

AGENDA
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

June 29, 2009
6:00 p.m.

Council Chambers
Minnetonka Community Center, Upper 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 from March 23, 2009, March 30, 2009, and May 11, 2009 meetings.

4. Election of officers.

BUSINESS ITEMS

5. 2010 Preliminary Budget Review of Livable Communities Account, Development Account, and HRA Levy.

Action: Discussion on funds to prepare preliminary budget.

6. TIF District Modification schedule.

Action: Informational only

7. Staff Report.

8. Other Business.

The next regular EDA meeting will be **Monday, July 20 at 6:00 p.m.**

9. Adjourn.

If EDA Commissioners have questions about any of the agenda items, please contact staff prior to the meeting.

Julie Wischnack (952) 939-8282
Elise Durbin (952) 939-8285

**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
SPECIAL MEETING MINUTES**

**MARCH 23, 2009
5:30 P.M.**

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 5:30 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, Desyl Peterson, Elise Durbin, and Merrill King.

Others present: Mark Ruff, Steve Bubul and Tom Wartman.

3. APPROVE MINUTES OF MARCH 2, 2009 EDA MEETING

Wiersum moved, Wagner seconded a motion to approve the March 2, 2009 meeting minutes with the following change:

Page 10: He was not as concerned with having 15 ~~30~~ years instead of 30 ~~45~~.

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

4. Resolution approving an Amended and Restated Contract for Private Redevelopment between the City of Minnetonka, the Economic Development Authority in and for the City of Minnetonka, and Glen Lake Redevelopment LLC

Wischnack explained that the purpose of the meeting was for EDA commissioners to review the final draft of the redevelopment contract. The contract will be reviewed at the city council immediately following the EDA meeting.

Wischnack gave the staff report. There will be a delay in the land use approval until the developer's financing has been worked out. She reviewed elements of the redevelopment contract.

Wischnack reviewed a change memo dated March 23, 2009. It outlines the role of the city council in the event a default would occur.

Tom Wartman, applicant, was surprised by St. Therese's request for a delay, but, with the market and economy the way it is, he understands. He hopes to be back sooner than later for final approval. He has talked to other parties interested in the site.

Wiersum acknowledged that St. Therese is not out of the process, but that the financing is taking a little more time than expected. He asked if a third party would redesign the site. Mr. Wartman is talking to two interested parties. One would proceed with the plan in its current form. The other party would have a reason to revisit the site plan because they have a facility located close to the site.

Mr. Wartman stated that the floors are currently being laid in the Gold Nugget. It is on target to be open by the end of April.

Wagner stated that the staff report indicated the intent would be that if a profit is created that the city would use the funds for affordable housing purposes. He asked if it should be made part of the motion or the contract. Wischnack explained that if that profit would be generated, then that action would be taken separately to reallocate those funds. Mr. Bubul, legal counsel for the city, agreed with Wischnack. The contract does stipulate that the city may use the tax increment left after other obligations have been paid off for other affordable housing projects. Commissioners located and reviewed the wording. Wischnack noted that the staff report and minutes will be part of the record.

Wiersum found a correction on Page A56. The word "million" was written twice when only one "million" is accurate.

In response to Wagner's question related to Page A70, Mr. Bubal clarified that the term "redevelopment project" includes the whole project area.

Duffy noted the potential for turnover in a senior housing facility and questioned if the 15-year time period should begin once the certificate of occupancy has been issued rather than after a certain number of units have been rented. Wischnack agreed that the certificate of occupancy would be easier to determine, but commissioners reached a general consensus about starting this when half of the affordable units were rented.

St. Peter recalled requesting an option to purchase or right of first refusal on the back end in regard to the Kinsel site. There is no back end in the

event that the developer defaults. He said while he does not support the first right of negotiation as written into the contract, he is inclined to vote to move the application forward to the city council on the recommendation that the council table action or deny the request, given the timing and scheduling of meetings.

Wiersum talked about the possible options for Phase 3. St. Peter recommended that a purchase option or right of first refusal be drafted. A right of first refusal is easier to draft. St. Peter found that acceptable. There is no requirement that the developer move forward and continue to comply with the agreement because the teeth have been taken out of it.

Wiersum agreed that negotiating in good faith sounds nice and, not to say that there is not good faith, but the issue is that the economy has changed so dramatically it cannot be predicted what will happen next month. A right of first refusal does not obligate the city, but gives the opportunity to purchase the property if things do not proceed as all involved hope that it does. He would like to understand the terminology of the right of first refusal and what that obligates the city to do, but he was agreeable to that.

Mr. Bubul explained how a right of first refusal would be drafted. It would have less of an economic impact on the value of the land and the ability to borrow against it or do something with it, with respect to a third party. Wiersum asked if it would reduce the likelihood to find a buyer or reduce the price. Mr. Ruff explained that it is the developer's position that it could diminish the value or create another hurdle for the development. The developer's position is that a potential buyer would be discouraged by knowing that the property could be tied up for several months. Over one-third of the tax increment would come from the property. He understood the EDA's position, which wants action.

Wischnack added that the additional partnership complicated matters. Wiersum stated that the agreement has sufficient teeth. He does want to create roadblocks. He wanted to see things happen with the proposal.

Duffy agreed with Wiersum's comments. He wanted to make sure the property would be accessible and put to good use, such as a park. If the project takes longer than anticipated, there should be a safeguard to allow the city to have the first option to recapture the property.

Yaeger considered the possibility of a condition kicking in one year after default. Mr. Bubul stated that it would depend on if the extension of the time period of the TIF district is successful or not.

St. Peter asked if staff had a sense of how the extension request is being received at the legislature. Wischnack stated that there will be a hearing a

week from Friday, and that staff has spoken with the tax committee chair. Wischnack felt it was going well.

St. Peter asked what the TIF increment for Kinsel would be if the extension of the district did not occur, assuming that it would be set up to go out to 2022 or 2023.

Wiersum said he wants to move forward, and that it would be in the best interests of the residents of Minnetonka and Glen Lake to do so. There are enough teeth and the incentives are in place. When he thought about how much things have changed and all of the challenges with real estate, he hopes that something would be built. St. Peter concurred.

Wagner moved, Robinson seconded a motion to recommend that the city council adopt the resolution approving an amended and restated contract for private redevelopment between the City of Minnetonka, the Economic Development Authority in and for the City of Minnetonka, and Glen Lake Redevelopment LLC.

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

5. ADJOURN

Wiersum moved, Cousins seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 6:15 p.m.

**UNAPPROVED
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**MARCH 30, 2009
6 P.M.**

1. CALL TO ORDER

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

2. ROLL CALL

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

Staff present: Julie Wischnack, Elise Durbin, GERALYN BARONE, and Loren Gordon.

Council members present: Dick Allendorf, James Hiller, Amber Greves, and Terry Schneider.

Others present: Mark Ruff, Cathy Bennett, and John Carter.

BUSINESS ITEMS

3. TIF REPORT PRESENTATION

Wischnack gave the staff report and recommended follow up actions.

Mark Ruff, financial consultant for the city, highlighted some aspects of the the city's use of TIF, including history, rules, opportunities, and use of resources. He works with cities on providing TIF management, and a lot of energy is expended on the front end to create a tax increment project.

Ruff explained the chart on Page A3 that illustrates how much of Minnetonka's tax base is captured in TIF districts, which is less than two percent. There is no legal maximum in Minnesota; however, Minnetonka has been very judicious in its use of tax increments. Minnetonka has gone from a tax capacity tied in TIF districts in 2006 of \$3.8 million to \$1.7 in 2009, and in a couple of years will drop to under \$700,000.

Ruff said bond rating agencies view point is that TIF encourages market value growth and anything that results in positive market value growth is a good thing. If a city is loading up on general obligation tax increment debt that is dependent on development happening, then that creates a risk for shortfalls that a city's rating may reflect. In terms of capturing value, it has a neutral, if not positive impact on a city's bond rating. He has seen rating reports that applaud the use of

tax increment. The viewpoint is that redevelopment is hard and sometimes it takes additional financial resources to make redevelopment happen. In a rating's viewpoint, if a city is not redeveloping, it is falling behind its neighbors. Minnesota ratings are good because ratings are judged in comparison to other areas.

Ruff stated that the first TIF district established in Minnetonka was in 1977 in the Glen Lake area, and was decertified in 1990. He reviewed different developments that utilized TIF. He reminded that when a TIF district is created, a boundary is drawn and the taxes paid for the properties within the area are captured for a designated period of time. Following the urban renewal guidelines, the money may be spent outside of the boundary area, but in the project area.

Ruff reviewed pooling and limits to the size of a district and the requirement to show blight or justification to expand a district. The legislature is striving to shut down TIF districts as soon as possible and not find ways to spend the tax increment once the original obligation has been fulfilled. One area of policy that is supported is affordable housing. Minnetonka has the opportunity to take advantage of three existing districts if used specifically for affordable housing. The basic issue is to consider if the city wants to continue the three TIF districts beyond their current life, and, if so, to determine the scale of which to do so. One of these districts is the Beacon Hill district established in 1994. Housing districts have a maximum life of 26 years of TIF, but the last payment is due August 1, 2009. There may be unpaid balances in the TIF note. In 2001, the legislature cut the amount of taxes rental properties were required to pay almost in half. The city is left with \$135,000 per year from 2010 to 2021. The TIF district may be kept open because it is a housing district, but the funds can only be used in the project area or in other affordable housing developments that meet certain affordability requirements. These requirements are more restrictive than the Metropolitan Council standards.

Ruff explained that a formal process similar to creating a new TIF district would need to be followed if a modification needs to be made. The modification would not have to be done by August of 2009, but money would have to be turned back if it has not been obligated after August 2009. For the Beacon Hill district this would equal \$135,000 a year.

Ruff said that the Minnetonka Mills TIF district, created in 1996, is in a similar situation. Payoff will occur by the end of 2014. The TIF after this date is \$11,000 per year. There are administrative costs that go along with keeping a TIF district open even though there are no other obligations.

In response to Schneider's question, Ruff acknowledged that if the TIF districts are closed, the taxes would go to the city and would help relieve the tax burden on residents. That is the policy decision that needs to be made on whether to keep the districts open or not. Most schools do not oppose the use of TIF because TIF districts do not capture the operating levy that are based on market value. The vast majority of the remaining levies are matched by the state. TIF

districts are relatively revenue neutral for most schools. A TIF district reduces a county's tax base, however.

Ruff said that the administrative costs to keep the Minnetonka Mills TIF district open would equal approximately \$2,000.

Ruff stated that the third TIF district to discuss is the Boulevard Gardens district. The note was issued in 1996 on the TIF district set up in 1995. It was originally \$8.5 million for CommonBond and Twin City Christian Homes. The note is expected to be paid around 2011 or 2012. The last year of assistance is 2012. This is a redevelopment district, and the rules are different than for a housing district. Under the redevelopment district, the district must be shut down because the original obligation is gone. There is a special provision included in the law several years ago that allows up to 10 percent of the total increment from a district to be for tax-credit-eligible housing. The TIF can only be used if tax credits are not. There are not very many developments that meet tax credit restrictions, but do not get tax credits. There are potentially some that could. The positive is that one could have potentially up to \$1.8 million to use again for a development, whether it be for rental senior housing or rental family housing. That is the only opportunity available for keeping open a redevelopment district after its initial obligation is paid off.

Ruff stated that the only other existing TIF district is the soils district for Hedberg, and because it is a soils district, there is no ability to pool for other uses. The district was decertified, but the remaining funds were left in place to pay for on-going environmental monitoring costs. It is not receiving any new tax increment, but there is a.

Ruff encouraged the city to not wait too long to make a decision on when to decertify, especially for Beacon Hill, which could lose some resources.

Schneider asked how the district had performed. Ruff had not gone back to compare the market values. For a while, it looked like the note may not be paid off because of the property tax reform in 2001 that affected not just rental housing, but also commercial industrial dropped significantly. It has fared better than expected.

There was discussion about purchasing the property behind Kraemers hardware on Williston to then sell for housing. Ruff has heard from other communities that "planned banking" is a commonway for doing such a transaction. Without eminent domain, there are not that many opportunities to get key sites purchased unless the seller is willing. Timing wise, there may not be a developer who would be ready to take on the site, but it would give the city flexibility to purchase a piece of property to be used at some point. Some communities like to be able to select the developer and what kind of development will occur. Legislative actions that occurred in the late 1990s and early 2000s that put a drop-dead date on redevelopment of the site otherwise the property would be forfeited. The knock

down would need to occur within 5 years. If a TIF district was not set up, the city could hold onto the land for as long as it wants.

There were questions about the difference in pooling rules. Ruff explained the differences. Between now and 2012, if the city had extra money, up to 15 percent could be used for other redevelopment projects around the community. The city does not have extra money coming off. There is maybe \$10,000 to \$20,000 of extra money coming off in balances right now. The 10 percent is the affordable housing and the 15 percent is the redevelopment.

In response to Allendorf's question, Ruff stated that all but one district has been closed early in Minnetonka.

In response to a comment, Ruff stated the legislature likes to focus on captured TIF as a percentage of tax base. Minnetonka is at 2 percent, so the legislature would be hard pressed to criticize Minnetonka's handling of TIF. The state auditor does have the opportunity to pursue any TIF district in the state.

There was a question about what would attract the state auditor's attention. Ruff replied that using TIF in a responsible manner that does not try to take a gray area of law and expose it as something being done in the city's best interest, but just staying within the confines of the law's intent would keep the city out of the state auditor's attention.

Wagner moved, Cousins seconded a motion to request a legal interpretation as to the potential uses of TIF funds and functionality of each district; review and discuss whether changes should be made in the practice of decertification of districts; and request staff prepare a TIF and tax abatement policy to guide the future consideration of such public subsidies. Cousins, Duffy, Robinson, St. Peter, Wagner, and St. Peter voted yes. Wiersum and Yaeger were absent.
Motion passed.

Wagner chose to wait until another meeting to direct staff to review the existing policy regarding affordable housing and direct any changes within that policy. Wischnack stated that the item would be on the May 11, 2009 meeting agenda.

4. OPPORTUNITY CITY PILOT PROGRAM PRESENTATION

St. Peter welcomed the visitors.

Wischnack recognized Minnetonka Park Board, Community Commission, Planning Commission, EDA, and City Council members, and staff. She explained how a grant was made available by the Urban Land Institute (ULI) in conjunction with the Regional Council of Mayors (RCM). The goal of the Opportunity City Pilot Program (OCP) is to identify and implement tools and strategies that support a full range of housing choices.

Cathy Bennett, consultant working with the Urban Land Institute of Minnesota, stated that she has been working on the OCPP project since mid-2008. The majority of the work for the five cities should be completed by May 2009. The process has cost each city approximately \$5,000 for a \$20,000 to \$30,000 project. Future work is planned to do more cities. The other four cities were Shoreview, Brooklyn Park, Richfield, and Rosemount. All of the mayors and staff of the cities were interested. The age of the housing stock and demographics were determining characteristics.

Bennett explained that The ULI is made up of 40,000 members of the public and private communities. Minnesota is fortunate that its group is so active. She also gave background on the RCM.

Bennett explained that a couple of years ago, the ULI got the group back together and has been the driver to get the initiatives going. The group is bi-partisan and sometimes makes recommendations regarding policies. It is not a lobbying organization.

Bennett said the OCPP is part of a housing initiative that looks at things from a region-wide perspective and looks deeply at cities individually. The process includes a housing audit, community change reports, and site analysis. She also explained the corridor development process for Minnetonka Mills.

Bennett said the OCPP process may be a model for other cities. Tools and strategies may be implemented, and best practices will be shared with others. The audit process includes reviewing goals and policies, testing effectiveness of land use strategies and programs, understand community change, and identifying gaps. That is where the process is now.

Bennett explained that she does not tell a city what it should be doing, but provides information from the analysis. She wants the dialogue to come from the audience. She thanked Julie, Elise, and Stephanie for the hours they put into providing her information.

Bennett began the presentation by reviewing the city goals and policies listed in the 2008 comprehensive guide plan: strengthen neighborhoods by improving the existing housing stock; promote new affordable and market-rate rental and for-sale housing; encourage diversity in the types, sizes, and prices of housing units; and create partnerships with other agencies to ensure the longevity of affordable housing. She said a lot of the goals are similar and specific to land use issues. Bennett stated that the metropolitan council informed her that ideas from the study could be added to the comprehensive guide plan prior to its adoption by the city.

Bennett described the steps taken to complete the housing audit.

Bennett stated that it is expensive to redevelop existing uses which, in turn, makes it difficult to provide affordable housing. The end use is very expensive.

Minnetonka is still holding its high property value, and it is difficult to attract young families due to the cost of housing.

Bennett said there is a lack of support for high-density housing in Minnetonka. The cost of redevelopment requires higher densities to attract work-force housing. Minnetonka considers 12 units per acre high density; however, in some communities high density is closer to 20 units per acre.

Bennett said the households in Minnetonka are aging. In some cases, elderly with fixed incomes are having trouble paying for maintenance of a residence even if they do not have a mortgage. She also said the large retail sector provides lower wages and the employees have a challenge to live in the community. There is a disconnect between workers and available housing. Bennett stated access to transit is very limited. Even where there is transit there is low ridership.

Bennett reviewed Minnetonka's affordable housing programs, which address a variety of income levels and uses. The Homes Within Reach program is a large investment per home per household, but there is a long-term gain from that money and it assists reaching the city's goal of long-term affordability. HWR has purchased 33 homes in the city since 2002. Minnetonka should be very proud of that. Compared to other cities, Minnetonka is way ahead. It is an excellent investment.

Bennett said the rehab funds are recaptured if the residence is sold. There have been 30 emergency-deferred loans since 2006. That provides up to \$5,000 at 0 percent interest for 10 years. There are 66 owner-occupied rehab loans that have been provided since 2000 and 475 loans since the program started. The city does not market or use this program as actively as it did previously. It provides up to \$20,000 in deferred loans at 0 percent interest for 10 years. The income limit is 50 percent of median income. For a family of 4, that would equal a little over \$40,000 annual income.

Bennett said land use strategies and official controls was looked at during the housing audit. The city uses

- Tax increment financing
- A HRA levy to support the land trust program in 2009.
- The city has talked about point of sale and rental licensing programs, but there has been no action to date on those types of programs. All of the other opportunity cities have rental licensing and both Richfield and Brooklyn Park have point of sale programs.
- The city uses flexibility on letters of credits, requirements to reduce development costs, and proactively purchases housing sites for future public use.
- The EDA proactively identified future high-density housing sites.

Bennett reviewed the 11 community site principles developed by ULI. Site principles enhance economic competitiveness, diversifies property tax base, reduces pressure on local budgets, reduces commute time, protects environment, and promotes healthy living by providing more public and open space.

Bennett said the report looks at the city's human infrastructure. It is a collection of resident information, household demographics, and household usage history and turn-over patterns. It evaluates the flow of the data. The report looked at distribution of households by age, housing type, homestead status, homestead status for new house owners, turnover of households by age and housing type and aging in place, retention of households by origin and destination, and commute and labor shed information. John Carter, who worked on the data, was introduced.

The following data was reviewed:

- The median age in 2007 was 52 years. A majority of households, 44 percent, are 55 years and older. Baby boomers are between 45 years and 68 years of age.
- Brooklyn Park and Richfield are a much younger community.
- Housing by age include residents under 35 years of age live in apartments with 6 units or less. The larger apartment complexes house the older age group.
- Townhomes were utilized by residents 35 years of age and older. Townhomes have provided a market for residents as they age in suburbs.
- Of all households, 66 percent of units are owner occupied, but only 27 percent of those households are under the age of 35 years.
- Homeownership remains high in those residents 55 years of age and older and rental housing seems to be important for all age groups. In other communities, a big dip is seen in the rental for younger ages and levels out for the older ages. Minnetonka has a really strong base for all ages for rental housing.
- Of the new households coming in, the majority are rental. Residents are renting homes rather than buying homes.

Carter when a large share of the population is not moving, the population is aging in place. The chart shows the difference in the households from 2004 and 2007. The net result is that there is tremendous momentum in a community due to aging. A city needs a lot of turnover to counteract that and achieve a balance. Minnetonka has a large portion of its age range between 45 to 65 years and there is little young population behind it. It is one of the key points of the analysis.

Carter explained how the information was collected and that the oldest person in a household is the head of the household. Property tax and driver's license records were used to establish resident age information. The census uses the

first person listed on the census. He said he hoped to use the information to create a projection for the future.

The chart indicated to Allendorf that the city needs more affordable housing. He asked if the chart also indicates that more rental units are needed to draw in younger people so that there will be a population behind the wave. Bennett replied that there is a lack of rental units and owner-occupied units at a higher density, which helps to decrease the costs.

Allendorf wanted to understand what action plan it suggests. He questioned if it would be beneficial to target developers of rental housing. Wischnack noted that the owner occupied units are such a high percentage of the housing stock. There needs to be a shift in regard to how the city thinks of younger families; it is not just the rental piece it is also the owner-occupied piece. The senior availability and turn over in upper-end age category is an issue. The city needs young, owner-occupied housing to counteract the issue or the city will have only one sector of the population.

Allendorf noted that the city was criticized heavily for using tax increment financing for the Ron Clark development. What that seems to do is draw in younger families that can afford those units, whether rental or ownership units. He favored jumping on those opportunities.

Wischnack asked Bennett to highlight the senior regeneration program. Bennett said in Roseville, the senior housing regeneration program was utilized through a non-profit organization where the city and county purchased homes from seniors as they were. The houses were rehabbed and sold specifically to buyers whose household had to have at least one child under the age of 16, which is a protected class. Surveys indicate that the 22 percent that occurred without the program, increased to 44 percent.

A question was asked if criteria were in place to determine the amount of funds to be spent on redevelopment. Bennett stated that it was the trust the city had with the nonprofit group called the Greater Metropolitan Housing Corporation that was brought up to a higher standard than health and safety issues. It was brought up to a marketability level. The house still had to be sold.

Bennett reviewed the retention of households and the origin of who is moving into the community. Of the moves, 22 percent stayed in the city. This is lower than Brooklyn Park and Rosemount's retention rates due to less diversity in Minnetonka's housing stock. Retention was higher for households looking for multi-family housing and those seeking single-family housing were only 16 percent. Of all single-family moves, 26 percent were retained in another single-family home. Richfield's statistic from residents moving from apartments to single-family housing was 28 percent. They are capturing the rental market and single-family homes. They are losing those moving from a single family to a single family. That is 15 percent. The move-up housing is a challenge for Richfield. The cities have programs to renovate the existing houses.

Bennett commented that the data updated next year will show a better reflection of what is happening in the market now.

Bennett reviewed household origin and destinations for moves. Of all incoming households, 41 percent came from Minnetonka, Minneapolis, and St. Louis Park. The community change report shows labor and commute shed. In response to a question, Carter recalled that 16 percent of residents of Minnetonka working in Minnetonka is a pretty high percentage compared to the other cities in the study. Bennett explained that the data tied the resident base to the wages in the community to determine if the workers in the city are making enough to afford to live in the city. This decreases commuting distances and allows for residents to have more time to be actively involved. One of the strategies is to have more of a balanced community.

Bennett stated that the shortage of affordable homes available for young households may impact the number of workers to be employed in the city and future value of the housing stock. Reinvestment in older apartment areas preserves and enhances some of the most affordable housing in the city. With regard to the programs, the financial support of the home program results in a positive return for the city's investment. It decreases deferred maintenance, it reduces code enforcement, and a similar program is needed for younger-family housing stock as well.

Bennett stated that Minnetonka's population is aging. Additional strategies are important to help regenerate neighborhoods and address some of the aging in the community. She reviewed nation-wide statistics regarding "aging in place" residents over 55 years of age. A question was asked about how that would play out over 5 years. Bennett said heard that, nationally, in the U.S., more babies were born in 2008 than in the baby boomer years.

Bennett reviewed that the households that are aging in place live in some of the oldest housing in the city. Senior housing, senior home maintenance programs, senior housing regeneration programs, and being proactive with city and developer marketing to current owners 75 years and older and younger than 35 years of age are needed. Senior specific universal design housing type units should also be considered.

Bennett went over the observations and options. Wischnack noted the city has regular contact from condominium developers. The most recent case is the new regulations for swimming pools. The homeowners associations for the condominiums could not afford to bankroll the improvement. The city does not have a tool to deal with that effectively at this time.

Bennett discussed the best methods used to engage resident participation regarding the importance of housing diversification and higher densities. Neighborhood formation and regular engagement processes may be used by suburban communities.

Bennett stated that the Urban Land Institute is trying to get funding to do a model ordinance for the region, so the city may benefit from that as well. She reviews ways to better connect current and future housing to jobs in the community.

Bennett said that the next step is for those present to discuss the report, go through the quarter development process, and then come back with a final report based on the discussion.

In response to Greves question, Bennett stated that the report deals mainly with housing and land use, but with regard to the parks part of the efficient use of the land and success of and use is the connectivity to open space, parks and trails, and services. Sidewalks, alternate forms of transportation, and bike paths are important components that should be evaluated during redevelopment or renovation.

Wagner looked at the number of new households created and saw that the city needs more affordable housing as well as mid-ranged pricing. There are many \$340,000 houses that need about \$100,000 of work. He questioned how the city could market to emergency loan program and income limit rehabs and encourage reinvestment.

A question was asked about how the rehab loans are marketed. Wischnack noted that the *Minnetonka Memo* is one source of information for residents. Some of the programs are handled by other agencies; for instance, the emergency repair program. Durbin clarified that the emergency repair program is administered by another agency; however, the city does work through the application process and advertises the program. An article from time to time will be published in the *Minnetonka Memo*, but it's usually word of mouth. Some of the other funds are not advertised by the city because other agencies do active marketing. Wischnack noted that if a property owner or neighbor notifies the city of an issue, the city refers the resident to an available program.

There was a comment that the city takes advantage of outside agencies that provide the expertise to residents across parts of the west metro to match callers with a variety of programs and do some triage, but there is overlap in the services these agencies provide. Wischnack noted that H.O.M.E. is promoted through the senior center as well.

Duffy commented that a resident does not need to go 10 miles down the road to reach a home that is a little bit newer and maybe a little bit bigger and will meet their needs. The aging housing stock is a huge problem. A state program called *This Old House* allowed a property owner to make improvements to their home and the additional improvements would not be taxed for 10 years.

Robinson lives in a neighborhood where her neighbors are all aging in place, but there is a history of being connected. Programs that give residents an incentive to meet neighbors are really important to people, whether they have kids or not. Her neighbors are just as friendly as someone that would have young kids.

Many of Robinson's friends have moved out of larger houses and into townhomes. For all practical purposes they are still in the same community, but they may be competing for the same space as the younger families. It is going to be interesting to see how Minnetonka deals with that group.

Cheleen asked if surveys had been done in other cities asking residents what type of housing they would like in 5 years. Bennett was not aware of a city that has taken it to that level. Wischnack mentioned that the city conducted a senior focus group of 10 seniors. She felt it might be interesting to contact these people each year for follow up. It would be beneficial to compare a statistical report against direct feedback from residents. New residents could be asked why they chose Minnetonka. Bennett said that Brooklyn Park did this at one time.

Allendorf felt a survey should not be done unless the information can be used. From a policy stand point, he questioned who the city wants the programs to attract. If the city wants to retain residents over 75 years of age, then the city should make that a policy. The type of housing and residents the city wants to attract and how to attract those needs to be identified. The demographic information helps identify where there is a gap. The city is in need of more young adults and kids to support schools and the work force. The fear of being "politically correct" prevents commissioners and council members from asking the question and it seems that the answer is needed in order to define the programs that should be in place.

A comment was made that reasons why the city wants to attract a certain age resident need to be established.

Wischnack stated that information will be brought back to the EDA, and more work plans and strategies will be discussed.

5. STAFF REPORT

Durbin gave the staff report, with items including the Southwest Transitway Station Area Study, the Southwest Transitway DEIS Study, Homes Within Reach, the Minnetonka Mills LISC study, and foreclosures.

6. OTHER BUSINESS

The next regular EDA meeting will be Monday, May 11, 2009 at 5 p.m.

Wischnack and commissioners discussed publishing contact information for EDA members.

7. ADJOURN

Wagner moved, Robinson seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 9:07 p.m.

**UNAPPROVED
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**MAY 11, 2009
5:00 P.M.**

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 5:00 p.m.

2. ROLL CALL

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

Staff present: Julie Wischnack and Elise Durbin.

BUSINESS ITEMS

3. AFFORDABLE HOUSING INDEXING SYSTEM

Ellen Cousins and Dan Duffy joined the meeting.

Durbin gave the staff report.

Wiersum asked if foreclosed properties are included in calculating the average annual sales price. Durbin believed the average sale prices for houses in the metropolitan area do include prices paid for foreclosed homes. St. Peter understood that foreclosed homes are included.

Yaeger confirmed with Durbin that the recommendation is to continue the system as it currently exists. The report provided clarification.

Wagner reviewed how the 2009 resale price is calculated. Durbin stated that the maximum sales price decreased to approximately \$145,000. The maximum resale price for units at the Gables of West Ridge is significantly higher than the market value of those units.

Duffy asked happens to developments where the 50 percent indexing is used. Durbin explained that the maximum sales price is below the initial sales price. Assessing records indicate the market value is lower than the initial sales price as well.

Wagner questioned if 50 percent would be applied to an increase, then would 50 percent be applied to the decrease. Durbin answered yes.

Wagner asked when the figures would be released and how they could affect sales in process. Durbin acknowledged the time frame is typically between February and March. Calculations are done by the city and the figures are released right away. If a property is already listed, then the listed price is allowed to continue.

The public hearing was opened.

Brad Olson, 12851 Burwell Drive, is the listing agent for 9967 Enclave Drive. The formula creates a hardship for the seller. The 2008 value was between \$170,000 and \$171,000, with the commission built in. The 2009 value dropped to \$145,000. Permission was given to continue with the 2008 price. The seller had refinanced the property at \$160,000, and the 2009 price was going to create a hardship for him. The property was put on the market recently, and sold right away. The buyer got a great bargain, but, the new property owner would have a \$25,000 drop in maximum resale price if they wanted to sell it this year or next year. His solution is for the new price to be the price paid for the unit or the recalculated value if it is higher. That is the only change he wants done to the language of the restrictive covenants. In this situation, he would want it to say that when the buyers sell the property, that the maximum sales price could be at least as high as the purchase price, if not higher. So the purchaser would not be faced with a potentially drastic loss on property that is intended to be affordable.

St. Peter asked how that would be different from his purchasing a residence at fair market value. Mr. Olson responded the property is artificially low. The property is worth between \$200,000 and \$225,000, as is supported by all of the interest and quick sale.

Wiersum asked if a buyer would have been found if the interested buyers were given the option of purchasing the residence for less than it is worth with the condition that if the buyer sold the property within the next year, money would be lost in the transaction because of the formula. Mr. Olson was unsure. Wiersum said he wants to make residences affordable, but not make owners immune to market risk. Wiersum understood Mr. Olson's perspective, but purchasing a residence for \$171,000 that is worth \$210,000 is coming out ahead to begin with. Usually reselling a house within a year would cause the seller to lose money because of real estate commission and other fees. Affordable housing's goal is not to make property owners immune from market risk, but rather an attempt to get people who might not otherwise be able to afford to live in the community

to live in the community. He said there are good points to be made on both sides.

Mr. Olson did not know what lender would finance such a formula. Wiersum asked what the typical finance proportion for one of the typical, affordable houses is usually. Mr. Olson estimated three percent down. Mr. Olson appreciated Wiersum's comments. The formula forces a loss and he did not think that is its intent. It was created for an appreciating market, not a drastic change like this.

Brian Jones, Eden Prairie, stated that he is the potential. He wanted to ensure that he could purchase the residence at \$171,000 and not lose \$25,000 just by taking ownership. He understands that he may incur loss if the market declines further in a year or two. The formula works in an increasing market, but it is tough to take a loss when purchasing a house. He is planning on living there many years.

Jeff Dickhut, father of the seller, 4901 Woodhill Road, stated that the market has changed. The start price was set to be affordable. With the market the way it is, more and more houses are affordable. The formula does not take into account the original price and what the value of the house could be if there is interest in the residence.

St. Peter clarified that the original sales price is not artificially set. The city buys the price down utilizing city funds so there is a conscious choice as to where the price is set.

The public hearing was closed.

Wagner said that resale covenants have been used to protect affordability. The 50 percent cap was implemented when the townhome he was living in went from being valued at \$110,000 to \$220,000 and no longer was affordable. He is concerned with being too restrictive to the market. He advocates for staff's recommendation with a caveat to allow a floor that stipulates if it was purchased at a certain price, it could be resold for no more than that price, but the calculation would still be done. For example, if it was bought today at \$100,000 and the market value said it should have sold for \$75,000 and five years later it is sold for \$105,000. He advocates for a floor so that the buyer does not have to take a loss on the property, but that the percentage is still calculated through the entire time the owner owned the home. He has a tough time with forcing a homeowner to take a loss just to get the affordable property.

Wiersum said he wants a solution to modify the negative impact to the seller. He did not want to see a young couple buy a home to live in Minnetonka and, due to a change in circumstance, take a \$25,000 loss.

He had a problem with affordable houses that, if a loan is not approved based on the covenants in place, is no longer an affordable house, but at the same time, to guarantee a floor does not feel right either. He could see modified floor, with some amount of risk. Modifying the amount of risk and indexing it over 1, 2, or 3 years so that at the end of 3 years the house could be sold at market price. Some floor during the first 2 years seems reasonable. He did not believe the EDA should require the city to take the risk when the buyer takes no risk. He wanted to be balanced in the approach and considerate of the issue that could be created.

Wagner used the term "floor" to mean that the homeowner would still have to sell the property at what the market would dictate. If the house is worth \$200,000, purchased for \$170,000, and tomorrow its value decreases to \$144,000, then the homeowner should be allowed to sell the property for \$170,000.

St. Peter noted that a lender will take the formula into consideration when determining the amount that the property is worth for lending purposes. That may need to be shared between the buyer and the seller because if you cannot close on a loan, you cannot close on the transaction. He suggested that the market does still govern what will happen and the availability of financing will determine the true fair market value of the property given the covenants of record.

Duffy felt the covenants should be in the disclosure forms. Everyone looking at presenting an offer should be made aware of them. He was concerned with setting a price and a minimum in a particular case because that might set a precedent that might warrant other problems later.

Wagner favored more discussion. Affordable housing has been defined as \$233,000. The goal is to keep housing affordable to maintain a diverse population. It is ludicrous to set a purchaser up to take a \$25,000 loss. Calculating the intent of resale covenants over the life of the property does make sense. He does not support staff's recommendation.

Wiersum understands the stickiness of the situation. He sympathizes with the particular situation. The policy needs to facilitate lending under the rules for the target audience that the program is intended. If the system is set up to prevent the buyer from securing a loan, the system does not work. At the same time, if he was buying a house and there is a likelihood he would be moving in a year, he should not have purchased the house. Even in a good market, with real estate commissions, he should not have purchased the house if moving within one year. He did not want to solve a problem for a situation when, in reality, they should not be buying a house. Wiersum said he would rather solve a problem for a scenario where a

buyer stays in a house for five years or more. Protections need to be in place to allow them to receive financing. All of the market risk cannot be taken out of the situation.

Wagner did not see the market risk being taken out of the situation for the end user. The reality is that the sale price is limited because of historical standards. If the market goes down and no one is willing to pay what the seller is asking for, the market will still determine the price.

St. Peter said a lender simply looks at the inherent value or resale value of the property to make the lending decision. Under the formula, if we do not give an artificial increase waiving the application of the indexing policy to the property to the lender now, the property is worth no more than \$144,000 unless it is agreed that the lender or buyers are allowed to recover at the \$171,000 value. The willing buyer and willing seller have not finished the transaction because they do not have a lender willing to lend at the agreed upon price. That frequently happens in the market place. Parties can agree to a purchase agreement which is not bankable.

Yaeger understood that if the house would be put on the market again, the maximum that the seller could ask for would be \$144,000. Durbin clarified that if the current sale fell through, the house would be listed at \$171,000. The \$144,000 would not come into play until the actual unit is sold and the title is transferred. Yaeger asked if the house would be taken off the market completely and put back on the market in October of this year, then would it be listed at \$171,000; or at what point in time would it be listed at \$144,000. Durbin explained that if the house would be taken off the market for several months and then listed, it would be subject to the 2009 resale value of \$144,000. Yaeger felt the market place should be allowed to dictate in this circumstance. Assuming that the seller is selling at \$171,000 and no one can get a loan for \$171,000, the seller would have to lower the price in order to get a loan to purchase the house. Durbin agreed. She noted that the city has 129 resale restricted units, and she is not aware there has ever been a problem getting a loan because of the covenants.

Yaeger stated that the seller is the one in this situation who is setting the price and not willing to negotiate below the high price, but the property will not be sold unless a buyer can get a loan for it. He did not see an issue. The market will make the purchase happen just as it should. The loan will fall through because it is not going to happen and then the price of the house will have to come down to a point where enough of a loan will be approved for a buyer to purchase it.

Duffy noted the disclosure forms have to indicate the covenants to any potential buyers. He asked at what point is the new index given to the

seller. Durbin explained that the new prices are sent out in March or April to set the price whether the residence is on the market or not. If the residence is on the market, it can be left at the listed price or increased. The maximum resale price would be effective immediately. The 2009 price would be effective until March or April of 2010. Duffy confirmed with Durbin that by March of 2009, the \$144,000 price would have to be included in the disclosure forms to potential buyers. Durbin agreed that the disclosure forms should mention that the covenants are in place and that the maximum resale prices are set. The 2009 numbers have not gone out because the issue was brought up prior to those numbers being sent out; however, when the new resale numbers come out, they will be included in the disclosure packet.

Wiersum said the indexing system is in place to maintain affordability. It is designed for an increase in the market; so that the increase in value does not outpace the affordability. The homeowner may benefit from the appreciation of their homes, but, at the same time, not eliminate the affordability. The system is tied to the market and that is appropriate. The banker wants to make sure that the property is worth more than the money being lent to pay for it. The buyer's credit worthiness and the market value are factors. If a home would be foreclosed upon, the bank would consider if affordability rules would constrain the foreclosure.

Wiersum said it is anticipated that housing values will stabilize and go up at a modest rate. If the market increased 5 percent each year, the difference between \$144,000 and \$171,000 would increase at \$7,200 a year and make up the \$27,000 difference in 4 years or 5 years. That is a fairly lengthy time frame for a starter house. He struggled with finding the right answer. He does not want to be driven by one example. The price needs to be tied to the market and affordability needs to be protected. He believes buyers should not have to have to buy an affordable house and after a certain amount of time still lose money on it; however, he does not want to eliminate all risk. That is not the purpose of affordable housing.

Cousins acknowledged that this situation could happen to anyone in the affordable housing market. St. Peter agreed. Cousins considered if four other owners want to move out of their affordable residences this year, they would have a potential loss. St. Peter clarified that the loss would be against the potential maximum sales price in 2008. In this transaction, the seller was allowed to list at that value. St. Peter argued that that does not necessarily mean that is what the fair market value is. The lender will take into account the restrictions that occur after closing. It is the problem that occurs in any transaction near an anniversary date. The EDA and the city council may reaffirm its policy and fully disclose the terms with all of the parties. St. Peter said the house is only worth what the bank is willing to lend. If the bank is not willing to lend more than \$144,000 and he was

mediating between the parties, he would suggest that the value is \$13,500 more than the \$144,000; the seller carry back some financing; or the buyer come up with additional funds. It is not a solution, but it says that the market place. Just because there is an artificial maximum allowable sales price that the city allows it to be listed at, does not mean the city will guarantee that price at closing or that a bank will lend on that price. The willing buyer and willing seller give the market value of a property, not the indexed value.

Wagner disagreed. This situation has a willing buyer and a willing seller. Before the EDA is a policy question. The policy covers resale covenants tied to increases. It needs to be determined if "increases" will remain to mean increases only or if "increases" will be applied to increases and decreases. St. Peter was a part of the commission for the creation of three indexes. The first two discussed the positive/negative aspect. It was agreed that it would be a long-term average, regardless of what happened. He did not think it was included in the policy statement, but that is where the average came from.

Wagner said from a policy decision stand point, he agreed with the long-term aspect of averaging, but disagreed fundamentally with requiring buyers to take a loss immediately because of the formula. The EDA's goal is to maintain affordability. It can be \$171,000 until the market value catches up to it, but the average increase or decrease over time would meet the intent of the goal which is to have affordable housing. St. Peter asked how a lender would be convinced to lend more than \$144,000 this year. Wagner said because it would be defined as a policy decision to say that the increase or decrease would be defined. St. Peter asked if the city would guarantee the lender the recovery.

Wagner moved to continue implementation of the system with the following change: "Continue the maximum resale price to include increases and decreases with a stipulation that an owner buying a property under the resale covenants may sell it regardless of the calculation of the increases or decreases for what they have paid. It is not guaranteed that if someone is willing to buy it for that price that they are able to do that." There was no second. Motion failed.

Yaeger moved to continue implementation of the system as it currently exists. There was no second. Motion failed.

Duffy moved, Wiersum seconded a motion to implement the system with indexing at a 50 percent increase or decrease for the current transaction only. It is conditioned on the acceptance of the buyer, seller, and developer. Duffy and Wiersum voted yes. Cousins, Wagner, Yaeger, and St. Peter voted no. Robinson was absent. Motion failed.

Durbin clarified the 50 percent would be applied to increases as well as decreases for the property. It currently increases at 100 percent of the rate. St. Peter said that would be the compromise that the 50 percent would be applied to both.

Wiersum asked if it would be appropriate to table the item until the next meeting. Wagner clarified that the buyer is scheduled to close on the property this week. Wiersum asked the buyer if financing has been obtained for \$171,000. The buyer responded that the bank has approved a loan contingent on the buyer being able to sell the house for \$171,000; if the wording, dealing with a maximum increase, stays as it is, then the loan is approved.

Wagner says he feels that he has not articulated the situation appropriately enough. If he was the owner of the property, and every buyer has the same issue with the resale covenant, he would not sell his property. He would rent it out and it would not allow for turnover which is needed in Minnetonka. The original policy did not take into account 15 percent decreases each year. A 100 percent increase in 5 years was not expected either, which is what happened at the Gables of West Ridge.

Wiersum did not disagree with Wagner's point. A 15-percent decline is significant. Foreclosures are included in the figure which makes it somewhat of an artificial number. Assessed values in Minnetonka went down three or four percent, which is much more reasonable. Because the figure includes foreclosed properties, which sometimes sell at 30 percent to 50 percent off past value, it is an overly onerous policy. The current buyers want to close on the house. The city is not guaranteeing that the house could be sold at \$171,000 in the future. The market is not being taken out of the equation, but is creating an affordable ceiling. He could see how that could be a disincentive to a lender. It is a complex issue, but he now supports Wagner's proposal. It is not a perfect answer, but a better answer would be that decreases should count, but they should not include foreclosed houses. He can live with Wagner's motion for this particular case. The issue can be discussed again later.

Yaeger felt one issue not discussed is the price of the house is set too high. The house does not need to sell for \$171,000. If a loan cannot be secured at that price, then the house price needs to be negotiated lower. By doing what is suggested here, the high sale price is being guaranteed.

Wagner tried to clarify that owners of covenant-restricted houses in Minnetonka are facing a definition change. Any bank would have loaned \$171,000 for the property today. It is the fact that the resale covenant restricts the sale price the day after closing to \$144,000 that is preventing

approval of the loan. Yaeger saw that as an element of the fair market value. Wagner disagreed.

Cousins asked if there is a way to allow the buyer to be able to sell the residence for up to \$171,000 in 6 months. Wagner said that was his motion. Cousins now understood that Wagner's motion would allow resale up to the purchase price, but not guarantee that price. Wagner explained that the first year the buyer could sell it for up to the purchase price, year 2 up to \$150,000, year 3 up to \$160,000. By year 5, if the value got up to \$180,000 and the math would still work and it could sell for \$180,000, but not until the math caught up.

Duffy was ready to make an exception for the property. There needs to be more discussion on the issue. The 50 percent indexing in 2004 made sense and still does. He questioned how many buyers would be lined up to purchase the property if they knew the covenants.

Duffy moved, Wagner seconded a motion to apply affordable housing covenants, but allow 9967 Enclave Drive to be sold at an amount up to the purchase price. Cousins, Duffy, Wiersum, and Wagner voted yes. Yaeger and St. Peter voted no. Robinson was absent. Motion passed.

Wagner requested staff's policy recommendation include increase and decrease percentages for the next discussion of the issue.

Durbin will be following up with City Attorney Desyl Peterson for documents related to 9967 Enclave Drive.

4. TIF REPORT FOLLOW UP AND TIF/TAX ABATEMENT POLICY

Wischnack gave the staff report.

Wiersum moved, Cousins seconded a motion to amend the TIF plan for the Beacon Hill district to include using those dollars for support of affordability for housing in the Glen Lake project area. Cousins, Duffy, Wiersum, Wagner, Yaeger, and St. Peter voted yes. Robinson was absent. Motion passed.

Wagner asked if the funds expire at a certain point. Wischnack explained that the TIF plan must be amended by next month to use the funds for another purpose. If they expire August 1, 2009, the funds cannot be used. Wagner asked if it could be said that the funds will be used "for a project to be determined." Wischnack thought for a project located in the "project area" would be sufficient.

5. STAFF REPORT

Durbin reviewed the staff report items including the Southwest Transitway station area study and DEIS, the Minnetonka Mills Corridor Development Initiative, foreclosures, Crown Ridge, and upcoming events.

6. OTHER BUSINESS

The next regular EDA meeting was announced as June 29, 2009 at 6 p.m.

7. ADJOURN

Duffy moved, Cousins seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 6:45 p.m.

EDA Agenda Item #4
Meeting of June 29, 2009

Brief Description: Election of officers

Recommended Action: Elect EDA officers for 2009-2010 year

Background

The EDA by-laws call for an election of a President and Vice-President each year. The offices are held for one-year terms.

The current EDA President is Peter St. Peter, and the Vice-President is Dan Duffy.

By tradition, City Council representatives on the EDA have not held office but there is nothing in the by-laws to prohibit them from doing so.

The Secretary to the EDA is Community Development Staff, while the EDA Treasurer is the city's Finance Director, who also serves as City Treasurer.

Recommendation

Staff recommends the EDA take time on June 29 to elect a President and Vice-President.

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Elise Durbin, AICP, Community Development Supervisor

**EDA Agenda Item #5
Meeting of June 29, 2009**

Brief Description: 2010 Preliminary Budget Review of Livable Communities Account, Development Account and HRA Levy

Recommended Action: Discussion on funds to prepare preliminary budget

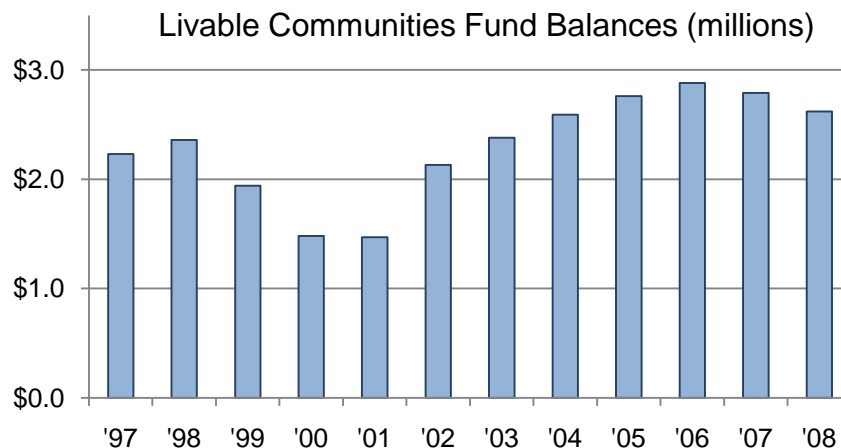
Background on Livable Communities and Development Accounts

Since the 1990's, Minnetonka has maintained a development fund and a livable communities fund to help channel resources to redevelopment/economic development projects and to affordable housing initiatives. The approved 2009 budget pages for each account are attached on pages A1-A3.

Livable Communities Account

This account was established in 1997 by special legislation allowing Minnetonka to retain funds remaining after early decertification of the Ridgepointe-Cliffs housing TIF district. The special legislation was approved with the provision that the money only be used for housing activities and directly-related public improvements. Examples of recent projects funded by the Livable Communities account include:

- Homes Within Reach (WHAHLT)—Annual contributions to write-down their net cost of purchasing homes in Minnetonka
- Cedar Pointe Townhomes—A quarterly payment is made to off-set part of the rents to subsidize nine units
- Crown Ridge and Minnetonka Heights—Contributions for support programs
- Other—Used as a pass through for certain Hennepin County Transit Oriented Development (TOD) funds for The Sanctuary and Deephaven Cove.

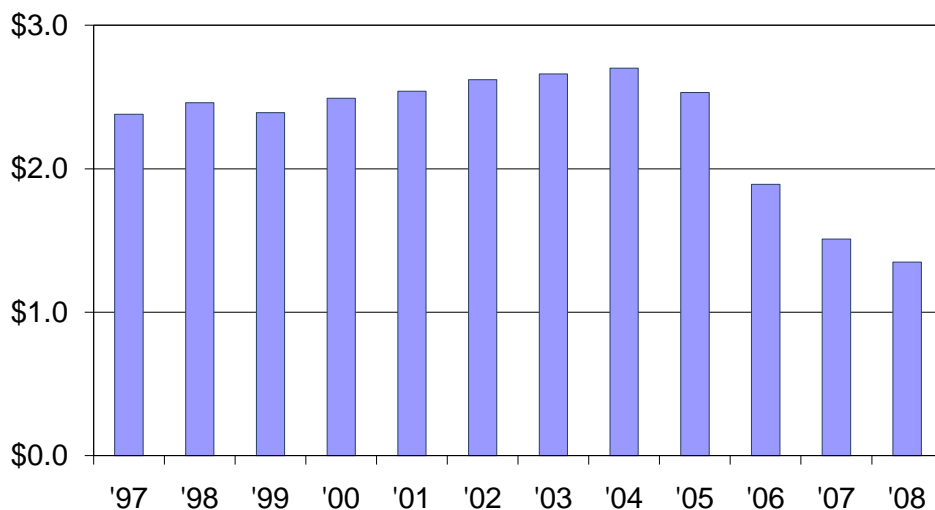


Development Account

The development account was established in 1993. Funds remaining after the early retirement of bonds issued for the original Glen Lake and Carlson Center projects provided the initial source of the development account funds. Unlike the Livable Communities account, the development account has more flexibility for usage in redevelopment and economic development projects. Recent projects include:

- **Redevelopment Projects**—This includes costs for projects such as Glen Lake and Minnetonka Boulevard/County Road 101. Some of the Glen Lake costs will be reimbursed with TIF proceeds.
- **Economic Development Projects**—Used as a pass through for funds from the Department of Employment and Economic Development (DEED) for Minnesota Investment Fund projects such as Cargill-Dow. The city’s membership for the Twin Cities Community Capital Fund also came from the development account.

Development Fund Balances (millions)



HRA Levy Account

The first levy for housing and redevelopment began in 2009. The levy was set to provide \$100,000. The funds were to be used for the partial payment to Homes within Reach for a total funding commitment of \$250,000 for affordable housing efforts.

To inform the commission of the budgetary impacts of various levy amounts, the table, below, describes the various dollar amounts and the effect on taxation (payable) in 2009. Because the various pieces of data needed for the levy will not be available for a

number of months, this information will assist in only discussing the potential levy amounts.

Proposed Program Amount	\$200,000
Proposed Percent Levied	.002343%
Annual Cost to a \$346,000 home	\$5 per year

Recommendation

Staff recommends the EDA discuss these funds to assist in preparation of the preliminary budget information. The city council will discuss major budget issues on August 31, 2009.

Originated by:

Julie Wischnack, AICP, Community Development Director

LIVABLE COMMUNITIES FUND - Community Development Department

Revenues	2007 ACTUAL	2008 ACTUAL	2009 BUDGET	2009 REVISED	2010 BUDGET
Redevelopment Payments	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	136,327	127,889	85,000	-	-
Hennepin County T.O.D. Funds	188,000	-	-	-	-
WHAHLT T.O.D. Contributions	-	-	-	-	-
Totals	\$ 324,327	\$ 127,889	\$ 85,000	\$ -	\$ -
Expenditures by Type					
Redevelopment Project Planning*	\$ -	\$ 5,244	\$ -	\$ -	\$ -
Cedar Point Affordable Housing	-	27,734	35,000	-	-
Mtka Heights / Crown Ridge	-	16,500	36,000	-	-
WHAHLT	302,505	317,703	150,000	-	-
T.O.D./ WHAHLT Projects	-	-	-	-	-
Legal/Other	-	113	-	-	-
Transfers Out	-	121,800	-	-	-
Totals	\$ 302,505	\$ 489,094	\$ 221,000	\$ -	\$ -
Surplus (Deficiency) of Revenues over Expenditures	21,822	(361,205)	(136,000)	-	-
Beginning Fund Balance	2,871,675	2,893,497	2,532,292	2,532,292	2,532,292
Ending Fund Balance	<u>\$ 2,893,497</u>	<u>\$ 2,532,292</u>	<u>\$ 2,396,292</u>	<u>\$ 2,532,292</u>	<u>\$ 2,532,292</u>

* See "Budget Comments/Issues" below.

Description of Services:

The Livable Communities fund was created after receiving special legislation to develop an account from the revenues of a closed Tax Increment Finance (TIF) district. The legislation specifically restricts the use of these funds for affordable housing programs. Standards for affordability are consistent with the Metropolitan Council's income, rent and sales price limits.

Key Measures:

	2007 Actual	2008 Actual	2009 Estimated	2010 Projected
Affordable units preserved at Cedar Pointe	9			
Total WHAHLT units in Minnetonka	30			
Average sales price of WHAHLT unit	\$130,124			
Percent of LCA housing goals achieved	79%			
Median value of Minnetonka home	\$327,100			
Percent difference from previous year	3.0%			

Budget Comments/Issues:

Due to structural imbalance of the fund, the Livable Communities Fund balance is projected to decrease over time. In 2009, the city's Economic Development Authority (EDA) and the Minnetonka city council adopted a Housing & Redevelopment Authority (HRA) levy to help supplement this source for the purposes of increasing affordable housing.

- A portion of this fund serves as a pass-through for Metropolitan Council grant revenues to WHAHLT.
- Hennepin County Transit Oriented Development (T.O.D.) grant funds are used to fill the gap between the city's cost of purchasing the affordable units at The Sanctuary and Deephaven Cove and the sales price paid by WHAHLT. The grant amounts originally budgeted in 2008 for the Sanctuary project have been cancelled per developer contract agreements relative to specific market and construction conditions.
- 2008 includes a \$121,800 operating transfer from the Livable Communities Fund to the Community Development Block Grant (CDBG) Fund to eliminate a past accounting error in the latter fund. The accounting adjustment must technically be approved by council.

DEVELOPMENT FUND - Community Development Department

Revenues	2007 ACTUAL	2008 ACTUAL	2009 BUDGET	2009 REVISED	2010 BUDGET
Interest Income	\$ 93,473	\$ 67,897	\$ 30,000	\$ -	\$ -
Cargill/Dow Repayments	-	-	-	-	-
State Grants	-	-	-	-	-
Other Grants	-	231,557	118,000	-	-
Hennepin County T.O.D. funds	23,000	-	505,000	-	-
TIF Admin Revenue	175,720	161,100	148,000	-	-
Sale of HTC House	-	-	500,000	-	-
UHG Project Reimbursement	-	572,400	-	-	-
Miscellaneous Income	-	3,500	-	-	-
Totals	\$ 292,193	\$ 1,036,454	\$ 1,301,000	\$ -	\$ -
Expenditures by Type					
Personnel Costs	\$ 25,977	\$ 30,891	\$ 29,300	\$ -	\$ -
Redevelopment Projects	440,063	910,944	400,000	-	-
Transit Projects/Programs	-	-	225,000	-	-
Economic Development Programs	-	-	-	-	-
Comprehensive Plan Update	117,655	(62,655)	-	-	-
Other	144,189	25,740	-	-	-
HTC House	-	15,302	250,000	-	-
Transfer Out	164,800	47,600	44,300	-	-
Totals	\$ 892,684	\$ 967,822	\$ 948,600	\$ -	\$ -
Surplus (Deficiency) of Revenues over Expenditures	(600,491)	68,632	352,400	-	-
Beginning Fund Balance	1,889,931	1,289,440	1,289,440	1,289,440	1,289,440
Ending Fund Balance	<u>\$ 1,289,440</u>	<u>\$ 1,358,072</u>	<u>\$ 1,641,840</u>	<u>\$ 1,289,440</u>	<u>\$ 1,289,440</u>
Number of Employees (FTEs)	-	0.20	0.20	-	-

Description of Services:

The Development Fund was created with funds remaining after retiring the bonds of a single Tax Increment Finance (TIF) district in 1993. Under provisions of the TIF contract and law, the Development Fund may only be used for costs associated with Minnetonka's redevelopment and economic development activities. The EDA initiates projects appropriate to these activities.

Key Measures:

Development/Redevelopment Projects in Progress

	2007 Actual	2008 Actual	2009 Estimated	2010 Projected
Development/Redevelopment Projects in Progress	0	0	0	0

Budget Comments/Issues:

Due to structural imbalance of the fund, the Development Fund balance is projected to decrease over time. The city's Economic Development Authority and the Minnetonka city council are considering adoption of a Housing & Redevelopment Authority (HRA) levy to supplement this source for the purposes of aiding redevelopment with increased affordable housing.

- Redevelopment project costs associated with Glen Lake are provided under the approved district plan, whereby the city will seek reimbursement from TIF proceeds over the life of the district. Included in 2009 is previously approved funding for streetscaping and plaza improvements.

- Hennepin County Transit Oriented Development (T.O.D.) grant funds included under "Transit Projects" and other grant funds under "Redevelopment Projects" will be used in 2008 for streetscaping improvements at Deephaven Cove and Glen Lake. The projects were initially budgeted in 2007.

- Economic development program costs in 2008 for \$500,000 are funds from the Minnesota Department of Employment and Economic Development (DEED) to finance a loan/grant for Nestle Novartis to locate its business headquarters in the Opus Business Park.

- The city is fronting the costs of the improvements needed for Bren Road East in connection with the United Health Group (UHG) expansion. The developer will be assessed back the total cost of the project in 2008, which is budgeted under "Redevelopment Projects."

- Personnel costs are an allocated portion of the community development director's salary.

NOTE: The following budget reflects the Minnetonka City Council final adopted Housing and Redevelopment Authority (HRA) tax levy, which was approved upon the recommendations of the Minnetonka Economic Development Authority (EDA) as provided at its meeting on November 12, 2008. Because the HRA tax levy is not a statutory levy of the City of Minnetonka, none of these revenues and expenditures are included in the "All Budgetary Funds" document summary

HOUSING & REDEVELOPMENT AUTHORITY FUND

Revenues	2007 ACTUAL	2008 ACTUAL	2009 BUDGET	2009 REVISED
Ad Valorem Tax Levy	\$ -	\$ -	\$ 100,000	
Totals	\$ -	\$ -	\$ 100,000	\$ -
Expenditures by Type				
WHAHLT	-	-	100,000	
Totals	\$ -	\$ -	\$ 100,000	\$ -
Surplus (Deficiency) of Revenues over Expenditures	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

Description of Services:

Minnesota Statutes 469.033, Subd. 6 authorizes housing and redevelopment authorities (HRAs) the power to levy a tax upon all taxable property within its district to finance housing and redevelopment programs subject to the consent of the city council. In 1988 and amended in 1994, the Minnetonka City Council established the Economic Development Authority (EDA) of the City of Minnetonka and transferred to the EDA the control, authority and operation of all projects and programs of the city's HRA. The law and council resolutions further require the EDA to file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city and all actions

Key Measures:

	2007 Actual	2008 Actual	2008 Estimated
Affordable units preserved at Cedar Pointe	9	9	9
Total WHAHLT units in Minnetonka	30	30	32
Average sales price of WHAHLT unit	\$130,124	\$130,124	\$132,000
Percent of LCA housing goals achieved	79%	79%	79%
Median value of Minnetonka home	\$327,100	\$327,100	\$353,000
Percent difference from previous year	3.0%	3.0%	7.9%

Budget Comments/Issues:

The 2009 adopted HRA levy will support the city's and EDA's contract with the West Hennepin Affordable Trust (WHAHLT). Total 2009 city funding for WHAHLT is \$250,000 with \$150,000 of this amount budgeted Communities Fund.

- The EDA recommended a final \$200,000 HRA levy and budget in 2009. The council adopted \$100, recommendation and amended the Livable Communities Fund budget to reflect this amount.
- Because HRA levies are specifically covered as separate levies under state law, Truth-in-Taxation n property tax invoices to property owners identify the levy as a "special taxing district" separate from the ci

**EDA Agenda Item #6
Meeting of June 29, 2009**

Brief Description: TIF District Modification schedule

Recommended Action: Informational only

Background

Earlier this year, the EDA received a report and presentation from Ehlers and Associates regarding the status of the city's Tax Increment Financing (TIF) districts. This report contemplated options the city has regarding several of the TIF districts that are nearing their completion, whether that be to decertify or amend the districts. Additionally, Steve Bubul from Kennedy & Graven provided a report on the legal implications of TIF management.

Housing District No. 2—Beacon Hill

Based upon the information provided by Ehlers and Associates and Steve Bubul, the EDA, at its May 11 meeting, voted to recommend amendment of the Beacon Hill TIF District (page A1), rather than decertify it. By amending the Beacon Hill TIF District plan, it allows the additional funds to be used to support affordable housing projects within the Glen Lake project area. At the June 8 City Council study session, the council concurred with the EDA to not decertify the Beacon Hill TIF District. Their direction was to provide a flexible TIF Plan amendment for affordable housing purposes.

Glenhaven TIF District

During the 2009 Minnesota Legislative session, Minnetonka requested an extension of the Glenhaven TIF District (page A2) up to an additional seven years. The Glenhaven TIF District is a renewal and renovation district (with a maximum term of 15 years) that was created for the current Glen Lake redevelopment project. In 2006, at the time of the district's creation, 15 years was thought to be sufficient in order to recoup the approved project funds. Because of the current economic conditions, it has led to the inability to develop two of the three sites, which in-turn has created problems and is highly unlikely, that with a 15 year term to recoup approved funds therefore the request for a district extension.

In May, the legislature approved the city's request for up to a seven year extension, provided that the city can provide evidence that the district would have qualified as a redevelopment district. Mr. Bubul will be preparing this documentation.

Next Steps

In order to amend the Beacon Hill TIF District plan, as well as to finalize and comply with the legislation for the Glenhaven TIF District extension, the following modifications must occur:

- Modification to the Housing Development and Redevelopment Plan for the Glen Lake Station Housing Development and Redevelopment Project
- Modification to the Tax Increment Financing Plan for the Beacon Hill Tax Increment Financing District
- Modification to the Tax Increment Financing Plan for the Glenhaven Tax Increment Financing District

The modifications to these plans can be made by through a series of steps. These steps, and their *tentative* schedule, are as follows:

DATE	ITEM
August 17, 2009	EDA review of plan modifications
August 20, 2009	Planning Commission review of modifications to determine compliance with the Comprehensive Plan
September 14, 2009	Public Hearing by the City Council on the modifications

TIF Policy

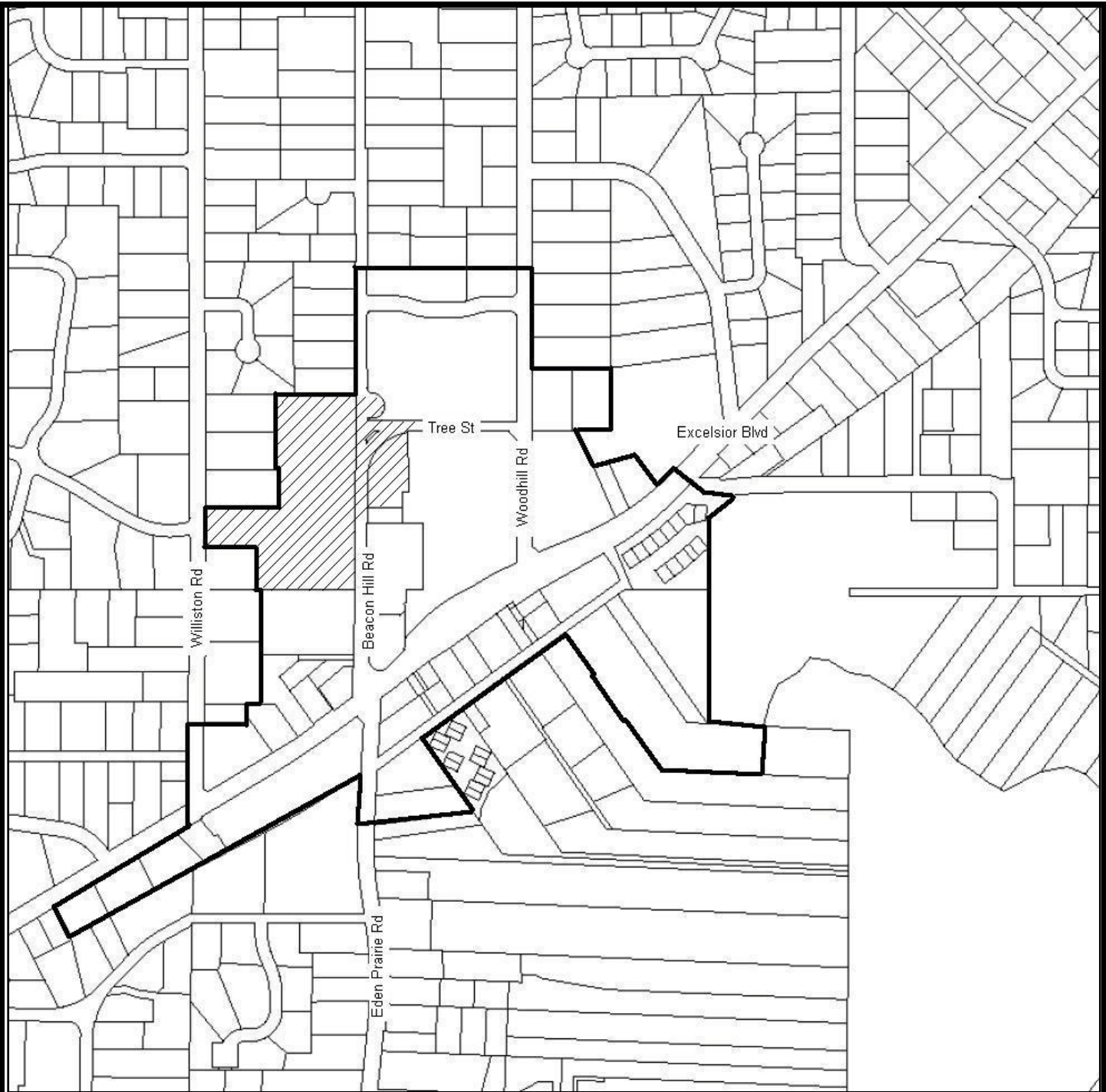
Staff has prepared a draft of the TIF policy for your review on pages A3-A6. The EDA should review the information and provide feedback to staff.

Recommendation

This information is provided for informational purposes. Staff will bring the items back to the EDA for formal adoption in August.

Originated by:

Julie Wischnack, AICP, Community Development Director
Elise Durbin, AICP, Community Development Supervisor



Housing TIF District 2—Beacon Hill

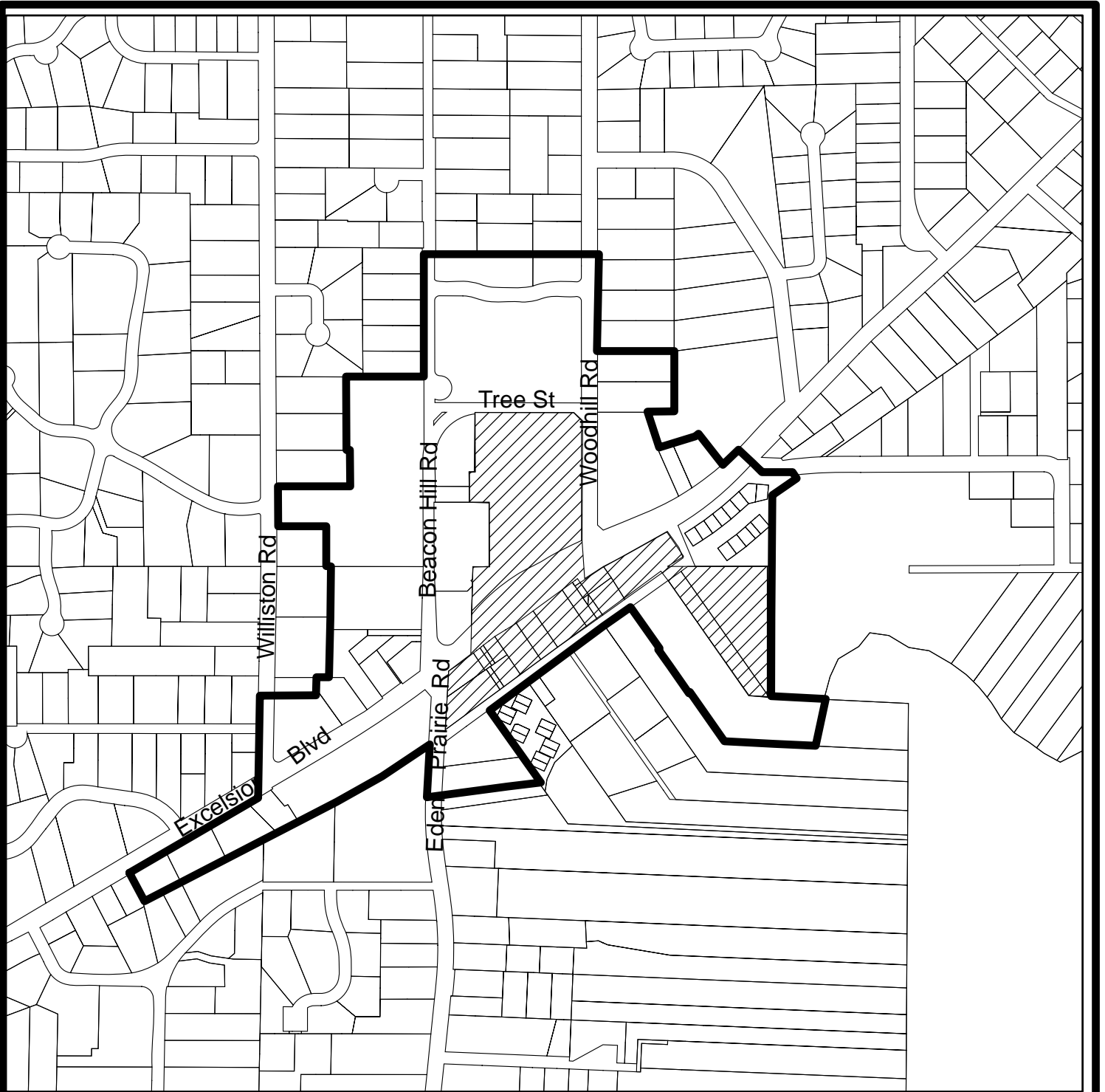


Glen Lake Station Housing Development and Redevelopment Project Area



Housing TIF District 2—Beacon Hill





Glenhaven TIF District



Glen Lake Station Housing Development and Redevelopment Project Area



Glenhaven TIF District



Policy Number 2.____
Tax Increment Financing and Tax Abatement

Purpose of Policy: This policy establishes criteria which guide the economic development authority and the city council when considering the use of tax increment financing and tax abatement tools in conjunction with proposed development.

Introduction

Under Minnesota Statutes Sections 469.152 to 469.1799, the city of Minnetonka has the authority to establish tax increment financing districts (TIF districts). Tax increment financing is a funding technique that takes advantage of the increases in tax capacity and property taxes from development or redevelopment to pay public development or redevelopment costs. The difference in the tax capacity and the tax revenues the property generates after new construction has occurred, compared with the tax capacity and tax revenues it generated before the construction, is the captured value, or increments. The increments are used to repay public indebtedness or current costs the development incurred in acquiring the property, removing existing structures or installing public services. The fundamental principle that makes tax increment financing viable is that it is designed to encourage development that would not otherwise occur.

Under Minnesota Statutes, Sections 469.1812 to 469.1815, the city of Minnetonka has the right to abate property taxes. A city may grant an abatement of some or all of the taxes or the increase in taxes it imposes on a parcel of property if the city expects the benefits of the proposed abatement agreement to at least equal the costs of the proposed agreement. Abatement is a reallocation or rededication of taxes for specific improvements or costs associated with development rather than a “refund” of taxes.

It is the judgment of the city council that TIF and abatement are appropriate tools that may be used when specific criteria are met. The applicant is responsible for demonstrating the benefit of the assistance, particularly addressing the criteria below. The applicant should understand that although approval may have been granted previously by the city for a similar project or a similar mechanism, the council is not bound by that earlier approval. Each application will be judged on the merits of the project as it relates to the public purpose.

1) Tax Increment Financing

The Economic Development Authority (EDA) will be responsible for making a recommendation to the city council about whether (1) a project would not occur “but for” the assistance provided through tax increment financing; and (2) no other development would occur on the relevant site without tax increment assistance that could create a larger market value increase (or as provided in state statute). At the time of any application for a comprehensive guide plan amendment, rezoning or site plan approval for a project, whichever occurs first, the applicant must divulge that TIF financing will be requested.

Applications must meet all of the following standards to be eligible for consideration:

- Projects must be compatible with the comprehensive guide plan and the development and redevelopment objectives of the city.
- Priority will be given to those projects which:
 - are within the “village areas” identified in the 2008 comprehensive guide plan;
 - are mixed use or residential in nature, and include affordable housing units which meet the city’s affordable housing standards;
 - contain amenities or improvements which benefit a larger area than the identified development;
 - improve blighted or dilapidated properties, or
 - maximize and leverage the use of other financial resources.

a) Costs Eligible for Tax Increment Financing Assistance

The EDA will consider the use of tax increment financing to cover project costs allowed under MN Statutes. The types of project costs that are eligible for tax increment financing could be utility design; site related permits; architectural and engineering fees directly attributable to site work; soils correction; earthwork/excavation; utilities (sanitary sewer, storm sewer, and water); landscaping; street/parking lot paving; streets and roads; curb and gutter; street/parking lot lighting; land acquisition; sidewalks and trails; legal (acquisition, financing, and closing fees); special assessments; surveys; soils test and environmental studies; sewer access charges (SAC) and water access charges (WAC); title insurance; landscape design or other items allow by state law.

b) Forms of Assistance

Tax increment financing will generally be provided on a “pay-as-you-go” basis in which the EDA and the city compensates the applicant for a predetermined amount for a stated number of years. The EDA and the city will have the option to issue a TIF note with or without interest, where the principal amount of the TIF note is equal to the amount of eligible project costs incurred and proven by the developer. In all cases, semi-annual TIF payments will be based on available increment generated from the project. TIF payments will be made after collection of property taxes.

c) Fiscal Disparities

TIF districts will generally be exempt from the contribution to fiscal disparities. The percentage of revenues required from the project within the TIF district will be the responsibility of properties inside the district. The exception to this policy is when MN Statutes require that fiscal disparities be paid from within a TIF district, as is the case with economic development districts.

2) Tax Abatement

The tax abatement tool provides the ability to capture and use all or a portion of the property tax revenues within a defined geographic area for a specific purpose. In practice, it is a tax “reallocation” rather than an exemption from paying property taxes. Tax abatement is an important economic development tool that, when used appropriately, can assist in accomplishing the city’s development and redevelopment goals and objectives. Requests for tax abatement must serve to accomplish the city’s targeted goals for development and redevelopment, particularly in the designated village center areas. At the time of any application for a comprehensive guide plan amendment, rezoning or site plan approval for a project, whichever occurs first, the applicant must divulge that tax abatements will be requested.

a) Projects Eligible for Tax Abatement Assistance

Projects eligible for consideration of property tax abatement include the following:

- Projects must be compatible with the comprehensive guide plan and the development and redevelopment objectives of the city; and
- Priority will be given to those projects which:
 - increase or preserve the tax base;
 - provide employment opportunities in the City of Minnetonka;
 - provide, help acquire or construct public facilities;
 - finance or provide public infrastructure;
 - improve blighted or dilapidated properties; or
 - produce long-term affordable housing opportunities.

b) Fiscal Disparities

The percentage of revenues required from the project for abatement will be the responsibility of properties inside the district.

Review process

All applications for TIF and tax abatement will be reviewed by the city's community development director. After review by the city's financial consultant, the community development director will refer the request to the EDA. The EDA will hold appropriate public hearings and receive public input about the use of the financial tools. The EDA will provide a recommendation to the city council regarding the assistance.

The city council must consider, along with other development decisions, the request for assistance and will make the final decision as to the amount, length, and terms of the agreement.

EDA Agenda Item #7
Meeting of June 29, 2009

Brief Description: Staff Report

Southwest Transitway Station Area Study

An open housing was held on Wednesday, May 13 for the public to view and provide feedback on the concept plans for both the Shady Oak and Opus station areas. There were more questions regarding the DEIS study than the Station Area Plans, but comments on the station area study included:

- Making sure the natural environment is protected
- Make sure to have access to the station area and to the new development (including roadways and pedestrian connections)
- Housing, retail and office uses were most preferred
- Concerns about density, overbuilding retail, too much parking

The consultants are now working on refining the station area plans, and will be ready for a final public open house on Thursday, August 13 at the Marriott Southwest hotel in Opus. This open house will be a joint open house with the DEIS study happening at the same time in another room. This will hopefully provide more distinction, yet collaboration between the two processes.

Southwest Transitway DEIS Study

The DEIS study is continuing its technical review. Each of the alignments (1A, 3A, 3C, and 3C sub-alternative) will undergo technical review of certain evaluation criteria, including: planning compatibility, transit mobility, cost estimates, and environmental factors. This technical review will become available on July 22, and will help the Policy Advisory Committee make a recommendation to the Hennepin County Regional Rail Authority on the locally preferred alternative.

A public open house (in conjunction with the station area study) will be held on Thursday, August 13 at the Marriott Southwest hotel. Hennepin County and consultant staff will be available to answer questions and to discuss the technical review. In late August the Technical Advisory Committee is tentatively scheduled to make a recommendation to the Policy Advisory Committee on the locally preferred alternative. The Policy Advisory Committee is tentatively scheduled to then make a recommendation to the Hennepin County Regional Rail Authority on the locally preferred alternative in late September.

Information on the DEIS study and the station area study are available on the city's website, and additional Minnetonka Memo articles will highlight the process and the important dates.

Minnetonka Mills Corridor Development Initiative

All four workshops have been completed, and a final report is being prepared, which will be shared with the EDA once it's completed. It is tentatively scheduled to be presented at the August 3 city council meeting, where EDA Commissioners are encouraged to attend. Overall, all four meetings were very well attended with approximately 60 people each session. Highlights of each meeting included:

Meeting 1 (April 14): The first half of the meeting focused on providing background information, including past and present city efforts in this area, a real estate market update, and design consideration. The second half of the meeting had the attendees break into small groups to discuss questions relating to the area (likes, concerns, needs).

Meeting 2 (May 19): This was an interactive meeting, where attendees used blocks to create a development (type of buildings, height, density) that they think would be suitable for this area. The designs were drawn and a financial analysis was done for each of the scenarios that evening that allowed participants to see if their development would be financially feasible to build.

Meeting 3 (June 2): A panel of developers (Alan Arthur-Aeon, Michael Noonan-Rottland Homes, Mary Bujold-Maxfield Research, Dave Newman-Bancorp Group, and Susan Farr-Ebenezer Senior Housing) provided perspective on the opportunities and challenges of development in general and also for the site. Attendees had the chance to ask questions.

Meeting 4 (June 16): The final meeting consisted of developing a consensus on development objectives for the area. A draft document had been prepared based upon discussion at the previous three meetings, and attendees were asked to react, make changes, or add items to the document. While not everyone agreed on all of the items in the report at the end of the night, those participating could live with what was included.

All of the information distributed at the meetings can be found on the city's website under the Minnetonka Mills Corridor Development Initiative project page.

Opportunity City Pilot Program

The final housing audit summary report will be presented to the city council at the August 3 meeting. The report will be shared with the EDA when it becomes available. The final report will contain a lot of the information the EDA saw at the March 30 meeting on the review of existing city programs as well as the demographic change report. In addition, the report will contain a recommendations section on what the city can do to provide a further range of housing opportunities.

Upcoming Events

Monday, July 20

EDA Meeting
6:00 p.m.

Thursday, August 13

DEIS & Station Area Study for LRT
6:00-7:30 p.m.
Marriott Southwest hotel (5801 Opus Pkwy)

Attachments

- 2009 EDA Work Plan
- Project update

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Elise Durbin, AICP, Community Development Supervisor

2009 EDA Meetings
Updated June 25, 2009

Meeting Date Meetings at 6:00pm unless otherwise noted	Item Description	Room/Special Notes
Monday, June 29	Regular EDA Meeting	Council Chambers •Election of officers •Budget review
Monday, July 20	Regular EDA Meeting	Council Chambers
Monday, August 17	Regular EDA Meeting	Council Chambers •2010 Preliminary HRA levy •TIF Plan modifications
Monday, September 21	Regular EDA Meeting	Council Chambers
Monday, October 19	Regular EDA Meeting	Council Chambers •Non-profit funding
Monday, November 30	Regular EDA Meeting	Council Chambers •2010 Final HRA levy
Monday, December 28	Regular EDA Meeting	Council Chambers •2010 EDA work plan

**Note: This schedule is tentative and subject to change.

Other Potential Agenda Items

- Opportunity City Pilot Program recommendations and follow-up discussion (ULI sponsored program)
- Southwest Station Area Study report and follow-up discussion
- Senior Regeneration Program
- Neighborhood Revitalization Program

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	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

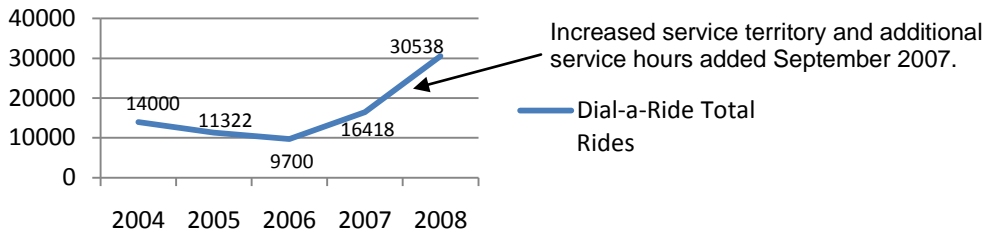
Project	Total Units	Affordable Units	Update
Sanctuary	23	4	Fourth unit is still pending.
Glen Lake	248	41	All 11 affordable units at The Oaks of Glen Lake (Exchange building) are occupied.
HWR (WHAHLT)			34 Minnetonka units, 63 units total.

Transit

Metro Transit

- Route 612 (Minnetonka Heights/7-HI/Glen Lake/Downtown Hopkins) was reinstated in June 2008. Due to low ridership, this will be discontinued in September 2009.
- Dial-a-Ride ridership numbers

Dial-a-Ride Total Rides



Economic Development/Business

- No Update

Other Projects (Detailed information can be found at www.eminnetonka.com)

Project	Description	Status
Terratonka	7-lot subdivision on Eldorado Trail	Council approved 5/18/09
Hillside Senior Living	69-unit senior/assisted living on Williston	Council denied 6/22/09
Eddie Merlots	Restaurant on old Cattle Company Site	Awaiting financing
Baker Road Corridor Study	Roadway improvement study associated with development at Hwy 7 and Baker Road	To Council 7/13/09
5430 Dickson Road	Replacement of 1 single family home with 3 twin homes	Concept Review to Planning Comm. 7/16/09
Rutledge Ridge	3 lot combination to 2 lot subdivision on Rutledge Circle	PC recommended denial To Council on 7/13/09
BMW Dealership	New car dealership on Wayzata Blvd	Under construction
Crest Ridge Corporate	New office--Building 1	Occupancy in July
Shady Oak Road	Reconstruction from Bren Rd to Co Rd 3	Ongoing
Shady Oak Road	Reconstruction from Co Rd 3 to Hwy 7	No update