

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**January 16, 2008
5:00 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 5:05 p.m.

2. ROLL CALL

EDA commissioners present: Dan Duffy, Bob Walker, Bunny Robinson, Brad Wiersum, Tony Wagner, Bill Yaeger

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

Others present: James Hiller

3. APPROVE MINUTES OF NOVEMBER 13, 2007 MEETING

Wagner made a correction. Wagner moved, Robinson seconded a motion to approve the November 13, 2007 meeting minutes as corrected. Duffy, Walker, Wagner and Yaeger voted yes. St. Peter and Wiersum abstained. Motion passed.

BUSINESS ITEMS

4. DISCUSSION ABOUT SOLICITING PROPOSAL FOR A MULTI-HOUSING DEVELOPMENT

Rankin introduced the item stating that several years ago the city purchased two parcels in the vicinity of Baker Road and Rowland Road. Recently, the city learned that the other four homes adjacent to the city's properties have willing sellers. City staff has spoken with two local multi-family developers about the property. While one was not interested, the other discussed a potential project for market-rate rental apartments using a design that would minimize noise from I-494. However, during follow-up discussions, the ability to include an affordable housing component became an issue. The developer is interested in pursuing Minnesota Housing funds and still wants to be considered for the project.

Rankin said that staff's recommendation is for the EDA to direct staff to solicit proposals from developers willing to work with the city to obtain funds under an affordable rental program offered by Minnesota Housing. Staff would prepare a Request for Proposals and send it to developers already having a track record with Minnesota Housing's programs. Proposals would be brought back to the EDA for review and discussion.

Rankin reviewed the site and its features, including proximity to I-494, wetlands and slopes, trail right of way, and power lines.

Wagner asked whether the piece next to the trail was owned by the County. Rankin stated that it is, and that the site is constrained by the knoll and the power lines. Wagner asked about the site's proximity to the proposed light rail transit station. Rankin stated that the site is about 2 miles away. Wagner asked whether people could walk to the station from this site. Rankin stated yes, the trail goes up to Shady Oak Road.

Wagner asked what the surrounding land uses are. Rankin reviewed the surrounding land uses.

Wiersum stated that this is an intriguing opportunity and that an apartment development would fit well on this site. He noted that one issue of concern is at what point do we engage the surrounding neighbors in the process? This situation is different from one where the developer comes in with a project because the city is being more proactive by buying parcels, soliciting developers for the project, and requiring a guide plan change. Wiersum stated that a higher standard of resident input is imperative in this situation and this input must be obtained early on in the process.

Rankin stated that two parcels across the street from the city owned parcels were listed as "for-sale" as well. Rankin asked whether we should look at both sides of Rowland Road. However, neither developer was interested in building on the other side.

Walker asked if there was a way to look at a larger land area. We need to look at the Rowland Road/Baker Road intersection. Walker stated that the intersection is dangerous because of misalignment and asked if there is an opportunity to discuss road improvements with the developer.

Duffy asked what the total size of the area is. Durbin stated that it is 4 to 4.5 acres total. Rankin stated that there is also a power line easement.

Duffy asked whether the city would entertain other development proposals from developers experienced with Minnesota Housing. Rankin stated that the city would like to work with the current developer right now, but if it does not work out, then it would get others involved.

Duffy asked whether the city would consider market-rate senior housing with an ICF design for this site.

Discussion ensued about noise from the interstate.

Wagner asked whether it is suggested that the city would facilitate the purchase of property. He asked what funds were used to purchase the city-owned parcels. Rankin stated that Development/Livable Communities accounts were used to purchase the smaller parcel, and the larger parcel was possibly purchased with roadway funds.

Rankin stated that the developer would be responsible for acquisition, but there is a sense of urgency to purchase the last property. He said that all four property owners have expressed interest in selling to the city.

Wiersum suggested that it is not a good time to sell homes due to the market; however because of market conditions, the city may get more offers from property owners wanting to sell their home.

St. Peter stated that this process should be done through an RFP to notify other developers of the project. He said that he shares the concern about making changes to the comprehensive plan and introducing something that was not in the previously in the plan. He stated that getting more density is good for this area. If the this site is going to be developed for multi-family housing, then he suggested that the city look at access to transportation, parks, trails, and services. St. Peter said that traffic is of concern in this area. Baker Road is a county road and if density increases, the county may want the city to install a stop light at the intersection.

St. Peter said that when the city purchased its parcels, the understanding was that affordable rental housing would be a component. The city should provide the developer with a loan to speculate the other properties, rather than purchasing the other properties itself due to current market conditions.

Wiersum stated that senior housing would have less traffic impacts than general housing. Wagner stated that there is senior housing just down the street.

Walker agreed with St. Peter and stated that the city should publish an RFP and let the free market dictate what the highest and best use for the property is, subject to the EDA's restrictions.

Wagner stated that the neighbors must be engaged prior to the publishing of an RFP.

Duffy cautioned that a proposed alternative light rail transit route goes through this area, but that it is not the preferred route.

Wagner stated that the city is short on meeting the city's affordable housing goals and suggested that the EDA require more than 20% affordability. Wiersum asked whether the city could donate property to exceed its affordable housing goals. Wagner asked what would more than 20% look like and whether the city could use its property for negotiating for more affordable units. Rankin stated that according to an appraisal, the two city-owned parcels were valued at \$600,000. He said that the EDA could consider a land write-down.

Rankin asked if the EDA wants staff to look at rental or senior co-op. St. Peter stated that it was his understanding that in co-ops, there is no room for affordable units because they are sold at market-rate.

Wagner asked whether the city received credit for the affordable housing at Cedar Hills Townhomes. Durbin stated no, while they renewed their Section 8 contract, the city only receives credit for the creation of new units, however, we did get credit on the Livable Communities Survey.

Wagner moved, Yaeger seconded a motion to direct staff to hold a neighborhood meeting to obtain resident input and to solicit an RFP to the broader development community indicating a preference for rental or senior housing with the possibility of 20% or more affordable units in the project. All voted yes. Motion Passed.

5. STAFF REPORT

Scott-Sims reviewed the staff report items including: 2007 EDA Annual Report, WHAHLT/HWR Update, Minnetonka Blvd. Corridor Planning, Minnetonka Blvd./Co. Rd. 101 update, and upcoming events.

6. OTHER BUSINESS

7. ADJOURN

Wagner moved, Duffy seconded a motion to adjourn the meeting. All voted yes. Motion Passed. The meeting adjourned at 6:00 p.m.