

AGENDA

MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY

MONDAY, DECEMBER 19, 2011

FOLLOWING THE REGULAR COUNCIL MEETING

COUNCIL CHAMBERS

1. CALL TO ORDER
2. ROLL CALL: Ellingson-Allendorf-Wiersum-Hiller-Wagner-Schneider
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES: September 12, 2011 regular meeting
5. BUSINESS ITEMS
 - A. 2012 HRA Levy

RECOMMENDATION: Adopt the resolution (4 VOTES)

6. STAFF REPORT
7. ADJOURN

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MINUTES
MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MONDAY, SEPTEMBER 12, 2011

1. CALL TO ORDER.

President Schneider called the meeting to order at 9:12 p.m.

2. ROLL CALL

EDA Commissioners Dick Allendorf, Amber Greves, Brad Wiersum, James Hiller, Tony Wagner, Bob Ellingson, and President Terry Schneider were present.

3. APPROVAL OF AGENDA

Wagner moved, Allendorf seconded a motion to accept the agenda, as presented. All voted "yes." Motion carried.

4. APPROVAL OF MINUTES: August 22, 2011 minutes

Allendorf moved, Wiersum seconded a motion to approve the August 22, 2011 minutes. Allendorf, Wiersum, Hiller, Ellingson, and Schneider voted "yes." Greves and Wagner abstained. Motion carried.

5. BUSINESS ITEMS

A. 2012 Preliminary Budget and HRA Levy

Community Development Director Julie Wischnack presented the staff report.

Wagner suggested that before the city got too far into the Ridgedale study, a precursor step should be to engage the five owners of the property. If those property owners are not on board then the study of the area might be a lot different.

Schneider noted that each of the cities involved in the Southwest Light Rail Community Works group has agreed in principle to contribute a modest amount of money as a contribution toward administration costs. If needed, he asked where the funds would come from. Wischnack said if the cost was in the range of \$10,000 to \$15,000 then the Development Fund was a possible source. Wagner noted the issue was a good one to include with the discussion for the need for some type of rolling development account similar to the way the city funds capital improvements.

Greves moved, Allendorf seconded a motion to adopt Resolution No. 2011-03 setting a preliminary HRA levy which provides a total budget of \$175,000. All voted "yes." Motion carried.

6. ADJOURNMENT

Wiersum moved, Wagner seconded a motion to adjourn the meeting at 9:18 p.m. All voted "yes." Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk

**EDA Agenda Item #5A
Meeting of December 19, 2011**

Brief Description: 2012 HRA Levy

Recommended Action: Adopt the resolution

HRA Levy

An HRA levy is a mechanism commonly used by many cities to fund economic development activities. State law limits such levies, and the maximum rate is 0.0185 percent of a city's taxable market value. This equals about \$1.42 million in Minnetonka.

The first levy for housing and redevelopment began in 2009. The chart below shows the history of the amounts and the uses of the HRA levy, as well as the 2012 proposed budget.

Year	Amount/Rate	Use
2009	\$100,000 .001171%	Homes Within Reach
2010	\$175,000 .002121%	•Village Center Master Planning (\$75,000) •Housing programs (\$100,000)
2011	\$175,000 .002233%	•Village Center Master Planning (\$85,000) •Housing programs (\$90,000)
2012	\$175,000 .002276%	•Village Center Master Planning (\$80,000) •Housing programs (\$95,000)

Village Center Planning Processes

The purpose of the master planning process is to provide a guide to potential investors or developers as to the organization of the property, general layout of building envelopes, and a more defined range of uses. There is a strong emphasis on community engagement and realistic implementation strategies. The first village center master planning process, for Highway 7/County Road 101, was completed earlier this year. The next two village centers to be studied are Ridgedale and Shady Oak. The Ridgedale village center study will take more funds to complete because it is a larger area with more regional impacts, as well as a more complex traffic/roadway system that needs further review. The budget would include utilizing the fund balance for 2011 plus 2012 funds of \$45,000 for completion of the Ridgedale study. The \$35,000 remaining for village center planning budget would be used for the Shady Oak study which leverages county community works funding.

Housing Programs

The remainder of the 2012 budget, \$95,000, would be dedicated to the housing programs. The housing programs (housing rehab and first time homebuyer) funded by HRA levy funds in 2010 and 2011 are now underway. It is the intention that eventually, because these are loans to be paid back, that the housing programs will become self-sustaining.

Staff will be more able to determine the year that mark will occur when terms are determined for the current requests, but in theory by 2018 the programs would not require new levy dollars to fund the program.

The statistics from June 8-December 14 are as follows (see page A1 for a brief overview of each program):

- 70 pre-applications for housing rehabilitation
 - 7 are not qualified (over income, over asset limits, over property value)
 - 2 have withdrawn their application
 - 12 are in the Minnetonka Home Enhancement Program (HRA levy)
 - 1 qualifying application has been returned
 - 49 are in the Emergency Repair Program (CDBG funded)
(No longer accepting applications to the Emergency Repair Program because all funds have been committed)

- 7 pre-applications for the Welcome to Minnetonka downpayment assistance program
 - 4 qualifying applications returned and are awaiting closings on the home/loan
 - 1 loan has closed (\$6,923)

HRA Levy Summary

To inform the EDA of the budgetary considerations of various levy amounts, the table, below, describes the various dollar amounts and the effect on taxation (payable) in 2012.

2012 HRA Levy Program Amount	\$175,000
Percent Levied for 2012	.002276%
Annual Cost to a \$287,300 home	\$5.82 per year

Recommendation

Staff recommends approval of the resolution on pages A2-3 setting the 2012 HRA levy which provides a total budget of \$175,000.

Originated by:

Julie Wischnack, AICP, Community Development Director

CITY OF MINNETONKA HOUSING PROGRAMS

PROGRAM	FUNDING SOURCE	FUNDS AVAILABLE PER HOUSEHOLD	LOAN TERMS	OTHER INFORMATION
<p><i>Emergency Repair Program</i> (Home repair)</p>	<p>CDBG</p>	<p>Up to \$5,000</p>	<ul style="list-style-type: none"> •0% deferred loan •10 years •If live in home for 10 years after work is complete, then loan is forgiven 	<ul style="list-style-type: none"> •Household income limits of 80% AMI (\$64,200 for a family of four)
<p><i>Minnetonka Home Enhancement Program</i> (Home repair/green improvements/some additions)</p>	<p>HRA Levy</p>	<p>Up to \$15,000</p>	<ul style="list-style-type: none"> •Lower interest loan (4.4375%) •Up to 10 year loan term 	<ul style="list-style-type: none"> •Household income limit of 120% AMI (\$99,240 for a family of four) •Maximum house value limit of \$300,000 •Asset limit of \$25,000
<p><i>Welcome to Minnetonka Program</i> (Downpayment/closing cost assistance)</p>	<p>HRA Levy</p>	<p>Up to \$10,000</p>	<ul style="list-style-type: none"> •Lower interest loan (4.4375%) •Up to 10 year loan term 	<ul style="list-style-type: none"> •Household income limit of 120% AMI (\$99,240 for a family of four) •Maximum house value limit of \$300,000 •Asset limit of \$25,000 •Must be a first time homebuyer

EDA RESOLUTION NO. 2011-04

RESOLUTION SETTING A 2012 H.R.A. TAX LEVY AND BUDGET

BE IT RESOLVED by the Economic Development Authority (EDA) of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

- 1.01. On May 2, 1988 by Resolution 88-8637 and amended on May 9, 1994 by Resolution 94-9715, the city council established the Economic Development Authority (EDA) of the City of Minnetonka, and effective June 15, 1988, transferred to the EDA the control, authority and operation of all projects and programs of the city's Housing and Redevelopment Authority (HRA). On March 8, 2010, the city council became the appointed EDA.
- 1.02. Minnesota Statutes 469.033, Subdivision 6 authorizes housing and redevelopment authorities 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.
- 1.03. 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 of the authority to be approved by the city council.
- 1.04. State law requires the city to certify to the county a preliminary HRA tax levy by September 15, 2011, and a final HRA budget and levy to be adopted, approved and certified to the county by December 27, 2011.
- 1.05. On September 12, 2010, the EDA approved a preliminary 2011 HRA tax levy of \$175,000

Section 2. Findings.

- 2.01. The EDA finds that an annual budget and tax levy of \$175,000 for levy in 2011, collectible in 2012, will fund housing and redevelopment activities of the authority in 2012.

Section 3. Authorization.

- 3.01. The 2012 HRA budget and tax levy is hereby approved.
- 3.02. The city council is requested to consent and approve by resolution the 2012 HRA budget and tax levy and to direct the City Clerk to transmit a certified copy of the resolution to the Hennepin County Director of Property Tax and Public Records.

Adopted by the Economic Development Authority of the City of Minnetonka, Minnesota,
on this 19th day of December 2011.

Terry Schneider, President

ATTEST:

Julie Wischnack, Secretary

ACTION ON THIS RESOLUTION:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.