

Agenda

Minnetonka Economic Development Authority

Monday, Sept. 17, 2018

Following the Regular Meeting

Council Chambers

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

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**EDA Agenda Item #5A
Meeting of Sept. 17, 2018**

Brief Description 2019 Preliminary HRA Levy

Recommendation Adopt the resolution setting a preliminary HRA levy

Background

The city's first levy for housing and redevelopment began in 2009. State law limits levies, and the maximum rate is 0.0185 percent of a city's taxable market value. This equals approximately \$1.68 million in Minnetonka. In 2018, the annual levy increased to \$250,000 (0.00251 percent) to accommodate housing programs, marketing efforts, and more recently light rail.

The table below shows the history of the amounts and the uses of the HRA levy.

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 .002233%	•Village Center Master Planning (\$75,000) •Housing programs (\$100,000)
2013	\$175,000 .002324%	•Village Center Master Planning (\$75,000) •Housing programs (\$100,000)
2014	\$175,000 .002330%	•Marketing (\$75,000) •Livable Communities Fund (\$100,000)
2015	\$175,000 .002196%	•Marketing (\$75,000) •Village Center Master Planning (\$100,000)
2016	\$175,000 .002126%	•SWLRT (\$75,000) •Housing Programs (\$75,000) •Business Outreach (\$25,000)
2017	\$175,000 .002187%	•SWLRT (\$75,000) •Housing Programs (\$100,000)
2018	\$250,000 .00251%	•SWLRT (\$75,000) •Housing Programs (\$75,000) •Homes Within Reach (\$100,000)

HRA Levy Funded Programs

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 August 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. To date, 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 (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 2019-2021 Economic Investment 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.

Business

There is a fund balance of \$20,000 to assist with business outreach. Staff dedicated a portion of these funds to develop a bi-annual business newsletter with the goal of engaging the business community. The cost to produce, print and distribute each issue is approximately \$3,000 per edition. This effort supports business retention and expansion in the community. Additionally, these funds were utilized to purchase an advertisement in *Site Selector* magazine that will be published later this year. These efforts support business retention and expansion in the community. The adopted EIP for 2019-2023 recommends funding of \$25,000 to continue expanding business outreach efforts.

Southwest Light Rail Transit (SWLRT)

In July 2015 the city council committed \$2 million towards the SWLRT Green Line Extension 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 adopted EIP for 2019-2028 indicated a cost of \$75,000 per year to be funded through the HRA levy for 2019-2023.

Recommendation

On June 4, the city council adopted the 2019-2023 EIP, which recommended the 2019 HRA levy to be set at \$300,000 (up from its 2018 level of \$250,000). The indicated uses of the funds were: Homes within Reach (\$100,000); Light Rail (\$75,000); Housing Loan Programs (\$100,000) and Business Outreach (\$25,000). The light rail funds have been obligated by the council for a

ten-year payback to the city's Special Assessment Construction Fund for a portion of the city's commitment to the project.

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 with the same recommendation as the adopted 2019-2023 EIP.

At the city council's Aug. 20 budget study session, the city council discussed the preliminary HRA levy consistent with the 2019-2023 EIP recommendation. Per the discussion, staff recommends a 2019 preliminary HRA levy of \$300,000 and a 2019 HRA budget as illustrated below:

(\$ thousands)	EIP	EDAC	Proposed
SW Light Rail	\$75	\$75	\$75
Homes within Reach	100	100	100
Housing Loans	100	100	100
Business Outreach	25	25	25
Total HRA Levy	\$300	\$300	\$300

The next steps for the 2019 budget review process are as follows:

- Nov. 19 — City Council study session on final budget
- Dec. 3 — Public hearing and adopt final 2019 budget and tax levy
- Dec. 17 — Alternate date for budget and levies
- Dec. 28 — Final 2019 levies certified to Hennepin County

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

[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 preliminary 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.

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 preliminary 2019 HRA budget and tax levy is hereby approved.
- 3.02. The City Clerk is hereby directed and ordered 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 17th day of September 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 Sept.17, 2018.

Secretary