

AGENDA
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

Please note date & location Wednesday, October 22, 2008
6:00 p.m.



Community Room
Minnetonka Community Center, Lower Level

1. Call to Order.

2. Roll Call: Ellen Cousins Brad Wiersum
 Dan Duffy Tony Wagner
 Bunny Robinson Bill Yaeger
 Peter St. Peter

3. Approve minutes of September 8, 2008 and September 29, 2008 EDA meetings.

BUSINESS ITEMS

4. 2009 Non-profit funding.

Action: provide recommendation to the City Council.

5. Rowland/Baker Road.

Action: provide direction to staff.

6. Staff Report.

7. Other Business.

The next regular EDA meeting will be **Wednesday, November 12, 2008** in the Council Chambers.

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**

**September 8, 2008
6:00 p.m.**

**Community Room
Minnetonka Community Center, Lower Level**

1. CALL TO ORDER

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

2. OTHER BUSINESS

Wischnack asked commissioners to provide her with their availability for a special meeting in September to discuss the Glen Lake TIF notes. Based on commissioners' responses, the date and time chosen for the special meeting was September 15, 2008 at 5:00 p.m.

3. ROLL CALL

EDA commissioners present: Peter St. Peter, Dan Duffy, Bunny Robinson, Ellen Weishar Cousins, Brad Wiersum, Bill Yaeger

EDA commissioners absent: Tony Wagner

Staff Present: Julie Wischnack, Elise Durbin, Stephanie Scott-Sims, Merrill King

Others Present: James Hiller

4. APPROVE MINUTES OF AUGUST 12, 2008 MEETING

Wiersum made a correction to his statement on page 4, eighth paragraph, that should read "He stated that if the EDA recommends a lower amount, then there's a risk that the council may not pass anything. Weishar Cousins made a correction to her statement on page 4, last paragraph, that should read "because it may not benefit them directly".

Duffy moved, Wiersum seconded a motion to approve the August 12, 2008 as meeting minutes as corrected. St. Peter, Duffy, Weishar Cousins, Wiersum and Yaeger voted yes. Robinson abstained. Motion passed.

BUSINESS ITEMS

5. 2009 HRA LEVY

Wischnack presented the item, including an e-mail from Wagner who could not be at the meeting.

Wiersum asked if the development account is depleted whether the city has other accounts from which to borrow. King answered yes. Duffy asked whether these other accounts draw interest. King answered yes. She stated that the account the city would most likely borrow from would be the utility account, which has a healthy balance. King stated that short-term borrowing from other funds is doable but longer-term borrowing may not be.

St. Peter, referencing a handout, asked whether \$40,000 in interest payments is realistic. King answered yes and that it is projected at 3.5 percent interest.

St. Peter stated that due to the limitations placed upon the use of the funds in the livable communities account, the city should not divert a lot of money to it.

Duffy asked whether the majority of the money in the development account has gone toward the Glen Lake redevelopment project. Wischnack stated yes, a substantial part of it. King stated that she was confident that some of it would come back to the city from the TIF over the contracted 15-year period.

St. Peter expressed concern that the development account funds have been used without action by the EDA.

Yaeger asked whether the EDA would have to approve the use of the funds generated by the proposed HRA levy. Wischnack answered yes.

Yaeger stated that the city must explain to residents that the use of the HRA funds would benefit everyone and not just some people.

Weishar Cousins stated that the city must make people understand that if the city does not use funds to meet the Metropolitan Council's affordable housing goals, then we lose money for the entire community.

Wiersum stated that it is difficult to get the word out on how beneficial affordable housing is to the community but that the city should make an effort to do so.

St. Peter stated that it needs to be reiterated that the city helped to establish WHAHLT/Homes Within Reach and that it should continue to support them because WHAHLT is only doing what the city has asked them to do.

Wiersum stated that the typical taxpayer does not understand or care what affordable housing is. It comes down to the leadership to take a stance on the issue and prove why raising taxes is beneficial to the community.

St. Peter explained that there are two issues for discussion tonight: (1) Whether the city should establish an HRA levy and (2) if so, for what amount.

Yaeger moved to adopt the HRA resolution and set the preliminary HRA levy at \$400,000. Duffy asked for a point of clarification, and asked what the HRA levied funds can be used for and whether the EDA determines what is done with the funds. Durbin stated that the funds can be used for anything the EDA can do under the law. King stated that the EDA would set a budget in November that designates the funds will be used for. The EDA could adjust the budget the following year by formal action and city council approval. King stated that the budget would include line items that would specify to taxpayers what their money is funding.

Duffy expressed concern that the EDA would pick a number that is palatable for taxpayers but would not provide enough money to adequately fund the account and provide the EDA with the money it needs to support the city's affordable housing goals. Wiersum stated that the economy is tough and it is not a good time to raise property taxes so the EDA may need to start low then increase the levy later.

Duffy seconded the motion to adopt the HRA resolution and set the preliminary HRA levy at \$400,000. St. Peter expressed concern that \$400,000 is too low and that \$500,000 to \$800,000 is needed to help recoup what has been spent in the development account. St. Peter stated that he is comfortable with \$500,000 but supports \$800,000. St. Peter requested that staff include future economic projections and forecasts several years out as part of its staff report to the city council.

Robinson moved to make a friendly amendment to Yaeger's motion to a preliminary HRA levy at \$500,000. Yaeger denied Robinson's motion. No one seconded the motion. Motion failed. Robinson moved to make an amendment to set the preliminary HRA levy at \$500,000. No one seconded the motion. Motion failed.

St. Peter reiterated Yaeger's motion and held a vote. St. Peter, Duffy, Robinson, Weishar Cousins, Wiersum and Yaeger voted yes. Motion passed.

6. STAFF REPORT

Scott-Sims reviewed the staff report items including the Glen Lake Streetscaping and Plaza updates, Glen Lake Redevelopment, Hennepin Technical College House update, the ULI-MN Opportunity City Pilot Program update, Minnetonka

Blvd./Co.Rd. 101 Landscaping update, Opus station area study, Southwest LRT DEIS study, Citywide Open House, Minnetonka foreclosures update, and Upcoming Events.

7. ADJOURN

Duffy moved, Yaeger seconded a motion to adjourn the meeting. All voted yes.
Motion passed. The meeting adjourned at 7:39 p.m.

**Unapproved
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**September 29, 2008
5:15 p.m.**

**Mezzanine Conference Room
Minnetonka City Hall, Upper Level**

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 5:16 p.m.

2. ROLL CALL

EDA commissioners present: Peter St. Peter, Dan Duffy, Ellen Weishar Cousins, Bill Yaeger, Brad Wiersum

EDA commissioners absent: Bunny Robinson, Tony Wagner

Staff Present: Julie Wischnack, Stephanie Scott-Sims, Merrill King

Others Present: Bob Ellingson, James Hiller, Tom Wartman, Steve Bubul, Mark Ruff, Dale Riley, Anne Malm Hossfeld, Grace Sheely, Laurie Blake

BUSINESS ITEMS

3. ISSUANCE OF NOTES FOR GLENHAVEN TIF DISTRICT

Wischnack presented the item stating that in 2006, the city of Minnetonka entered into a redevelopment agreement with Glen Lake Redevelopment, LLC, and that agreement was subsequently amended in 2007. The development agreement provided for the issuance of TIF notes, and the developer has now requested that such notes be issued. The TIF notes will be paid as determined by the repayment schedule and will be used by the developer to secure private financing to reimburse expenses already incurred for the project.

There are several agreements pertaining to the Glen Lake redevelopment project and requirements for each component:

Contract for Private Redevelopment (Dated May 15, 2007)

Phase I (Site B)—The Exchange

To begin 120 days after land assembly if condemnation is required, or June 30, 2007 (whichever is later) and completed within 18 months.

- Building permit issued May 18, 2007.
- Construction to be completed by November 18, 2008.
 - Construction completed May 2008.

Phase II (Site C)—Kinsel Point

To begin 120 days after land assembly if condemnation is required, or December 31, 2007 (whichever is later) and completed within 18 months.

- No permit has been issued.
- If begin December 31, 2007, then must be complete by June 30, 2009.
- City Council granted an extension on December 17, 2007 that the site plan is approved until December 31, 2008.

Phase III (Site A)

To begin 120 days after land assembly if condemnation of leasehold interests is required or not later than one year after completion of Phase II (whichever is later). To be completed within 18 months if there is one building or 24 months if there are two buildings. Demolition is to be completed prior to December 31, 2008. If minimum improvements are not scheduled to begin within 60 days after demolition, then interim landscaping must be completed by December 31, 2008.

- No permit has been issued.
- Demolition must be completed by December 31, 2008.
 - Demolition was completed by June 30, 2008.
 - Interim landscaping must be completed by December 31, 2008.
- If the redeveloper does not begin the minimum improvements on Phase III by December 31, 2008 the city has the option to purchase the property. If the city decides to purchase the property its option expires on December 31, 2011.

Gold Nugget (Agreement signed May 15, 2007)

This agreement was put into place when the Gold Nugget restaurant was planned to be located north of the grocery store. Per the agreement, construction is to be completed 180 days after demolition deadline. On April 7, 2008, the city council approved a new plan in which the Dragon Jade will be located north of the grocery store, and the Gold Nugget will be located in the one remaining commercial tenant space at The Exchange.

- Parking approvals were granted, but no permits have been issued to finish the Gold Nugget's tenant space at The Exchange.
- Construction work is nearing completion for the Dragon Jade.

The existing redevelopment agreement sets forth the city's security in the event of a default by the developer. The two remaining initial items involve opening the Gold Nugget and landscaping the demolition site north of the grocery store. Both of these items are required to be completed prior to the end of the year. The developer has requested that he not be required to install the landscaping north of the grocery store because he anticipates development on the site in the near future. Staff is willing to accept a temporary installation for erosion control if the longer-term landscaping is installed no later than June 30, 2009 if no development proceeds.

Because of this request and because the developer is requesting that the TIF note be issued prior to completion of these two items, staff believes it advisable to execute a side agreement. The side agreement would incorporate the landscaping compromise and require additional security prior to issuance of the note. This supplemental agreement, which would be in addition to the various requirements of the existing redevelopment agreement, would allow the city to assess an additional penalty if the Gold Nugget restaurant is not open and the two-phase landscaping on the Phase III site is not completed by December 31, 2008 and June 30, 2009. The penalty would be a reduction in the allowed developer's profit of approximately \$1500 per day. Staff believes this additional performance surety will provide timely completion of the restaurant and landscaping.

Wischnack stated that the interim landscaping on Site A would be installed if the proposed St. Therese project is to go forward. The landscaping would not be permanent due to this pending project on the site. All changes would require renegotiation of the contract.

Wischnack reiterated that the city is not issuing revenue bonds for the project. The developer is pursuing private financing secured by the tax increment note. In addition, the city negotiated a penalty of \$1,500/day from the developer's profit if the contract obligations are not met.

Duffy asked what would happen if Phase II does not happen for some time and Phase III starts. Ruff stated that it depends on how quickly St. Therese comes to the table regarding the financing and when we have to come back. Ruff stated that they have not reached preliminary projections on how much St. Therese would generate.

Wiersum asked for clarification on the note, including what is the risk and whether the banks would give a loan to the developer if the TIF note has no liquidity. Wiersum questioned whether this is a good time to vote on this due to the state of the market. Bubul stated that the TIF note looks like a bond with P&I but it is still a pay as you go note with increment from Phases I and II. The developer is taking the note to use as collateral for financing – whether the bank funds him is between him and the bank. Ruff stated that

they have seen the letter of commitment from the bank and that whether the bank goes forward based on current events is something he is not sure of.

Wiersum asked whether the taxes are billed or are the taxes paid. Bubul stated that the taxes are paid.

Yaeger asked for explanation on what would cause a penalty to be incurred and what is the timing on that. Wischnack stated that a penalty would be incurred under 3 conditions: (1) if the Gold Nugget does not open by December 30, 2008, (2) if the interim landscaping is not installed by June 30, 2009 and, (3) if the temporary landscaping is not installed by December 31, 2008. A failure to meet the Gold Nugget conditions can result in a default. The penalty would be no higher than \$1,500 per day.

Wiersum asked what the interim landscaping would look like. Wischnack stated that there are a lot of things going on and some issues are being addressed now and that the guidelines for the interim landscaping are spelled out in a letter addressed to the developer on September 26, 2008 which includes a resolution to various issues.

Wartman stated that a contractor that won the bid needed a staging area. St. Peter stated that they may want to put up a temporary fence. Wischnack stated that Aaron Schwartz is taking care of all of that.

Wiersum asked for an update on the status of the Gold Nugget since we are coming up on the deadline and no work has been done. Wartman stated that they are working on the design and will be presenting plans to the city next week. Wiersum asked whether Axels is still a partner. Wartman replied no. Wartman stated he has been talking to multiple people to make sure what is done is best for the area. St. Peter expressed concern about adopting an agreement when penalty fees may begin right away because the developer has a lot of things to do within a 90-day period.

Yaeger asked what would happen if the Gold Nugget opens then closes. Weishar Cousins stated that she did not want to adopt the agreement and set the developer up to fail. Bubul stated that there is a built in default provision with a 30-day curing period.

Wiersum stated that he wants to see this happen and would like to see a 30-day grace period, however, he knows that the city is not in the position to negotiate that. Instead, the city could just modify the existing agreement to get this project done and be successful.

Wartman stated that he intends to bring the plans to the city next week and will be applying for a liquor license.

Duffy moved, Yaeger seconded a motion to approve the TIF based on staff recommendations. All voted yes. Motion passed.

4. OTHER BUSINESS

Wischnack noted that the City-Wide Open House will be Tuesday, October 7 from 5-8 p.m. and that the next regular EDA meeting will be on Tuesday, October 14, 2008. Discussion occurred about changing the date of the next regular meeting in October.

5. ADJOURN

Weirsum moved, Duffy seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 5:54 p.m.

EDA Agenda Item #4
Meeting of October 22, 2008

Brief Description: CDBG 2009 Non-Profit Funding Overview

Recommended Action: Provide a funding recommendation to the City Council.

CDBG Overview

Beginning in 1974, the Community Development Block Grant (CDBG) program is one of the longest continuously run programs implemented by the U.S. Department of Housing and Urban Development (HUD). The CDBG program provides annual grants, based on a formula, which distributes dollars to 1,180 units of local government and States. The CDBG program strives to ensure affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG provides communities with resources to address a wide range of unique community development needs.

An annual CDBG appropriation is allocated between States and local jurisdictions called "non-entitlement" and "entitlement" communities, respectively. Entitlement communities are comprised of central cities of Metropolitan Statistical Areas (MSAs); metropolitan cities with populations of at least 50,000; and qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement cities). States distribute CDBG funds to non-entitlement localities, not qualified as entitlement communities.

HUD determines the amount of each grant by using a formula comprised of several measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

Purpose of CDBG

HUD awards grants to entitlement community grantees to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. A grantee must develop and follow a detailed plan that provides for and encourages citizen participation. This integral process emphasizes participation by persons of low or moderate income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds.

Entitlement communities develop their own programs and funding priorities. However, each activity must meet one of the following national objectives for the CDBG program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing

conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available. CDBG funds may not be used for activities which do not meet these broad national objectives. Over a 1, 2, or 3-year period, as selected by the grantee, not less than 70 percent of CDBG funds must be used for activities that benefit low- and moderate-income persons (persons at 80 percent area median income or less).

Urban Hennepin County CDBG Program

Both the City of Minneapolis and Hennepin County are entitlement recipients and receives CDBG funding directly from HUD. The county makes its CDBG funding available to non-entitlement communities in suburban Hennepin County through the Urban Hennepin County CDBG program under the terms of an agreement with the 42 suburban Hennepin County communities. Under this agreement, 11 suburban Hennepin County communities receive an allocation of CDBG funds from the County based upon the federal entitlement formula and the remaining 31 communities have access to the county's CDBG funding from a consolidated pool through an application process.

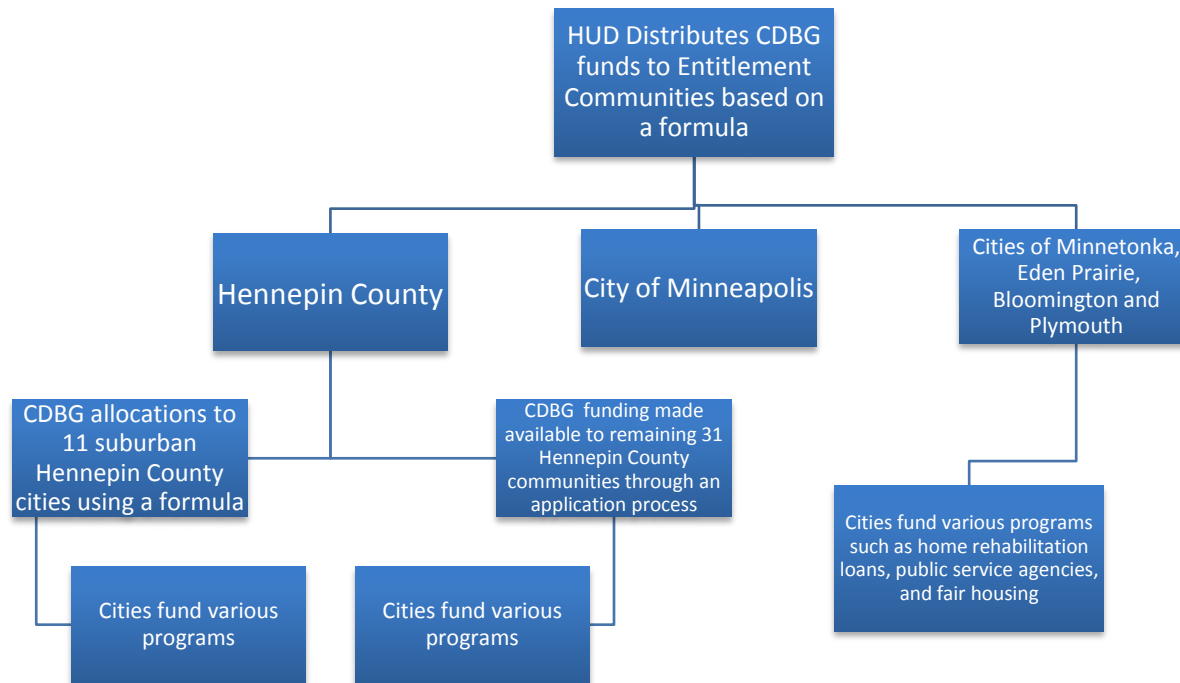
For those 11 communities that receive an allocation from the county, each municipality has the discretion to determine which activities in their community will be funded with their CDBG allocation through a public hearing/city council review and approval process. An advisory committee, consisting of municipal representatives, formulates a funding recommendation for the consolidated pool.

Minnetonka CDBG

Minnetonka participated in the Urban Hennepin County CDBG Program from 1975 until becoming an entitlement community in 2005. This arrangement allowed the city to receive federal CDBG funds through an allocation from Hennepin County. During that time, the County waived its administrative fee for Minnetonka, Eden Prairie, and other cities having populations over 50,000, as an incentive to remain with the Hennepin County program. In 2005, the County was no longer willing to waive this fee. Through research, Minnetonka and Eden Prairie determined that administering a CDBG allocation directly from HUD as an entitlement community and managing the program in-house could be done for less than the cost the County would charge for administering the program.

On May 9, 2005, the Minnetonka City Council approved a resolution discontinuing the city's participation in the Urban Hennepin County CDBG Program and approving Minnetonka to become an entitlement community. The council approved the Hennepin Housing Consortium Joint Cooperation Agreement between Hennepin County and the entitlement cities of Minnetonka, Eden Prairie, Bloomington, and Plymouth. This agreement states that the entitlement cities agree to work toward the CDBG goals and priorities set forth by the County in its five-year Consolidated Plan.

CDBG Allocation process in Hennepin County



| 2005 \$221,589 | 2006 \$196,706 | 2007 \$195,032 | 2008 \$186,669 |
|---|---|--|---|
| <ul style="list-style-type: none"> • CAPSH • HM-FRC • HOME Line • GMDCA (JVS) • SCS-HOME • Emergency Rehab Loan • Owner-Occupied (OO) Rehab Loan | <ul style="list-style-type: none"> • CAPSH • HM-FRC • GMDCA (JVS) • SCS-HOME • HOME Line • Cedar Hills Townhomes • Emergency Rehab Loan • OO Rehab Loan • Administration • Fair Housing | <ul style="list-style-type: none"> • CAPSH • HM-FRC • JVS • SCS-HOME • HOME Line • Emergency Rehab Loan • OO Rehab loan • Administration • Fair Housing | <ul style="list-style-type: none"> • CAPSH • HM-FRC • SCS-HOME • HOME Line • Emergency Rehab Loan • OO Rehab Loan • Administration • Fair Housing |

City of Minnetonka CDBG Allocation by Year and Subrecipients

Key: CAPSH=Community Action Partnership of Suburban Hennepin; HM-FRC=Hopkins Minnetonka Family Resource Center; GMDCA=Greater Minneapolis Day Care Association; JVS=Jewish Vocational Services; OO Rehab Loan=Owner Occupied Rehabilitation Loan; SCS=Senior Community Services

Funding Process

In July 2008, city council revised City Council Policy 2.8 (enclosed) which establishes guidelines for the support of nonprofit organizations. The new policy streamlined the application, review and approval process, and improved both the fairness and effectiveness of public appropriations. The revision changed how funding requests for housing and human services programs are reviewed, regardless of the source of funding i.e. CDBG, Livable Communities account, etc.

As prescribed by the new policy, staff recently advertised for and received applications from nonprofit agencies for 2009 funding. Following preliminary council direction on funding targets, the EDA is being asked to review individual requests and provide recommendations to council in November.

Funding Criteria

According to City Council Policy 2.8, the following criteria will be used to determine funding priorities for nonprofit organizations requesting city support:

- **Community-wide benefit.** Services provided by the nonprofit organization must benefit the community as a whole by meeting an important city-wide need, and by serving a proportionately high number of Minnetonka residents.
- **Access to funding.** The organization must have made reasonable efforts to raise funds from other sources, and have limited access to alternative forms of support.
- **Cost effectiveness.** The organization must not duplicate services already meeting community needs, and make effective use of volunteers and in-kind contributions to reduce the cost of service delivery.

As funding becomes tighter for non-profit organizations, more and more agencies are seeking funding from sources they may not have approached in the past. At the same time, the city is being asked to do more with less, both with general levy funds, as well as with declining CDBG funds.

This year, the city received 11 nonprofit funding requests. The EDA has received in advance, a copy of all applications for 2009 funding (including CDBG and Livable Communities funding), a ranking form for each application, and an instruction sheet. Commissioners have been asked to review each application and complete the ranking form as much as possible.

Further, commissioners have been asked to bring the ranking forms to the regular EDA meeting on October 22. At that meeting, each applicant will be given 1-3 minutes to provide a brief organizational/program overview and the EDA will be given 7-9 minutes for questions and answers. This Q&A will allow Commissioners the opportunity to

receive clarification on application items, providing them with the information needed to fully complete the ranking forms. The schedule for applicant presentations is as follows:

| TIME | ORGANIZATION |
|-------------|------------------------------------|
| 6:15 p.m. | Treehouse |
| 6:25 p.m. | HM-FRC |
| 6:35 p.m. | WHAHLT |
| 6:45 p.m. | Reach & Restore |
| 6:55 p.m. | Ridgedale YMCA/ Minnetonka Heights |
| 7:05 p.m. | SCS |
| 7:15 p.m. | HOME Line |
| 7:35 p.m. | CommonBond |
| 7:45 p.m. | CAPSH |
| 7:55 p.m. | ICA |

After each presentation, Commissioners will submit their completed ranking forms to staff, who will tally up the results and present them during the meeting. The EDA will then have the opportunity to discuss the results and make a recommendation to council.

Amount of Funding Available

This year, 7 organizations have submitted requests for a total of \$46,110 in CDBG public service dollars. The city's 2009 support for nonprofit housing and support programs is necessarily limited to anticipated federal CDBG funding for a total of \$46,664. It is important to realize that the city's final 2009 CDBG allocation will not be known until January 2009. Because of the need to make funding recommendations at this point in time, the city is basing its 2009 allocations on the portion of Minnetonka's 2008 CDBG funding available for public service programs, which was \$28,000, and an additional \$18,664 that is currently available due to prior year funding to be reallocated to nonprofit applicants. However, it is important to recognize that \$18,864 of the total should be considered one-time resources, and should be allocated accordingly. The council will hold a public hearing on final CDBG funding allocations in February 2009.

Additionally, the city received three applications from organizations that historically have been funded through the city's Livable Communities Account.

| Housing and Support (CDBG) | 2007 | 2008 | 2009 Request |
|---|------------------|------------------|---------------------|
| Senior Community Services (SCS) H.O.M.E. Program | \$13,225 | \$13,700 | \$14,110 |
| Community Action Partnership of Suburban Hennepin | 4,130 | 4,500 | 5,000 |
| Hopkins-Minnetonka Family Resource Center | 4,895 | 5,000 | 5,000 |
| HOMELine | 935 | 1,500 | 3,000 |
| Intercongregation Communities Association (ICA) | 0 | 0 | 5,000 |
| Treehouse | 0 | 0 | 4,000 |
| Reach and Restore | 0 | 0 | 10,000 |
| <i>Total Housing and Support</i> | <i>\$29,415</i> | <i>\$24,700</i> | <i>\$46,110</i> |
| Livable Communities Account | | | |
| Homes Within Reach (WHAHLT) | 230,000 | 230,000 | 250,000 |
| CommonBond (Crown Ridge) | 16,000 | 16,000 | 10,000 |
| Ridgedale YMCA (Minnetonka Heights) | 0 | 0 | 20,000 |
| <i>Total Livable Communities Account</i> | <i>\$246,000</i> | <i>\$246,000</i> | <i>\$280,000</i> |

Recommendation

Staff recommends the EDA receive the presentations given by the grant applicants and make a funding recommendation to the city council.

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Stephanie Scott-Sims, Community Development Coordinator

EDA Agenda Item #5
Meeting of October 22, 2008

Brief Description: Discuss the Rowland/Baker housing project

Recommended Action: Provide direction to staff

Background

In January, staff discussed a possible housing project with the EDA at the site bounded by I-494, Rowland Road, Baker Road, and the Southwest LRT Trail (page A1). There are seven parcels with six homes in this area totaling 4.36 acres in size. The city owns three parcels (two homes), and the remaining four parcels and homes are privately owned (page A2). The city's two homes are rental properties—one at an affordable rate and the other at a market rate.

At the January meeting, the EDA expressed interest in possibly acquiring the remaining properties and then soliciting developers to construct a multi-family housing project with an affordable housing component. Staff has met with the property owners to discuss their interest in selling to the city, and all have indicated willingness to sell if a price can be negotiated.

Appraisals

Appraisals were conducted on each of the four privately owned properties in August 2008, and a previous appraisal was conducted on the city's properties in 2007. The appraised value of the four privately owned properties totaled in the range of \$900 to \$1.3 million. Individually the properties ranged from low \$200,000 to over \$300,000. The combined value of the city's properties is \$600,000.

Discussion

Based upon the appraisal prices, the EDA has several options.

1. Do nothing. The city can continue to rent out the two homes and the private property owners can proceed with their own plans.
2. Purchase some of the properties, if an appropriate price can be negotiated. Perhaps a smaller project than what was originally anticipated in January could be completed by purchasing some, but not all of the properties. The city could also sell one or both of its properties to purchase others. This may allow for a better configuration in order to develop something.
3. Purchase all of the properties, if a price can be negotiated.

Theoretically, the site would have to accommodate 150 units to make the project work. This would be a density of 34 units per acre. For comparison, the recent Applewood Pointe project was purchased for \$705,000 and will have a density of 18.65 units per acre.

As the EDA is aware, the city's development account, which would be used to purchase these properties, is declining and there are not enough funds available in order to purchase all of the properties from this fund alone. There are livable communities funds available; however, state statutes limit the city's use of these funds for housing activities (including acquisition), and the housing must meet the affordable housing guidelines as set by the Metropolitan Council.

Recommendation

Provide direction to staff. The property owners have been very patient with the city; however, direction needs to be given so staff can follow up with them.

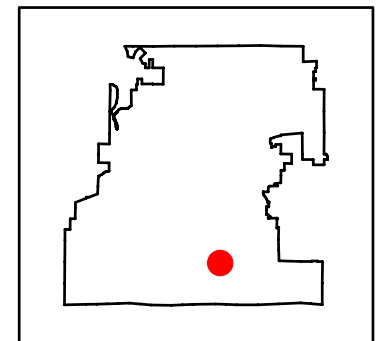
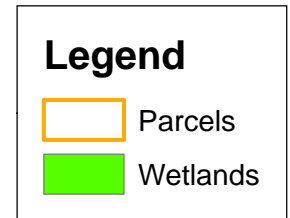
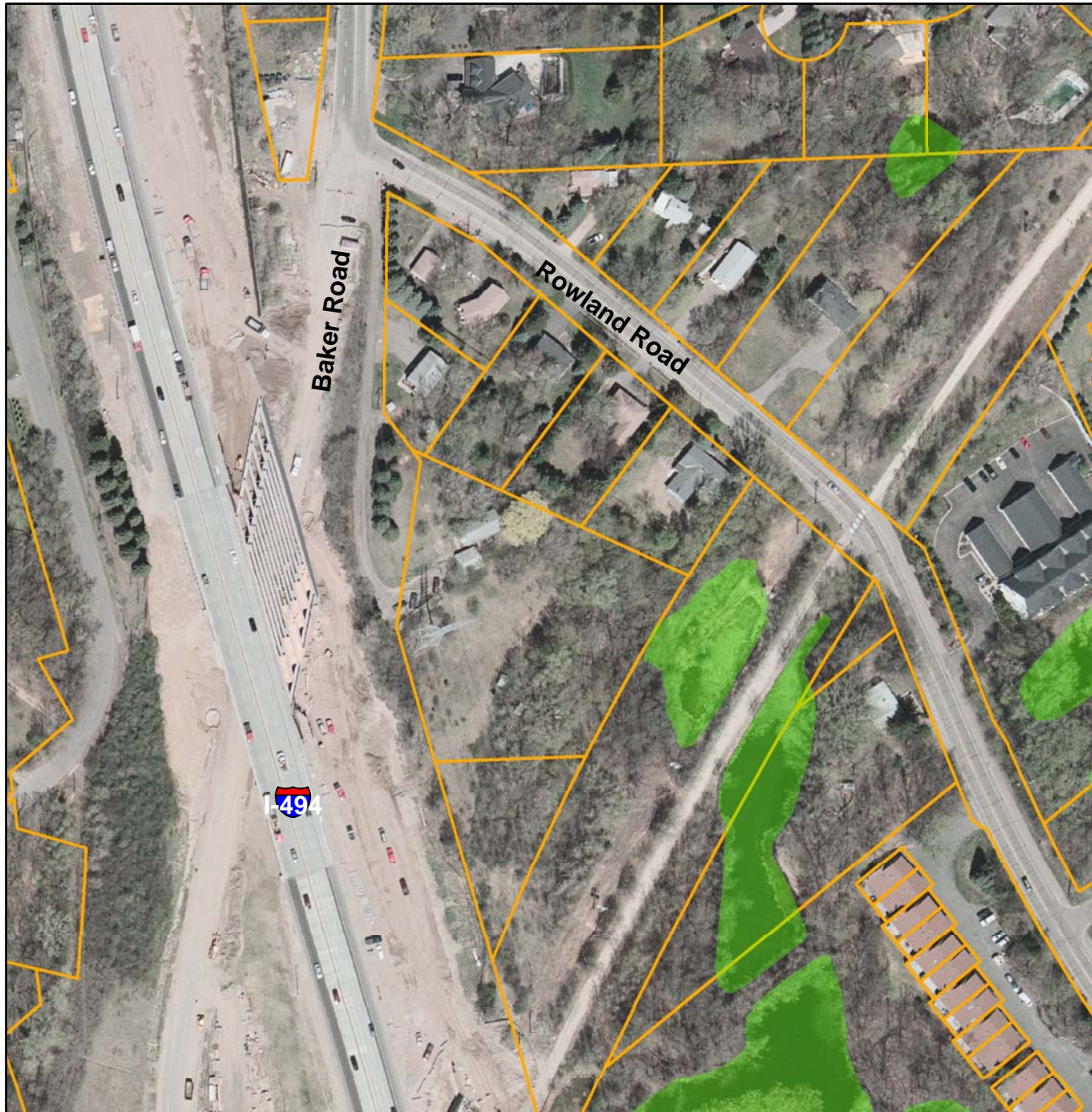
Submitted through:

Julie Wischnack, AICP, Community Development Director

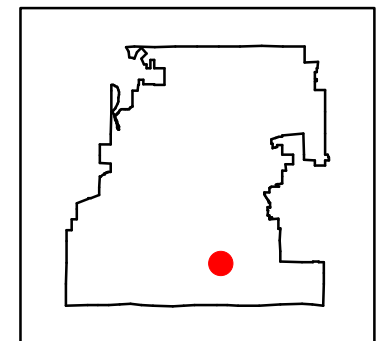
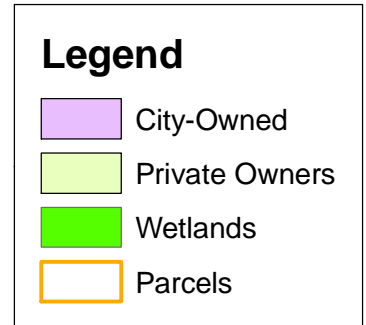
Originated by:

Elise Durbin, AICP, Community Development Supervisor

Baker and Rowland Road Project



Baker and Rowland Road Project



500 Feet

**EDA Agenda Item #6
Meeting of October 22, 2008**

Brief Description: Staff Report

Glen Lake Streetscaping and Plaza

Construction on the streetscaping has begun. The old sidewalks, streetlights and transit shelter have been removed. The new sidewalks are expected to be poured (weather permitting) the week of October 20. All work, except landscaping, is scheduled to be completed prior to Thanksgiving. The landscaping will be done next spring.

Based upon comments received at a neighborhood meeting regarding the plaza, the consultants were asked to create a hybrid concept plan. City staff met with the landscape architect consultant to review the new hybrid concept. The next step is to bring the concept forward for review by city council.

The fence around the Xcel Energy substation will be installed the week of October 20th.

Hennepin Technical College House Update

Construction on the house on Spring Lane is underway. The foundation was poured in early September, and framing is now underway. Because students are participating in the process, the house will not be complete until next spring.

Minnetonka Blvd./Co. Rd. 101 Landscaping

The proposed plantings at 5/101 are scheduled for partial installation this fall and will be completed in spring 2009. These plantings include trees and shrubs, which will be located in the right of way and also in the designated green space in the alley.

DEIS/Station Area Study

The scoping meetings for the DEIS study were held on October 7 in Minneapolis and on October 14 in St. Louis Park. The first two meetings were well attended. The next scoping meeting will be held on October 23 in Eden Prairie. Additionally, Hennepin County will be taking comments on the proposed and other alternative alignments via email, website, and phone. Information on the DEIS can be found on the Southwest Transitway website at www.southwesttransitway.org.

The Station Area Study is still in the information collecting stage, and small visioning sessions with property owners near each station to gain additional background information have been held. Visioning meetings were held on October 8 for the Opus station and October 14 for the Shady Oak Road station.

Minnetonka Boulevard Corridor Study

An open house for the Minnetonka Boulevard Corridor Study will be held on October 21. The purpose of this open house is to gather comments about Minnetonka Boulevard how it functions, its appearance and the use of it. An update will be provided at the EDA meeting.

Foreclosures Update

According to information from the Hennepin County Sheriff's Sales website and Finance and Commerce's Foreclosure Report for Hennepin County, there were 70 foreclosures in Minnetonka in 2007 and 189 foreclosures in 2008 (as of October 14).

2030 Transportation Policy Plan (TPP)

The TPP is prepared by the Metropolitan Council to address the Twin Cities' region's mobility. The TPP is updated periodically, and recently, the Metropolitan Council released its updated 2030 TPP (in its draft form) for comment. In the attachments is a summary of what the TPP covers and its impacts on Minnetonka prepared by Jeffrey Thomson, Planner with the city. Please contact Jeff with any questions.

Upcoming Events

Wednesday, October 29, 2008

Sensible Land Use Coalition Program
"Development (De) Regulation in the New Economy"
Double Tree Park Place Hotel, St. Louis Park
11:30 a.m. – 1:30 p.m.

Please let Stephanie know by October 21 if you wish to attend

Julie will be one of the featured speakers at this program

Wednesday, November 12, 2008 Regular EDA meeting
Minnetonka City Hall
Council Chambers
6:00 p.m.

Attachments

- EDA Project Update
- Sensible Land Use Coalition program flier
- 2030 Transportation Policy Plan

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Stephanie Scott-Sims, Community Development Coordinator

EDA PROJECT UPDATE

Affordable Housing

Livable Communities Act Goals

(The results to date include all affordable units approved by the City Council; however, some units have not been built yet).

| | Goals (1995-2010) | Results to Date | Percent of Goals |
|---------------------------------|-------------------|-----------------|------------------|
| Owner-Occupied New Construction | 180 units | 223 units | 124% |
| Rental New Construction | 324 units | 213 units | 65% |
| TOTAL | 504 units | 436 units | 86% |

Project Updates

| Project | Total Units | Affordable Units | Update |
|--------------|-------------|------------------|--|
| Sanctuary | 23 | 4 | Third affordable unit sold to WHAHLT on 4/19/07—WHAHLT sold to homebuyer on 4/23/07. Fourth unit is pending. |
| Meadowwoods | 17 | 2 | The affordable units are complete. WHAHLT purchased the units in May and has sold one of the units. |
| Glen Lake | 197 | 33 | C of Os have been issued for both residential and commercial tenants at The Exchange. Many commercial tenants have moved in. At the Oaks at Glen Lake: As of September 30, out of a total of 54 units, there were 31 occupied residential units: 20 market rate and 11 “affordable” 1 BDRM units. There are 2 “affordable” studio apartments vacant. |
| HWR (WHAHLT) | | | 33 Minnetonka units, 57 units total; 56 units have been leased to homebuyers. 1 Resale in Minnetonka. |

Transit

Metro Transit

- Route 612 (Minnetonka Heights/7-HI/Glen Lake/Downtown Hopkins) was reinstated in June 2008. Ridership numbers have been much lower than anticipated. Nevertheless, Metro Transit has expressed interest in applying for additional grant funds for 2009 for the continued operation of Route 612.

Economic Development/Business

- Minnetonka • 101 Business Association
 - Discussions continue on the establishment of a special services district.



October 29, 2008

Development (De) Regulation in the New Economy

As the housing market continues to slump, the results not only effect the national economy, but also the growth and prosperity of our communities and their ability to provide municipal services. In this down market, developers are unable to pass along the increasing cost of government regulations and fees to new home buyers. Join the Sensible Land Use Coalition and learn how cities can create a new paradigm providing for a stable housing market while paying for the services and infrastructure required of new development.

Program objective: industry professionals will share their insight of how cities can overcome the "new" economy and continue to satisfy the needs of the city's infrastructure and citizens.

This program will address these questions, and more:

- ▶ How can we preserve community character while meeting the housing needs of tomorrow?
- ▶ How do development regulations impact our current housing woes?
- ▶ Are there workable strategies for reducing housing costs through sensible land use regulations?
- ▶ What are the pros and cons of paying for growth with impact fees?
- ▶ Do development regulations need to be modified to respond to demographic changes?
- ▶ Can future growth be accommodated in more environmentally and fiscally conservative ways?
- ▶ Are there new methods of paying for growth while promoting affordable housing?

See reverse side for speaker information.

Registration Options

Development (De) Regulation in the New Economy
October 29, 2008, 11:30 AM–1:30 PM

Cost (add \$10 after 4:00 pm on October 27)

Members

Non-members

\$35

\$45

This session will be recorded.

Cancellation and other program policies available at www.sensibleland.org

Program location (map on reverse):

Double Tree Park Place
1500 Park Place Blvd, St. Louis Park, MN

CRE and AICP application pending.
AESLAGID credits available.

Registration Form

Development (De) Regulation in the New Economy • October 29, 2008
Register 11:15 AM • Program 11:30 AM–1:30 PM

Attendees

1. _____ 2. _____

3. _____ 4. _____

5. _____

Company/Agency _____

Phone _____

Email _____

Sorry, no PO's.

Vegetarian meal preferred

Please retain a copy of your registration form for your records.

Seating is limited. Reservations must be received in our office no later than 4:00 PM, October 27, 2008.

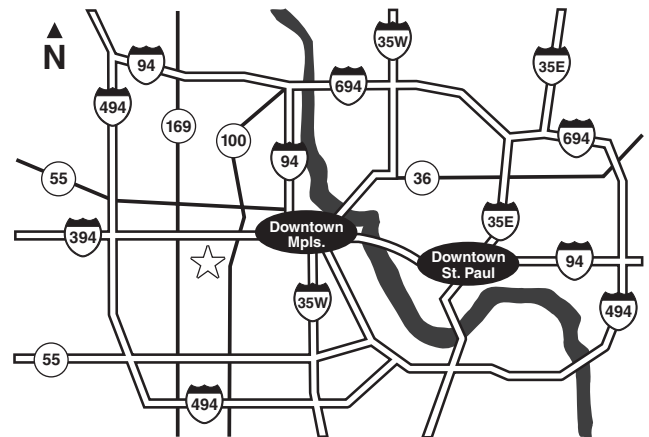
Save the date for our next program: November 10, 2008

October 29, 2008

2008 Sponsors

| | |
|---|---------------------------------------|
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| Ehlers Assoc. | Pulte Homes |
| Iteris | Putman Planning & Design |
| Landform | Westwood Professional Services |
| Larkin Hoffman Daly & Lindgren | WSB |
| | Xcel Energy |

Location: DoubleTree Park Place



1500 Park Place Blvd, St. Louis Park. Phone: 952-542-8600

Questions? Call **Pat Arnst**, executive director at (952) 474-3302 or email admin@sensibleland.org

Meet the Speakers

More speaker bio information at www.sensibleland.org

Louis Jambois, Metro Cities

Metro Cities is a membership association of 86 area cities encompassing the Twin Cities, the inner ring suburbs, the developing suburbs and cities that lie on the edges of the metropolitan area. As executive director, Louis' mission is to advocate and represent their interests at the Metropolitan Council and with regard to metro-related issues at the Minnesota legislature. He brought to the organization almost 30 years of economic and community development-related contacts and experience gained through various positions at the state of Minnesota, primarily through the agency that ultimately became the Minnesota Department of Employment and Economic Development.

Julie Wischnack, Minnetonka, Minnesota

Julie Wischnack was recently named Minnetonka's community development director which leads the city's inspections, planning, economic development and environmental health divisions. Prior to joining the city of Minnetonka as city planner in 2006, Julie served as planning and building director for the city of Hutchinson and city planner

for the city of Minnetrista. She earned a bachelor's degree in geography from Gustavus Adolphus College in St. Peter, Minn., and a master's degree in urban and regional studies from Minnesota State University at Mankato. She is a member of the American Institute of Certified Planners (AICP).

David Newman, The Bancor Group

Dave Newman is a licensed attorney who has specialized in representing parties involved in real estate matters, including home builders, civil engineers and developers as well as representing the cities of Fridley and Zimmerman. In 1990 he joined a major Twin Cities custom homebuilder. Since then he has been actively involved in residential land development throughout the Twin Cities and for the past decade as president of The Bancor Group. Dave has also spent eight years as a member of the Fridley School Board and was for three years chairman of the Fridley Planning Commission. Dave is also a board member of Hope, Inc. and is working with Rotary International in trying to create a new model for sustainable economic development in Nicaragua.

Questions? Call **Pat Arnst**, Executive Director at (952) 474-3302 or email admin@sensibleland.org



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Minnetonka, MN 55345
(952) 939-8293
jthomson@eminnetonka.com

Memorandum

To: Julie Wischnack, Community Development Director
From: Jeff Thomson, Planner
Date: October 16, 2008
Subject: 2030 Transportation Policy Plan

I have reviewed the Metropolitan Council's draft for public comment of the 2030 Transportation Policy Plan. I reviewed the plan for general comments and implications for Minnetonka's transportation, transit, and land use. The full document can be found on the Met Council's website at:

<http://www.metrocouncil.org/planning/transportation/TPP/2008/index.htm>

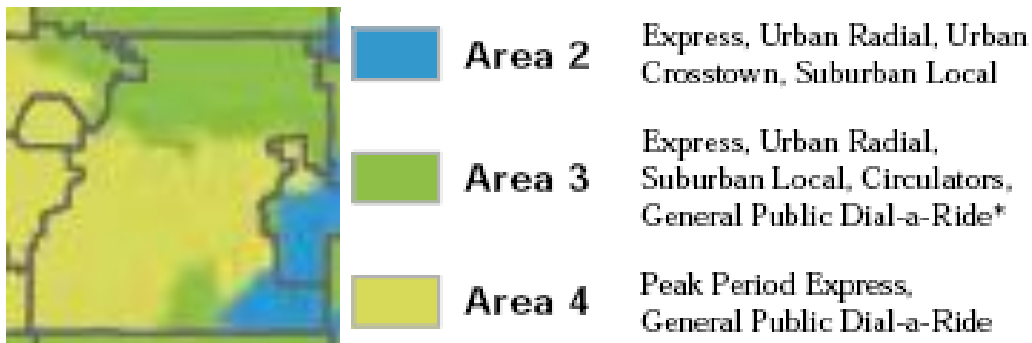
I. General

- The policy plan is framed overall by transportation funding realities. The plan notes that the regional highway improvements needed to ease existing congestion and to meet forecasted demand increases would cost 40 billion dollars, which is 20 times more than anticipated funding.
- The plan prioritizes funding for regional improvements as:
 - 1) **Preservation:** The region's first investment priority is the safe operation, preservation and maintenance of the existing Metropolitan highway system.
 - 2) **Efficiency:** Implement techniques to optimize performance of regional facilities to maximize use of existing facility capacity, pavement and right-of-way and may include implementation of HOV and HOT lanes, priced dynamic shoulders, freeway ramp meters with HOV bypasses, and bus-only shoulders.
 - 3) **Expansion:** Expansion of the metropolitan highway system is the last priority for investment. Expansion projects must be consistent with the overall vision and optimize use of existing facility capacity, pavement and right-of-way.

- Two alternative strategies are provided for congestion improvements:
 - 1) **Provide travel alternatives:** including transit alternatives, HOV (high occupancy vehicle) lanes, HOT (high occupancy toll) lanes, bus-only shoulders, and dynamic pricing shoulder lanes
 - 2) **Travel demand management:** promote a wide range of initiatives that help to avoid and lessen congestion during peak travel times

II. **Regional Highway System:** The policy plan does not anticipate any expansion projects for the regional highways within Minnetonka. (I-394, I-494, TH 169, TH 7, TH 62)

III. **Transit:**



- There are two regional transitways identified in the policy plan for Minnetonka:
 - 1) **Existing I-394 HOT Lane:** On I-394, a High Occupancy Toll (HOT) lane provides congestion-free travel for buses.
 - 2) **Proposed Southwest Transitway:** Three alignments from an alternatives analysis will be studied in environmental documentation work to begin in 2008.
- Transitways provide areas for more intense land uses, including an integration of transit, housing, office, retail, service, and open space
- Transitways should facilitate TOD (transit-oriented development) patterns
- Expansion of regular-route bus service, such as local service, limited stop, and express service, largely depend on land use patterns:

- 1) Intensify population density where it makes sense by providing housing choice, increased density, structured parking, and a critical mass of transit riders.
- 2) Intensify employment centers with transit and pedestrian infrastructure by providing “complete streets” incorporating transit, vehicles, sidewalks and bike paths

IV. **Dial-a-ride:** Dial-a-ride services provide mobility to the general public. The plan states that the metropolitan council will partner with local governments to provide general dial-a-ride services in suburban areas. The plan anticipates that demand for dial-a-ride will increase due to population growth, and also due to the aging population.