

Agenda

Minnetonka Economic Development Authority

Monday, Dec. 3, 2018

Following the Regular Meeting

Council Chambers

1. Call to Order
2. Roll Call: Ellingson-Acomb-Happe-Schack-Calvert-Bergstedt-Wiersum
3. Approval of Agenda
4. Approval of Minutes: None
5. Business Items:
 - A. 2019 Preliminary HRA Levy
Recommendation: Adopt the resolution
6. Adjourn

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**EDA Agenda Item #5A
Meeting of Dec. 3, 2018**

Brief Description 2019 Preliminary HRA Levy

Recommendation Adopt the Resolution

Background

On Sept. 17, 2018, the council, acting as the Economic Development Authority (EDA), preliminarily adopted \$300,000 in the Housing and Redevelopment Authority (HRA) levy for 2019. This continues funding of \$75,000 for a third year the 10-year payback to the Special Assessment Construction Fund (SACF) for the city's commitment to the Southwest Light Rail Transit Project. In addition, \$100,000 supports the city's Welcome to Minnetonka and Minnetonka Home Enhancement Programs loan programs. In addition, \$100,000 is designated for WHAHLT "Homes Within Reach" for the scattered site acquisition and rehabilitation program. The remaining \$25,000 supports business outreach efforts.

Housing Loan Programs

There has been a steady amount of interest in the city's housing loan programs over the past ten years. As of Nov 1, approximately \$328,000 remained available for Minnetonka Home Enhancement and Welcome to Minnetonka loan programs out of a total of \$640,000 committed to the programs. Up to 20 new loans can be made with the existing balance (one loan recently closed and there are two loan applications currently under review). The 20 new loans do not include the two loans currently under review. In 2018, seven submitted applications were withdrawn or cancelled due to borrowers not meeting down-payment requirements for the programs, credit requirements, debt-to-income requirements, or the value of the property was too high to participate in the programs. Staff continues to market the programs quarterly in the Minnetonka Memo and through social media and events. Based upon the continued interest in the two programs, it is anticipated that the funds will be exhausted in 2019/2020 (assuming approximately ten new loans per year). The recommended levy amount of \$100,000 supports the city's intent to make the program self-sustaining within five years.

Homes Within Reach

Homes within Reach (WHAHLT) is currently rehabilitating two homes in the community. It is anticipated that the remaining Minnetonka 2018 grant of \$100,000 will be expended in 2019. The 2019-2023 Economic Improvement Program (EIP) anticipated that the funding for Homes Within Reach will be reduced to \$25,000 beginning in 2020 to assist with ongoing maintenance of properties. The recommended HRA levy amount of \$100,000 in 2019 would support the acquisition and rehabilitation of at least two more homes depending on funds leveraged from other grant programs.

Southwest Light Rail Transit (SWLRT)

Green Line Extension. In July 2015, the city council committed \$2 million towards the SWLRT project. Initially funded through the Special Assessment Construction Fund, partial payback will occur from the HRA levy funds over a 10 year period for a total of \$750,000. The city's EIP indicated a cost of \$75,000 per year to be funded through the HRA levy for 2019-2023.

EDAC Recommendation

The Economic Development Advisory Commission (EDAC) reviewed the HRA budget at its Aug. 9 meeting and recommended adopting a preliminary HRA levy of \$300,000. The EDAC's recommended budget included funding for Homes within Reach or WHAHLT (\$100,000), Housing Loan Programs (\$100,000) and for the Southwest Light Rail Transit (\$75,000), and \$25,000 for business outreach efforts.

At the city council's Aug. 20 budget study session and Sept. 17 city council meeting, the council discussed and subsequently approved a preliminary HRA levy consistent with the EIP-adopted plan recommendation of \$300,000.

(\$ thousands)	EIP	EDAC	2019 HRA Levy
SW Light Rail	\$75	\$75	\$75
WHAHLT	100	100	100
Housing Loans	100	100	100
Business Outreach	25	25	25
Total HRA Levy	\$300	\$300	\$300

Recommendation

Staff recommends approval of the resolution setting the 2019 HRA levy at \$300,000.

Submitted through:

Geralyn Barone, City Manager
Merrill King, Finance Director

Originated by:

Julie Wischnack, AICP, Community Development Director
Alisha Gray, EDFP, Economic Development and Housing Manager

Supplemental Information:

[City Council – Sept. 17, 2018](#)

[City Council – Aug. 20, 2018](#)

[EDAC Meeting – Aug. 9, 2018](#)

[City Council Meeting – June 4, 2018 – 2019-2028 EIP](#)

[City Council Meeting June 12, 2017 - CDBG Urban County Election](#)

EDA Resolution No. 2018-

Resolution setting a 2019 H.R.A. tax levy and budget

Be it resolved by the Economic Development Authority 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 Sept. 30, 2018, and a final HRA budget and levy to be adopted, approved and certified to the county by Dec. 28, 2018.
- 1.05. On Sept. 17, 2018 the EDA approved a preliminary 2019 HRA tax levy of \$300,000.

Section 2. Findings.

- 2.01. The EDA finds that an annual budget and tax levy of \$300,000 for levy in 2018, collectible in 2019, will fund housing and redevelopment activities of the authority in 2019.

Section 3. Authorization.

- 3.01. The 2019 HRA budget and tax levy is hereby approved.
- 3.02. The city council is requested to consent and approve by resolution the 2019 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, at a duly authorized meeting held on Dec. 3, 2018.

Brad Wiersum, President

Attest:

Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the EDA of the City of Minnetonka, Minnesota, at a duly authorized meeting held on Dec. 3, 2018.

Secretary