or younger couples. Lindbo said typically the focus has been on families or those who may never be able to own a home. She said they use a point system to qualify applicants. Lindbo also added with public financing, the focus now is to serve those at 60 percent median income rather than 80 percent.

Wagner asked about the process and timeline for the purchase of homes. He was inquiring because Westview Terrace neighbors asked why it took so long to get a buyer. Lindbo said it can take from three to nine months from when Homes Within Reach purchases a home to when a homebuyer moves in. She said it depends on the amount of rehab needed.

Wagner commented there should be outreach for the neighbors so they know what is going on. Rankin explained what happened at the Westview Terrace property. St. Peter

said Homes Within Reach should not worry if there are a few homes near each other because there are areas of the city that have more affordable homes. Jerry Nystuen said Homes Within Reach allows homebuyers to look for homes themselves.

St. Peter said when the land trust initially began, and he reviewed the documents, he made an informal recommendation that the land trust should either annually or bi-annually look at the homeowners' tax statements and adjust the amount of the lease payment accordingly. Lindbo said the ground lease does address that; however, it is a longer period of time rather than every one or two years.

Thomas explained he received resident concerns last year regarding one of the homebuyers. He said there needs to be a plan to educate the neighbors when Homes Within Reach buys a property. He also asked that Homes Within Reach make sure to note they are independent of the city.

Thomas asked staff if there had been conversations with Homes Within Reach about the ability to take the affordable units in new developments. Rankin said it is a concern and both sides are interested in keeping the number manageable.

Larson asked how the Livable Communities Account grows. Rankin replied both the Livable Communities and Development accounts each have approximately \$2 million. He said the Livable Communities account started from funds from the Cliffs/RidgePointe TIF district and the Development account from the Carlson TIF district. Rankin said these accounts gain funds from interest and from funds from open TIF districts.

Wagner moved, Larson seconded a motion to recommend the City Council approve the \$200,000 funding request for Homes Within Reach. All voted yes. Motion passed.

6. STAFF REPORT.

Rankin reviewed the staff report including the Minnetonka Boulevard/County Road 101 intersection improvements, Southwest Rail Study, and upcoming events.

7. OTHER BUSINESS.

The next regular EDA meeting was announced as Tuesday, February 8 at 7:00 p.m. because of a Shady Oak Road public meeting that the EDA was also invited to attend.

Additionally, the EDA and City Council will have a joint study session on January 25 on TIF and Tax Abatement basics. There will also be another joint study session with the City Council, EDA, and Planning Commission on February 7 on the Gateway Project.

8. ADJOURN.

Thomas moved, Larson seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 7:25 p.m.