

**AGENDA**  
**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY**

Tuesday, February 21, 2006  
6:00 p.m.

Please note location change



Mezzanine Conference Room  
Minnetonka City Hall, Upper Level

1. Call to Order.
  
2. Roll Call:            Dan Duffy            Al Thomas  
                              Dave Larson         Tony Wagner  
                              Bunny Robinson    Bob Walker  
                              Peter St. Peter
  
3. Approve minutes of January 17, 2006 EDA meeting.  
   Approve minutes of January 30, 2006 EDA meeting.

**BUSINESS ITEMS**

4. Homes Within Reach Request for Funding.  
  
   Action recommended is to fund the request.
  
5. Eminent Domain Overview.  
  
   Action recommended is hear the overview.
  
6. Staff Report.
  
7. Other Business.  
  
   The next EDA meeting will be **Monday, March 6** at 6:00 p.m.
  
8. Adjourn.

\*\*The mission of the Economic Development Authority is to advise  
the City Council on matters related to affordable housing, redevelopment,  
and economic development.\*\*

**Unapproved  
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY  
MEETING MINUTES**

**Tuesday, January 17, 2006  
6:00 p.m.**

**Council Chambers  
Minnetonka Community Center, Upper Level**

**1. CALL TO ORDER.**

EDA President Peter St. Peter called the meeting to order at 6:03 p.m.

**2. ROLL CALL.**

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

Staff present: Ron Rankin, Merrill King, and Elise Souders.

Others present: Mark Ruff, Dave Callister, Steve Bubul, Julie Eddington, Tom Wartman, John Herman, Carol Lansing, John Hamilton, and approximately 20 residents.

**3. APPROVE MINUTES OF DECEMBER 6, 2005 EDA MEETING.**

Larson moved, Wagner seconded a motion to approve the December 6, 2005 EDA meeting minutes. All voted yes. Motion passed.

**BUSINESS ITEMS**

**4. ITEMS RELATED TO THE GLEN LAKE REDEVELOPMENT PROPOSAL.**

Rankin began by reviewing the actions to be considered, including: a resolution adopting a modification to the Housing Development and Redevelopment Plan for the Glen Lake Station Housing Development and Redevelopment project and establishing the Glenhaven Tax Increment Financing District; a resolution approving a Contract for Private Redevelopment between the City of Minnetonka, the Minnetonka Economic Development Authority, and Glen Lake Redevelopment LLC; and a resolution authorizing an interfund loan for advance of certain costs in connection with the Glenhaven Tax Increment Financing District. He said staff recommends the actions be approved.

Rankin recapped the Planning Commission meeting held on January 12 and said they recommended approval. He said the planning components of the project

will be brought to the City Council at their January 23 meeting. Rankin said the components of the plans had not changed since the December meeting and he briefly reviewed the components of the proposal.

Rankin reviewed the TIF request and said the TIF will be used to reimburse certain eligible costs. He said Minnetonka has a policy of using TIF very conservatively, and in this case there are extraordinary costs. Rankin said in addition to the certain eligible costs that the developer will receive reimbursement for, there will also be public improvements such as a signal light, sidewalks and other improvements to be reimbursed through the TIF. He said there will be a comprehensive pedestrian plan completed of the Glen Lake area in order to plan for the public improvements that will be done. Rankin reviewed that the reimbursement of these costs will be over 16 years and the developer's reimbursement costs will be capped at \$3,962,500. He said it will be the developer's risk for any overruns. Rankin said two reports have been completed and the area does qualify under state law as a renovation and renewal TIF district.

Rankin reviewed that the modification to the housing development and redevelopment area plan is part of the process. He said this modification includes a part on affordable owner-occupied housing in the project area.

Rankin went through the key aspects of the TIF plan, including: a renovation and renewal district is proposed, the district is being created to facilitate housing and mixed-use redevelopment, the maximum length of the TIF district is 16 years, and the TIF will be used reimburse certain eligible costs of the redevelopment and for public improvements. He said the TIF plan needs to be approved by the EDA and City Council.

Rankin said a Contract for Private Redevelopment has been negotiated. He reviewed the key points of the contract, including: the minimum improvements required by the redeveloper, the affordable housing component, the public improvements to be built, the look back provision, and no reimbursement from the TIF will occur until the vacant part of the shopping center is fully demolished. Rankin said staff feels the contract terms are reasonable and pose little risk to the city.

Rankin also said the EDA needs to adopt an interfund loan resolution in order for the city to pay for costs incurred with the public improvements before the TIF becomes available for reimbursement.

Rankin reviewed the land acquisition status. He said the Glenhaven shopping center is owned by the redeveloper, Mr. Wartman. Rankin said all properties from Eden Prairie Road to Stewart Lane are included in the TIF district, and while not all are included in the redevelopment proposal, staff does believe that they can be redeveloped in the future. He said Mrs. Renneke is not interested in

selling her property except at a much higher price, and so Mr. Wartman is no longer including that property in the redevelopment proposal. Rankin said the Alano property is still included in the project because it is in the middle of Site B. He reviewed the history of the property and said the city did own the property in the late 1980's and eventually sold it to Alano. Rankin said because the city sold the property to them, the city is trying to help them find an alternative location. He said the Zachman parcel on Glen Lake has not yet been acquired and is an integral component to Site C. Rankin said this parcel is a long lot and is obsolete. He said the property is also located between two higher density developments and from a land use planning perspective it doesn't make sense to keep the property as single-family.

Rankin said the size of the Site C building has been of concern, but staff believes it is a reasonable size building and all variances are reasonable. He said in addition the Site C property will provide trail connections to Kinsel Park.

Mark Ruff from Ehlers and Associates provided a summary of the financial component of the project. He said the basic idea behind TIF is for the developer to pay market rate for the land. Ruff said both the redeveloper and the city will be reimbursed for certain eligible costs.

Ruff reviewed the budget and said the city's costs for land acquisition include the Alano relocation. He said the developer profit is not TIF eligible, but include legal costs and the costs of land assembly. Ruff said there was a lot of time spent negotiating with the redeveloper and the profit and the \$500,000 shown is reasonable. He said other costs include demolition, relocation as set out by state statute, utility line relocation, and public improvements. Ruff said the maximum eligible reimbursement for the developer is \$3,962,500 and anything over is the developer's risk.

Ruff said it is anticipated that the developer will receive bonds, which is different than the pay-as-you-go that has traditionally been done in Minnetonka. He said bonds are typical in projects where the majority of the units are owner-occupied and will not have a stream of cash. He said the city is not pledging security in the bonds.

Ruff reviewed the city's costs including the Alano relocation expenses and the public improvements. He said there is some risk associated with these expenses; however, the city is willing to take a risk because of the benefits to the area.

Ruff went through the subordinate debt and said that the city and the developer are sharing the risk and the city feels it is important to do this because of the overall benefit.

Ruff reviewed the budget options sheet for Site C. He said that various scenarios had been looked at in regards to the number of units on Site C as well as the total number of affordable units in the project. He said staff's recommendation is that the affordable units are an important component of the project.

Steve Bubul from Kennedy and Graven reviewed the Contract for Private Redevelopment as well as the TIF Plan and the Modification to the Redevelopment Plan.

Bubul said the most important parts of the Contract for Private Redevelopment is in articles three and four. He said article three focuses on the acquisition and conveyance of land and that the developer is to continue to make efforts acquire the remaining parcels by January 30, 2006, and if the developer is unsuccessful, then the EDA and City Council will be asked to move forward with eminent domain. Bubul said there is no reason to think that this will happen though. Bubul said with the TIF assistance that the initial financing will be done through initial notes. He said if Tax Increment Revenue Notes are done they will be sold to sophisticated investors, and that this type of note is becoming more common with owner-occupied projects. Bubul said however, the developer may find that a pay-as-you-go note works better. He said the contract provides for either option and because of this structure this will come back to the EDA again.

Bubul said because the development is going to be done in three phases, no payment will be issued until after the demolition on phase III is done. He said the EDA has a purchase option for the phase III property if redevelopment has not commenced by the end of 2008. Bubul reiterated that it is only an option to purchase and the EDA is not committed to purchasing the property.

Bubul reviewed the look-back that will be done at the end of phases I and II, as well as done at after the completion of phase III. He said the look-back uses a 12 percent profit as a maximum before profit-sharing. Bubul said the look-back reviews the projections made and helps to keep the TIF at a minimum.

Bubul said that tax-exempt notes will also be issued to pay-off the initial notes. He said these types of notes carry a lower interest rate. Bubul said the trade-off is with tax-exempt notes there cannot be the typical kinds of security that there is normally such as assessment agreements. He said the judgment is that it is a fair trade-off and typical in this kind of project.

Bubul reviewed article four of the contract and said there are affordability covenants included. He said that it also discussed the inclusion of mid-range housing prices in the phase I building and the city's expectations for public improvements.

Thomas said the city receives 25 percent of the profit over the 12 percent profit maximum, but asked where the other 75 percent goes. Bubul replied it is returned to the developer, but the 25 percent that the city receives will go to reduce the assistance needed. Ruff indicated that this amount was negotiated between the city and the developer. He said that some use a 15 percent profit as standard, but the city said 12 percent profit maximum, but was willing to take only 25 percent of any profit over 12 percent.

Robinson asked when it will be determined if pay-as-you-go notes or bank notes will be issued. Bubul said it will likely be in the next three to four months as financing for the project is determined.

Wagner asked if the profit for phases I and II is really \$3.3 million, \$3.7 million for phase III, and if there is an additional \$750,000 in profit. Ruff said yes. He said there is a benefit to having a developer as owner because they own the property already; however, it became difficult to determine how to value the property. Ruff said the city will have a third-party appraisal done to determine the value of the property as it is today. Ruff said the developer will receive \$500,000 in profit for acting as the master developer. He said he has seen projects where this figure has been higher.

Wagner asked with a project this size who receives the benefit if the marketing and settlement numbers that are indicated on the proforma are less. Ruff said if the costs are less, then the city and developer share the benefit.

Wagner asked if the numbers are typical to other developments. Ruff replied that they are and that the total sales per square foot are within industry standards and the numbers have been reviewed by several people to ensure that they are not too high. Ruff said that in a project where there are public and private funds used, that typically, public funds are about 10 percent of the project. He said in this project that public funds are about 5 percent.

Duffy clarified that on the profit that the developer will receive 12 percent plus the \$500,000. Ruff replied yes.

Duffy said the EDA's potential risk is \$462,000 and he asked what the city can afford. Rankin said the \$462,000 potential risk is because of the city's expectation to put an additional \$500,000 into the project for the Alano relocation. He said that there is the risk that these funds may not be repaid, but that this money will come from the Development Account, which are not public funds, but rather funds from a closed TIF district. He said historically TIF projects have done well, so there may be the opportunity to re-coupe all of the expenses.

Larson said he hopes the \$500,000 being invested in the public improvements will beautify Glen Lake. He said the city currently has a AAA bond rating, and asked if because of this rate it will help. St. Peter said yes. Larson asked how

exactly this will help financially. Ruff said the bond rating is for tax-supported debt, but it will primarily help with lower interest rates. St. Peter said this is one of the reasons why the EDA has rejected some prior TIF requests.

Rankin said a net amount of \$100,000, which will come from park dedication fees the developer will pay, will be used to improve the plaza area in Glen Lake.

Thomas asked for explanation for the public on what the development account is and how much money is in it. He also asked what the value of the property for site A is that the EDA has an option to purchase if the developer does not start that phase of the project. Rankin explained that the Development Account was established when the Carlson TIF district closed ahead of schedule. He said there was additional TIF on the books and permission was given to use these funds for special projects. Rankin said there is approximately \$2.5 million in the account. Bubul responded to the second part of Thomas' question regarding the value of the site A property. He said the value of the Site A property will be a pre-determined price that has not yet been determined, but will be done in the future. He said the developer and city will try to agree on a price, but if there is no agreement then there will be appraisal done. Bubul said a second appraisal may be done if there is no agreement after the first appraisal, and if there is still no agreement then it will go to arbitration.

Wagner said that staff provided an overview on why certain properties should remain in the project even though they have not yet been acquired. He asked what the alternatives are for purchasing the property, since the developer has until the end of the month to make efforts to purchase the remaining properties. Rankin replied that the contract says the developer is to continue to negotiate until the end of the month and if at that time there is still no agreement then the developer is to notify the city. He said the City Council makes the final decision regarding the use of eminent domain. Rankin said Alano is concerned about having to move again, and because the city sold the property to Alano the city feels it is obligated to help and find a satisfactory place to relocate to. He added that while the Renneke is not part of this redevelopment proposal that it is still included in the TIF district and is expected to redevelop. St. Peter said the life of the TIF district begins at the closing on the development on this part of the project.

Wagner asked if Alano can only be relocated within Glen Lake. Rankin said the city has been working to find a place to relocate based on an area that has been defined by them.

Wagner asked if the Zachman property is rental. Rankin said the city's understanding is that this property was acquired by Mr. Zachman and that it has been rented out. He said the developer has made attempts to contact the property owner in order to negotiate a purchase agreement. Rankin said site C has been looked at without the Zachman property, but it is needed for the public

trail and it is not desirable from a land-use perspective to leave it as single-family between two condominium buildings.

Wagner said the costs have to equate for the project to work. Rankin said adding units to Site A or B has not been discussed, but if the number of units on Site C changes, then it needs to be made up somewhere. He said the option scenarios were done because of the concerns about Site C. St. Peter said from previous work session on this project that the instructions were to keep 20 percent of the units as affordable and that this is the tradeoff for getting affordable housing.

Walker asked about the timing of the TIF look-backs and also asked what the definition of profit is. Bubul replied the profit look-back will be done twice: once after the completion of phases I and II and once after the completion of phase III. He said that profit will be defined as an illustration in a proforma that is attached to the contract. Ruff responded that profit is defined as generally acceptable accounting principles.

Walker asked what happens if the city wants to modify the TIF district boundaries. Bubul said the city has the opportunity to expand the boundaries within five years, and added that other parcels can be removed.

Duffy said for the condominiums on Site C, the price for the units is listed as \$425,000. He asked if this is the average or if there will be a range of prices. Mark said there will be a range and that this is only average. Tom Wartman, the developer, said they are still working on exact numbers, but the units are expected to be 1,600 to 1,800 square feet in price and range from \$350,000 to \$450,000. He said though that there have been requests for larger size units that may be priced at \$600,000 or higher. Wartman said he has worked with Ehlers to get an average price.

Wagner asked what the size of the affordable units will be. Wartman responded that they are expected to be similar in size to those at the Wyldewood Condominiums at about 800 to 850 square feet. He said they will be one-bedroom units.

Larson said that a fair and reasonable price should be offered, but asked how do you deal with a land speculator. Rankin said the city has worked hard to avoid eminent domain. He said the city did not use eminent domain for the West Ridge development and only used it for two commercial properties for the Ridgebury development. Rankin said it is typical for the city to require developers to negotiate.

Robinson asked if the affordable units on all sites will be one-bedroom units. Wartman replied yes. Rankin said it has been typical in the condominium

developments that the affordable units are one bedroom; however, the affordable units in townhouse developments have been larger.

Five minute break

St. Peter asked Bubul to review the but-for test.

Bubul said the EDA is being asked to approve an updated redevelopment project area plan. He said this project area was originally set-up in 1977 based on a blight study done at the time. He said Hoisington Koegler Group (HKGi) did a recent study to re-look at and update the blight findings. Bubul said the redevelopment project area will also be designated as a housing development area to emphasize that affordable housing is the other public purpose. Bubul also said the EDA is being asked to approve the TIF plan, which makes findings to establish the district. He said the area does meet the renewal and renovation district standards. Bubul said another important aspect is making a but-for finding. He said a but-for finding is a finding that this development or any other development would not occur, but for the tax increment financing.

St. Peter summarized the actions the EDA is to consider and asked the developer, Tom Wartman, for his presentation.

Wartman said there is a lot of paperwork, but it is a culmination of the negotiating and planning that has been going on. He said his dream is for a more beautiful Glen Lake area and he would like to see it updated. Wartman said he has made minor changes to the plans since December in order to be better stewards to the land. He said the opposition seems to be to Site C, and he believes it will be a handsome building and offer more of a natural buffer to the lake rather than mowed grass as it is now. Wartman said he has heard a lot of support for the project and he wants to start the beautification and improved safety for the area.

Duffy asked with the recent trends in real estate if there looks to be any problems with selling the units. Wartman said that there has been some concern about the multitude of condominium projects being built in downtown Minneapolis; however, he said if the project has quality then it will get good results. He said each site will have a different type of unit, with Site B being more affordable and mid-range units, Site C will be more luxury, and Site A will be in-between the two with a range of prices.

St. Peter said he is disappointed that there is no stratification in unit prices for sites other than Site B. He asked if there is anything that has changed adversely in recent months. Wartman said no and there have been no additional studies done. He said the response to the grocery store has been positive.

Walker asked if any scenarios have been run to see what may happen if the grocery store goes under. Wartman said he is looking positively about the

grocery store and so he has run no other scenarios. He said the reason Kowalski's failed is because of the way they sold to Glen Lake.

Wagner said a concern of his is that all of the affordable units will be the same 800 to 850 square foot size. He asked what the flexibility in the size of the units is. Wartman said when looking at condominiums he wants to deliver a good product, which means a minimum price of \$250 per square foot. He said the level of the units at Site C will be \$280 per square foot. He said it is difficult to apply construction costs on a larger unit and keep it affordable. Wartman said if this is done, then another unit has to subsidize the affordable unit and this will not work and keep the market-rates competitive. Wagner said the challenge is that there are 36 affordable units of this size and this size only fits a certain person. Wartman said there will be an additional 1,000 to 1,100 square foot units at a \$250,000 value. He said he is trying to make a statement with the mixed-use building and he is not going to cut corners.

St. Peter opened the public hearing.

James Hiller, 5638 Glen Avenue, clarified that the \$462,000 shortfall in TIF will be there if there is not any increase in values. St. Peter said yes.

Ivan Fox, 6038 Pinewood Lane, said he is not against the redevelopment or the grocery store. He said his concern is that it is too big and costly. Fox said it is just Glen Lake and is not a destination. Fox asked why the development needs to be built so big and if the size is based on the TIF financing. He said the development will create more traffic on a smaller road and he cannot picture a stoplight helping the situation. Fox said he is a CPA/Financial Analyst and the redevelopment is blight and not beautification. He said because Wartman has not acquired all of the land, the total price for the development is not known. Fox said that only 800 to 850 square feet for an affordable unit is not good and it is less expensive to buy a single-family home than an 1,800 square foot condominium for \$300,000 to \$500,000. He asked if anyone talked to the community about the project and says the redevelopment will hurt the home prices. Fox said it is not a high quality development as it is high-density with little open space and a big risk for the city.

Grace Sheely, 14325 Grenier Road, said she will be hanging balloons in order for everybody to see the size of the proposed buildings. She said the walls of the buildings will be 300 feet long and three to four stories tall, with the tower on Site B being even larger. Sheely said if the development is approved it will be the first time in Minnetonka that there is R-5 zoning on a lake. She said she is concerned about the size of Site C and all of the lakefront glass that it will have. Sheely said all of the buildings have grown in size from when they were first presented and the buildings proposed in Glen Lake are larger than those at 50<sup>th</sup> and France, which is not what Glen Lake is. She said the whole process has been without neighborhood input. She asked what will happen when the county wants to

make Excelsior Boulevard four lanes and how the city can afford this. She asked if the costs of eminent domain have been considered. Sheely said the Alano members are fragile members of the Glen Lake society and should have to leave. She suggested rereading the retail market study because it does not say that that grocery store will survive with more people. Sheely said there needs to be more shops with interest and the city needs to help Glen Lake get festivals set-up. She recommended the city buy the Steeno property and make it a parkland and develop the Renneke property. Sheely said she is now afraid for all of the lakes and that the TIF is too tight.

St. Peter said the question on the expansion of Excelsior Boulevard was asked and answered at the Planning Commission meeting. Rankin said that is try and the city engineer has looked at the requirements of the county.

Keith Weigel, 14209 Glen Lake Drive, said he was the first to move into Lakeside Estates. He said the "but-for" test is not met for two of the sites, including the shopping center and Site C. Weigel said he is not opposed to affordable housing, but the city has had discussions concerning tradeoffs of density and affordable housing previously. He said he was aware that the city has only used eminent domain twice in the past 20 years; however, he is now aware that it was for commercial properties. He said this is a residential property with renters that then were able to get a house. Weigel said he has also heard that the city uses TIF conservatively; however, he does not agree that there are extraordinary costs with this development. Weigel said the developer is getting \$2.9 million for the sale of the shopping center, plus money to relocate businesses, demolition costs paid for, and \$750,000 in profit. He asked if traffic signals in Minnetonka only get paid by TIF or if there are other ways to pay for them. Weigel said the acquisition costs on Site C are over \$2 million and he went to the county's website and found the assessed value for the Steeno property is \$371,000 and the Zachman property is \$274,200. He said the word is that the developer is paying \$1.8 million for the Steeno property and the city has the responsibility to make sure the properties are purchased at the market values. Weigel said the developer needs the density and eminent domain in order to re-coupe the amount he paid for the Steeno property. He asked if it is possible to find out what the developer is paying for the properties.

St. Peter responded to Weigel's question about what the developer is paying for the properties and said that his understanding is that the values are reflected in the Ehlers calculations. Rankin said the \$2.1 million is based on per unit market costs. St. Peter said that developers looking to develop R-1 property have been paying between \$600,000 and \$700,000 per acre.

Ruff said the tax increment is not being used to write down the Steeno or Zachman properties with the exception of the affordability component. He said it is not the city's nor the developer's intent to pay one owner more and the other less. Ruff said if there is an appraisal done of the property for eminent domain

purposes then that becomes public. He said Site B cannot support itself even with all the tax increment going towards it—therefore there is a need to bring in Site C as a package deal because of the realities of the market. Ruff said typically acquisition costs are higher than assessed costs because you do not want to condemn each property.

David Lovelace, 15331 Excelsior Boulevard, said he is a part owner of the Glen Lake Coffee Shop. He asked why the TIF district was not expanded to include all of Glen Lake. Lovelace said he is opposed to any form of public subsidy and is aware of the recent Supreme Court case concerning eminent domain.

Rankin said the size of the proposed TIF district is such because it is geared toward the current proposal. He said it is the third TIF district in Glen Lake. Rankin said the original TIF district did cover all of Glen Lake and the second TIF district was for the Beacon Hill housing. He said TIF districts are set-up with specific purposes in mind, and another TIF district could be set-up. St. Peter added that the redevelopment area and TIF district must be contiguous. He said the other properties in the TIF district that are not being redeveloped will also be subject to the same 16-year clock.

St. Peter closed the public hearing.

Wagner asked what the impact of the four-year activity rule is. Ruff said the purpose of it is because the state does not want huge TIF districts that do not develop. He said after four years if parcels are not developed then they drop out of the TIF district and do not capture the inflation. Ruff said there would be two areas, the Renneke property and the properties west of the substation, where this may be the case in this TIF district.

Wagner moved, Thomas seconded a motion to adopt the but-for findings. All voted yes. Motion passed.

Larson moved, Robinson seconded a motion to adopt a resolution modifying the Housing Development and Redevelopment Plan for the Glen Lake Station Housing Development and Redevelopment Project and establishing the Glenhaven Tax Increment Financing District and adopting a Tax Increment Financing Plan.

Wagner said there is a lot of information and it is complicated. He said the area needs to be walkable and the businesses are struggling, so there needs to be an investment. He said in order to prevent further decay action needs to be taken and it is okay to use TIF.

All voted yes. Motion passed.

Walker moved, Duffy seconded a motion to adopt a resolution approving a Contract for Private Redevelopment between the City of Minnetonka, the Minnetonka Economic Development Authority, and Glen Lake Redevelopment LLC.

Wagner asked that the size of the affordable units be brought up again for discussion at the City Council meeting.

All voted yes. Motion passed.

Larson moved, Wagner seconded a motion to adopt a resolution authorizing an interfund loan for advance of certain costs in connection with the Glenhaven Tax Increment Financing District. All voted yes. Motion passed.

## **5. STAFF REPORT.**

Souders reviewed the staff report items including the 2005 EDA Annual Report, an update on various developments, and upcoming events.

Wagner requested data on affordable housing units near transit lines for the City Council's meeting with area Legislators.

## **6. OTHER BUSINESS.**

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

## **7. ADJOURN.**

Thomas moved, Larson seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 9:10 p.m.

**Unapproved  
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY  
MEETING MINUTES**

**January 30, 2006  
5:00 p.m.**

**Shady Oak Room  
Minnetonka Community Center, Upper Level**

**1. CALL TO ORDER.**

President Peter St. Peter called the meeting to order at 5:04 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: Bunny Robinson.

Staff present: Ron Rankin and Elise Souders.

Others present: Steve Bubul, Mark Ruff, Dave Callister, and John Herman.

**BUSINESS ITEMS**

**3. GLEN LAKE REDEVELOPMENT PROPOSAL—REVISED CONTRACT FOR PRIVATE REDEVELOPMENT.**

Rankin recapped the latest with the Glen Lake redevelopment proposal. He said this item went to City Council on January 23 and in a revised form was approved. Rankin said the concerns about the size and density and Site C led to the building now to be 18 feet shorter on the east side and have five less units. He said the five units to be dropped from Site C will be the affordable units; however, the city felt that this is okay. Rankin said in return then, the developer committed that for three of the affordable units in Site A they will be 2-bedroom units and for another three affordable units in Site A they will be 1-bedroom plus den units. He said the remaining 14 affordable units in Site A will be 1-bedroom units. Rankin said because of this change there are some consequences on the budget and the Contract for Private Redevelopment that the EDA needs to review.

Ruff went through the revised budget with the changes that occurred because of the drop in the five units. He said the land revenue in Phase II (Site C) for the developer is now \$125,000 less. Ruff said this is because the five affordable

units had a land value of \$25,000 each. He said ultimately because of the loss in revenue from the land sales then more TIF needs to be used to fill this loss, and therefore the subordinate debt for the developer increases. Ruff said the total TIF has increased \$50,000 from before because of the higher unit values assigned to Site C. He said these changes are at the developer's risk, and that the city's risk is if it does not get repaid from the Alano relocation.

Ruff said at the City Council meeting Wagner brought up the fact that Minnetonka uses TIF conservatively and asked what that means. He distributed a handout that compared where Minnetonka is at in terms of captured tax capacity compared to other Hennepin County cities.

Duffy asked what the average sales price for Site C is expected to be. Ruff said it is estimated at \$460,000, which is more conservative since typically around 93 percent of the sales value is assessed.

Larson asked if there will be any housing covenants for the Site C condominium units. Ruff replied no since it will be market rate.

Larson confirmed the two properties which have not been acquired yet and where eminent domain may need to potentially be used. John Herman, attorney for the redeveloper said that the appraisal for the Zachman parcel came in at \$305,000 and his client has offered \$400,000; however, Mr. Zachman has asked for \$625,000.

Wagner asked what happens to the contingency if it is not used. Ruff said it will go back to the city since less money is needed for the developer's subordinate note.

Larson asked what is likely to happen with the legislature and eminent domain. Bubul said Representative Jeff Johnson is likely to introduce a bill on March 1 which proposes to cut back on cities' abilities to use eminent domain. He said something is likely to happen, but how much is unknown. Rankin said what is expected to happen on this project is that negotiations will continue and the EDA, at their February 21 meeting, will authorize the start on eminent domain and the City Council will review it at their February 27 meeting. Thomas asked if it will be filed then on February 28. Bubul said yes.

Rankin said in addition to the changes in the TIF budget, that there are also some changes in the Contract for Private Redevelopment. He noted that Section 4.3 on page 25 regarding the minimum improvements has been changed to reflect the number of units in Phase II. Rankin also pointed out that Section 4.6 has been changed to reflect the change in the percent of affordable housing units to be built, and the additional sizes of the affordable units for Phase III.

Wagner asked who will work on the eligibility criteria for the larger size affordable units. Rankin said the city will work with the developer to put larger size households in the larger affordable units.

Larson asked for an explanation on how the housing covenants work. Rankin said this is the indexing policy the EDA revised a few years ago.

Walker asked what happens for the EDA if Site A is not built. Rankin replied only 77 units will be built, with 15 percent affordable. St. Peter said if Site A is not built then the developer receives no TIF and the EDA could acquire the property. Walker asked if there is a penalty to the developer though. St. Peter said the developer will not be reimbursed through the TIF, and Bubul added that he will no longer hold the right to develop the property. Herman said because of the way project costs are distributed, there is an incentive to complete Site C. Ruff added that no TIF will be distributed until the demolition of the north half of the shopping center is completed.

Bubul mentioned there were other minor changes in the Contract for Private Redevelopment, and reviewed these briefly with Commissioners.

Thomas moved, Duffy seconded a motion to adopt the resolution approving the revised Contract for Private Redevelopment. All voted yes. Motion passed.

#### **4. OTHER BUSINESS.**

It was announced that the next regular EDA meeting will be held Tuesday, February 21.

#### **5. ADJOURN.**

Thomas moved, Larson seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 5:50 p.m.



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TO: EDA Commissioners

FROM: Elise Souders, Community Development Coordinator

DATE: February 15, 2006

SUBJECT: Homes Within Reach request for funding

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### **Background**

In November 2005, the EDA reviewed a request for funding from Homes Within Reach (HWR) asking for \$200,000 for acquisition/rehab funding and \$30,000 for operations funding. At the November EDA meeting, Commissioners approved the \$200,000 acquisition/rehab funding request and \$20,000 of the \$30,000 requested for operations funding. Commissioners made the remaining \$10,000 in operations funding contingent upon submission of a long-term operations financing plan that reduces the city's role (minutes and HWR request letter from the November 15 EDA meeting are attached).

### **Funding Request**

Homes Within Reach is now requesting the remaining \$10,000 of operations funding. They have provided additional information included in the attachments, which address the Commissioner's comments and questions from the November meeting. Attachments included are: February 13 cover letter, a revised application for financial support (this application is used by the city for other non-profits seeking financial/in-kind support), and a quarterly activity update.

The 2006 operations budget for HWR is \$205,000, and the requested city contribution of \$30,000 makes up 15% of the operations budget. Other secured sources of operations funding include: 15% of HOME funds (this amount will be known later this spring—in 2004 it was a maximum of \$4,000 per project), \$15,000 from Bremer Bank, \$8,500 from United Way, and approximately \$9,000 from ground lease fees. HWR is working with other cities in which they are acquiring properties and will be requesting overhead funding using a per property administrative fee of \$6,500 to \$10,000 per unit. Other grants such as the Metropolitan Council grant and the Hennepin County Transit Oriented

Development grant (which the city receives) do not have an administrative allowance, and because of this HWR is forced to find other operations funds to cover what is needed when properties are acquired using these funds.

The increase in the operations budget from \$148,000 in 2005 to \$200,000 in 2006 is due to the increase in the number of properties and the time required to administer the program. Additionally, beginning in June, HWR will employ 2 full time employees and one part-time property manager. This is an increase from the past and is again due to the expansion of the agency.

While the city's contribution of \$30,000 makes up 15% of the HWR operations budget, over 75 percent of the homes which HWR has acquired are in Minnetonka. HWR plans to continue their outreach to other communities in the upcoming year; however, they have already committed to acquiring the other two units at The Sanctuary, the affordable unit at Lakeside Estates this spring, the five units at Deephaven Cove, the two units at Meadowwoods, and they continue to look for other single-family homes within the city. In the future, HWR hopes to have approximately 50 percent of its units in Minnetonka and the other 50 percent in other communities.

### **Recommendation**

As the city works with developers to include affordable units in their developments, one of the conditions of approval for townhouse developments has been that the affordable housing units must be sold to the city or an organization of the city's choice. This organization of the city's choice has been HWR because of their ability to provide permanent affordability. In the past HWR has accepted the city's request to acquire these affordable units; however, operations and capital funding may limit how many units they are able to acquire in the future.

Staff recommends the EDA recommend approval of the additional \$10,000 in operations funding for Homes Within Reach. The source of the funds will be from the Livable Communities Account.



February 13, 2006

Ron Rankin  
Elise Souders  
City of Minnetonka  
14600 Minnetonka Blvd.  
Minnetonka, Minnesota 55345

Dear Ron and Elise:

In preparation of the February 2006 EDA meeting, I have enclosed two attachments for review. The first attachment is a revised copy of the 2005 City of Minnetonka Application for Financial or In-kind Support and the second attachment is the Homes Within Reach Update.

In regards to the attached application, on July 13, 2005 West Hennepin Affordable Land Trust, known as Homes Within Reach submitted an Application for Financial or In-kind Support to the City of Minnetonka through their RFP process. The attached application/proposal requested grant monies of \$30,000 for general/administrative expenses to assist in supporting the costs of implementing the 2006 Homes Within Reach program in the City of Minnetonka. The application provided a brief overview of the following categories; program overview, budget and community need. It is my understanding the application was sent to your department in November 2005 for EDA action. Enclosed is a copy of the Application with some minor updates (updates are in red and underlined) to provide a better understanding of the organization, its purpose, background, direction, challenges and opportunities. I trust the Application Update and the November 3, 2005 letter should be helpful in answering the majority of questions posed at the November 2005 EDA meeting when discussing the requested increase of \$10,000 for general administrative assistance for 2006.

As you review the enclosed information, please keep in mind, as the organization grows, so does its infrastructure. Therefore, the cost of doing business (meeting the organizations' goals and objectives) are



not fully documented at this time. Over the next 12 to 18 months, we will have a better understanding of time and cost allocations for operating all phases of the organization. This will include but not be limited to; development of partnerships and potential projects, search, selection and acquisition of properties, selecting a qualified home buyer and selling the home; and the various required ancillary responsibilities critical to the program operations, such as coordinating resources, application verification process, financial reporting, funding compliance, fund development, marketing and so on.

The attached HWR Tracking Chart offers a brief update on project management/acquisition/proposed activities. As shared previously and stated in the Application, WHAHLT / HWR is working to expand its service area and continue to work in partnership with the City Minnetonka in creating, sustaining and preserving affordable homeownership. The monies requested (\$30,000) are to assist in covering the costs for implementing the 2006 program in Minnetonka.

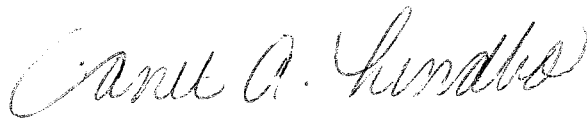
Some of the new opportunities are as follows:

1. At this time, we are in the early stages (Outreach Program) of implementing the Homes Within Reach program in Golden Valley, as well as St. Louis Park. In addition, we have working with Bremer Bank to offer WHAHLT / HWR a bridge loan (short-term loan) program to assist us in acquisition of a property in St. Louis Park one home at a time.
2. We are collaborating with Northwest Community Revitalization Corporation (NCRC) on acquiring two Sims Park Homes and exploring other avenues to work in partnership, where both not-for-profit organizations can further their mission. NCRC is dedicated to improving the opportunities and qualities of life for low-moderate income families by providing affordable housing and eliminating blighted conditions in the communities, they serve.
3. Ryland Homes is one our newest partners. In consideration for Eden Prairie's City Council approval of an Amended Development Agreement, for the expansion of the development Hennepin Village, Ryland Group, Inc., (Ryland Homes) agreed to provide eight affordable units at Hennepin Village. Ryland Homes has reduced the cost of the home to WHAHLT / HWR by \$61, 300 per home.

Please refer to the HWR Tracking Chart in the attached Update, for further information, on potential and proposed activity.

Thank you for the opportunity to share this information and on behalf of West Hennepin Affordable Housing Land Trust, its Board of Directors and staff, thank you for the generous grant of \$220,000 to support the Homes Within Reach program. The City of Minnetonka has been an outstanding founding member and sponsor of the organization. Without your support, we would not be able to realize the vision of transforming people's lives through homeownership.

Best Regards,

A handwritten signature in cursive script that reads "Janet A. Lindbo".

Janet A. Lindbo  
Executive Director

Enclosures

cc. Ann Perry



Reach was introduced to the public to better describe the organization's purpose

Since its inception as a non-profit corporation in May 2001, West Hennepin Affordable Housing Land Trust, known as Homes Within Reach (WHAHLT/ HWR) vision is to transform people's lives through homeownership. Its mission is to use the Community Land Trust Model to provide permanent and affordable homeownership to low-to-moderate income families in western suburban Hennepin County.

HWR provides homeownership for underserved families by purchasing and retaining title to the land and selling only a "ground lease" interest in the land. All of the homes within the resale-restricted domain of a Community Land Trust are designed to remain affordable for low-and-moderate income homebuyers without the need for additional subsidies, regardless the number of times the home sells (99-198 years).

Therefore, through the Land Trust Model, WHAHLT/ HWR offers both the community and homebuyers the ability to sustain long-term affordable homeownership that fulfills a unique need in the community that no other agency in the western suburbs of Hennepin County is providing at this time.

In summary, WHAHLT/ HWR, fulfills a unique need in the community where it creates, sustains and preserves affordable homeownership for a family that otherwise would be unable to buy a home in the western suburbs of Hennepin County.

The program offers value and benefits in promoting stable families and strong communities through housing and economic growth, increasing the labor pool available to local businesses, reducing freeway congestion as workers are given the opportunity to live near their work and adding younger households to suburban communities and its housing stock where the population are many times aging.

WHAHLT/ HMR's goal is to provide additional permanent housing choices for low/moderate income households, cost-effectively in Minnetonka and western suburbs of Hennepin County, through the Community Land Trust model.

Key objectives to realizing this goal include:

- a. Revise and implement strategic framework to guide the organization's focus in the coming years
- b. Develop new public and private partnerships, collaborations and alliances that will assist in meeting the organization's mission of transforming lives through homeownership
- c. Investigate and develop additional homeowner options using the Community Land Trust model, which continues to meet the organization's goal of long-term affordability
- d. Expand fund development activities
- e. Increase homebuyer pool for all through outreach programs such as referrals through religious organizations, local employers, mortgage bankers, realtors, homebuyer classes, community events i.e. job fairs etc.
- f. Increase housing production to 14 homes in the 2005/2006 funding cycle
- g. Extend homeowner education beyond point of purchase

Of the twenty-four (24) (25 with one PA) properties owned by WHAHLT/ HWR, nineteen (19) (20) are located in the city limits of Minnetonka. The majority of funding for the program comes from public sources, local, state and federal grants. Limited funding is available for overhead and administrative

expenses.

WHAHLT/ HWR is requesting a \$30,000 grant from the City of Minnetonka for overhead expenses, in order for the organization to continue to implement the program's vision, mission and goals as stated above. Overhead is defined as costs related to program management and services (i.e. acquisition, sales, marketing/networking/public relations, regulatory compliance, coordination of funding, and product development), fund raising, and administrative / general management services (i.e. financial reporting, risk management, planning & development).

2. Explain the areas of expertise of the organization, including a description of the range of staff capability.

The organization continues to build on its expertise and experience with respect to its development phase and four years of operations, property acquisition and outreach expertise.

WHAHLT/HWR scope of services includes but is not limited to, the following:

- **Fund Development:** Accessing and coordinating financial resources necessary to accomplish the proposed housing activity and related overhead.
- **Development:** Lead due-diligence phase; search, select and acquire existing properties with and without partners.
- **Partnerships:** Create and foster the formal and informal relationships and expertise to best serve of the proposed housing activity.
- **Property Management:** Provide oversight on rehabilitation required to make the units appropriate for permanently affordable housing, and support homeowners on transition to homeownership.
- **Outreach/Marketing:** Maintain and raise community awareness of the program; implement homebuyer search and selection processes to identify potential purchasers of the units; and educate suburban communities and partners on the proposed housing activity.
- **Closing Transaction:** Ensure purchasers are qualified for the purchase of the property and understand the community land trust model, and sell the property to the qualified household according to the principals of the Community and Trust.
- **Compliance/Reporting:** Provide the necessary administrative, financial and risk management monitoring and reporting responsibilities.
- **Resource/Referral Agent:** Provide ongoing resources to buyers as new homeowners.

As of July 2005, WHAHLT/ HWR employ 1.70 Full Time Equivalent (FTE) and 2 third party providers (approximately 7 hours a week for a bookkeeper and an accountant).

a. Executive Director	1.0 FTE
b. Outreach Coordinator	.63 FTE
c. Property Manager	.07 FTE
d. Third Party Providers	Accountant/Bookkeeper

There will be staffing changes in 2006, in June 2006, WHAHLT will employ 2.07 Full Time Equivalents (FTEs) and continue to utilize consultants where needed and is efficient.

<u>Executive Director</u>	<u>1.0 FTE</u>
<u>Program Coordinator</u>	<u>1.0 FTE</u>
<u>Property Manager</u>	<u>.07 FTE</u>

The Program Coordinator will be responsible for working with WHAHLT / HWR applicants, providing

bookkeeping and accounting services to assist in managing performance, compliance and financial responsibilities of the organization as we grow our service area and work with multiple municipalities and collaborators.

## Executive Director

Janet A. Lindbo has been Executive Director since October 12, 2004. As a past President/CEO of Walker Methodist, she brings a wealth of business development, housing and organizational/leadership skills and knowledge because of having managed the various operational and strategic aspects of Walker Methodist and its affiliates. She is a licensed real estate agent. Her role and responsibilities include, but are not limited to providing strategic direction; business/product development, oversight of project development; fund development; community education; and organizational administration and financial oversight.

## Outreach Coordinator

Mike Healy's Outreach Coordinator responsibilities include but are not limited-to: screening qualification of applicants; homebuyer education and recruitment; and community education. In 2005, Mike has taken on additional roles and responsibilities that involve the tasks related to the real estate transactions, taking the transaction from the point of contact through to the homebuyer closing. He will also be responsible for WHAHLT/HWR efforts to provide ongoing education, programming, and support for leaseholders/homeowners.

Mike is no longer employed by WHAHLT. The position is presently filled by Kris Madson and in June 2006 Doris Gruis will take on these and other responsibilities.

## Outreach Coordinator

The Interim Outreach Coordinator, Kris Madson responsibilities include but are not limited to screening qualification of applicants; homebuyer education and recruitment; and community education, taking the transaction from the point of contact through to the homebuyer closing.

## Property Manager

Doug McNamara provides property management services, including overseeing property rehabilitation and upkeep. He has extensive construction and real estate experience based on his former employment with Mason Homes. Doug is also a licensed real estate broker.

Due to the past and future growth of the organization the Board of Directors is strategically driving the organization to create a broader level of expertise, experience and professionalism required, based on size, complexity and liability of operating the non-profit organization.

In 2006, WHAHLT/HWR plans to continue its efforts in repositioning its operational restructure in order to accommodate its strategic focus. This will include but not be limited to the following:

- a. Adding administrative support for grant reporting; preparation of real estate closing and other documents; gathering qualifying information for applicants; assisting with property management overflow; and overall office support.
- b. Increasing property manager's time for additional oversight responsibilities for new projects when needed.

### 3. Describe the target group for services of the organization.

WHAHLT/HWR's service area is suburban Hennepin County, exclusive of Minneapolis. This extensive area was chosen in recognition of the interconnection of suburban Hennepin County communities; the challenges of providing affordable housing within the suburbs; and the need for additional suburban workforce housing. To date over 75% of our acquisitions have been in the City of Minnetonka. In the

coming years the organization's objective is to continue to serve the City of Minnetonka and grow WHAHLT's service area throughout the many communities in the western suburbs of Hennepin County, therefore spreading the allocation (%) of whom we serve throughout multiple suburban communities.

In 2006, the properties to be acquired will be located in Hennepin County, exclusive of the City of Minneapolis. Project activity will include, but not be limited to, the Cities of Deephaven, Golden Valley, New Hope, Minnetonka, Eden Prairie, Plymouth, St. Louis Park and Wayzata, with additional possible opportunities in Hopkins, Edina and Maple Grove.

WHAHLT experience to date indicates that its program, Homes Within Reach is of particular interest to those workforce households who have incomes between 60% and 80% of the area median income (AMI) and typically work or reside in the community and cannot afford to buy a home, such as schoolteachers, city employees, retail employees, and health care workers etc. Our average for the past three years is 66% (67%) of AMI, ~~with three at households at 50% or below, five at 60% and the remaining at 70% and above.~~ Due to property costs and home prices in western suburban Hennepin County, it is very difficult to provide single-family home ownership for the 30% AMI. We have one household that meets this income level. The average 2004 income of a WHAHLT/HWR household was \$37,692 (\$38,006 in 2005) . Based on 2004 transactions, the range of income for a household of four will range from \$57,500 to \$38,350 in 2005 and (\$58,000 – \$32,340) in 2006.

4. Describe how the organization is marketed, and to what geographical and demographic areas.

The three principal features of our program that appeal to the target market of low to moderate income population are the cost of WHAHLT/HWR homes, the quality of the homes, and their suburban location. Finding homes available in areas of suburban Hennepin County such as Minnetonka for the average sale price of \$124,360 (2004) \$127,467 (2005), with a estimated average home price in the range of \$130,00-\$140,000 in 2006, in the condition of a typical WHAHLT/HWR home is almost impossible.

WHAHLT/HWR marketing materials communicate our opportunities and benefits by highlighting the actual experiences of our homeowners, and target the underserved populations.

Typically, our marketing efforts include outreach to social service organizations, religious institutions, businesses and municipalities. WHAHLT/HWR also places advertisements in local newspapers and newspapers that circulate principally in the minority community. We have also placed program information about the program in city newsletters; contacted households on lists of interested parties maintained by municipalities; provided local businesses with information about the HWR program; and placed flyers at local businesses and institutions such as the public library and local school districts.

Our marketing materials and methods target underserved populations by describing the possibility of home ownership and its benefits, and clearly communicate that home ownership is within reach of low-and-moderate income families who wish to live in suburban Hennepin County. In addition, the dedication of funds to support a part-time Outreach Coordinator and the introduction of our new program name "Homes Within Reach" has increased the awareness of the program and its benefits and values.

5. Discuss the methodology employed in measuring the effectiveness of the organization.

Our performance/ quality measurements include but are not limited to quantitatively monitoring the following: our waiting list of those who are interested, in the application process and pre-approved applicants; the amount of grants/funds awarded to the organization; satisfaction of

homeownership by leaseholders (informal at this time); number of new partnerships and the number of properties owned by land trust as compared to annual projections.

No formalized quality assurance program have been developed as of yet. Will be part of future strategic planning and internal operations restructure in 2006 – 2007.

The following is an example of our HWR key performance measurement chart along with our funding chart that is monitored by staff and Board of Directors.

**EXAMPLE ONLY**

<u>Ownership Pool</u>			
<u>Property</u>	<u>#</u>	<u>Details</u>	<u>Comments</u>
Land Parcels owned	24	19 Minnetonka 2 Richfield 1 New Hope 1 Wayzata 1 Eden Prairie	2 – to be sold
Leaseholders	21	Homeowners	
Purchase Agreements	1	16304 Valley View Rd	Closing 7/28/05
<u>Property Pool</u>			
<u>Property</u>	<u>#</u>	<u>Details</u>	<u>Comments</u>
Homes available	2	16804 Minnetonka Blvd 12808 Linde Lane	PA – week of 2/18/05 Rehab & homebuyer process
Home under construction			
<u>Prospective/Pending Properties Pool</u>			
<u>Property</u>	<u>#</u>	<u>Details</u>	<u>Comments</u>
Purchase Agreements			
Prospective Properties	12	Eden Prairie, Wayzata, Golden Valley Detail on monthly update to Board of Directors	
<u>Homebuyer Pool</u>			
<u>Homebuyer</u>	<u>#</u>	<u>Details</u>	
Homebuyers on Prospect list	261	Since April 2003 number of persons that inquire about HWR and invited to Info Meeting	
Applicants	9	Homebuyers who attended Info Mtg. & have submitted an application	
Pre-Approved Applicants	13	Homebuyers with letter of pre-approval of mortgage from lender	

**BUDGET**

The following breakdown of operating expenses works for an agency that are programs and expense based. The Land Trust is somewhat different, because the major portion of expense is acquiring property (real assets). There fore, the following requested information needed additional explanation, please see notes in bold

	Current Budget Year - Actual	Requested Budget Yr	<u>Revised</u>
Dollar amount requested from City <b><u>for overhead only</u></b>	\$ 20,000	\$ 30,000	
<b>A. Total Organization Budget</b> <b>Includes only land costs and overhead</b>	\$926,000	\$1,200,000	<u>\$1,405,000</u>
<b>B. Total Organization Budget</b> <b>Includes total property costs and overhead</b>			<u>\$2,705,000</u>
<b>Projected Overhead/Administrative Costs</b>	<b>\$148,000</b>	<b>\$ 175,000</b>	<u>\$ 205,000</u>
City Amount as % of Projected <b>Overhead Budget Only</b>	<b>13.5%</b>	<b>17%</b>	<u>15%</u>
City Amount as % of Total Budget	% NA	% NA	<u>A= 2.14 %</u> <u>B= 1.11 %</u>
% of Total Budget for Overhead and Administration Costs			<u>A= 14.59 %</u> <u>B= 7.58 %</u>

6. List amounts or in-kind items supplied to the organization by the City in past years, noting the year and amounts/items.

Overhead Contributions

Year 2001	\$30,000
Year 2002	\$20,000
Year 2003	\$20,000
Year 2004	\$20,000

This does not include funding for property acquisition. The above funding list is for overhead only, since that is our request for funding. We have received annual funding for property acquisition since inception of the program

7. List specific secured and anticipated sources of contributions available to the applicant

SOURCE	<u>AMOUNT</u>	<u>SECURED (S)</u> OR <u>ANTICIPATED (A)</u>
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With respect to overhead funding, HWR receives an administrative fee from the HOME Partnership Program for 10% of HOME (2006-15%) funds used to support the affordability gap (acquisition costs).

The maximum administrative fee per project is \$4,000 for the 2004 grant, where HOME funds are used. We do not receive any administrative fees from Met Council.

In 2005, we have successfully requested funding for overhead from Bremer Bank of \$33,000 (2006 - 15,000) and \$25,000, from United Way (2006- \$8500, United Way) as well as some miscellaneous private grants and cash donations for overhead.

~~To date we have not received any commitments for 2006.~~ We will be requesting funding again from United Way and others. United Way is no longer funding affordable housing activities, only homeless initiatives and supportive services, due their inability to raise funds for housing. In working with other Cities (Eden Prairie, Wayzata, Golden Valley, New Hope (NCRC) Maple Grove, Edina), we have requested funding for overhead by means of an per property administrative fee (\$6,500-\$10,000)

#### 8. List all other funding organizations explored and the outcome.

We have explored financial/banking institutions as one means of funding overhead (Bremer commitment of \$33,000). The majority of foundations and agencies do not fund overhead. There have been applications to various small private organizations, religious, civic etc. Many of our funders are only willing to fund the acquisition (affordability gap) of our properties to make them affordable for our constituents.

There is limited availability of funding for overhead to implement monitor and drive the success of HWR program. The transactions are quite complex and have multiple funders with compliance requirements requiring management and oversight expertise. In addition, we need additional resources to increase our fund development activities, in order to expand our service areas and products.

#### 9. List in-kind items requested from the City.

City has graciously served as agent with respect to WHAHLT/ HWR Metropolitan Council awards. In addition, City staff has been of assistance in the education of the land trust model with other suburban communities.

#### 10. Describe use of all in-kind contributions, and include estimated value of each in-kind contribution.

The majority of WHAHLT/HWR's self-contributions have been designated to support acquisitions; repairs; homebuyer costs of acquiring the home; and overall organizational operations and management.

We have received the following commitments.

##### **Cash:**

1. Realtor contributions of \$1,430.00
2. Ground Lease fees, totaling \$6,120 a year (\$9,000 @ 25), and project year-end at 35 units.

##### **In-Kind Services:**

1. Attorney Ralph Mitchell provided legal direction with respect to the viability of applying the land trust model with a condominium legal structure.

2. Doug McNamara, Property Manager, contributes approximately 20 % of his hours, providing in-kind services valued at \$700 to \$1000 annually, to manage and supervise the rehabilitation of new projects, and support homeowners on questions regarding maintaining their home.
3. Contribution of 30 hours per month of an accountant's time in providing financial services and completing year-end financials for 2004. This included managing the individual projects and creating monthly financial reports and quarterly financial updates to the City of Minnetonka.
4. Common Ground has contributed over 150 hours to complete the finishing touches of the Valley View Home in Eden Prairie.
5. Board of Directors: interviewing prospective homebuyers via the selection process and providing funding raising activities to assist the proposed housing activity, and providing professional expertise for evaluating proposed properties.

Communities & Agencies: Municipal staffs have assisted in funding, pre-development tasks and referral/outreach programs, and communities including Minnetonka and Wayzata provide home fix-up funds. Agencies such as Community Action for Suburban Homeownership (CASH) provide financial and referral assistance to our homebuyers

11. a. Describe use of volunteers.
- b. Describe how the use of volunteers affects or reduces your budget.

The uses of volunteers are reflected in the make-up of West Hennepin Affordable Housing Land Trust Board of Directors and committee members and those that comprise the membership . They assist in meeting the governance, strategic visioning and fund development roles and responsibilities of the organization.

Additionally, our property manager volunteers a portion of his time to the organization. Our real estate agent donates a portion of her fee back to the organization to support our program and periodically we have the contributions of legal expertise to assist us in understanding the issues at hand on key topics that are affecting the organization, in order to engage services cost effectively. Municipal staffs have assisted in funding, pre-development tasks and referral/outreach programs, and communities including Minnetonka and Wayzata provide home fix-up funds. Agencies such as Community Action for Suburban Homeownership (CASH) and Interfaith, Outreach & Community Partners (IOCP) provide financial and referral assistance to our homebuyers; along with buyers assistance programs offered by lending institutions and MHFA.

Due to specific expertise and daily responsibilities, volunteers cannot reduce our overhead expenses. Matter of fact, the organization is driving to add expertise as the program develops and continues to assist communities like Minnetonka in their growth of affordable homeownership.

## COMMUNITY NEED

12. Explain the community need for the proposed service.

For-sale housing in suburban Hennepin County has been characterized by high median sales prices and sharply rising values. In Minnetonka, the median sales price for homes in 2004 was \$280,000, a one-year

change in median sales price of over a 10% increase (information provided by the Realtor Public Policy Partnership). Please refer to the following chart that provides 2005 median prices.

City	Total Sales (2005)	Median sales Price (2005)	Median sales Price (2004)	Median sales price (2003)	Median sales price (2002)	Change in median sales price from 2004 to 2005
Eden Prairie	1307	\$294,000	\$281,200	\$254,750	\$239,700	+4.6%
Minnetonka	808	\$290,000	\$280,000	\$255,000	\$241,750	+3.9%
New Hope	326	\$224,400	\$216,900	\$201,400	\$183,000	+3.5%
Richfield	664	\$221,000	\$210,000	\$195,150	\$180,000	+5.2%
St. Louis Park	912	\$230,000	\$215,000	\$199,000	\$184,900	+7.0%
Edina	791	\$360,000	\$322,000	\$295,000	NA	+11.8%
Golden Valley	398	\$260,500	\$249,000			+4.6%
Maple Grove/Osseo	1405	\$242,000	\$224,900			+7.6%

In 2004, the Minneapolis Area Association of Realtors reported 97,737 new listings. This is a 13.15% increase over 2003. Closed sales increased by 3.02%. The strong demand for housing has been driven by a number of factors, including population growth (15% of Minnesota's population lives in suburban Hennepin County, according to the 2000 United States census) and job growth.

Yet many of the jobs that are being created in the community do not pay wages that are adequate to afford housing in the suburban area, like Minnetonka. According to data produced by the Department of Employment and Economic Development, half of the fastest growing jobs (measured by percentage of growth) in the seven county metro area pay an average of \$11.14 per hour. Four of the seven fastest growing jobs (in absolute numbers) pay an average of \$11.27 per hour. By contrast, according to the Minneapolis Foundation, the current "housing wage" in the Twin Cities region is \$18.29 per hour.

One of the factors that is causing housing prices to escalate in suburban Hennepin County is the high cost of land, particularly in communities where the supply of land available for development is shrinking. Among the properties purchased by WHAHLT, average land costs for 2004 was \$87,000.00, a \$17,000 increase from 2003. This escalation of property values has forced us to purchase homes needing increased repairs and in essence taking more time to ready a home for purchase.

In 2005, WHAHLT experienced an average land cost per the ground lease appraisal of \$80,850 that includes the two Sanctuary units. This reflects a reduction from last year's average land costs, largely due to the Sanctuary units land costs were \$40,000 & \$50,000. Therefore since 2002 we have experienced an average increase of \$17,100 over a three year period (2002), a 26.8% increase.

Home prices for our applicants have increased approximately \$12,000. Therefore, additional costs have been absorbed by the homeowners, funders and other sources, like CASH, IOCP MHFA/lenders buyers assistance programs.

In terms of other housing options, WHAHLT believes that its role is to increase the number of options available to working households. Without the WHAHLT program, these households would have to find other affordable housing programs that service them, or more likely continue to work, hoping that their wages will grow faster than current housing prices

13. Explain the community benefits including what you do for groups with special needs in the proposed service (if applicable)

HWR experience to-date indicates that is program is likely to be of particular interest to the following groups, many of which are considered underserved; single women, with or without children; people with disabilities; minorities and first-time homebuyers.

Three principal features of the program that appeal to the targeted under served population are the cost of the homes, the quality of the homes and their location.

The land trust model provides the opportunity to provide affordable homes at an average perpetual subsidy of 40% (2004). This subsidy, when combined with programs that assist the households in qualifying and providing down payment assistance enables the underserved households to own a home.

14. Describe how Minnetonka benefits from the services provided.

There are both short and long-term benefits to funding the overhead of this organization. One is to implement the program so low-to-moderate income households will be able to purchase a quality home in Minnetonka. In addition, over the years, future low/moderate income families will benefit because the home's re-purchase price will be permanently affordable through the Land Trust as workforce housing in the suburban metropolitan area. Providing an enduring process for low/moderate income families to become homeowners stabilizes families, which in turn adds value to the community where they work and or live, and concurrently and permanently protects the public investment of the one-time subsidy made possible by the Land Trust.

The program makes maximum use of existing buildings and community's infrastructure. In addition, the community's infrastructure is a major selling point to the buyer, and in return, the new family provides value and benefits to the community's growth, delivery of services, increasing the labor pool available to local businesses, adding younger households to suburban communities where the population are so often aging and of course the investment into affordable housing.

Homes Within Reach program for the City of Minnetonka supports the Hennepin County Consolidated Plan Housing Goals for 2005-2009 prepared by Hennepin county Office of Planning and Development. To increase access to "safe, appropriate and affordable housing" for the first time homebuyers earning 80% or less of area median income.

When WHAHLT/ HWR owns the land, it ensures the home's permanent affordability and the community enjoys two primary benefits: preserving its housing investment through the Land Trust, the house remains permanently affordable; and it can provide housing for a working family that would be otherwise unable to buy in Minnetonka

15. a. Discuss possible alternative sources for those services available within the community.

There are none, based on funding, resources, the land trust model and compliance as a Community Housing Development Organization (CHDO).

- b. Describe why those alternative services are not fulfilling the current needs.

16. State the **total** numbers of people from **all communities** who participate or receive direct

benefits, and describe how these numbers were determined.

The following projections are based on funding received to date, and potential developments/acquisitions.

TOTAL SERVED LAST YEAR	NEXT YEAR	PROJECTED TOTAL TO BE SERVED This Yr
6 properties	8-12 properties	7 properties

17. a. State the numbers of residents from **Minnetonka** only who are served, and describe how these numbers were determined.

The following projections are based on funding received to date, and potential developments/acquisitions

TOTAL SERVED <u>LAST YEAR</u>	NEXT YEAR	PROJECTED TOTAL TO BE SERVED This Yr
4 properties	5-6 properties	5-6 properties

- b. What percent of the total people served are residents of Minnetonka?

At this point in time, HWR Minnetonka represents 75% of whom we serve, based on property location. In the coming years (YR 2007-2010) that percentage will be reduced, more likely reflect approximately 50 % of constituents from the City of Minnetonka.

18. What would be the consequences of your organization not receiving the amount requested?

It would not be able to maximize the generous annual grant awarded to WHAHLT by the City of Minnetonka with other financial sources such as HOME, MHFA, Met Council and religious organizations to meet the demands of the marketplace and growth of affordable housing in the City of Minnetonka.

### **SUPPORTING DOCUMENTATION**

The following supporting documentation must accompany this application. If any item is not enclosed, please explain why not.

1. Financial statement for the preceding fiscal year.
2. Proposed budget for the upcoming fiscal year.

YR 2006 budget will not be available until October of 2005

3. Data (backup documentation) substantiating the need for this service in Minnetonka.

[Inserted in the response to number 12](#)

4. Proof of nonprofit status.

5. List of current Board of Directors.

6. Job description and resumes of key personnel.

[Inserted in the response to number 2](#)

6. Statistical or other data measuring effectiveness of the organization.

[Inserted in the response to number 5](#)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

**West Hennepin Affordable Land Trust  
Homes Within Reach**

**Organizational Budget  
2006**

Account	2006 Budget	Comments
Income:		
Cities/Project-Gen/Adm Reimb.	106,500.00	Includes costs of doing business with Golden Valley (1 unit), St. Louis Park (2 units), Eden Prairie (2 units), Minnetonka (6 units) (awarded 20,000 of 30,000 requested), New Hope (2 units)
Home ' 04 & ' 05	46,000.00	Awarded
Bremer	15,000.00	Awarded
United Way	8,500.00	Awarded
Ground Lease/Homebuyers Fees	24,900.00	Budgeted
Other income	4,500.00	Strategic Planning Grant - yet to be submitted
<b>Total Sources:</b>	<b>205,400.00</b>	
<hr/>		
Automobile Expense	1,400.00	
Contract Labor	7,200.00	Three months of outreach marketing by third party provider Kris Madson (MHR)
Dues and Subscriptions		
MN Coalition of CLT	1,140.00	
Other	525.00	
Equipment	300.00	
Insurance	3,500.00	
Internet/Website maintenance	1,500.00	Server - included in rent
Licenses and Permits	60.00	
Marketing	4,250.00	
Meetings	375.00	
Office Services	2,400.00	
Office Supplies	1,500.00	
Postage and Delivery	900.00	
Printing and Reproduction	700.00	
Professional Fees	12,500.00	
Rent	14,905.00	
Salaries and Benefits	152,120.00	
Telephone		Included in rent
Miscellaneous	600.00	
<b>Total Uses</b>	<b>205,875.00</b>	
<b>Net Sources/Uses</b>	<b>(475.00)</b>	

**To:** Minnetonka Economic Development Authority  
**CC:** Ann Perry  
**From:** Janet A. Lindbo  
**Date:** February 13, 2006  
**Re:** Homes Within Reach Update

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Homes Within Reach has been engaged in preparing several major grant proposals due in February, in addition to working on various projects in Eden Prairie, Golden Valley, Wayzata, New Hope, Minnetonka and St. Louis Park,.

#### Minnetonka Transactions:

In Minnetonka, we are working with the City to create and sustain affordable homeownership in the developments of Lakeside, Sanctuary, Deephaven Cove and existing properties.

We have selected an approved a buyer for the affordable unit at Lakeside Estates. WHAHLT expects to purchase the unit from ZB Companies in early March and close with the homebuyer in late March, early April.

As reported last fall we purchased a property at 16213 Tonkaway Road, rehab is completed and we are working with a family of five to purchase the unit. We had estimated to have this home sold by March 1, however with the holidays and the first two applicants unable to meet the requirements, the timeline to sell the home to a qualified family will take longer then projected (60 days). We have been able to acquire and sell the last two homes in 15 to 18 weeks (including rehab).

#### Fund Development:

This is a very busy time of the year for WHAHLT/ HWR in regards to fund-raising. Two major grant proposals are due in the month of February. Cumulatively these grants represent over 50% of our funding monies. One of these grants is with HOME Partnership that awarded WHAHLT \$200,000 for the Deephaven Cove project,

funding three of the five affordable units. Our efforts in accessing grant dollars are key to increasing numbers of those whom we serve and maximize local dollars to reach the work-force/underserved populations.

The following chart will provide you a snap shoot review of HWR project management/acquisition activities.

### HWR Tracking Chart

<b><u>Ownership Pool</u></b>			
<b><u>Property</u></b>	<b><u>#</u></b>	<b><u>Details</u></b>	<b><u>Comments</u></b>
Land Parcels owned	25	20 Minnetonka	Not included in land parcels owned is the Lakeside Estate affordable unit. Expect to purchase unit from ZB – March and close with homebuyer March/April
		2 Richfield	
		1 New Hope	
		1 Wayzata	
		1 Eden Prairie	
Leaseholders	24	Homeowners	
<b><u>Property Pool</u></b>			
<b><u>Property</u></b>	<b><u>#</u></b>	<b><u>Details</u></b>	<b><u>Comments</u></b>
16213 Tonkaway Road	1	Ready for purchase and occupancy	Rehab is complete Have been working with two families interested in the home, as of 1/11/06, one on hold and the other household actively working on qualifying for the program.
Lakeside Estates (Glen Lake Road)	1	1 Unit to be completed by March 2006	Selected buyer, executed PA w/o purchasing (contingency) to lock in buyer's interest rate

## Prospective/Pending Properties Pool

<u>Prospective Property</u>	<u>#</u>	<u>Details</u>	
Minnetonka - funding available	2	Sanctuary – Town homes	Anticipate construction in 2006. Developer waiting for buyers to sell their homes, in order to begin construction on remaining units, where affordable units are located. City reminded him - Hennepin County TOD grant has been extended until December 2006 <b>only</b>
Minnetonka - funding available	2	Meadowwoods - Town homes	Meet in March with developer and City of Mtka on timeline and next steps .
Minnetonka - funding available	1	Lakeside Estates - Town homes	Applicant met with BD Committee - 1/17/06. Signed PA (2/2/06) with HWR applicant with contingency –WHAHLT has not purchased unit from ZB. Yet wanted to execute PA for prospective buyer to lock in on % rate. Received PA 2/9/06 from ZB Co. – WHAHLT reviewing. Waiting for clarification on assessment language in governing documents Estimate closing early March with ZB & late March with homebuyer
Wayzata - funding available	2	Buyers Initiated Program	Kris has worked with one fire fighter, yet he does not qualify for program. Janet informed City contact we need another applicant or HRA to determine how to proceed with program. WHAHLT needs to expend its monies by end of 2006 and needs direction by HRA in how they plan to proceed, 1) re-

		Wayzata BIP continued	allocate monies to a Wayzata affordable home or 2) put BIP on hold until a Firefighter is interested and qualified. Need resolution by March 2006.
Minnetonka - funding available	1	Purchased 16213 Tonkaway Road	Rehab is completed. Worked with two families regarding this property, yet as of today, one on hold and the other household actively working on qualifying for the program.
Eden Prairie - funding available	8	8 New Construction or existing homes	Signed Memorandum of Understanding with Ryland Homes for execution. Submitted request for grant for portion of the funding (majority funded by the City of Eden Prairie) via the SRF
Deephaven Cove - funding available Mtka/Deephaven	5	New construction - town homes	Met with Scott Bader and City on 2/6/06 Expect construction to begin in the spring of 2006. First affordable unit available late fall of 2006. Specifications for affordable units to be selected in February 2006.
Wayzata - received the majority of funding	4	New construction - 2 duplexes (Gleason Road)	Discussing contractual relationship between Habitat and WHAHLT based on relationship Habitat had with CLCLT. JAL- addressed concerns that the recommended contractual agreement does not meet WHAHLT's criteria, because the Ground Lease is suspended so long as the First and Second Mortgage Loan with Habitat is outstanding. Habitat researching their options and wanting to include the land trust in the two affordable units
Golden Valley - funding available	1	1 existing property, if more CDBG funds become available another property will be	WHAHLT signed Housing Services Agreement November 1, 2005. December 10, first Informational

		acquired	meeting, searching for a property
St. Louis Park – funding transferred from Brookside Condo project	2	Existing homes meeting the 50% AMI	In the process of signing the agreement with Hennepin County (AHIF). Ready to begin search for one of the two properties
New Hope – funding available	1 or 2	New construction of 6 affordable housing units – three duplexes in New Hope – developed by the City and NCRC. NCRC and City interested in WHAHLT making one duplex (2 units) affordable units using the Community Land Trust Model	Board approved acquisition of 1 or 2 units in the New Hope Sims House project NCRC and WHAHLT met with City of New Hope, to discuss how to provide a bridge loan for acquisition and to meet with Franklin Bank on 2/24/06
Brooklyn Park	NA	Existing Homes	NCRC and WHAHLT to re-approach City once grants are completed in how we can work together on affordable homeownership – creating a plan.
Maple Grove	1	Preliminary discussions, with City and sponsored by St. Joseph the Worker Church	City Adm. Informed St. Joseph Committee wants to present CLT concept to City Council at a work session in early 2006.
Edina	NA	Open	Met 12/9/05 with Committee from Church of St. Patrick Catholic Community regarding the use of the CLT model for affordable housing. Talked with Jim Nelson consultant on Pentagon Conversion – will meet in March 2006

## **Applicant Pool**

During the past 90 days, there has been a great deal of activity in improving and revising our outreach marketing process. As of today, we have achieved quantifying and qualifying the pool of applicants, through reviewing and updating all files and allocating them in three categories once updated, **ACTIVE**, **INACTIVE** and **HOLD**. The following statements provide a brief definition of each category in describing YR 2006 applicant pool activity.

### **1. Active:**

Applicant is in the process of buying a home, from the time of showing interest to purchasing a home. There are varying stages within this process yet for the purposes of reporting, Active is defined as applicants working the process of qualifying and purchasing a home. Applicants can move out of this category into a Leaseholder, Hold or Inactive category.

### **2. Inactive:**

Applicant is not in the process of meeting HWR program requirements. This is typically due to not meeting program criteria/requirements, or a change in employment status or personal life, or found other housing alternatives best suited for their situation.

### **3. Hold:**

Applicant requires additional time to meet HWR program requirements. They are interested in purchasing a home through the land trust model, yet need additional time to qualify for the program. Typically in this situation are cleaning up some credit related issues.

As of December 31, 2005, the HWR program moved fourteen (14) applicants into the 2006 Active category; we moved zero (0) into the 2006 Inactive and sixteen (16) applicants into the 2005 Inactive and two (2) into the 2006 Hold category.

After Super Bowl Sunday, our marketing activity and the pool of applicants will increase. Our Informational Meetings will grow in numbers (6-20 attendees), and in frequency. Our experience has shown weekday evenings draw the largest numbers of attendees.

In 2006, we will formally begin to track our attendance, referrals and promotional activities with respect to our outreach-marketing program, beginning with the Information Meetings to create location and product outreach campaigns.

<b><u>Applicant Pool</u></b>			
<b><u>2006 Applicant Pool</u></b>	<b><u>#</u></b>	<b><u>Definition</u></b>	<b><u>Comments</u></b>
Applicants: <b>ACTIVE</b>	20	Applicant is in the process of buying a home, from the time of showing interest to purchasing a home.	Majority of Applicants willing to purchase where homes are available, yet some preference include; 3-Southern suburban communities 4-New Hope, Golden Valley 7-Central suburbs – Mtka, Hopkins etc.
Applicants: <b>HOLD</b>	2	Applicant requires additional time to meet HWR program requirements.	
Applicants: <b>INACTIVE</b>	0	Applicant is not in the process of meeting HWR program requirements.	The 2006 Inactive # will be produced from the <b>Hold</b> or <b>Active</b> category. We will keep track of those applicants who show interest but cannot qualify for the program



November 3, 2005

Ron Rankin  
Elise Souders  
City of Minnetonka  
14600 Minnetonka Blvd.  
Minnetonka, Minnesota 55345

Dear Ron and Elise:

Please accept this letter as the 2006 grant requests to the City of Minnetonka for the West Hennepin Affordable Housing Land Trust (WHAHLT), known as Homes Within Reach (HWR). Our requests are for assistance in funding the 2006 affordable homeownership initiative in the City of Minnetonka.

### **Summary of Request**

WHAHLT is a community land trust providing permanently affordable housing to low-moderate-income households in the City of Minnetonka and the western suburbs of Hennepin County.

WHAHLT is seeking grants of \$230,000 from the City of Minnetonka to continue its strategic goal and objectives of creating and sustaining affordable homeownership for the City's workforce households. Our proposal is to use the grant monies to acquire properties in Minnetonka. In turn, we will sell those properties to households earning 80% or less of area median income ("AMI"), ensuring permanent affordability through the community land trust model, which removes the market value of the land from the mortgage equation for low to moderate (work force) households.

The amount of \$200,000 would cover costs of land acquisition, rehab, homebuyer search and selection, holding and closing costs that may be necessary to reach households with incomes below 80% AMI.

In addition, WHAHLT/ HWR submitted a grant application for \$30,000 to the City of Minnetonka in July for financial support of our operational overhead (administrative costs). The purpose of this proposal was to request funding for operating expenses, which is less than 13% of our funding, yet receives more than 50% in our administrative time and expenses. Matter of fact, there are some instances where there was no overhead to

support our time and expenses such as the purchase and conveyance of the two Sanctuary town homes. Please feel free to peruse the grant application that outlines the program's scope of services, goal and objectives, target market, community need and the organization's capabilities and resources.

**Population & Geographic Area Served**

WHAHLT/ HWR target is households with incomes at 80% or less of Area Median Income (AMI). In practice, it has served households between 50% and 80% AMI.

WHAHLT/ HWR serves Hennepin County, Minnesota excluding the City of Minneapolis. Yet this grant would be used only in the City of Minnetonka along with HOME, Met Council and MHFA funds awarded to WHAHLT to acquire and sell existing detached single-family homes and newly constructed town homes.

**Status as of October 2005**

From the sale of our first home in Minnetonka in May of 2002 through October of 2005, we have accomplished the following:

Land Parcels owned:	25	20 Minnetonka 2 Richfield 1 New Hope 1 Wayzata 1 Eden Prairie
Homes with resident	24	
Homes with a Purchase Agreement		
Homes available /closing) for 2004	1	16213 Tonkaway Road
Prospective land/homes:	5-7	Properties in Eden Prairie, Golden Valley, Minnetonka, New Hope, St. Louis Park & Wayzata
Prospect list	284	Began tracking as of April 2003
Applications in process	15	
Approved	32	Mortgage pre-approval from a lender

Currently, Minnetonka represents 75% of whom we serve, based on property location and the fact the organization originated from the City of Minnetonka's foresight. In the coming years (YR 2006-2010) WHAHLT will be working to reduce the percentage to approximately 50% based on our goals and objectives of expanding our service area to not only meet the City of Minnetonka needs but other western suburban communities.

The City of Minnetonka grants greatly enhances the viability of garnering other funds, including those with matching fund requirements. Based on our experience, we expect that we would be able to acquire four to six homes in Minnetonka with this grant along

with matching funds raised by Homes Within Reach from other sources, including but not limited to Hennepin County Metropolitan Council and MHFA.

**2005 Funding Allocation**

	Grant Amount	Grant used	Grant Available
<b>Direct Grants for Acquisition</b>			
City of Minnetonka 2005	\$200,000	\$147,331	\$52,669
City of Minnetonka 2004	\$180,000	\$180,000	\$0
City of Minnetonka 2003	\$180,000	\$180,000	\$0
Met Council - 03	\$150,000	\$150,000	\$0
Met Council - 04	\$83,000	\$83,000	\$0
Met Council 2005	\$175,000	\$157,000	\$18,000
FHF - 2002	\$100,000	\$100,000	\$0
Home - 2003	\$239,000	\$239,000	\$0
Home - 2004	\$300,000	\$297,000	\$3,000
HOME 2005	\$315,000	\$225,000	\$90,000
HOME 2005 - Deephaven	\$200,000	\$0	\$200,000
MHFA 2005	\$35,000	\$35,000	\$0
MHFA -2004	\$31,000	\$31,000	\$0
St. Louis Park AHIF	\$70,000	\$70,000	\$0
<b>Indirect Grants for Acquisition for 2005</b>			
Golden Valley CDBG	\$145,000	\$145,000	\$0
Wayzata HRA	\$100,000	\$100,000	\$0
Eden Prairie CDBG	NA	NA	
<b>Total</b>	<b>\$2,503,000</b>	<b>\$2,139,331</b>	<b>\$363,669</b>

The Funding Allocation Chart reflects the grants awarded to WHAHLT over the past several years and the statuses of monies left to be expended or are committed to a specific site or project.

The Indirect Grants are monies to be funded for the Homes Within Reach Program yet not directly awarded to WHAHLT. In addition, the 2005 HOME award titled Deephaven is the monies awarded to WHAHLT for the Deephaven/Minnetonka town home development to commence construction in the spring of 2006. Those dollars make up the major portion of dollars not spent or allocated to date.

As of today, we have \$52,669 funds yet to be allocated to a specific site for the 2005 award. These monies will most likely be allocated along with HOME monies to fund one or two potential existing homes through our buyer-initiated program.

Additionally, this chart demonstrates the various major funding sources that cover the costs of acquisition, rehab, homebuyer search and selection, holding and closing costs. Grants received in 2005 for overhead are in the July grant application attached.

West Hennepin Affordable Housing Land Trust/ Homes Within Reach so appreciates the commitment and support the City of Minnetonka have provided us in realizing the mission of transforming lives through homeownership. We look forward to working in partnership with the City of Minnetonka in the coming years to address the needs of affordable ownership housing. If you have any questions or comments with respect to either one of these requests, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Janet".

Janet A. Lindbo  
Executive Director

Wagner said the EDA previously talked about giving people who sell their more affordable homes priority in new developments in order to keep units more affordable. He asked what the status of this is. Rankin said he will check into this more.

## **6. HOMES WITHIN REACH REQUEST FOR FUNDING.**

Souders gave the report saying that Homes Within Reach is requesting funding for both overhead and for property acquisitions. She said staff recommends the EDA recommend approval of \$200,000 for property acquisitions and \$30,000 for overhead.

Wagner asked which fund the money will come from. Souders replied from the Livable Communities fund.

Robinson asked how much money is spent doing rehabilitation on the homes that are purchased. Souders said it varies and she will get numbers from Homes Within Reach staff.

St. Peter reiterated that the amount charged in the land lease should be looked at on an annual to tri-annual basis and that adjustments should be made accordingly.

Rankin said there has been discussion about the land trust's ability to sustain themselves financially, but despite the amount spent the city is getting a good value being able to create permanently affordable housing. He said that the land trust is slowly coming around to getting a developer fee with certain funds.

Thomas asked what other cities are doing. Souders said there has been no commitment similar to what Minnetonka is doing.

Thomas said he has no concerns about funding the property acquisitions part, but does have some concern about the overhead. St. Peter suggested that Homes Within Reach come back with a long-term plan for finances.

Thomas asked what the total overhead budget is. Souders replied it is \$200,000. Duffy requested a breakdown of the overhead budget.

Thomas said he is not comfortable committing \$30,000 to overhead. Wagner said he thinks it is a reasonable request.

Robinson moved to recommend approval of the Homes Within Reach 2006 funding request for \$200,000 for property acquisition and \$30,000 for overhead. Wagner seconded with a friendly amendment to recommend approval of the Homes Within Reach 2006 funding request for \$200,000 for property acquisition and \$30,000 for overhead with the condition that Homes Within Reach submits a long term plan for overhead costs.

Walker moved, Duffy seconded a motion to amending the original motion, to recommend approval of the Homes Within Reach 2006 funding request for \$200,000 for property acquisition and \$30,000 for overhead contingent on EDA approval of a long-term financing plan for overhead.

Robinson said she is fine with recommending \$30,000 for overhead costs.

Wagner said he has a problem with putting Homes Within Reach in a hole at this point in time and there is only one EDA meeting left in 2005 that already has a full agenda. He said he agrees that a staff member should have been invited to the meeting, but does not support Walker's motion. Wagner said he is okay with providing \$20,000 in overhead and making the remaining \$10,000 contingent on providing a plan.

Robinson withdrew her motion.

Walker withdrew his motion.

Wagner moved, Thomas seconded a motion to recommend approval of the Homes Within Reach 2006 funding request for \$200,000 for property acquisition, \$20,000 for overhead, and an additional \$10,000 for overhead contingent upon submission of a long-term overhead financing plan that reduces the city's role. All voted yes. Motion passed.

There was discussion on the original intention of Homes Within Reach, and how its costs would be paid.

## **7. OTHER BUSINESS.**

Souders reviewed the staff report items including rental vacancy rates, the Southwest Rail Study, and upcoming events.

The next regular EDA meeting was announced as Tuesday, December 6.

## **8. ADJOURN.**

Thomas moved, Larson seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 8:30 p.m.



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TO: EDA Commissioners

FROM: John Gunyou, Executive Director  
Desyl Peterson, City Attorney

DATE: February 17, 2006

SUBJECT: Potential Use of Eminent Domain

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The redevelopment agreement between the EDA, the city, and Glen Lake Redevelopment LLC requires the EDA to use eminent domain if the developer cannot acquire all parcels for the redevelopment. The developer has requested this assistance, and staff has published a notice of a public hearing to be held before the EDA on March 6, 2006. This memo is intended to give background information on the use of eminent domain, the status of the two parcels remaining to be acquired, and a proposed agreement with the city for the joint exercise of eminent domain.

### **Background**

Eminent domain is the most powerful authority that the EDA has and should be used with great care. Historically, the EDA has agreed to use eminent domain if necessary for redevelopment in tax increment financing districts. In most cases, the properties were acquired through negotiations, although the possibility of eminent domain certainly influenced those decisions. Only one redevelopment project in the last 20 years actually involved the acquisition of property by eminent domain: the Crescent Ridge and Ridgebury redevelopment in the northeast quadrant of I-394 and County Road 73. A few of the commercial properties along the frontage road were acquired in this manner, out of a total of 60 parcels needed for the development.

The West Ridge redevelopment in the northwest quadrant of the same intersection included 67 parcels of land, all of which were acquired through private negotiations. The Presbyterian Homes/Beacon Hill redevelopment in Glen Lake included 9 parcels, all of which were acquired through negotiations.

The process of eminent domain is started by filing a petition in the District Court. The Court is asked to find that the acquisition is reasonably necessary for a public purpose. Redevelopment of blighted property (as defined by state law) is considered a public

purpose. If the judge grants the petition, he/she appoints three people to determine the fair market value of the property. This 3-member commission usually consists of a real estate lawyer, a real estate appraiser, and a real estate broker. They hold hearings at which the EDA and the property owner present evidence about the value of the property. The commission issues its decision about the value. That decision is final, unless either the EDA or the property owner appeals to the District Court. Then a citizen jury will determine the value.

In the regular eminent domain process, the EDA gets title to the property after the final decision on value. There is another version of eminent domain, however, that is actually used most often in Minnesota. In the "quick take" process, the EDA gets possession of the land after the judge grants the petition and after the EDA has given 90-day notice to the landowner. There is some risk to the "quick take" process because a landowner could appeal the judge's finding that the acquisition is reasonably necessary for a public purpose. If an appeals court ultimately finds that the judge was wrong, the EDA could lose title to the property, and that could destroy the redevelopment. The "quick take" process is proposed to be used for the Glen Lake redevelopment.

In addition to being paid fair market value for the property, a landowner is also entitled to reimbursement for a property appraisal and for certain moving and relocation expenses.

### **Status of Property Acquisitions**

The developer, Tom Wartman, has advised that there are two parcels that he cannot acquire through private negotiations: the property owned by the West Suburban Alano Society and the property owned by Arnie Zachman.

City staff has taken responsibility for negotiations with Alano because of the city's historical connection to Alano and its property. The city acquired that property in the early 1990's in anticipation of redevelopment, but the city council decided against redevelopment. At the same time, the Alano group was looking for a new home when the Glen Lake Sanatorium was redeveloped into a golf course. The city sold the property to Alano but now wants it back. Accordingly, the city feels obligated to find them a new home and has allocated \$500,000 to assist with relocation, which will be in addition to the purchase price for their property.

City staff believes that a good solution has been found. The city has negotiated a purchase agreement to buy the single-family home at 5235 Woodhill Road. See attached location map. It is the second home north of the Glen Lake Park. The first home next to the park is owned by the city and is scheduled to be torn down this summer for a parking lot. The plan is to give Alano the second home, construct a parking lot for them where the city proposed its parking lot, and construct a city parking lot on the rear part of the property. The costs of this would be deducted from the

\$500,000 and the remainder would be given to Alano. They would use that money and the purchase price for their land to remodel the house and add an addition. This solution keeps Alano in the Glen Lake area, relocates their "house" to a more residential setting, gives them far more parking than they currently have, and allows them to construct new facilities better designed to meet their needs.

The Alano Board is amenable to this solution, but the membership must make the final decision at a meeting to be held in mid-March. Because we do not have certainty about this option, the EDA will be asked to begin eminent domain against the Alano property, with the hope that Alano will be dismissed from the action when an agreement is finalized. The Alano Board understands the timing of this necessary process.

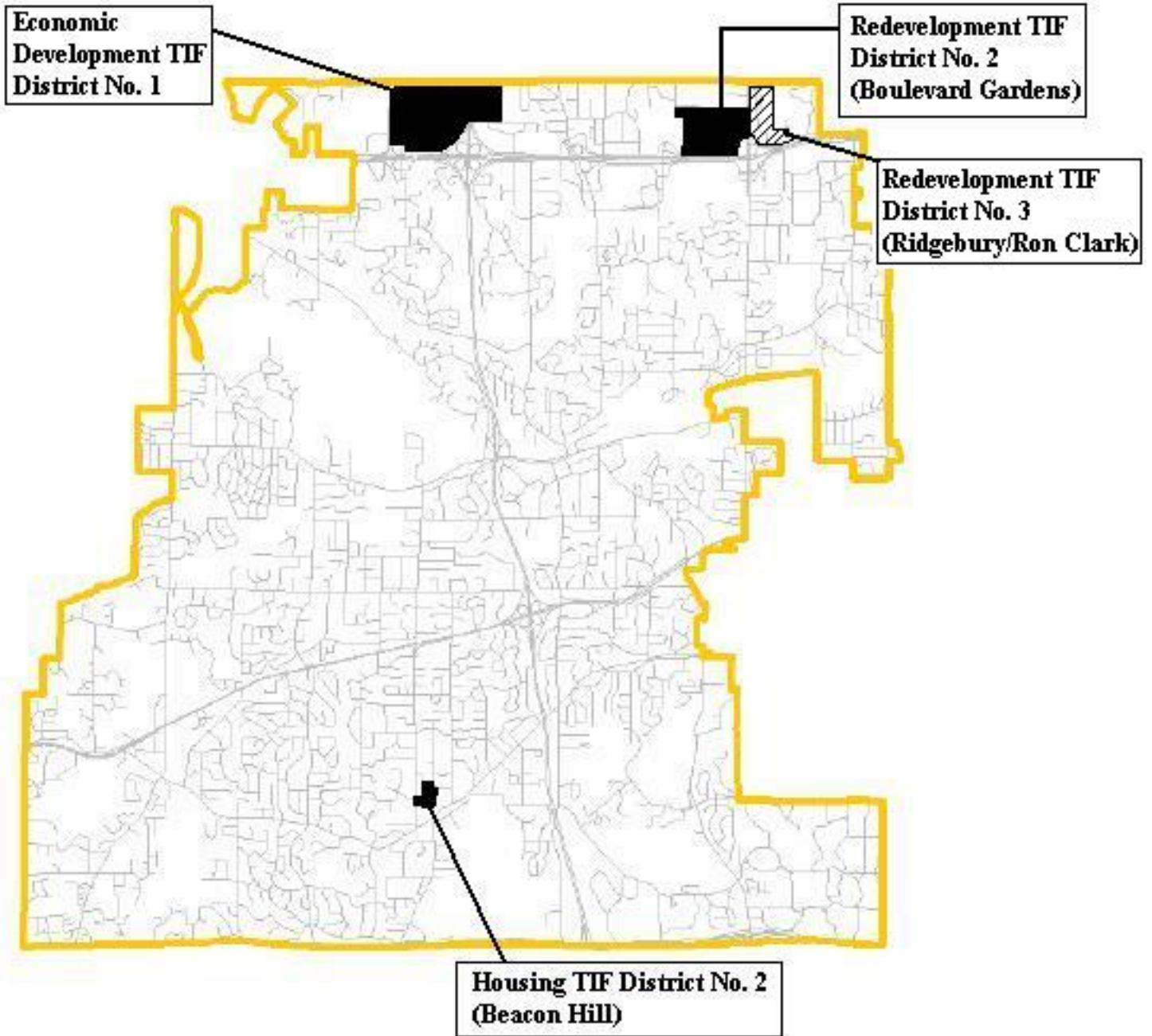
The property owned by Mr. Zachman is a different situation. He acquired the property along with three other parcels that he redeveloped into Lakeside Estates on Excelsior Boulevard. This remainder parcel is a long narrow piece of land that contains an unoccupied rental house. Mr. Zachman talked to staff in the past about developing the land in conjunction with the much larger adjoining property, but he was never able to reach an agreement with the adjoining landowner. That landowner instead decided to sell to Mr. Wartman. After that occurred, Mr. Zachman's attorney asked at a city council meeting that the city condemn the adjoining property and give it to him instead. That would have meant condemning land that was more than double the size of his own parcel. This request did not meet the council's historical requirement that a developer acquire most of the land to be in a redevelopment before the city will consider the use of eminent domain.

Negotiations with Mr. Zachman have stalled. The appraised value of his property is \$305,000, but he has been asking for more than double that amount. Accordingly, condemnation of his property appears likely.

### **Joint Acquisition with City**

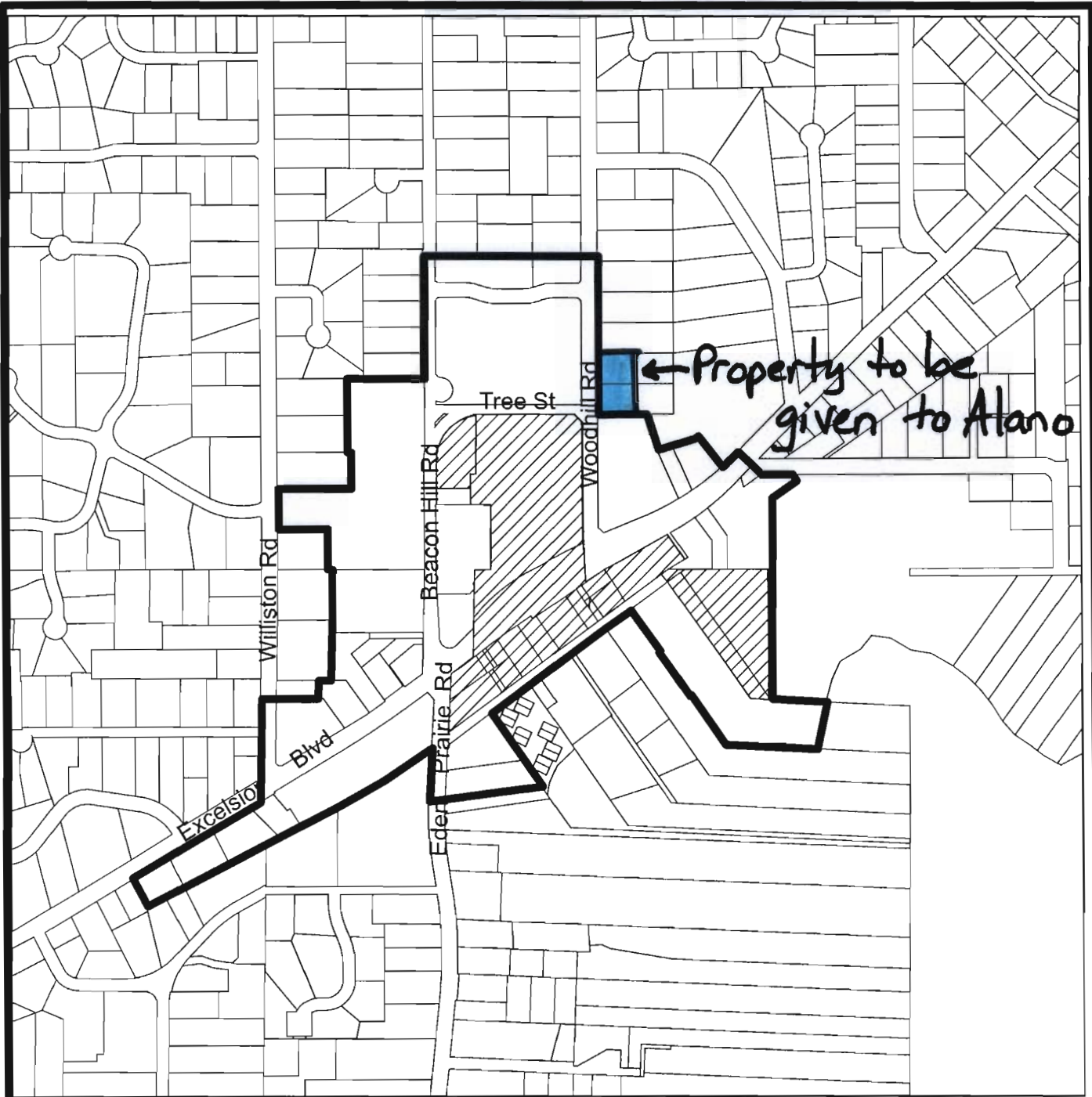
The EDA is the proper party to bring an eminent domain action for redevelopment, but the City also wishes to acquire Mr. Zachman's property for use as a public trail. State law provides that two governmental agencies may initiate eminent domain jointly if they execute an agreement. Staff has drafted an agreement that will be presented to the city council on February 27 and to the EDA at the public hearing on March 6, 2006. The agreement contemplates that the city will initiate eminent domain after its meeting on February 27 and that the EDA will join in the petition after its meeting. This is being done to meet project deadlines and to avoid the uncertainty of potential state legislation that may could compromise the use of eminent domain for community redevelopment purposes. A draft of the proposed agreement is attached.

# TIF District Map





## Total Number of Parcels Acquired for Redevelopment Projects

Beacon Hill/Presbyterian Homes	9 Parcels Acquired
West Ridge	67 Parcels Acquired
Ridgebury/Crescent Ridge	60 Parcels Acquired



# Glenhaven TIF District

-  Glen Lake Station Housing Development and Redevelopment Project Area
-  Proposed Glenhaven TIF District

## **Agreement for Joint Exercise of Eminent Domain**

This agreement is made \_\_\_\_\_ between the CITY OF MINNETONKA, MINNESOTA (“City”), a Minnesota municipal corporation, and the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA (“EDA”), a public body corporate and politic under the laws of Minnesota.

The City and the EDA have each approved and executed the Contract for Private Redevelopment with Glen Lake Redevelopment LLC (the Developer”) dated \_\_\_\_\_ (the “Contract”). Both the City and the EDA agreed in the Contract to exercise the power of eminent domain as a last resort if the Developer is unable to acquire all needed parcels. The City and the EDA have determined that each of them has different needs for the land to be acquired. Accordingly, they are executing this Agreement to authorize the joint acquisition of land pursuant to Minn. Stat. § 117.016. The parties agree as follows:

1. The City will initiate the eminent domain action to acquire fee title to the property legally described as follows for trail purposes (the “Trail Property”):

The southwesterly 65 feet of Lot 1, "Glen Lake Park."

2. When the EDA authorizes the use of eminent domain, it will join in the City’s eminent domain action. The EDA will acquire fee title for redevelopment purposes to (a) the portion of the remainder of the Trail Property that is not directly needed for the public trail and (b) the property legally described as follows (the “Alano Property”):

Tracts B, E, G, and I, Registered Land Survey No. 630, Hennepin County, Minnesota,

Subject to an easement in favor of Hennepin County for road and highway purposes over and across land formerly described as lying in that part of the Northeast Quarter of the Northeast Quarter of Section 33 and that part of the Northwest Quarter of the Northwest Quarter of Section 34, Township 117, Range 22, lying Northwesterly of Lot 10, GLEN LAKE PARK, Hennepin County and Southeasterly of County Road No. 3, as now laid out and used; (as to Tract B)

3. The City and the EDA agree to cooperate in determining the exact dividing line of the Trail Property. Unless agreed otherwise, the City will obtain fee title to the westerly 40 feet of the Trail Property, and the EDA will obtain fee title to the remainder. The City will give the EDA easements where necessary for improvements constructed as part of the anticipated redevelopment on the adjacent property to the east.
4. No pre-determined division of costs is necessary because the Developer is obligated to reimburse both the EDA and the City for their acquisition costs. The City will be responsible for ensuring that this reimbursement is obtained.

Each party has caused this Agreement to be duly executed on its behalf to be effective as of the date first written above.

THE ECONOMIC DEVELOPMENT  
AUTHORITY IN AND FOR THE CITY  
OF MINNETONKA, MINNESOTA

By \_\_\_\_\_  
Its President

By \_\_\_\_\_  
Its Executive Director

STATE OF MINNESOTA    )  
  ) SS.  
COUNTY OF HENNEPIN    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2006, by Peter St. Peter and John Gunyou, the President and Executive Director of the Economic Development Authority in and for the City of Minnetonka, Minnesota, a public body politic and corporate, on behalf of the Authority.

\_\_\_\_\_  
Notary Public





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TO: EDA Commissioners

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

DATE: February 15, 2006

SUBJECT: Staff report for February 21 EDA meeting

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### **1. Congratulations Dan!**

Please help congratulate Dan Duffy who is this year's Bravo award winner for the Twin West Chamber of Commerce. Dan was formally recognized at the State of City Address held on February 15.

### **2. Crown Ridge**

The latest Crown Ridge occupancy numbers and Advantage Center report is attached. As you can see, 58 of the 64 units were occupied at the end of 2005. Regular programming for all residents continues and new programs, such as a teen time program began in February. The police department has started regularly stopping into Crown Ridge to let residents know there is a police presence. An April meeting will be scheduled with the school district, CommonBond and the city to review the progress of Crown Ridge.

### **3. Community Development Block Grant funds**

Each year, the city receives federal Community Development Block Grant (CDBG) funds, which the City Council allocates to certain activities. The City Council at their February 6 meeting allocated the 2006 CDBG funding, which totaled \$196,706. Typically these activities have included public service organizations (15 percent of the allocation) such as CASH, the Hopkins-Minnetonka Family Resource Center, the H.O.M.E. program and others, and to the city's 0 percent home rehabilitation deferred loan programs. The single-family home rehabilitation loan program has been in existence for 30 years, targets home rehabilitation to those at 50 percent of median income or less, has an asset limit of \$25,000, and targets larger projects. In addition, because CDBG funds are federal dollars, lead paint removal is required if it is found. A new emergency loan program, targeted to smaller rehab projects under \$5,000 that do not trigger the need for lead paint testing began in 2005. The emergency loan program is used in conjunction with the home rehabilitation deferred loan program, and CASH will be the responsible agency for the administration, with city staff overseeing the program. This year the city also received a request from Dominion Development & Acquisition LLC for CDBG funds for the acquisition and rehabilitation of Cedar Hills Townhouses. Cedar Hills Townhouses is a 30-unit affordable rental property. In

addition to the interior and exterior rehab, Dominion Development will also extend the affordability contract of the property.

**Upcoming Events**

Sunday, February 26—Home Remodeling Fair  
 10:30 a.m. to 3:30 p.m.  
 Eisenhower Community Center

Monday, March 6— EDA Meeting  
 6:00 p.m.  
 Council Chambers

**Attachments**

- 2006 EDA Roster
- EDA Project update
- Revised TIF Captured Tax Capacity (From Ehlers and Associates)
- Crown Ridge update
- From Bob Walker: “Blueprint: Living in Minneapolis” *Wall Street Journal* January 25, 2006
- Homes Within Reach article *Star Tribune* February 8, 2006
- From Parade of Homes—Spring 2006 edition—Minnetonka homes

**Upcoming EDA Meetings**  
 Updated February 15, 2006

<b>Meeting Date</b> Meetings at 6:00pm unless otherwise noted	<b>Item Description</b>	<b>Room/Special Notes</b>
Tuesday, February 21 <i>(Please note the date)</i>	Regular EDA Meeting	<b>Mezzanine Conference Room</b> • Homes Within Reach request • Eminent Domain discussion
Monday, March 6 <i>(Please note the date)</i>	EDA Meeting	<b>Council Chambers</b> • Glen Lake redevelopment
Tuesday, April 11	Regular EDA Meeting	Boards and Commissions
Tuesday, May 9	Regular EDA Meeting	Boards and Commissions
Tuesday, June 13	Regular EDA Meeting	Boards and Commissions
Tuesday, July 11	Regular EDA Meeting	Boards and Commissions
Tuesday, August 8	Regular EDA Meeting	Boards and Commissions
Tuesday, September 19 <i>(Please note the date)</i>	Regular EDA Meeting	Boards and Commissions
Tuesday, October 17 <i>(Please note the date)</i>	Regular EDA Meeting	Boards and Commissions
Tuesday, November 14	Regular EDA Meeting	Boards and Commissions
Tuesday, December 12	Regular EDA Meeting	Boards and Commissions

**Items to be Scheduled**

**CITY OF MINNETONKA--ECONOMIC DEVELOPMENT AUTHORITY**

**OFFICIAL ROSTER - 2006**

<b>NAME &amp; ADDRESS</b>	<b>APPOINTED</b>	<b>TERM EXPIRES</b>
<b>Dan Duffy**</b> 17900 Susan Lane Minnetonka, MN 55345 541-7888 (W) 476-8588 (H) <a href="mailto:duffyarch@mn.rr.com">duffyarch@mn.rr.com</a>	05/08/00 Reappointed 01/03/05	01/31/11
<b>Dave Larson</b> 15733 Randall Lane Minnetonka, MN 55345 952-934-3804 (H) <a href="mailto:dglarson_2000@yahoo.com">dglarson_2000@yahoo.com</a>	01/28/02	01/31/07
<b>Bunny Robinson</b> 12800 Meadow Circle Minnetonka, MN 55305 544-9781 (H) 942-8938 (W) <a href="mailto:bunny@rob2rob4jobs.com">bunny@rob2rob4jobs.com</a>	01/27/03 Reappointed 01/23/06	01/31/12
<b>Peter St. Peter*</b> 1901 Timberline Spur Minnetonka, MN 55305 544-8713 (H) <a href="mailto:stpeterlaw@hotmail.com">stpeterlaw@hotmail.com</a>	11/09/98 Reappointed 12/13/99 and 01/23/06	01/31/12
<b>Al Thomas***</b> 15101 Peteler Lane Minnetonka, MN 55345 949-9027 (H) 763-553-2977 (W) <a href="mailto:athomas@eminnetonka.com">athomas@eminnetonka.com</a>	01/27/03	01/31/08
<b>Tony Wagner***</b> 1804 Traymore Road Minnetonka, MN 55305 512-1817 (H) 763-212-3780 (W) <a href="mailto:twagner@eminnetonka.com">twagner@eminnetonka.com</a>	01/26/04	01/31/09
<b>Bob Walker</b> 4553 Ellerdale Road Minnetonka, MN 55345 938-8236 (H) 612-605-4533 (W) <a href="mailto:rwalker@walkerus.com">rwalker@walkerus.com</a>	03/05/01 Reappointed 01/26/04	01/31/10

Boards and Commissions Room: 952-939-8353  
 Mezzanine Conference Room: 952-939-8343  
 Gray's Bay Room: 952-939-8682

\*EDA President  
 \*\*EDA Vice-President  
 \*\*\*City Council Representative

Ron Rankin: 952-939-8282  
 Elise Souders: 952-939-8285  
 City Hall: 952-939-8200

## EDA PROJECT UPDATE

### Affordable Housing

#### *Livable Communities Act Goals*

(The results to date include all affordable units approved by the City Council; however, they may not necessarily be built yet).

	Goals (1995-2010)	Results to Date	Percent of Goals
Owner-Occupied New Construction	180 units	203.5 units	113%
Rental New Construction	324 units	206 units	63%
TOTAL	504 units	409.5 units	81%

\*These numbers do not include the conversion of the Chasewood Gates rentals to owner-occupied units. Many of the units are expected to be sold as affordable and take place over a number of years beginning in the summer of 2004.

#### *Project Updates*

Project	Total Units	Affordable Units	Update
Sanctuary	23	4	WHAHLT homeowners in 2 of the units
Meadowwoods	17	2	
Lakeside Estates	13	1	WHAHLT has found a homebuyer, unit to be completed shortly
34 <sup>th</sup> Circle West	6	1	
Cargill (PORTICO)	25	Up to 19 ADUs	
Cloud 9	164	34	Units to begin closing in January
Wyldeewood Condos	39	8	7 of 8 affordable units have sold and closed
Deephaven Cove	28	5	Construction to begin in spring
Glen Lake	177	31	
WHAHLT			20 Minnetonka units, 25 units total

### Transit

#### *Dial-a-Ride*

- Ridership

Month	Average Daily Ridership
November 2005	44.8 Rides
December 2005	38.5 Rides
January 2006	38.7 Rides

#### *Other Transit*

- Southwest Rail Study continues
  - Newsletter #2 will be included in March EDA packet
  - Website: [www.southwesttransitway.org](http://www.southwesttransitway.org)

### Economic Development/Business

#### *Projects*

**TAX INCREMENT PROPERTY TAX DATA**  
**TAXES PAYABLE 2005**  
**Hennepin County Cities**

CITY/TOWN NAME	NUMBER OF DISTRICTS	TAX CAPACITY VALUE			TAX INCREMENT TAX		
		TOTAL TAX CAPACITY	CAPTURED VALUE	CAPTURED/TOTAL	GROSS	EXCESS	NET
ROGERS CITY OF	13	9,624,820	2,426,184	25.21%	3,028,945	311,753	2,717,192
OSSEO CITY OF	9	2,707,031	544,674	20.12%	602,785	0	602,785
MINNEAPOLIS CITY OF	106	340,112,825	49,625,522	14.59%	67,677,160	470,115	67,207,045
BROOKLYN CENTER CITY OF	4	22,374,841	3,122,665	13.96%	4,230,103	0	4,230,103
CHAMPLIN CITY OF	5	19,380,389	2,629,605	13.57%	2,818,384	99,287	2,719,097
BROOKLYN PARK CITY OF	13	58,356,329	7,395,976	12.67%	8,437,333	9,732	8,427,601
WAYZATA CITY OF	6	13,797,467	1,742,129	12.63%	1,703,384	0	1,703,384
RICHFIELD CITY OF	31	31,318,218	3,946,092	12.60%	4,457,217	1,287	4,455,930
LONG LAKE CITY OF	6	2,577,002	310,511	12.05%	335,110	0	335,110
GOLDEN VALLEY CITY OF	2	34,267,446	3,530,013	10.30%	4,171,130	0	4,171,130
ST LOUIS PARK CITY OF	10	51,461,150	4,665,583	9.07%	5,329,260	0	5,329,260
EDINA CITY OF	4	91,309,672	7,330,826	8.03%	7,125,247	0	7,125,247
CRYSTAL CITY OF	6	16,543,871	1,189,538	7.19%	1,441,680	10,593	1,431,087
BLOOMINGTON CITY OF	11	125,238,947	7,513,049	6.00%	7,840,318	34,341	7,805,977
SPRING PARK CITY OF	1	1,908,570	111,067	5.82%	119,446	0	119,446
ST ANTHONY CITY OF	4	7,339,445	377,903	5.15%	470,977	0	470,977
MOUND CITY OF	2	9,947,712	500,504	5.03%	539,273	0	539,273
ROBBINSDALE CITY OF	7	9,484,410	461,578	4.87%	545,856	0	545,856
HOPKINS CITY OF	6	16,985,332	804,314	4.74%	971,937	0	971,937
MAPLE PLAIN CITY OF	3	2,042,866	96,535	4.73%	95,673	0	95,673
NEW HOPE CITY OF	6	17,385,942	773,458	4.45%	989,242	0	989,242
<b>MINNETONKA CITY OF</b>	<b>5</b>	<b>82,710,681</b>	<b>3,406,689</b>	<b>4.12%</b>	<b>3,420,463</b>	<b>0</b>	<b>3,420,463</b>
MAPLE GROVE CITY OF	5	70,321,617	1,950,203	2.77%	2,082,680	0	2,082,680
CORCORAN CITY OF	1	6,054,679	159,576	2.64%	178,382	0	178,382
DAYTON CITY OF	7	4,437,775	101,881	2.30%	116,334	0	116,334
EDEN PRAIRIE CITY OF	8	95,401,580	2,181,143	2.29%	2,297,927	0	2,297,927
GREENFIELD CITY OF	1	3,064,675	20,215	0.66%	22,816	0	22,816
PLYMOUTH CITY OF	4	95,479,173	599,534	0.63%	597,335	0	597,335
MEDINA CITY OF	1	10,709,877	60,532	0.57%	52,657	0	52,657
LORETTO CITY OF	1	659,802	2,375	0.36%	2,843	0	2,843
ORONO CITY OF	1	21,469,365	60,625	0.28%	49,041	0	49,041
EXCELSIOR CITY OF	1	3,128,497	2,212	0.07%	2,390	0	2,390
COUNTY TOTAL	290	1,277,602,006	107,642,711	8.43%	131,753,328	937,108	130,816,220

Source: State of Minnesota

## CROWN RIDGE ADVANTAGE CENTER

January 23, 2006

### **FALL Accomplishments**

- **ECFE** – Very successful program started again in October. We have had up to 8 parents and 15 kids attend. This program will continue through the school year.
- **Program Assistant** – Caroline Conrad started in January as the new Program Assistant. She staffs the Homework Center, Camp Fire and Inner-City Outings (ICO) fieldtrip programs.
- **YMCA Metro Intern** – Brian Moss will be interning at Crown Ridge until May. He will be assisting with the Homework Center program, and staffing Teen Time on Fridays.
- **Reading is Fundamental Book distribution, Dec 2005.** We held a RIF event, and each child that attended was able to choose a book to take home.
- **Sierra Club/Inner-City Outings fieldtrips.** Crown Ridge started a partnership with this organization to provide monthly fieldtrips for kids to experience the outdoors. In January they brought 10 kids cross-country skiing for the first time ever!

### **CURRENT Youth Programs**

- **Study Buddies** is held at Oak Knoll church on Tuesday afternoons and is staffed by Stacey.
- **Campfire Youth Club** is held in Apt 107 on Friday afternoons and is staffed by Caroline and Courtney (Camp Fire staff)
- **Homework Center** is on Thursday afternoons from 4:30-6:00. Youth kindergarten and up come to Apt 107 and the Advantage Center for help on homework, to use the computer lab, and work on academic goals. Caroline, Brian and two volunteers staff the program.
- **ECFE** for parents and kids started September 29<sup>th</sup>. Apt 107 is set up with several stations for kids 0-5 to play with age appropriate toys. Kathryn Moore leads a parent discussion in the Advantage Center.
- **Teen Time** – new program starting in February. Brian will be leading activities for kids 7<sup>th</sup> grade and up like open computer, games and movie night
- **Open Computer** – the computer lab is open to kids on Wednesday afternoons
- Two Crown Ridge youth receive a full scholarship to the pre-school program at Oak Knoll.
- Snacks are served at each youth program through **Second Harvest Foodbank**

### Adult Programs

- **Coffee Hour** – Apt 107. Tuesday mornings. Once a month, it is a pancake breakfast.
- **Resident Association** – Apt 107, 2<sup>nd</sup> Tuesday of month 5:30-6:30.
- **Computer Class** – Thursday nights. 1 to 3 residents participate with volunteer instructor
- **Employment Assistance** – have assisted 5 residents in job search
- **New Resident Orientation and Welcome Packet**
- **Individual Services** —help with housing advocacy, short term counseling to address personal and neighbor issues, community resource referrals to other agencies (food, emergency assistance). Stacey is on-site on Tuesday, Wednesday and Thursday and available via telephone the remaining hours per week.
- **Monthly Newsletter and Calendar**

### Residents

	<u>July 2005</u>	<u>October 2005</u>	<u>January 2006</u>
# of families	54	59	55
# of total residents	131	149	145
# of youth	66	74	73
Ages 0-5	32	38	39
Ages 6-12	22	24	24
Ages 13-18	12	12	10

\$15,840 average income

### Current Partners:

<p>Camp Fire USA          CAPSH          City of Minnetonka          First Book          Hopkins ECFE          Hopkins Family Resource Center          Hopkins School District          ICA Food Shelf          Minnetonka Parks and Rec</p>	<p>Minnetonka Police and Fire Departments          Oak Knoll Lutheran Church          Pohlad Scholarships          Reading is Fundamental          Ridgedale Library          Second Harvest Food Bank          Tanglen Elementary</p>
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## Crown Ridge Occupancy

As of December 31, 2005

<b>Total Units</b>	Hollman	Home	Tax Credit	Market	
1 Bedroom	N/A	3	4	5	
2 Bedroom	3	7	15	11	
3 Bedroom	3	4	6	3	
	6	14	25	19	64

<b>Occupied Units</b>	Hollman	Home	Tax Credit	Market	
1 Bedroom	N/A	3	2	5	
2 Bedroom	2	6	14	10	
3 Bedroom	3	4	6	3	
	5	13	22	18	58

### Units Occupied

<b>with Vouchers</b>	Hollman	Home	Tax Credit	Market	
1 Bedroom	N/A	2	3	5	
2 Bedroom	1	4	9	8	
3 Bedroom	3	2	4	3	
	4	8	16	16	44

**Hollman Units:** Pay 30% of their income for rent

**Home Units:** Income is 50 or 60% of median income and rent is considerably

**Tax Credit Units:** Income is 50 or 60% of median income and rent is lower than

**Market Units:** Pay a market rent comparable to other complexes in the area.

*From Bob Walker—The Wall Street Journal*

Blueprint: Living in Minneapolis

By: Maura Webber Sadovi

Wednesday, Jan. 25, 2006

The housing market is beginning to look a bit more buyer-friendly in the Twin Cities region, anchored by the cities of Minneapolis and St. Paul. The thaw comes after about five years of low interest rates and a shortage of inventory helped give sellers the upper hand in the Midwestern metropolitan area famous for its blustery winters, said Gregg Roeglin, the 2005 president of the Minneapolis Area Association of Realtors.

“The market has shifted over this past year,” Mr. Roeglin said. “At this point, the market isn’t slanted in favor of the buyer or the seller.”

Prices are still rising but, for the first time in six years, annual sales fell in 2005 from the previous year, according to the Minneapolis association. The number of homes sold dipped 1.6% in 2005 to 57,246 as demand dropped in the fourth quarter. In addition, homes took longer to sell, sitting on the market for an average of 67.2 days at the end of 2005 compared with 59.4 days a year earlier, the association said.

Home buyers in the region, which has a population of about 3.2 million, may also be under less pressure to act fast. As mortgage rates are expected to move into the mid-to-upper-6% range this year, the Minneapolis association said it expects home appreciation rates to downshift into the 3%-to-6% range. Median home prices in Minneapolis rose 8.9% in 2004 and 7.9% in 2003, according to the National Association of Realtors.



This four-bedroom, three-bath home in the Minneapolis suburb of Brooklyn Park, Minn. is on the market for \$228,000.

	<b>3rd Qtr. 2005</b>	<b>3rd Qtr. 2004</b>
Median Home Price	\$233,000	\$219,800
Homes Sold	18,251	17,940
Sales Volume (in Blns)	\$5.1	\$4.7
Active Listings*	24,324	19,332
Average Apartment Rent	\$924.76	\$919.71
Apartment Vacancy Rate	6.4%	6.7%

**StarTribune.com** | MINNEAPOLIS - ST. PAUL, MINNESOTA

Last update: February 08, 2006 – 2:21 PM

## Issue update

A Minnetonka-based nonprofit is promoting a solution for the shortage of affordable housing in the western suburbs. This month, Homes Within Reach will hold informational sessions for low- and middle-income people interested in buying a house using a land trust to reduce the price.

A Minnetonka-based nonprofit is promoting a solution for the shortage of affordable housing in the western suburbs. This month, Homes Within Reach will hold informational sessions for low- and middle-income people interested in buying a house using a land trust to reduce the price.

**LAND TRUSTS:** Homes Within Reach is also known as the West Hennepin Affordable Housing Land Trust. The trust makes homes more affordable by selling houses but continuing to own the land on which the homes are located. Taking the land out of the equation substantially reduces the home's cost.

**AFFORDABLE FOREVER:** Holding onto the land means the trust is able to ensure that houses remain permanently affordable. Buyers must meet income requirements. When resold, homes must go to other qualified buyers, and the value of homes can't increase past a certain benchmark.

**MORE TO COME:** The land trust was started in 2001 and now owns the land on which 26 west-suburban houses are located. The trust is working on obtaining more than a dozen more houses in the next year to 18 months. Houses are acquired through donations, purchase or with the help of cities that encourage developers to set aside a portion of their developments as affordable.

**TO LEARN MORE:** Homes within Reach will hold two informational meetings for home buyers this month. The first will be at 6:30 p.m. today at Minnetonka City Hall, 14600 Minnetonka Blvd. Another is planned for 6:30 p.m. on Feb. 22 at Eden Prairie City Hall, 8080 Mitchell Road. To RSVP or for more information, call Kris at 952-401-7071. The group's website is [www.homeswithinreach.org](http://www.homeswithinreach.org).

BEN STEVERMAN

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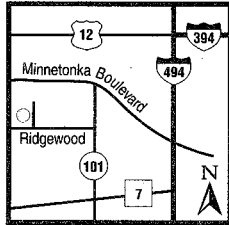
841



**Aarbor Homes, Inc.**

Model Home Price \$1,389,000 • Others From \$980's  
Marshes of Meadowwoods • 18322 Kylie Court  
952-898-2377  
www.aarborhomes.com

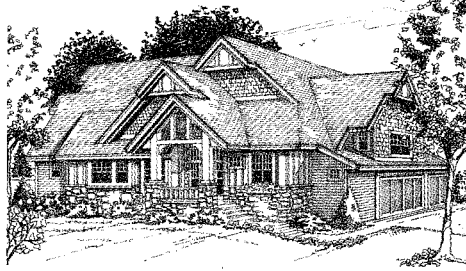
The lifestyle you deserve without compromise. Four-BR, cottage-style rambler features luxury owners' suite w/FPL, vaulted ceilings and a two-story GR w/wall of glass overlooking ponds and wildlife. Fine craftsmanship and distinctive living spaces w/the graceful design elements and amenities you would expect from award-winning Aarbor Homes. Spectacular opportunity to own one of 15 luxury, association-maintained, single-family homes. This premier, natural setting is close to the city, yet seemingly miles away. Choose from our cottage series or custom design your home.



Highway 7 and 101 to north on 101 to Ridgewood Road; west to Lindsey Lane; right to Kylie Court; left to model.

MN Lic. #20203234

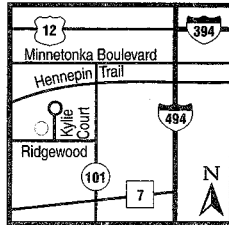
842



**Pillar Homes Partner, Inc.**

Model Home Price \$1,295,000 • Others From \$1,100,000  
Marshes of Meadowwoods • 18331 Kylie Court  
763-475-1700 • 612-366-8741  
www.pillarhomes.com

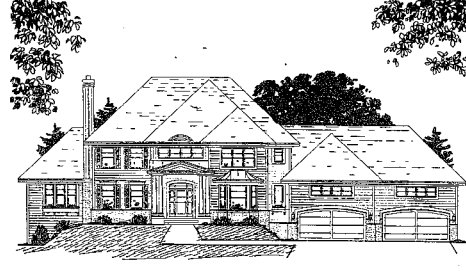
Single-family luxury living in a unique association controlled development. Fifteen redeveloped lots in the heart of Minnetonka. Adjacent to Hennepin trail system, acres of wetlands and nature. All homes have three- and four-car garages and unique front porch floor plans. Rambler-style living, main-floor master with breathtaking great room living. Open kitchen for entertaining, grill deck and screen porch with fireplace. Lower-level family getaway plus unique bonus/office area over garage. Finally single-family living with the convenience of an association townhome lifestyle.



I-494 to Highway 7; west to 101; north to Ridgewood Road; west to Kylie Court.

MN Lic. #20213765

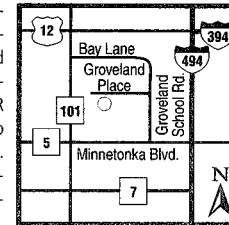
843



**Anthony Thomas Homes**

Model Home Price \$1,799,900 • Others From \$1,599,900  
Groveland Place • 17505 Groveland Place  
763-559-0251 • 612-990-4913  
www.anthonythomashomes.com

Located on a wooded lot in the Groveland Place development. The magnificent tapered entry columns lead you through the entry to rich cherrywood floors. Enter the formal LR through round tapered columns to the luscious granite surround FPL. Cherrywood built-ins to include computer desk area in the office, FR entertainment center with bookshelves, message center, butler's pantry, BR window seat with bookshelves and more. The finished walkout LL has a rec/game room, exercise room, finished wet bar with Alder cabinetry throughout.



Minnetonka Boulevard to Groveland School Road; west on Groveland Place to model on left.

MN Lic. #20355450

Advertisement

**cloud**

:: SKY FLATS ::



MOVE IN NOW

The ultimate in urban sophistication is now available in Minnetonka. Nestled in the suburbs, Cloud 9 Sky Flats are designed with you in mind. Offering award-winning architectural design, windowed walls of natural light, spacious floor plans and contemporary interiors, the Sky Flats take luxury living to new heights.

Surrender to panoramic views of the skyline while enjoying the lights of the city below.

Priced from the: \$300's to \$500's

Models are open: Weekdays 12-5 p.m., Weekends 12-4 p.m. We invite you to enjoy a better life. Live on Cloud 9.

5601 Smetana Drive, Minnetonka, MN

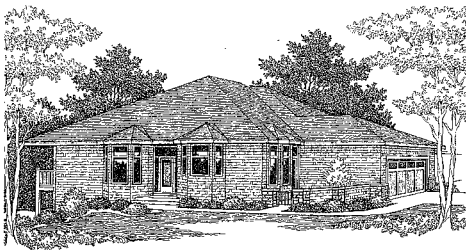
952-938-7900

:: www.cloud9skyflats.com ::



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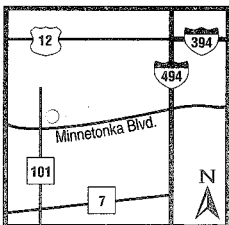
844



**Halley's Custom Homes, Inc.**

Model Home Price \$775,000 • Others From \$649,000  
The Sanctuary • 17486 Sanctuary Drive  
952-476-0283 • 612-834-3560  
www.halleyscustomhomes.com

Located in our new neighborhood of custom townhomes where the exterior architecture of stone and shingles create the quaint character of a "village." Model has a floor plan with beautiful finish details blending Australian Gummy wood floors, custom cabinetry, enameled woodwork, granite countertops, vaulted ceilings. Gourmet eat-in KT, a plush MBR suite, media/game/FR, study and a grandchild's play room. We will custom design and build a townhome to meet your individual needs on another lot at the "Sanctuary" or at the "Enclave" in Eden Prairie.



I-494 to west on Minnetonka Boulevard; north on County Road 101 one-half block.

MN Lic. #2843

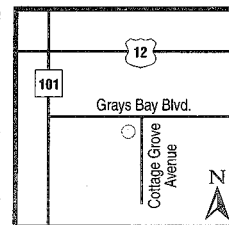
845



**Custom Structures, Ltd.**

Model Home Price \$1,299,000 • Others From \$425,000  
16989 Cottage Grove Avenue  
952-473-9040 • 612-296-6944  
www.custom-structures.com

Executive home. Lakeview of Lake Minnetonka. Four-bedroom, four-bath, including master bath with whirlpool tub and shower, huge great room, formal dining room. In-floor heating, Alder wood flooring, granite countertops, cherry cabinets. Rock and siding exterior, charming front porch. 43 x 14 bonus room above four-car garage. Walking distance to Gro Tonka Park.



Hwy. 12 west to Hwy. 101; south to Grays Bay Blvd.; east to Cottage Grove Avenue; home on Cottage Grove Avenue and Grays Bay Blvd.

MN Lic. #20307849

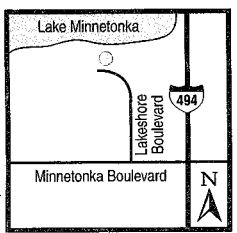
846



### Colson Custom Homes, LLC

Model Home Price \$1,899,900 • Others From \$1,500,000  
3149 Lakeshore Boulevard  
612-275-9734

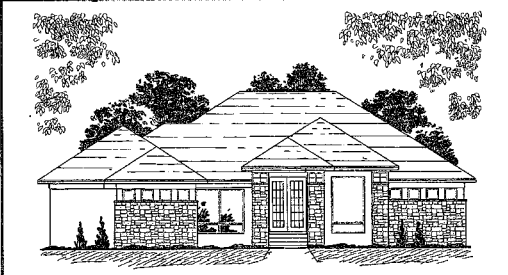
Impressively spacious and thoughtfully designed, Colson Custom Homes creates a spectacular open floor plan nestled on Libbs Lake. This stunning two-story offers unique style and details in every room. Gourmet kitchen with custom cabinets, hardwood floors, granite, stainless steel appliances. Two-story great room with impressive built-ins and great loft. Main level also features first-floor office/first-floor elegant master suite, second level features three spacious bedrooms. Let Colson Custom Homes build your next dream.



I-494 to Minnetonka Boulevard; west to Lakeshore Boulevard.

MN Lic. #2076966

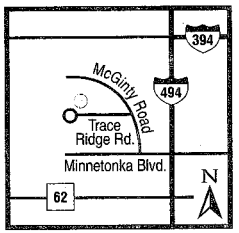
847



### Swanson Homes

Model Home Price \$1,590,000 • Others From \$1,000,000  
Stone Trace • 14238 Trace Ridge Road  
763-420-2039 • 763-478-0320  
www.swansonhomes.com

This contemporary walkout rambler features private wooded views with a convenient close-in location. The detailed yet clean design includes architectural use of stone and glass in combination with warm wood tones. Entertain your family and friends in the spacious lower level with billiards, refreshment bar and lounge. Great design is what we are all about. Please come visit.



I-494 to Minnetonka Blvd.; west to McGinty Road; north two blocks to Trace Ridge Road; left to home.

MN Lic. #6288

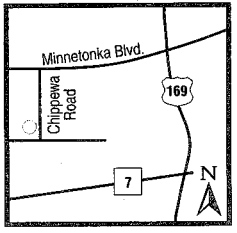
848



### Clark Kent Homes

Model Home Price \$649,000 • Others From \$525,000  
3340 Chippewa Road  
952-472-5397 • 612-703-2339  
www.clarkkenthomes.com

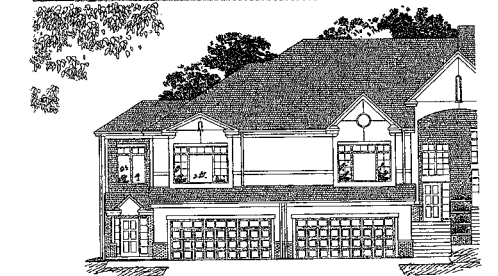
This home has compact unique floor plan that features a large kitchen with built-in breakfast nook. Three-car garage with finished bonus room above. Four bedrooms up with three baths. Large master bedroom. Affordability in Minnetonka.



Highway 169 to Minnetonka Boulevard; west to Chippewa Road; south to home.

MN Lic. #20162774

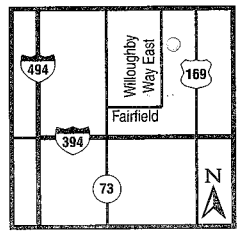
849



### Ron Clark Construction

Model Home Price \$734,070 • Others From \$449,000  
Willoughby Townhomes • 509 Willoughby Way East  
952-541-0753 • 952-947-3000  
www.ronclark.com

Close to the city and I-394, this walk-out rambler at Willoughby Townhomes features main-level living with spectacular wetland views. Main level has owners' suite, spacious kitchen, formal dining area, great room with entertainment center and fireplace, study, sun room, deck, and laundry. Lower level has large family room with fireplace, wet bar and billiard area, two bedrooms, bath and storage areas. Other features include granite countertops, cherry cabinets, enameled woodwork, hardwood floors and much more!



I-394 to County Road 73; north to Fairfield; east to Willoughby Way.

MN Lic. #1220

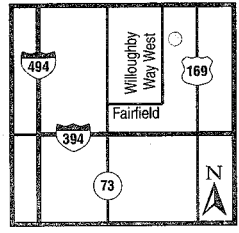
850



### Ron Clark Construction

Model Home Price \$479,900 • Others From \$449,000  
Willoughby Townhomes • 587 Willoughby Way West  
952-591-1015 • 952-947-3000  
www.ronclark.com

Minutes Away...Worlds Apart! Willoughby Urban townhomes offer sophisticated two-story living with an unbeatable location off I-394 and Hopkins Crossroad. The Gerard design boasts an entertaining-sized KT/GR w/fireplace and full wall of custom built-ins for media, storage and decoration. FDR, three BRs, two-and-one-half BAs, two-car underground parking completes this fabulous new design. Standard features include granite countertops, hardwood and ceramic flooring, gourmet appliances and enameled millwork. Prices start in the mid \$400,000's.



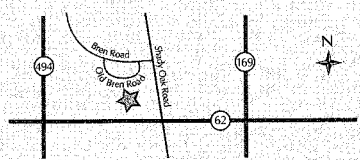
I-394 to County Road 73; north to Fairfield; east to Willoughby Way.

MN Lic. #1220

Advertisement



- Luxury, association maintained single family neighborhood
- Convenient Minnetonka location
- Two model homes available  
Model homes open Saturday and Sunday 1 - 5 p.m. or by appointment
- Lots starting at \$209,000
- Home packages starting at \$800,000



## Clarion Hills

At Home with Nature • A Dedicated Conservation Area

RonClark Construction & Design  
Jeff Bergom  
612-799-5057  
www.ronclark.com  
MN Lic # 1220

SOUTHWEST