

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**JANUARY 13, 2009
6:00 P.M.**

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 6:00 p.m.

2. ROLL CALL

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

Staff Present: Julie Wischnack and Elise Durbin.

3. APPROVE MINUTES OF DECEMBER 9, 2008

Robinson moved, Duffy seconded a motion to approve the December 9, 2009 meeting minutes. Cousins, Duffy, Robinson, St. Peter, and Yaeger voted yes. Wagner and Wiersum were absent. Motion passed.

Wagner and Wiersum joined the meeting.

BUSINESS ITEMS

4. MINNETONKA MILLS TOWNHOUSES MANAGEMENT AGREEMENT

Durbin gave the staff report.

Duffy asked why the Minnetonka EDA was left out of the June 1, 2008 agreement. Durbin believed that was unintentional as the city was a part of the original agreement in 1996.

Cousins noted that the situation was an oversight. Durbin agreed.

Yaeger asked why a management agreement was added in June. Durbin explained that the new agreement defines who is responsible for managing the public housing units at the facility. It also defines who is responsible for finding the tenants and having the leases signed. Yaeger confirmed with Durbin that there has been no agreement in place since 1996.

In response to Robinson's question, Durbin explained that the Minneapolis Public Housing Authority is responsible for finding tenants and the Shelter Corporation manages the overall facility.

Wagner asked if there would be a public benefit for the Economic Development Authority of Minnetonka to be more involved. Durbin stated that staff felt that no additional involvement is necessary. Minnetonka Police Department staff have a relationship with the facility's management.

There was discussion on why this facility is named Minnetonka Mills Townhouses when it is not near the Minnetonka Mills area.

Yaeger moved, Duffy seconded a motion to adopt the resolution approving an amendment to the Minnetonka Mills Townhouses Management Agreement.

Cousins, Duffy, Robinson, St. Peter, Wagner, Wiersum, St. Peter, and Yaeger voted yes. Motion passed.

5. 1707 HOPKINS CROSSROAD

Wischnack and Durbin gave the staff report.

In response to Wagner's question, Durbin explained that the approximate cost of acquiring the easement for the connection would be paid by Opus.

Wagner asked how much of the yard would be used for future right-of-way expansion. Durbin explained that Hennepin County currently owns 5 feet. The easement would be an additional 10 feet.

Wagner asked for the front yard setback. Wischnack approximated the residence to be located 40 feet from the existing right of way.

Wagner asked if two trees would be lost if the front yard is regraded. Wischnack responded that the point would be the same and no trees would be removed.

Wagner asked if the neighbor on the Oak Knoll Terrace North side had been contacted regarding moving access to Oak Knoll Terrace North. Wischnack responded in the negative.

There was a question how the garage would be accessed from Oak Knoll Terrace North. Durbin answered that moving the garage to the other side of the property would need to be considered.

Wiersum imagined the sidewalk would be heavily used by patrons of the park and ride on county Road 73 and Interstate 394. Given the type of use, more landscaping and maintenance of landscaping would be needed to buffer the neighboring residences. Durbin will pass along that suggestion.

Wagner reviewed that the current front yard setback is 40 feet. A 10-foot expansion of right of way would decrease the front yard setback to 30 feet. He asked at what point does expansion of the street pavement impact the front yard. He wanted something written into the agreement to allow the city to be able to purchase the property back at \$200,000.

St. Peter understood that the 40-foot setback does not include the 5 feet that Hennepin County currently owns. He questioned how many feet would be needed for road expansion. He agreed with Wagner. A property being used for affordable housing for 10 years is great, but the city should not keep buying the same property at a higher price. For the city to purchase the property, sell it for less than purchased, and then buy it again at a higher price is not the best scenario. Wischnack understood that 10 additional feet of right of way would be the maximum needed for future improvement of the road.

Cousins was thinking that the garage would have to be moved and the driveway would have to be constructed, which would not leave much space on the front. Durbin explained that Opus would be required to fund the construction of the pedestrian connection. Opus also has an agreement with the city to reconstruct the current driveway, and a new driveway can be built at approximately the same cost. The cost to construct a new garage would be the responsibility of Homes Within Reach since that would be at their request.

In response a question, Durbin estimated that Homes Within Reach could sell the property for approximately \$150,000.

Wiersum followed up on the location of the driveway. If it would access Oak Knoll Terrace North, he saw from the photograph some additional costs that would be accrued due to the additional length of the driveway. He considered the possibility of rotating the garage so it would have direct access to the south.

Wischnack reviewed the structure of the project. It would not be an Opus-run project. It would be a city-bid project, so the city would have control over how funds would be spent. Opus would be assessed for the improvements and have agreed to pay the assessments and costs associated with driveways and sidewalks. Wischnack said she has met with Opus representatives and they did not have major concerns regarding relocating the driveway. Because the city would be assessing the property owner for cost of the improvements, be in charge of management of the project, and the city's engineering staff would oversee the project, she felt comfortable with the project.

Wiersum asked if the pedestrian connection would be eliminated if the paved portion of the street would be expanded. Wischnack responded affirmatively.

Wiersum commented that the garage made good sense. It would be preferable to have the garage access Oak Knoll Terrace North. It would be a good solution; however, there are valid points being raised about the cost and challenge. It should not be stipulated that it would have to be that way. He did not agree with spending an inordinate amount of money to rearrange the garage to a more desirable access when in reality the residence has been there longer than 35 years. He was concerned that money would be spent in a way that an individual would not, personally, spend money.

Yaeger appreciated Wiersum's comments. He did not see a way that moving the garage and driveway access to Oak Knoll Terrace North would not create another setback problem and/or make it an unattractive property. The garage would be to the side of the house, facing the side, where the residence faces Hopkins Crossroad. The ideal would be to locate the garage behind the residence or off to the corner which would be right on top of the neighbor's property. He agreed with not stipulating the driveway and access be moved. It has been there for many years. It should just stay there.

In response to Cousin's question, Wischnack explained the process if Homes Within Reach would want to move the garage. She said a variance may be needed, and if so, a discussion would need to take place during the application process. Neighbors would be notified, information provided, and neighbors could provide comments. She said staff hears commissioners' concerns that no additional cost should be added to the garage and keeping its current location would save on costs. As far as whether the garage moves or not moves would be handled at the time an application is received. Its aesthetic quality would be reviewed during the variance process also.

Yaeger asked how long it may be before it could be sold to Homes Within Reach. Durbin responded that engineering staff has talked with the homeowners, and they have been looking for a new place to live already. Durbin said she is aware that Homes Within Reach wishes to move into the site as soon as possible. Homes Within Reach is aware that the owner of the residence will be leasing the property for no more than 12 months.

St. Peter drives by the site quite regularly, and he said getting in and out is difficult. He suggested that a formula to deal with potential reacquisition should be included. Hennepin County has varied its plans regarding Hopkins Crossroads for 20 years, ranging from widening it to six lanes to creating a County Road 101 situation.

Wagner said he has seen people walk along the side of Hopkins Crossroad, and about ninety-nine percent of them were walking on the west side. Wagner believes that all current plans for construction of County Road 73 moves the trail to the east side of the road. The grading challenge is on the west side of the road.

There was a question regarding the setbacks. Wischnack reviewed the setbacks, and said it would be tight.

There was a question about what contingency, if any, the city has if the property is acquired and Homes Within Reach does not wish to purchase it. Wischnack stated that the buyer has not provided security yet. There has been discussion with the executive board, but no action has been formally taken. It is a leap of faith on the city's part to make the purchase. Wagner stated that the ultimately contingency is that next year's funds for Homes Within Reach could be for this project. Wischnack agreed.

There was clarification on the transaction costs.

Wischnack directed commissioners to provide a recommendation to the city council regarding whether to purchase the property or not. A purchase agreement will be presented to the EDA when it is ready.

There was a question about the current homeowner. Wischnack stated that the city did not plan on selling the property to Homes Within Reach for some time. It would be leased back to the homeowner at no cost until the homeowner moves or 12 months has passed.

Wagner asked if there are Homes Within Reach residences in the area of Oak Knoll Terrace North. Wischnack answered in the negative. Durbin stated that the closest one is in the Cedar Lake Road area.

Cousins confirmed with Wischnack that the city would pay \$200,000 to purchase the property, and the city would receive \$170,000 from selling it to Homes Within Reach. Wischnack explained that Opus would be assessed for the difference of \$30,000 which will be used to acquire an easement on the property for sidewalk construction. The \$30,000 assessment would be received by the city.

Wagner said there should be consideration of circulation of the house plan. Wischnack stated that driveway access onto County Road 73 is not optimal.

Wagner moved, Yaeger seconded a motion to recommend that the city council adopt a resolution to purchase the property with Livable Communities funds with the intent to sell the property to Homes Within Reach for inclusion in their affordable housing program with a condition requiring the homeowner pay the 2009 property taxes.

There was a question about who would be responsible for the 2009 property taxes. Wischnack stated that property taxes would be paid as the transaction occurs. Wagner added to his motion that the current homeowner be required to

pay property taxes. It should be at no cost to the city. The home would not be able to be sold today for \$200,000.

Wischnack suggested the motion include purchasing the home and not include selling it back to Homes Within Reach since the EDA has unanswered questions with that portion of the proposal. Wagner suggested modifying the recommendation to state the "intent" is to sell the property to Homes Within Reach.

Duffy asked if there is a concern about the 12-month period for the current homeowners to live there for. Commissioners discussed extending the time period in the future if necessary.

Cousins questioned what would be a homeowner's incentive to keep the house up and for a purchaser to buy it if future roadway reconstruction may come along in the future. She said that the residence may be sold again in 10 years by the Homes Within Reach property owner. Wischnack explained that Homes Within Reach caps the amount of equity a homeowner may make when selling the residence.

St. Peter stated that the homeowner would receive a profit within a range, but not the average market increase year to year, but it would still be a fairly good number. Government takings tend to pay significantly over market value. It usually tends to be a significant windfall for homeowners. The buyer is made aware of the equity restriction up front. The last Hennepin County capital improvement budget hearing that he attended a year and a half ago called for County Road 73 becoming similar to County Road 101, which would not include additional paving of the right-of-way.

Wiersum stated that reconstruction of County Road 73 is a low priority with the county, and with funding the way it is, it could be 20 years out. Although it is a relevant issue that needs to be discussed, there is an opportunity to obtain an affordable residence for Homes Within Reach for 20 years. A homeowner could conceivably pay for the property in the time that it could take to improve the road.

Cousins, Duffy, Robinson, St. Peter, Wagner, Wiersum, St. Peter, and Yaeger voted yes. Motion passed.

6. STAFF REPORT

Durbin and Wischnack reviewed items including the Southwest Transitway Station Area Study, Twin Cities Compass, the December Sensible Land Use Coalition Program, the Corridor development initiative, and upcoming events. Wischnack review the TIF report proposal. She said the proposal is for a study of TIF districts in order to provide projections on how well they are performing and how well they are expected to perform. Wischnack said staff does receive

annual reports, but the volatility in market values may cause the need for additional monitoring. The city receives \$190,000 a year from TIF administration that goes into the development fund, which would be used to pay for the report. Wagner said he supports the study. Wischnack requested a vote for approval of the proposal.

Duffy moved, Wagner seconded a motion to approve the TIF report proposal. Cousins, Duffy, Robinson, St. Peter, Wagner, Wiersum, St. Peter, and Yaeger voted yes. Motion passed.

Durbin reviewed the annual report for 2008 and goals for 2009. Wischnack added creating a strategic plan for the 2010 HRA Levy for the city council within the next 3 months. St. Peter requested that the EDA revisit the Neighborhood Revitalization Program in 2009.

7. OTHER BUSINESS

The EDA requested an update on the Twin Cities Community Capital Fund and foreclosures.

8. ADJOURN

Duffy moved, Wiersum seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 7:49 p.m.