

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**Tuesday, May 10, 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 6:05 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.

Others present: Mike Suess and Dan Kelly.

3. APPROVE MINUTES OF APRIL 12, 2005 EDA MEETING.

Larson moved, Duffy seconded a motion to approve the April 12, 2005 EDA meeting minutes as amended. All voted yes. Motion passed.

BUSINESS ITEMS

5. DEVELOPMENT REVIEW OF A 77-UNIT SENIOR RENTAL HOUSING DEVELOPMENT AT 5431/5439 WILLISTON ROAD.

Rankin reviewed the report and said staff recommended the EDA recommend approval of the affordable housing component as presented, subject to a 30-year restrictive covenant requiring affordable rents and having an enforcement provision approved by the city attorney.

Walker asked about the holding pond system. Suess said it will be an underground system in the front yard.

Duffy inquired if any of the one-bedroom or two-bedroom units can be made affordable. Kelly said this is not possible because it cannot be supported by the other units. He said in order to make any one- or two-bedroom units affordable it will raise the rents in the other units too high.

Robinson asked why there will be two-bedroom units included. Kelly said given the limited floor plan constraints there will be just the two, two-bedroom units. He said there will be a little demand, but not a lot for these units.

Walker asked what the impacts will be to the surrounding single-family homes. Rankin said one of the impacts will be the appearance of the building.

St. Peter asked if this senior housing proposal will be mentioned in the market study. Rankin said Planning Director Geoff Olson knows about the proposal, and that the consultants doing the market study will be made aware of the proposal as well.

St. Peter inquired if it was possible to allocate the affordable units pro-rata in order to get a mix of studios and one-bedroom units that are affordable. Rankin said staff has raised the issue with the developer that some one-bedroom units should be made affordable; however, the current proposal does meet the 20 percent affordable level.

Wagner said he has concerns if the studio units go unfilled.

St. Peter said he could give conditional approval to the project, subject to the restrictive covenant being drafted. He said to model the covenants from the Cedar Pointe development where there are no specific units that are assigned as affordable, it is just the first ones who qualify who are in an affordable unit, so that it becomes a revolving pool. Kelly said that is the intention.

Wagner asked if the EDA is locked into 15 studio units or can it be changed to ten studio units and four, one-bedroom units.

St. Peter said he thinks there will be a big demand for the two-bedroom units. He said this demand is happening with other facilities that he is familiar with. Suess said the unit sizes are based on the recommendations from Dave Edwards of International Care Management, their management company for the project. He added that these unit sizes are competitive with Sunrise Assisted Living.

Larson asked what is included in the rent amount. Suess said cable TV, heat, and electricity are all included.

Duffy asked if there was any government funding included. Kelly responded there is no government funding.

Duffy agreed that there is demand for two-bedroom units.

St. Peter stated the approval should have a condition that the EDA approve the restrictive covenants. Wagner added the condition should address the issue of flexibility too.

Wagner asked if there can be an option for some of the units to not take services. Kelly said no, because so much of the building space is devoted to services, therefore the basic package needs to be required.

Discussion followed on services and the cost to the residents.

St. Peter said he is aware of other developments that are set-up in the same way as this project; however, the rates are not quite as high.

Wagner asked if there is an asset limit for the affordable units. Rankin replied no.

Wagner moved, Robinson seconded a motion to recommend approval of the affordable housing component conditional to EDA review of the restrictive covenants and to revisit the issue of the flexibility of one-bedroom units being affordable.

Duffy thinks this is fair; however, he said he still questions the marketability of the studio units.

Kelly said they want the studio units to rent and will follow-up. He said he thinks they have responded to the EDA's concerns on the floor plans, the distinction between the independent and assisted living units, and are making 20 percent of the units as affordable. He asked that the affordable housing component be recommended for approval as is.

Thomas said adding the basic service package may complicate the picture and there may not be the demand.

Kelly suggested that the affordable housing component be recommended for approval subject to the restrictive covenants which cover maintaining the affordable rents and allowing the flexibility in the number of units depending on the project economics. He said this could be done in a matrix form to trade studios for one-bedroom units.

Wagner suggested getting more details prior to the City Council meeting.

Duffy, Larson, Robinson, St. Peter, Wagner, and Walker voted yes. Thomas voted no. Motion passed.

Discussion followed on doing market studies for other areas of the city.

5. RESOLUTION APPROVING DEEPHAVEN COVE TOWNHOMES JOINT POWERS AGREEMENT BETWEEN THE MINNETONKA EDA AND THE CITY OF DEEPHAVEN.

Rankin presented the background information, and said these items need to be put into place because they are required in order to receive Hennepin County grant funds. He said staff recommends approval of the resolution.

Robinson moved, Thomas seconded a motion to adopt the resolution. All voted yes. Motion passed.

6. STAFF REPORT.

Rankin reviewed the staff report items including a thank you to Chatterjee, Crown Ridge, Minnetonka Boulevard/County Road 101, Shady Oak Road, Glen Lake, Southwest Rail Study, 2005 affordable housing price limits, and upcoming events/activities.

Discussion followed on what the EDA's mission is. Rankin said the priority of the EDA since 1995 has been affordable housing.

St. Peter said more redevelopment is being done by choice or not, citing that the reconstruction of Shady Oak Road will face some redevelopment. He said without a good mix of customers, retail will eventually fail.

Walker said he does not think that the city has an up-to-date master plan that supports the highest and best use of land. He said it should be looked at as far as what is available and do it, not develop on a piece-meal basis. St. Peter said that can really only be done if the EDA is proactive and controls it. He mentioned that the West Ridge Market development was focused on by the city.

Discussion followed on development and guiding development by the city.

Thomas said the EDA should gear-up for redevelopment. Duffy added that it is likely there will be more mixed-use projects.

7. OTHER BUSINESS.

The next regular EDA meeting was announced as Tuesday, June 14.

8. ADJOURN.

Thomas moved, Robinson seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 8:05 p.m.