

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY  
MEETING MINUTES**

**September 18, 2007  
6:00 p.m.**

**Boards and Commissions Room  
Minnetonka City Hall, Lower Level**

**1. CALL TO ORDER.**

EDA President Peter St. Peter called the meeting to order at 6:07 p.m.

**2. ROLL CALL.**

EDA Commissioners present: Dan Duffy, Peter St. Peter, Al Thomas, Bunny Robinson, Bob Walker, and Ethan Lang.

EDA Commissioners absent: Bill Yaeger and Tony Wagner.

Staff present: Ron Rankin, Elise Durbin and Stephanie Scott-Sims.

Others: Mark Nelson, Ben Erickson

**3. APPROVE MINUTES OF June 12, 2007 EDA MEETING.**

Walker moved, Thomas seconded a motion to approve the June 12, 2007 EDA meeting minutes. St. Peter, Duffy, and Robinson voted yes. Lang abstained. Motion passed.

**BUSINESS ITEMS**

**4. APPLEWOOD POINTE SENIOR CO-OP AFFORDABLE HOUSING REVIEW.**

Rankin presented United Properties' proposal to build the Applewood Pointe Senior Cooperative, a four-story, 61-unit senior cooperative building at 5709 Rowland Road. Rankin highlighted that if approved, this project would be the first senior co-op building built in Minnetonka. This project requires a guide plan amendment, rezoning, and site and building plan approvals in order to proceed. The planning commission has recommended approval of the physical development, and the city council has asked the EDA to make a recommendation about its affordable housing aspect.

Rankin stated that senior co-ops and cooperative housing in general have been in existence for some time, and are very common in the twin cities metro area. Cooperative housing is similar to a condominium, except with a different type of ownership. With cooperative ownership, a corporation composed of residents owns the land and buildings and the residents are stakeholders in the corporation and elect a board of directors from their members to make decisions and arrange for the management of the cooperative. The purchased share entitles the individual to occupy a specific unit in the building and pay a monthly association fee.

There are two types of cooperatives: "market rate" and "limited equity". Applewood Pointe would be a "limited equity" cooperative, meaning that at resale, the member would expect to sell the cooperative share at the original cost, plus as much equity as the cooperative's bylaws permit. In the case of Applewood Pointe, the "limited equity" cap would be 2.5%. The Applewood Pointe proposal includes 6 affordable units, 28 mid-range units, 23 upper end units, and 4 expensive units.

Staff feels that this development will provide seniors with another choice for housing types and that it will make a substantial contribution to housing affordability. Rankin stated staff recommends the EDA recommend council approval of the affordable housing aspects of the Applewood Pointe Project as presented.

Rankin introduced Mark Nelson of United Properties and Nelson reviewed the Applewood Pointe site plan. Nelson stated that United Properties has developed several other senior cooperatives throughout the metro area, all under the name Applewood Pointe. This building would provide more common space than a condominium or an apartment building and would provide a trail loop on Lone Lake Park. Nelson stated that he was given two questions prior to the meeting, which he will address. There was a question about the 2.5% equity cap. Nelson explained that Applewood Pointe would be a "limited equity" building with a cap of 2.5%, which would not change. The building will not be indexed. The key is to allow residents to gain some equity. With the 2.5% equity cap, the person selling would gain 2.5% and the buyer would buy into the unit with a 2.5% increase from the original price.

Duffy asked whether there was any formula used to generate the 2.5% figure. Nelson said, no, the first co-op building that United Properties built had a cap of 2% and that it is somewhat of an arbitrary number.

Duffy asked what would happen if due to market trends, the seller had to sell for less and could not get the 2.5%. Nelson stated that the seller could sell for less, just not more. He added that construction is about 2 years out, so hopefully the market will improve by that time.

Duffy asked what would happen if the owner makes extensive improvements/upgrades to the unit. Nelson stated that they can re-coop their investment costs, but cannot increase the equity.

Nelson stated that the second question was about the association fees. He stated that the co-op pays for gas, taxes, and reserves at about \$.45/foot, per month. Residents' costs will also depend on how much they owe on the mortgage.

Thomas asked how management will select people for the affordable units. Nelson stated that those interested will have to put down a \$500.00 reservation fee to get their name on the list, then, management will go down the list, calling people on a first-come, first-serve basis. Nelson added that management has not targeted those units in the past to specific people. There's a minimum 15% down payment with a 40-year mortgage.

Thomas noted that it is important to keep the affordable unit fees down. He stated that on paper the costs may be affordable, but with high association fees, the unit may not really be affordable.

Nelson reminded the commissioners that there are no subsidy funds being put into these units.

Walker asked whether any variances are needed for this project. Nelson explained that a few are needed for setbacks, specifically from the wetlands/park.

Duffy asked what a typical buyer would be. Nelson stated that typical buyers are usually independent seniors, ages 60 – 70, more couples than singles, single car households, a few are still working and most are from the immediate area. Rankin noted that experience has been that these buyers buy as much as they can afford.

Robinson asked for clarification on the association fees and whether they will change over time. Nelson stated there are two pieces to that – management, and utility fees will change, but there are some reserve items. He noted that a change in association fees would happen through forecasting and that they will not stay the same forever because as time goes on, costs change.

Duffy asked at what point the developer would get out of the project. Nelson responded that they will have to have 90 – 95% of the units sold in order to close on the HUD loan. The residents will have to have their board together 60 days after the loan closes to take over operation. He stated that the developer currently manages some of their other buildings, but it is ultimately up the board to decide if they want to allow that.

Robinson asked if there is flexibility on the 40-year mortgage requirement. Nelson stated no.

Discussion continued about on-going affordability.

St. Peter asked whether the 2.5% equity cap is in the bylaws, and pointed out that the bylaws can be changed by a majority of the owners. Nelson stated that the equity cap is in the bylaws and technically, the owners could change it; however, he has never encountered that situation.

Rankin asked whether a real estate agent is generally involved with the sales. Nelson stated that they are typically not.

St. Peter stated that he would like to impose a Cloud 9 stipulation to maintain affordability so that the 2.5% equity would be locked-in as the appreciation cap for 30 years. In addition, since there are only 6 affordable units (below the EDA's standard requirement that 20% of the units be affordable), the mid-range units should also be locked-in at the 2.5% equity cap for 30 years. He suggested this should be a restrictive covenant that runs with the title stating these stipulations. Nelson said this could be done, and that it's just a matter of disclosure.

Thomas stated that he does not have a problem with locking in the equity cap in order to ensure that these units are affordable over time.

Duffy agreed with both Thomas and St. Peter and stated that more of these projects are needed in Minnetonka because there's a huge demand, and for this project they should compromise on the 20% affordability requirement.

Rankin clarified that the Cloud 9 stipulation should be added to the report and recommendation #3 should add a 30-year restrictive covenant on affordability for the affordable units and mid-range units.

Walker moved, Thomas seconded a motion to recommend to city council that: 1) Ten percent of the co-op units will have prices below the Met Council threshold of \$206,800, 2) Another 46% will be priced under \$300,000, and 38% will be priced between \$300 – 350,000, 3) The limited-equity aspect of Applewood Pointe imposes an appreciation cap of 2.5%, and a restrictive covenant for 30 years locking in the 2.5% equity will be placed on the 6 affordable units and the 28 mid-range units. All voted yes. Motion passed.

## **5. DECERTIFICATION OF TAX INCREMENT FINANCING DISTRICT NO. 1-3.**

Rankin said that in 1998, the city approved the creation of Tax Increment Financing District No. 1-3 for property located on the northeast corner of County Road 73 and I-394. At that time, the site was occupied by substandard housing.

In 1998, when the TIF district was established, the redevelopment for the Crescent Ridge office buildings had already begun. The TIF funding from the Crescent Ridge office buildings allowed Ron Clark to redevelop the rest of the remaining site with townhouses, of which 56 were sold at an affordable rate and indexed to maintain affordability. The TIF district was established April 1988 with a maximum allowable term of 25 years. With decertification expected by the city council on September 24, the district will have run nine years, and beginning January 1, 2008 an amount equivalent to the tax increment will go to the county, schools, and city.

Staff requested the EDA to adopt the resolution and recommend that the city council adopt a resolution decertifying the district.

Duffy asked how many more units are to be added. Rankin stated all building permits have been issued. Durbin stated that while all of the permits have been issued, construction continues.

Thomas moved, Duffy seconded a motion to approve the resolution and recommend that the city council adopt a resolution decertifying the district. All voted yes. Motion passed.

## **6. GLEN LAKE STREETSCAPING PLAN UPDATE**

Durbin introduced the item. In general, much of the streetscaping in Glen Lake is from the 1970s and 1980s. While most of the infrastructure has held up, sidewalks and streetlights have become increasingly difficult to repair. With the redevelopment of the east side of Glen Lake by the city and developer Tom Wartman, the city wants to ensure that all improvements are cohesive. In order to do this, the city has hired Close Landscape Architecture to create a streetscaping plan for the Glen Lake area, which will include a design to renovate the Glen Lake Plaza and the fountain. Over the summer, city staff and Close Architecture staff met with key Glen Lake business representatives and owners to get feedback on what they would like to see in the plan. In November, meetings with the broader business community and the general public will be held to generate comment and discussion.

Durbin introduced Ben Erickson of Close Landscape Architecture. Erickson reviewed issues and opportunities and presented approach #1.

In regard to approach #1, Walker asked how sidewalks adjacent to private businesses would be maintained. Erickson stated that there would have to be a partnership between the businesses and the city.

Erickson presented approach #2.

St. Peter stated that to be careful when putting sidewalks and landscaping near the road because of the salt in the winter.

Erickson stated that some had deemed this approach as “cookie cutter”. Walker stated that this is “perceived” value to the public and that he can see the value.

Duffy stated that he likes this approach because it slows traffic down and the landscaping gives some sense of security.

Walker stated that Glen Lake will need to create its own identity.

St. Peter suggested that this approach will have to budget in for long-term maintenance.

Erickson stated that some felt that this is too formal of a design and that landscaping should be clustered.

Lang commented that any design should include pedestrian paths because they are important to teens.

Thomas stated that the intersection at Excelsior Blvd. and Eden Prairie Rd. is not a safe intersection and that mid-block crossing on Woodhill Road is dangerous.

Walker stated that driveway entrances into the grocery store site should be re-evaluated.

Discussion ensued about the idea of a roundabout on Woodhill Road and the intersection at Excelsior Blvd. and Eden Prairie Road.

Walker stated that the curb cuts are complex at the gas stations.

Thomas noted that the challenge is to make the area pedestrian friendly.

Erickson presented approach #3.

Walker asked whether there are any sets of goals to help evaluate opinions, and that if not, some should be established.

St. Peter stated that visibility from the street is important for businesses and trees can obscure business signs.

Thomas stated that landscaping needs to be balanced.

Erickson presented the idea of a water feature at the edge of the district. Thomas suggested that Erickson take a picture of the water feature at Target at 7-Hi to get an idea of a natural-looking water feature that would fit in at Glen Lake.

Discussion ensued about the fountain at the Glen Lake Station Park and visibility of Glen Lake.

Lang stated that there needs to be family-friendly areas where kids can get wet.

Rankin mentioned that the walkways through the Kinsel Point development and Kinsel Park will add more pedestrian connections to the lake.

Duffy suggested that there should be a gathering space for concerts and other public gatherings. St. Peter stated that maybe something like this could be built in Kinsel Park.

Thomas suggested that the architects look at bike traffic in the area and the needs of bicyclists for such things as bike lanes.

Walker noted that the bank should be incorporated into the plaza area.

Lang noted that there is not a lot of parking near the plaza area. Walker stated that it would probably be more of a pedestrian destination.

Erickson presented the hybrid scheme, street segment details, and other details (crosswalk options, lighting).

Duffy stated that they have to keep the seniors in mind.

## **7. TRANSIT UPDATE**

Durbin reviewed the transit report items which included the annual Memorandum of Understanding with Metro Transit, expanded Dial-a-Ride service, regular route service including the possible restoration of route 612 service (Minnetonka Heights, 7-Hi, Glen Lake, Hopkins), the finishing of the I-394/County Road 73 Park and Ride, the city's opt-out status for transit and the Southwest Rail Study.

## **8. STAFF REPORT**

Scott-Sims reviewed the staff report items including a welcome to Ethan Lang, foreclosures, Homes Within Reach/WHAHLT, Meadowwoods, Comprehensive Plan Steering Committee, Minnetonka Blvd./Hwy 101, the Former Cattle Company site – 10600 Wayzata Blvd., Citywide and Fire Open House, and upcoming events.

## **9. SETTLEMENT AGREEMENT WITH GL DEVELOPMENT FOR PROPERTY ACQUISITION IN GLEN LAKE**

Rankin reviewed the report entailing the settlement agreement between the former owner of the property at 14301 Stewart Lane and the developer. The property had been condemned by the city for use in the Glen Lake redevelopment project. The property owner and the developer have now reached an agreement to settle the matter for \$415,000, covering all costs including interest and the appraisal.

Staff believed that this is a reasonable settlement to avoid the cost of the appeal and recommended that the EDA approve this settlement.

Duffy moved, Walker seconded the motion to approve the settlement. All voted yes. Motion passed.

## **10. OTHER BUSINESS**

Other upcoming meetings for Commissioners to note were announced as:

Tuesday, October 9	Citywide and Fire Open House 5:00 – 8:00 p.m.
Tuesday, October 16	Regular EDA meeting 6:00 p.m.
Wednesday, November 28	Joint City Council and Boards & Commissions Work Session on the Comprehensive Plan 6:30 p.m.

## **11. ADJOURN**

Thomas moved, Walker seconded a motion to adjourn. All voted yes. Motion passed. The meeting adjourned at 9:05 p.m.