

AGENDA
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

February 8, 2010
5:00 p.m.

Shady Oak Room
Minnetonka Community Center, Upper Level

1. Call to Order
2. Roll Call
3. Approve minutes from December 29, 2009 meeting

BUSINESS ITEMS

4. Tax Increment Financing Request from Presbyterian Homes

Action: Discuss the request and provide direction

5. Staff Report
6. Other Business
7. 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
MEETING MINUTES**

**DECEMBER 29, 2009
6 P.M.**

1. CALL TO ORDER

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

2. ROLL CALL

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

EDA commissioner absent: Tony Wagner.

Staff present: Julie Wischnack.

3. APPROVE MINUTES OF NOVEMBER 30, 2009

Duffy moved, Yaeger seconded a motion to approve the November 30, 2009 meeting minutes. Cousins, Duffy, Yaeger, and St. Peter voted yes. Robinson and Wiersum abstained. Wagner was absent. Motion passed.

BUSINESS ITEMS

4. ITEMS CONCERNING GLEN LAKE REDEVELOPMENT

Wischnack introduced the item. She reviewed the look-back provision of the contract and explained how it would work. The land is approximately 10 percent of the total project cost.

Wischnack explained the change to the TIF note issuance section. The note will guarantee the developer that the city will pay back the cost invested in the development. The developer is allowed to issue debt against the note.

Wischnack noted that the city council will review the entire development package January 4, 2009.

Duffy acknowledged that the project may not have moved forward without TIF. Although 10 percent is minimal, he could live with it.

Duffy referred to Page A23, Section 3.7 (c) 3 when he asked if the city would recoup 50 percent of profits above 12 percent. He questioned how the 12 percent

would be determined. Mr. Bubul explained this section refers to a situation where the developer sells the property. A commercial reasonable rate of return was considered. At the time the contract was negotiated, 12 percent was the agreed upon reasonable rate of return. St. Therese is not the original developer and it is a non-profit organization. A rate of return for a non-profit organization does not work. The theory is that St. Therese would be an indirect beneficiary of the TIF, by the reduction in the purchase price, so the 10 percent is appropriate.

St. Peter added that he shared Duffy's concern regarding the 10 percent. His inclination is not to redo it in this instance, but share with staff direction that in future instances like this that he would look for something in the 15 percent to 20 percent range. He preferred 20 percent. That is simply an observation and direction for future transactions. The EDA has looked at the contract enough times and he was not inclined to hold it up for that.

The public comment was opened.

Sue Steinwall, attorney with Fredrickson and Byron, representing St. Therese, stated that, in St. Therese's view, the key language is the new language. She requested that the intent be clarified. She understood that within the first 5 years of substantial completion, provided that financing is made by a loan given by or insured by Housing and Urban Development (HUD), then the look-back provision would kick in. The look-back provision would be in effect for 15 years if St. Therese would refinance with a lender other than HUD. If refinancing would be done within 5 years with HUD, then the 5-year provision would still apply. Mr. Bubul agreed. He explained that the 15-year rule would only apply if at any time during the first 5 years St. Therese financed with an agency other than HUD. Ms. Steinwall stated that the applicant could live with the proposal. She suspected that HUD would provide financing. Financing with HUD is secured the day of closing, not the day the facility would be substantially complete. That still needs to be worked through with HUD. She thanked commissioners and staff.

The public comment was closed.

Wiersum agreed that 10 percent is not on the high side, but he is comfortable with it in these circumstances. This proposal is unique and will not set a precedent. The 5-year look back is fine as long as HUD is involved. He was comfortable with the proposal.

Wiersum moved, Duffy seconded a motion to adopt the seconded amended and restated contract for private redevelopment between the City of Minnetonka, EDA, in and for the City of Minnetonka and Glen Lake Redevelopment, LLC and an assignment and assumption agreement between Glen Lake Redevelopment and Glen Lake Senior Housing, LLC with the look-back changes noted that a 5-year look-back provision is acceptable and if there is another maker of the loan that a 15-year look back is the requirement. The city council is given the flexibility

to make minor modifications without EDA Commission approval. Cousins, Duffy, Robinson, Wiersum, Yaeger, and St. Peter voted yes. Wagner was absent. Motion passed.

5. STAFF REPORT

Wischnack reported:

- There was a day-and-a-half-long session with the Urban Land Institute and other professionals regarding planning for light rail and its issues. It involved cities located along light rail and talked about the connectivity and different roles the stations would play. The session was more in depth than the station area studies. The light rail corridor is now deemed a Hennepin County Community Works Project. There will be a joint work session of the Minnetonka City Council and the Hopkins City Council January 12, 2009 at the Hopkins City Hall.
- Wischnack provided before and after pictures of the former Cattle Company site. The building has been removed.
- The Dial-A-Ride program is changing from a city program to a county program. It is tentatively scheduled to begin February 8, 2009, and the provider will be the same.
- Wischnack invited commissioners to attend the Sensible Land Use Coalition meeting January 27, 2009. She instructed commissioners to sign up and receive reimbursement from the city.

6. OTHER BUSINESS

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

7. ADJOURN

Wiersum moved, Duffy seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 6:30 p.m.

**EDA Agenda Item #4
Meeting of February 8, 2010**

Brief Description: Tax Increment Financing Request from Presbyterian Homes

Recommended Action: Discuss the request and provide direction

Background

On January 31, 1994, the city, the EDA, and Beacon Hill Housing, Inc. entered into a Contract for Private Redevelopment regarding Presbyterian Homes' redevelopment of property for senior living facilities (Beacon Hill Terrace and Beacon Hill Commons) in the Glen Lake area (page A1). Additionally, Housing TIF District No. 2 was created as part of the redevelopment, and in exchange, Presbyterian Homes has provided 62 units of its total 152 units at its Beacon Hill facilities as affordable to those at 60 percent area median income (AMI).

Housing TIF District No. 2 was approved on February 14, 1994. The legal maximum term of the district is until December 31, 2021. The TIF note however, expired at the end of 2009 since all bonds had been paid in full. As commissioners may recall, the EDA recommended, and the City Council concurred, that Housing TIF District No. 2, while it could be decertified, should remain in order to provide additional funds for affordable housing in the project area. This TIF district provides about \$130,000 per year in increment. Of that amount, 10 percent is kept for administration, therefore, approximately \$110,000 to \$120,000 in increment is available for affordable housing purposes. Housing TIF districts, compared to other types of TIF districts, offer more flexibility where excess TIF funds can be used.

Request

Presbyterian Homes is aware that, per the redevelopment contract signed in 1994, they are obligated to provide 62 affordable units until December 31, 2010. In an effort to continue to make these units affordable into the future, Presbyterian Homes has submitted a request to the city asking for additional TIF funds (pages A2 to A4).

Currently, the breakout of affordable and market-rate units and rents at Beacon Hill are as follows:

	Number of Units	Rents
1 Bedroom (Affordable)	62	\$859 - \$912
1 Bedroom (Market-Rate)	39	\$996 - \$1139
1 Bedroom + Den (Market-Rate)	20	\$1114 - \$1254
2 Bedroom (Market-Rate)	31	\$1269 - \$2384
<i>Total Units: 152 (40% affordable)</i>		

If Presbyterian Homes would receive additional TIF funds, they would keep the unit mix and the rents as they exist now. However, if additional funds were not received, then the unit mix and rents may be as follows:

	Number of Units	Rents
1 Bedroom (Affordable)	0	--
1 Bedroom (Market-Rate)	101	\$996 - \$1139
1 Bedroom + Den (Market-Rate)	20	\$1114 - \$1254
2 Bedroom (Market-Rate)	31	\$1269 - \$2384
<i>Total Units: 152 (0% affordable)</i>		

One concern that does arise if the affordable units were to turn into market-rate on January 1, 2011, is the significant increase in rents that may occur to tenants of the affordable units. For example, a tenant living in a 1 bedroom affordable paying \$859/month could see their rents change to \$996/month—a \$140/month and \$1,680/year increase. Over the past few years, Beacon Hill has had a 98 to 99% occupancy rate.

Discussion

Because of the uniqueness of this request, staff is looking for direction on several questions:

Affordability

1. *Is the EDA interested in maintaining the affordability of up to 62, one-bedroom units at Beacon Hill? If so, is the use of TIF funds from Housing District No. 2 appropriate?*

Time Frame

2. *The request by Presbyterian Homes is to receive funds for affordability until the TIF district expires in 2021. Is the EDA interested in providing funding until 2021 or does the EDA want to look at a different time frame?*

Amount of Funds

3. *If the EDA is interested in providing funding for some/all of the affordability, one option may be to provide funding on a decreasing term. For example, the first two years, Presbyterian Homes would receive \$120,000. The third and fourth year they would receive \$110,000, and so forth. Is this an idea the EDA would be interested in?*

Recommendation

Staff recommends the EDA discuss the request and provide direction. If the EDA is interested in providing additional funds to maintain the affordability at Beacon Hill, staff will have the legal documents prepared for the EDA's review.

Originated by:

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



LOCATION MAP

PROJECT: PRESBYTERIAN HOMES

LOCATION: BEACON HILL ROAD



This map is for illustrative purposes only

December 18, 2009



Julie Wischnack
Community Development Director
City of Minnetonka
14600 Minnetonka Blvd.
Minnetonka, MN 55345

Dear Julie,

Thank you for the discussions related to our Presbyterian Homes Beacon Hill project. I hope you have had the opportunity to visit Beacon Hill since our recent completion of updated interior renovations which has made a wonderful impact in our Beacon Hill community. It is our hope this renovation illustrates our continued commitment to quality and creating exceptional environments for our residents to enjoy.

Based on our recent discussions, it is my understanding the City is considering extending the life, or not decertifying the Tax Increment District that covers the Beacon Hill campus. As you know, when the project was developed back in 1994, at the request of Presbyterian Homes the City established a Qualified Housing Tax Increment District in an effort to meet our mutual goals of providing affordable senior housing to older adults in Minnetonka. As a result, we have been able to offer 40% of our units to residents whose income is below 60% of area median income. In addition, those income qualified residents enjoy reduced rental rates at well below market rate rents. This represents 62 units that have met affordable standards, as defined by the Metropolitan Council, for the last 15 years. As a non-profit, it is our goal to work with cities to offer quality housing options at the most affordable rents. We have met this goal at Beacon Hill with your assistance, generous support, and commitment through the use of TIF rebated taxes. You may not be aware, that 85% of our residents traditionally come from within 3-7 miles of a senior community such as Beacon Hill. As a result, the affordable housing extended to residents of Beacon Hill primarily represents a direct benefit to long standing older adults in Minnetonka.

In reviewing the TIF project documents, specifically "Exhibit B" of the Commitment Agreement (see attached), it is our understanding that the TIF contract will expire on December 13, 2010 and with it our obligation and ability to offer less than market rate rents. As you will note in the exhibit, the Extended Use Termination Date indicates "NA" (not applicable). With this pending expiration of the TIF district and tax rebate, we would no longer be able to offer restricted rents following the expiration of the TIF support. It would be our plan to continue to honor restricted rents for those residents we are currently serving but as those residents leave us, for whatever reason, we would re-lease those units to residents at the market rate. As a result, over time 62 units would change from affordable standards to market rate.

Management & Services
2845 Hamline Avenue North
Roseville, MN 55113

651.631.6100 tel
651.631.6108 fax
www.preshomes.org

freedom to live well

We are aware that certain restrictions exist for the use of pooled funds from TIF districts being extended beyond their originally contemplated term. We believe an extension of the TIF support to Beacon Hill for affordable housing would be a qualified use of the pooled funds. Further, it is our assumption the City continues to share our desire to meet affordable housing needs.

With those goals in mind, we would like the City to consider extending the TIF support to Beacon Hill residents to the maximum number of years the district can be in place. I believe this is 26 years and would represent an 11 year extension of TIF funding. We are prepared to work with the City staff and its legal consultants to prepare whatever documentation would be necessary to accommodate the extension at our expense. If you have questions or would like additional information, please contact Karen Casper-Robeson, Campus Administrator, at 952-988-8803, Duane Larson, Regional Operations Director, at 651-631-6146, or me at 651-631-6313.

I look forward to further discussions and thank you for your consideration.

Sincerely,



John Mehrkens
Vice President

EXHIBIT B TO COMMITMENT AGREEMENT

The Project

Project Owner: Beacon Hill Housing, Inc.
Owner Address: 3220 Lake Johanna Boulevard
St. Paul, MN 55122-7997
Project Name: Beacon Hill Housing
Project Address: to be determined
Building(s): Independent Assisted
Senior Housing Senior Housing
Unit Mix: 3BR
2BR 41 6
1BR 69 36
EFF

Applicable Building Fraction: NA

Housing Credit Dollar Amount: NA

Extended Use Termination Date (which shall be a date not less than 15 years after the close of the Compliance Period): NA

Extended Use Period: as defined in Commitment Agreement

Compliance Period: January 1, 1995 through December 31, 2010

Special Early Termination Clause (if applicable and if more stringent than Section 2(a)(iii)(A)):

Test Elected: 20-50 Test _____
40-60 Test X

Additional Requirements: None

Exhibit B to
Commitment Agreement

**EDA Agenda Item #5
Meeting of February 8, 2010**

Brief Description: Staff Report

Southwest Transitway Station Area Planning

The Hennepin County board passed a resolution designating the Southwest Corridor LRT as a Community Works project in December. In general, the purpose of a Community Works project is to create jobs, provide access to employment, and enhance the community through infrastructure, public works, parks and the natural environment. A work plan for the Community Works project is currently being developed by county and city staff and will be presented to the Hennepin County board in the upcoming months. The work plan will cover what types of projects/planning will be undertaken by the Community Works project, how the Community Works project will be integrated with the LRT corridor planning, and a budget will be developed for the project as well.

On January 12, the Hopkins and Minnetonka City Councils met at a joint study session to specifically discuss the Shady Oak LRT station, as the station area extends into both Hopkins and Minnetonka. While particular details of the station and station area were not discussed, it was agreed that access to the station and station area is the most important thing to review. Additionally, the councils agreed that it would be beneficial to meet on a periodic basis to talk about the station area.

Dial-a-Ride

Changes to the Minnetonka Dial-a-Ride system will begin February 8. One of the current limitations to the Dial-a-Ride system is that residents cannot cross city boundaries, leaving those that may need to access facilities in other communities struggling to find other ways to get there. In February, the Dial-a-Ride system will change to a county-wide system. Fares will be based on length of travel, but reservations will be made the same as in the past.

The hours for the county-wide system will be from 6:00 a.m. to 7:00 p.m. Monday through Friday. However, the Minnetonka area only will have slightly extended hours operating until 9:00 p.m. on weekdays and from 8:00 a.m. to 4:00 p.m. on Saturdays. The change to a county-wide system is a benefit as staff has consistently received input about how difficult it is to get transportation to other communities especially if there is not fixed route service available.

Upcoming Events

Friday, February 19

CURA Housing Forum

“ULI Minnesota and the Regional Council of Mayors Housing Initiative - Importance of Connecting Data with Housing Tools & Strategies”

12:00-1:30 p.m. at the University of Minnesota

Wednesday, February 24 Sensible Lane Use Coalition
2010 Legislative Session
11:30 a.m.—1:30 p.m.
DoubleTree Park Place (St. Louis Park)

Sunday, February 28 Home Remodeling Fair
10:30 a.m. -3:30 p.m.
Eisenhower Community Center

Attachments

- Project update (page A1)
- February 19 CURA Housing Forum program information (page A2)
- February 24 Sensible Land Use Coalition program information (page A3)

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Elise Durbin, AICP, Community Development Supervisor

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)			37 Minnetonka units, 70 units total.

Transit

Metro Transit

- Route 612 (Minnetonka Heights/7-HI/Glen Lake/Downtown Hopkins) was discontinued September 12, 2009 after low ridership.
- Dial-a-Ride changes will be made starting February 8

Economic Development/Business

- Two businesses have expressed interest in funding from DEED to expand their business. Staff is working with DEED and each business to determine, which funding sources to apply for.
- Funding applications submitted to DEED and MnDOT for Highway 169/Bren Road interchange expansion.

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

Project	Description	Status
Eddie Merlots	Restaurant on old Cattle Company Site	Awaiting financing
UnitedHealth Group	Phase II of master development plan 300,000 square feet office building	Introduction of ordinance on 1/4/10
BMW Dealership	New car dealership on Wayzata Blvd	Now Open
Walgreens Pharmacy	Relocation to building at 4950 County Road 101 with a drive thru window	City Council approved on 1/25/10
Scoreboard Bar & Grill	Expansion of outdoor dining area	Tentative Planning Commission on 2/4/10
Bren Trail Plat	Division of property into three parcels in Opus	City Council approved on 1/25/10
Shady Oak Road	Reconstruction from Bren Rd to Co Rd 3	Construction is substantially complete. Landscaping in spring.
Shady Oak Road	Reconstruction from Co Rd 3 to Hwy 7	No update

CURA Housing Forum

ULI Minnesota and the Regional Council of Mayors Housing Initiative - Importance of Connecting Data with Housing Tools & Strategies

Friday, February 19, 2010
12:00 – 1:30pm

L-110 Honeywell Auditorium, Carlson School of Management
321 19th Avenue S, Minneapolis, MN 55455 (West Bank Campus)

[Directions and Parking](#)

Presenting Speakers:

Cathy Bennett, ULI MN/RCM Housing Initiative, Bennett Community Consulting
John Carpenter, Excensus LLC

The ULI MN/RCM Housing Initiative includes the Opportunity City Program which is a comprehensive, centralized, sustainable, learning community that provides support and resources to local municipal officials who seek a full range of housing choices including a diverse mix of housing types, sizes and prices. Detailed community change data, provided by Excensus, LLC, was a key component of the ULI MN/RCM Opportunity Cities Program made possible with financial support from the Family Housing Fund and Metropolitan Council. The data provided insight into residential profiles and housing types, and information regarding who is moving to and from the community. The information helped in the assessment of future development opportunity and reinvestment. The data, along with the Opportunity City Housing Audit, helped cities evaluate the outcomes related to specific performance of their programs and strategies. In every city, elected leaders and staff were energized by the data and how it informed their programs and policies. They were able to understand the importance of the data as an analysis tool for revising land use policies and making choices about development proposals related to providing new housing options to assessing transportation and employment needs.

Register online by Feb. 18: <http://februarycurahf.eventbrite.com/>

OR

By phone: (612) 625-9040

CURA Housing Forums are free of charge and open to the public.

To sign up for CURA Housing Forum notices please visit our website at www.cura.umn.edu or email your request to curahf@umn.edu

Elise Durbin

From: admin@sensibleland.org
Sent: Monday, February 01, 2010 5:03 PM
To: Elise Durbin
Subject: Sign up now for SLUC Legislative program

To view online [click here](#).



2010 Legislative session: What's up?

Continuing education credit status:
1.0 hour of AICP CM and
1.0 hour of CRE applied for.

Program date: February 24, 2010

Registration begins: 11:15 am

Luncheon: 11:30 am

Cost: \$25/full-time student
\$38/member
\$48/nonmember
\$10 additional at the door

[Contact us](#) about special rate for unemployed members

Location: [DoubleTree Park Place](#)
www.sensibleland.org



[Register](#) online
[Download](#) .pdf registration form
[Cancellation policies](#)

Join the Sensible Land Use Coalition for a discussion of what this year's action or inaction at the Legislature may mean for the development community. We'll look at land use, job growth, the financial climate and more. We have assembled a knowledgeable panel to give us insight into what they see will be on the agenda and which efforts may have legs. The panel includes:

- [Patricia Naumann](#), Executive Director of MetroCities;
- [Craig Johnson](#), lobbyist from the League of Minnesota Cities; and
- [James Vagle](#), lobbyist from the Builders Association of the Twin Cities

[Sarah Janacek](#), contributor for *Politics in Minnesota* and frequent guest commentator on *Almanac*, will provide an overview of the dynamics of the upcoming session and a wrap up commentary on the panelist's perspectives.

Come and get informed--know what questions to put to your legislators!

Join us on  [LinkedIn](#)

***[Click here](#) to register online at www.sensibleland.org for
February 24, 2010***

If you feel that you have received this message in error, or if you no longer wish to receive these notifications, please send a cancellation request to pat@arnst.net.