

**Unapproved
Minnetonka Economic Development Advisory Commission
Meeting Minutes**

**April 19, 2018
6 p.m.**

1. Call to Order

Chair Yunker called the meeting to order at 6 p.m.

2. Roll Call

EDAC commissioners present: Jay Hromatka, Lee Jacobsohn, Melissa Johnston, Jerry Knickerbocker, Megan Luke, and Charlie Yunker were present. Jacob Johnson was absent.

Staff present: Community Development Director Julie Wischnack and Economic Development Housing Manager Alisha Gray.

Consultants James Lenhoff and Julie Eddington were present.

Councilmember Deb Calvert was present.

3. Approval of March 22, 2018 Minutes

Hromatka moved, Knickerbocker seconded a motion to recommend that the EDAC approve the minutes from the March 22, 2018 meeting as included in the agenda. Hromatka, Jacobsohn, Johnston, Knickerbocker, Luke and Yunker voted yes. Johnson was absent. Motion passed.

4. Dominion Apartments

Gray reported.

Wischnack noted that suggestions from commissioners would be considered before presenting this item to the city council.

Jacobsohn asked if the funding gap is no longer an issue. Gray answered affirmatively. Other sources were found to fill the gap.

Knickerbocker asked if the sale of one of the buildings would impact the other building. Eddington explained that a section in the contract would require particular conditions to be met. The new owner would have to take on all of the obligations of the contract.

Knickerbocker noted that the contract includes language that states that the developer "shall accept Section Eight Housing." Eddington stated that the developer has not yet reviewed the contract. She was looking for feedback from staff and the EDAC before giving the contract to the developer to review. Wischnack explained that applying for tax credit requires that language to be included. It is part of the tax credit application process. Lunderby agreed.

Wischnack explained that other tax credit projects in the city have the same stipulation to accept Section Eight vouchers. Lunderby explained that this is not a project-based Section Eight project, but, instead, the Section Eight being mentioned in the contract is for tenant-based voucher holders which is a different thing. Voucher rents are typically set by established payment standards that are set by HUD or local housing authorities. If a resident brings in a voucher, then based on whatever the resident's income is, the resident would pay 30 percent. The voucher provides, through a federal subsidy, a rent subsidy each month that pays the difference between what the payment standard is and the resident portion of the rent. Building owners have a financially feasible project by collecting the rent needed to support the operations and expenses of the project and residents who do not make enough money to qualify on their own are able to have a good place to live.

Jacobson asked if senior housing would fall under the same AMI requirements. Gray answered affirmatively.

In response to Hromatka's question, Lunderby explained fair housing concerns and bond implications with age-restricted housing. One general contractor would be used for both buildings. He is comfortable with the possible fluctuation in interest rates. Dominion is well capitalized. There are committed resources that would be used to close the project.

Hromatka asked if a cross default should be included in the developer's agreement. Eddington explained how a cross default would be covered by 9.1C. The lender would require and control a collateral assignment.

Hromatka questioned why there would be a 26-year-maximum term when there would be 30 years of affordability. Gray answered that 26 years is the maximum allowed for a housing TIF District, but the city's covenant allows 30 years of affordability.

In response to Hromatka's question, Eddington explained that the EDA is the entity approving the contract and subject to the negative affirmation section. The developer would still need final approval from the city planning department which would not be restricted by the language. The construction plan section allows the EDA a chance to look at the concept plan and planning approvals.

In response to Knickerbocker's question, Eddington explained the bonding process. Wischnack explained that the paragraph Knickerbocker asked about addresses what would happen at the city council level.

Ryan Lunderby, representing Dominion Apartments, applicant, appreciated the commission's consideration, questions and feedback. He is excited to move the project forward.

Jacobson stated that the incremental financing issue identified at the subcommittee meeting has been removed. He supports the proposal.

Hromatka thought that the project is exciting for the city and Opus area. He supports the project.

Knickerbock felt that the proposal has been improved and, from a dollars and sense stand point, it should be approved. It is in keeping with what the city has approved in the past and the amounts of money are reasonable. The building is so big, he was concerned with traffic issues. He would prefer a business that would create jobs at that location. The proposal does make good economic sense.

Hromatka moved, Knickerbocker seconded a motion to recommend that the EDAC approve the contracts for private development. Hromatka, Jacobsohn, Johnston, Knickerbocker, Luke and Yunker voted yes. Johnson was absent. Motion passed.

5. Staff Report

Gray and Wischnack reported:

- Eden Prairie posted a video of the Green Line Extension. It shows the alignment under Hwy. 62. Hopkins also posted a video. In March, the Metropolitan Council approved its agreements with the railroad authority. Bids will be opened in May and awarded in August. Construction could begin in September. Service could begin in 2023.
- Hopkins Montessori School applied for a conditional use permit to operate a school at 14401 Brunsvold Road.
- Glen Lake Elementary is working on reconfiguring a parking lot.
- Arundel Addition is a three-lot subdivision being proposed at 15500 Minnetonka Boulevard.
- There are plans for Solbekken Villas on the music barn site at 5740 and 5750 Shady Oak Road being proposed.
- A concept plan will be reviewed for Ridgedale Active Adult Apartments at 12421 Wayzata Boulevard.
- A religious facility is being proposed at 2333 and 2339 Hopkins Crossroad and 11170 Mill Run.
- A graduate school is being proposed for 10225 Yellow Circle Drive.
- Ridgedale Executive Apartments is expected to submit revised plans in May.
- A pet wellness clinic is being proposed in the Highland Bank building at 1700 Plymouth Road.
- Dominion has submitted a concept plan for 42 apartments at 2828 and 2800 Jordan Avenue.
- The Shady Oak Road redevelopment project is applying for tax credit in June 2018.
- Minnetonka Hills Apartments is waiting for a grading and building permit.
- Midwest Master Craft is under construction at 17717 Highway 7.
- Mesaba Capital, Crest Ridge Senior Housing, RiZe at Opus, and Ridgedale Corner Shoppes are under construction.
- Construction for iFly should begin in the next two months.
- Ki Sushi is now open on Minnetonka Boulevard.
- The Open to Business program is being advertised in new ways.
- A business newsletter is being created.
- The Home Enhancement and Welcome to Minnetonka loan programs are currently operating. One Welcome to Minnetonka loan has been processed and three Welcome to Minnetonka loans are pending.
- CDBG will be transitioning to Hennepin County in July. There are eight CDBG projects underway.

6. Other Business

The next EDAC meeting is scheduled for Wednesday, May 23, 2018 at 6 p.m.

7. Adjournment

Knickerbocker moved, Jacobsohn seconded a motion to adjourn the meeting at 7 p.m. Motion passed unanimously.