

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**November 12, 2008
6:00 p.m.**

**Council Chambers
Minnetonka Community Center**

1. CALL TO ORDER

EDA President St. Peter called the meeting to order at 6:04 p.m.

2. ROLL CALL

EDA Commissioners present: Peter St. Peter, Ellen Cousins, Dan Duffy, Bunny Robinson, Tony Wagner, and Brad Wiersum

EDA Commissioners absent: Bill Yaeger

Staff Present: Julie Wischnack, Elise Durbin, Susan Thomas, and Merrill King

BUSINESS ITEMS

3. PUBLIC HEARING FOR PROPOSED HRY LEVY

Wischnack gave an overview of the Development Account and the Livable Communities Account, and recommended approval of a \$200,000 HRA levy to fund these accounts. By law the maximum amount the EDA may levy is 0.0185 of taxable market value, which amounts to \$1.6 million.

Wiersum asked Wischnack to explain how the West Hennepin Affordable Housing Land Trust (WHAHLT) works. Wischnack noted that WHAHLT, one of the recipients of the dollars collected through the levy, had representatives at the meeting to outline their work.

Wagner indicated that the Comprehensive Plan (Comp Plan) identified specific land uses throughout the city which will help the city achieve its housing and redevelopment goals. The EDA is a vehicle to help city achieve these goals. Wagner asked how Comp

Plan housing goals are set and articulated in the plan. Wischnack noted that in the Comp Plan there is a chapter dedicated to housing. The analysis within the plan illustrates a need for senior housing, as well as housing for younger families. Within that needs contexts, the Met Council asks each community to absorb a portion of the regional share of affordable housing needs. The city may accommodate the needs of our community and the regional needs in larger nodes identified in the Comp Plan, such as 101/HWY 7, Glen Lake, and areas north of Ridgedale

Wagner asked what our production of affordable housing has been in past years, stating that the current Comp Plan suggests 383 new units in the city by 2030. Wischnack stated that production has not been overwhelmingly good. It will be quite a challenge to meet 383 if our history tells us anything of our future. Wagner followed up noting that the city will have to participate in future development projects if it is to achieve these goals. It cannot do nothing and expect to achieve them.

Duffy asked about the commercial portion of this HRA levy. Wischnack pointed out the resurgence of development in the OPUS area, even before light rail has been constructed. The levy is intended to deal with issues more broad than simply housing, including redevelopment of office and retail.

St. Peter noted the great challenge in implementing Comp Plan. In the past, the city has incurred development cost for larger projects in the past. However, now with the limited availability of funds, the city is being expected to further these projects. The EDA has previously had the ability to provide seed money that "primes the pump."

Wiersum stated that it was clear the Comp Plan includes a lot of fresh thinking. The demographics and development needs of the city are changing. The choice the city has is to prepare for those changes or to simply let them happen. He noted that the economy was looking better when the plan was prepared. How can we meet goals in the present situation? With the levy may be modest in total dollars, it will be one more incremental cost for people. At the same time, if we ignore the opportunity, the city may sub-optimize its future.

Cousins asked, with the economic situation being where it is, what are chances of delaying light rail? If the city actually gets that transportation, will housing needs/opportunities or Met Council requirements actually go up? Wischnack replied that, as a county project, the city cannot delay light rail. Housing needs and requirements will be reanalyzed in 2017.

President St. Peter opened the public hearing at 6:39 p.m.

Darlene Kleberg, 18212 Kathleene Drive. Ms. Kleberg had a hard time with someone outside of Minnetonka, meaning the Met Council, telling the city what it must provide in terms of new housing and affordable housing. Property values have fallen significantly, such that many people no longer live in the "average priced" home. She thanked the commission for a very informative night.

Bob Klemenhagen, 16501 Elm Drive. Mr. Klemenhagen became aware of the proposed levy through the Lakeshore Weekly News. Working for the MN Senior Federation, he deals with affordable housing. Mr. Klemenhagen suggested the city back up a bit. Rather than providing affordable homes, it should be working to keep people in their homes. Minnetonka is not exempt from foreclosure issues. He asked: Why does Minnetonka have a problem, why has this issue not been addressed in the past? Is this the time to increase property taxes? Can property owners be assessed based on an ability to pay? Could the assessment be based on market value?

Wagner asked staff to address some of Mr. Klemenhagen's the questions. Wischnack indicated that the EDA does fund several assistance-type programs. The city does not have ability to assess specific groups and not others. The proposed levy would be is a general tax. It is outside the 3.9% levy.

Commissioner Robinson asked if other taxing agencies are going through this same process, will other agencies be adding to the tax bill of residents. Finance Director King stated that the December Minnetonka Memo will include examples of tax bills. From her understanding, Hopkins School District taxes are stable or going down, but County is going up. She cautioned that an individual's tax bill is dependent on the relative value of their property. Bill may vary significantly throughout the community.

Ann Perry, president of WHAHLT, thanked the EDA for their previous support and outlined the services provided by WHAHLT.

Wiersum thanked Perry for the explanation.

Duffy asked whether WHAHLT could work with current owners to allow them to stay in their homes. Perry said that Hennepin County has asked WHAHLT for help on the foreclosure issue. WHAHLT is currently working with city staff to develop a foreclosure process to assist in these areas.

Cousins questions what happens if someone over-improves WHAHLT property or if foreclosed on. Perry gave an overview of the "qualified improvement" WHAHLT reviews

with homeowners. Such improvement cannot raise the value of the home beyond an affordable unit. As WHAHLT has a close working relationship with families, there have been no foreclosures to date.

St. Peter asked Perry if WHAHLT and homeowners share in proceeds at the time of sale of property. Perry confirmed that 35% of the equity of the home can be recouped by the owner, the rest lies with the land to preserve affordability.

Cindy Irrgang, 16485 Creekside Circle. Ms. Erving noted that she would meet guidelines of WHALT, but no agency had given her family anything to achieve homeownership. Now the city was asking her to donate to others like herself. She requested the city not tax citizens further, but look to other options. Working with geriatric patients who receive state and federal funding, Ms. Erving noted that they do not want to live in high rises, but in their homes. Better transportation would keep people in their homes. The city should look for a way to lower taxes for seniors and long-term residents.

Perry Torvik, 4006 Huntingdon Drive. Mr. Torvik stated that he was an "Ultra-Ultra Conservative". His parents did not own a home until he was 16; when they could afford it. That was a time of little government, with is what made the country great. Everyone who owns a home lives an affordable home. They can afford it. If you can't afford it, you shouldn't buy it. Government should get out of his life. Leave him alone. People should be responsible.

Grace Sheely, 14325 Grenier Road. Ms. Sheely sympathized with the EDA for begin between a rock and a hard place. They have an unfunded mandate, yet are fearing from the citizens that they don't want any more taxes. She suggested the city take a closer look at the total tax budget. EDA issues may be more important than others issues in the general budget. These are scary economic times and the city need to adjust accordingly to just do what you need to do. Just do the bare minimum. She wished the EDA good luck.

President St. Peter closed the public hearing at 7:23 p.m.

Wischnack told the EDA that the council will consider the HRA levy on December 8th at their Truth in Taxation meeting.

Duffy stated that it is difficult time in our economy. But noted there is never a good time raise taxes. How the city and EDA position themselves is important. Something must be

done sooner rather than later. In terms of affordable housing, the city and ED need to get creative in coming up with a way to keep people in their homes.

Wagner felt that this has been a good process over the last several months. Nothing left to develop in the city will be easy and the city will need to be involved; this is different approach to the way things have been done in the recent past. Regardless of what happens to the HRA levy at tonight's meeting or at the council, this process has perhaps taught the EDA to be more diligent in the future. The role of the EDA must change from reactionary to developments, to a more active partner to ensure long range goals are accomplished. The currently proposed \$200,000 levy in will not help the city accomplish these goals. Wagner suggested presenting a three-prong approach to council: (1) authorize a levy, whether this year or next; (2) EDA established criteria for when the EDA will participate with development projects ... affordable goals, walkability, connection of village centers; and (3) annual EDA budgeting exercise on each of the two EDA accounts. He provided other commissioners with a written outline of his suggestions.

Wiersum concurred with Duffy and Wagner. This is one of the most challenging decisions he has faced in his time on the council/EDA. It is not a question of whether the levy is a good idea. Rather, it is a question of whether this is the good time. The argument that "I'm self reliant, why aren't others" is an argument some may make, but the city wants to be inclusive. People who work in the community should have opportunities to live in the community. Wiersum wondered whether the levy should be delayed a year, while honoring commitments already on the book. He has a hard time being part of government asking for more when people have less. People are being asked to be prudent and so the city must also be prudent. While the city needs to move forward on an HRA levy, there are times better to than others to increase. The proposed \$200,000 will not close the gap; the city will simply be falling behind at slower rate.

Cousins agreed that it is an extremely hard time to ask citizens to spend any more money. However, she also sees the cities need. There is a potential with current foreclosures for WHAHLT to gain and have development opportunities. Cousins never felt that this levy was simply for affordable housing; that was only one part of this. She can support the levy, but not necessarily at this time.

Robinson indicated she did not have much more to add without being redundant. The EDA is between a rock and a hard place. Yet a decision must be made. Long range planning strategies have been put in place and the work of the EDA is part of that. The only way the city can make any kind of progress, to be proactive, rather than reactive, is to make the recommendation that this HRA levy go forward.

St. Peter considers himself a fiscal conservative. Yet he understands that EDA and city have a mandate, as long as EDA commissioners sit on the commission, they need to comply with mandate or ask council to let them know what they should/cannot do. The council could change the dollar amount of the levy, as that is in their purview. Though, he reminded commissioners, the amount of the levy has already been paired back. The EDAs responsibility is to make the recommendation the levy be at least the minimum level necessary to achieve the mandate. The EDA should recommend the \$200,000 levy; the council can then consider it as part of their larger budget considerations. A number of programs people have asked for the EDA has supported in the past. However, without funds coming in, those programs will decrease or go away altogether.

Wagner agreed that the EDA and city has a mandate. The Comp Plan has been passed on to surrounding communities and the Met Council. The City needs to decide if it is serious about that plan. He has an issue with building fund balances without projects, in effect asking for money without a plan. The EDA needs to establish a reliable funding source for projects such as WHAHLT and Crown Ridge. But also to debate the pros of certain projects as they come up and what the EDA can do to help. He does not feel the EDA has not done a good job at this in the past. The commission needs to do a better job looking at funds every year. The current levy is not large enough to fund goals, but through work by the EDA, the commission could establish criteria of how and when it would request additional funding in the future.

Duffy asked for a timeline of when the levy would be seen by the citizens on their tax bill. King indicated that the Truth in Taxation statements would include the amount of total taxation. Notice will be sent out during the first part of December. The levy would be seen on the March tax bill, payable in May and October.

Wiersum concurred with Wagner. The EDA has a gap in funding. The gap will remain whether the \$200,000 levy is passed or something less. As a councilmember he would prefer something less. However, as an effective EDA commissioner, he understands that the EDA has a mandate, so he will recommend the \$200,000.00 levy as an EDA commissioner, but may not support it as a councilmember. As a councilmember he must look at this levy in the context of the larger city budget.

Duffy appreciated Weirsum's candor.

Duffy moved, Robinson seconded, a motion to recommend the city council approve the HRA levy at \$200,000.

Wagner proposed a friendly amendment to the motion that the EDA will develop criteria outlining when it will participate in proposed development projects.

Duffy accepted the friendly amendment. He agreed that EDA has been charged with affordable housing and should have a larger role in commercial redevelopment projects.

Robinson accepted friendly amendment.

St. Peter requested that staff share with the council the EDA's concerns about its unfunded mandate.

Wiersum indicated that the Comp Plan is very specific and has goals that the city is committed to. He does not want his previous comments to reflect any softening of that commitment. The city must demonstrate sensitivity to the economy we are in, but it cannot ignore the plan that citizens have put together and the council has approved.

The motion having been made and seconded, all present voted yes. Motion passed.

4. STAFF REPORT

Durbin updated the commission on several on-going projects.

- **Glen Lake**
Glen Lake streetscaping and the fencing around the substation is anticipated to be completed by November 26. Plaza concept plans have been drawn and will be presented to the council on November 24.
- **Oaks at Glen Lake**
34 units have been leased, including all but one affordable unit.
- **Light Rail**
The draft EIS for the light rail line is being finalized. The consultant working with the county on this project is currently compiling all comments received by public. Each will be responded to
- **Minnetonka Boulevard**
The Minnetonka Boulevard corridor study draft materials will be put together, and available, in the next few weeks.
- **Foreclosures**

As of October 31, there were 189 foreclosures in the city.

- **Crown Ridge**

The semiannual meeting with school district staff was recently held. More information regarding that meeting was included in the commissioners' packets.

- **Livable Communities Housing scores**

The city received a score of 83 out of 100 points. This ties the best score the city has ever received. Wischnack handed out additional material regarding how scoring is determined and how the city ranks in relation to other area communities.

- **Upcoming events:**

Thursday November 26: Neighborhood meeting for St. Therese proposal for Glen Lake Site A will be held on at 5:00 pm

Thursday, November 20: Planning Commission will review the concept plan for the St. Therese proposal on. There will be no formal action at that meeting.

5. **OTHER BUSINESS**

Durbin reminded the commission that it will hold its next regular meeting on Tuesday, December 9. In addition, the Sensible Land Use Coalition will hold their next regular luncheon on Wednesday, December 10. Any commissioner who would like to attend should notify staff.

6. **ADJOURNMENT**

Duffy moved, Robinson seconded a motion to adjourn the meeting. All present voted yes. Motion passed. The meeting was adjourned at 8:25 p.m.