



AGENDA
CITY OF MINNETONKA
ECONOMIC DEVELOPMENT ADVISORY COMMISSION
Thursday, March 14, 2019
6:00 p.m.

Council Chambers
Minnetonka Community Center

1. Call to Order

2. Roll Call

Charlie Yunker
Jerry Knickerbocker
Melissa Johnston
Ann Duginske Cibulka

Jacob Johnson
Jay Hromatka
Lee Jacobsohn

Welcome new commissioner Ann Duginske Cibulka

3. Approval of November 8, 2018 minutes

BUSINESS ITEMS

4. Affordable Housing Draft Work Plan

Recommendation: Review draft work plan and provide feedback

5. 2020-2024 Economic Improvement Program

Recommendation: Review 2019-2023 EIP and provide feedback for 2020-2024 draft EIP

6. Staff Report

7. Other Business

Launch Conversation #2 is scheduled for **March 21 at 5:00 p.m.**

The next regularly scheduled EDAC meeting will be held on, **April 24 at 6:00 p.m.**

8. Adjourn

If you have questions about any of the agenda items, please contact:
Alisha Gray, EDPF, Economic Development and Housing Manager (952) 939-8285
Julie Wischnack, AICP, Community Development Director, (952) 939-8282

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

**Nov. 8, 2018
6 p.m.**

1. Call to Order

Chair Yunker called the meeting to order at 5 p.m.

2. Roll Call

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

Staff present: Community Development Director Julie Wischnack, Economic Development Housing Manager Alisha Gray, and Economic Development Coordinator Rob Hanson.

Councilmember present: Deb Calvert.

Consultant present: financial consultant Stacie Kvilvang of Ehlers and Associates.

3. Approval of Aug. 9, 2018 Minutes

Knickerbocker moved, Hromatka seconded a motion to recommend that the EDAC approve the minutes from the Aug. 9, 2018 meeting as included in the agenda. Hromatka, Jacobsohn, Johnston, Knickerbocker, and Yunker voted yes. Johnson was absent. Motion passed.

4. Doran Apartments

Gray reported.

Ryan Johnson, Doran Companies Chief Financial Officer, stated that:

- Staff encouraged the applicant to include affordable units. The first proposal of 235 units included 20 percent of the units being affordable with 50 percent AMI. Through that analysis, the applicant established that \$3.95 million would be the TIF request. That would have been about \$2,800 per unit, per year. After receiving feedback from the city council, planning commission, and neighbors, the proposal was scaled down to 190 units with 10 percent of those being affordable units. The calculation for those 10 percent was tax abatement versus TIF. That proposal would equal \$2.4 million and \$4,000 per unit.
- The current proposal is at \$1.760 million which would be just over \$6,500 per unit.
- The projects around Ridgedale, including The Island and Redstone, do not have affordability requirements. This would be the first Class A within that submarket that would contribute to the affordability requirements set by the city in 2004.

- Tonka on the Creek and At Home Apartments were projects mentioned in the staff report. One was approved four years ago and the other two and a half years ago. The world has changed since then. Construction costs are up over 15 percent and interest rates have increased. Those are not proper comparisons to what is happening today on the economic side.
- He provided a report showing return parameters. He agreed with Kvilvang's analysis on the cash on cost return included in the staff report of roughly six percent for market-rate units. Another metric is cash on cash return which is cash flow divided by the initial equity investment. Significant drivers are interest rates, debt leverage, and reduced equity. Less equity equals a higher cash-on-cash return. Higher costs and interest rates equal less equity and cash-on-cash return.
- He provided a couple different options with different interest rates that moved the leverage point (increase debt, lower equity) to stabilize cash flow. As the interest rate is reduced, there is a big difference and impact to the project. Mezzanine financing and leveraging higher (more debt) could be considered, but that is not the applicant's intent.
- He explained how lost income relates to affordable units and lower value. He calculated that there would be \$87,000 in lost income at five percent which would equal \$1.752 million in lost value. The proposal request is for \$1.760 million in assistance.
- He provided a report on cap rates and a report from a local appraiser who confirms that as affordability is added, then cap rates go up, values go down.
- He estimates that the lost value of the building with 20 percent of the units affordable would be \$9.8 million.
- He then goes on to mention that the \$4.8 million in proposed TIF assistance would not come close to making up the difference of having 20 percent of affordable housing because the value reduction would be so significant. The illustration is based on a 5.25 cap rate with 20 percent affordable units.
- The proposal should be looked at on its own rather than compared to past projects.
- He was available for questions.

Knickerbocker asked if the applicant considered going from 50 percent AMI to 60 percent AMI or going from 10 percent affordable units rather than 20. Mr. Johnson answered in the affirmative. He explained that 5 percent of the units at 60 percent AMI were requested because if the applicant would go to 10 percent units at 50 percent AMI, then the gap would grow. Tax abatement over 20 years would not fill that gap. The loss in valuation would not be recovered. As density has shrunk, everything has been compressed.

Knickerbocker understood the argument of looking at the project on its own rather than comparing it to past projects. The two projects referenced in the staff report were constructed on undeveloped land. Mr. Johnson said that the applicant felt good about the 168-unit project. There are a 100 different reasons why the current proposal's cost basis is different from previous projects, but, at the same time, he did not know if the assistance per unit should be tied directly to the city's previous project approvals. Perhaps projects in the future would be higher because of the construction-cost market and interest rate hikes.

Jacobsohn asked if the project would still be built with no affordable housing component and no assistance. Mr. Johnson answered that numbers would work to move forward with a project that doesn't include affordable housing or city assistance.

Hromatka asked Kvilvang if five percent is a reasonable cap rate to use for a project like this. Kvilvang said that there is currently a cap rate range of five percent to six percent for similar projects.

Kvilvang reminded commissioners that the city is not required to give tax abatement or tax increment financing to a developer. Public assistance may be provided in return for something to help the city reach a goal such as redevelopment of a blighted property or affordable housing. She gave a presentation that reviewed the affordability requirements for similar projects. Overall, the projects she reviewed were done with even higher development costs and lower rent structures, but were able to be done with a smaller amount of assistance from the city. The projects shown had 20 percent affordable units and 50-60 percent AMI. That is staff's recommendation for this project. She provided the background information for the comparison projects. Her example of Marsh Run showed the project at 20 percent affordable at 50% AMI and included 16 years of tax increment, which would be \$4.4 million. After the 17th year when TIF is finished. The cash on cash return works out to be 11.7%, well within the parameters of typically what investors like to see (10 percent cash on cash). Doran likes to see an 11 percent return. Kvilvang saw a viable project with 20 percent affordable units with 4.8 million in assistance through TIF.

Chair Yunker invited anyone in the audience to provide comments.

Pam Lewis, 980 Fairfield Court, stated that she is concerned with the wildlife, traffic, safety, and livability of the neighborhood.

No one else present chose to speak.

Hromatka stated that he, Jacobsohn, and Luke were on a subcommittee that reviewed the proposal in depth. Five percent of the units being affordable would be low. The proposal is requesting to receive 50 percent more than the high-water mark of assistance per unit.

Jacobsohn agreed that five percent of the units, nine units, would not have enough of a significant impact for the city and creates a high cost per unit. The cost per unit at 20 percent of units, 34 units, would be at the high end. It would be acceptable for approval. It could also be considered if the property is one that the city would like to change from the existing office buildings. The proposal could be built without assistance and no affordable housing. He did not think that five percent of the units would be enough.

Johnston asked if the comprehensive guide plan includes any specifics for the area regarding affordable housing. Wischnack explained that there is an entire section of the comprehensive guide plan dedicated to the housing goals of the city. It is available on **eminnetonka.com**.

Calvert stated that a majority of councilmembers want to make an effort to reach the city's affordable housing goals and make sure that the affordable housing units would not be segregated to a specific area of the city. This proposal would provide an opportunity to provide

more affordable housing. There are quite a few affordable housing units located in the first ward. The proposed site would be located close to the transit station, retail, and other amenities. She was worried that if the city offered TIF for a small number of units that a bad precedent would be set for future developments. The other luxury apartment complexes mentioned by Mr. Johnson were ones that the city was not able to offer assistance. This is the wave of the future. Affordable housing units have more consistent residency than market rate units. Affordable units are a guaranteed income stream much more so than a market rate unit. She did not want to lose the opportunity to have affordable units, but she did want to impress upon the applicant that she thought 20 percent would be the goal. It is written into the goals for the city and she would be supporting that amount.

Knickerbocker moved, there was no second, to recommend that the city council approve a proposal with five percent of the units meeting affordability guidelines. Motion failed.

Knickerbocker moved, Jacobsohn seconded a motion to recommend that the city council approve a proposal with 20 percent of the units meeting affordability guidelines and offering assistance of up to \$4.8 million. Hromatka, Jacobsohn, Johnston, Knickerbocker, and Yunker voted yes. Johnson was absent. Motion passed.

5. Fair Housing Policy

Gray reported.

In response to Hromatka's question, Gray explained that the policy would have been adopted eventually. It is included in the 2040 comprehensive guide plan as a recommendation. Given that the grant funding is tied to it, the city is taking action now rather than next year.

Hromatka asked if it made sense to include a specific number of years in which to review the policy. Gray answered that the specific time period was left out because there is fair housing work that is currently being amended. Wischnack said that a reminder could be added as a project page in the EIP so that it would be reviewed every year.

Johnston asked if the classifications change at the federal level, then could the city still maintain the protected classes as a municipality. Gray responded that the protected classes could be listed in the policy. Johnston supports that being done. Wischnack will add language to the policy before the city council's review.

Knickerbocker liked seeing all of the language changes over time. Gray clarified that the policy mainly relates to projects that receive city financing. The policy is a guide to referral services. Hanson explained that the city would refer someone with a fair housing complaint to the Department of Housing and Urban Development or the Minnesota Department of Human Rights. Wischnack clarified that the requirements are not new.

Jacobsohn noted that the rules already apply to a homeowner selling his or her house. The policy says that the city serves as a clearing house for those complaints. The rules that apply to a single-family homeowner would not change, there would be an additional communication vehicle now available. Gray agreed.

Wischnack explained that if a seller of a house based his or her decision to not sell to a buyer because the buyer was a member of one of the protected classes that would be a violation of

law the same as it has been since the Fair Housing Policy was enacted in 1968. The city attorney did review the proposed policy.

Hromatka understood that the city is adopting the federal Fair Housing Policy similar to other cities that have already done the same thing.

Chair Yunker saw it as restating the Fair Housing Policy.

Hromatka moved, Jacobsohn seconded a motion to recommend that the city council approve the Fair Housing Policy. Hromatka, Jacobsohn, Johnston, Knickerbocker, and Yunker voted yes. Johnson was absent. Motion passed.

This item is scheduled to be reviewed by the city council on Dec. 3, 2018.

6. Staff Report

Gray and Wischnack gave the staff report:

- Megan Luke left the EDAC to serve on the planning commission.
- There is one remaining bidder for the SWLRT. There is an extension until Nov. 15, 2018 to accept additional bids. Construction could begin this year with a completion date of 2023.
- Staff continues to meet with Metro Transit on a quarterly basis. Routes 614 and 671 are being looked at to be cut unless there would be an increase in ridership.
- An application for The French Academie on Whitewater Drive is being reviewed.
- A concept plan is being reviewed for Highcroft Meadows on Orchard Road.
- The sign ordinance update has been adopted.
- The Mariner project is under review this month.
- An application for Williston Heights, a four-lot subdivision, is being reviewed.
- The public safety facility application will be reviewed this month.
- Villas of Glen Lake is under review.
- The Renneke property application for market-rate apartments is being reviewed.
- The building permit for Dominion is being reviewed.
- A grading permit is being reviewed for Ridgedale Executive Apartments.
- Grading and building permits are being reviewed for Ridgedale Active Adult Apartments.
- The grading is being done for Solbekken Villas.
- Minnetonka Hills Apartments are under construction.
- Havenwood of Minnetonka is under construction.
- Crest Ridge Senior Housing is nearing completion.
- The RiZe at Opus is under construction.
- LISC is working on creating a visioning process for a site on Shady Oak Road. That work will begin in Feb.
- There are five loans in process. Two Home Enhancement loans have closed. The two-bid process was slowing things up because contractors were not showing up to bid a project, so the requirement was changed to one bid.
- CDBG has approved one loan since Aug. and five others are going through the approval process.

7. Other Business

The SLUC lunch entitled “Harstad versus City of Woodbury: What’s Next” is scheduled for Nov. 28, 2018 at 11:30 a.m. in Golden Valley.

The ULI MN 10th Annual Housing Summit is scheduled to be held from 8 a.m. to 11 a.m. on Dec. 14, 2018 at Dorsey and Whitney in Minneapolis.

The next EDAC meeting is scheduled for Jan. 24, 2018 at 6 p.m.

8. Adjournment

Knickerbocker moved, Yunker seconded a motion to adjourn the meeting at 7:40 p.m. Motion passed unanimously.

EDAC Agenda Item #4
Meeting of March 14, 2019

Brief Description: Affordable Housing Draft Work Plan

Overview

On Feb. 4, the city council discussed affordable housing at the city council study session and directed staff to prepare items related to affordable housing for the Economic Development Advisory Commission to consider. This report outlines the background of the recent discussions on affordable housing and the 2040 comprehensive plan and outlines a schedule for the EDAC to review the proposed actions (see attached affordable housing work plan).

Background

Housing and the availability of affordable housing is directly related to the city's part in accepting and managing regional growth. Housing also has a direct relationship to a city's economic health. The ability for a city to attract talent and provide employment base to companies is a current and future issue for the city's strategic plan.

The city of Minnetonka has a long history of promoting diversity in the types and size of housing units available in Minnetonka, including the production of new affordable rental and ownership opportunities. Over the past 20 years, the city has analyzed and implemented dozens of housing centric policies and programs to address the changing needs of the community. A summary of key milestones is outlined below:

- 1994 Minnetonka was the first city to receive Livable Communities Development Account grant dollars to redevelop West Ridge Market with affordable housing
- 1996-2010 - Livable Communities Act Participant
- 1998 – Draft Policy - City Assistance to Affordable Housing Developments (incorporated into 1999 comprehensive plan)
- 1999 - 2020 Comprehensive Plan – Housing Chapter
- 8/6/2001 – WHAHLT (Homes within Reach) Business Plan/History supported by city council
- 2/3/2004 – Economic Development Authority (EDA) resolution supporting 10% to 20% of units in new housing developments as affordable housing
- 2008 – 2030 Comprehensive Plan – Housing Chapter
- 2009 ULI Minnesota – Opportunity City Pilot Program Summary Report
- Minnetonka Housing Action Plan (2010) – the new livable communities goals for 2011-2020 (attached)
- 2012 – first Economic Improvement Program (EIP)
- 2013 – Southwest LRT Housing Inventory
- 2014 – Southwest LRT Housing Gaps Analysis
- 2016 – Southwest LRT Corridor Housing Strategy
- 2017 – Draft Housing Study (Marquette Advisors)
- 2018/2019 – Draft 2040 Comprehensive Plan (including updated housing plan)

Additionally, Minnetonka staff are actively participating in several affordable housing work groups that are researching, lobbying for, and implementing new approaches to fund affordable housing programs, preserve existing naturally occurring affordable housing (NOAH), and protect tenants. Some of the organizations leading this coordinated effort include: The Housing Justice Center, Urban Land Institute Regional Council of Mayors, Minnesota Housing Finance Agency, the Governor's Task Force on Housing, and the Local Initiatives Support Corporation. Several cities (including Minnetonka) and counties in Hennepin and Ramsey Counties, are also attending the housing workgroup meetings to share their efforts and streamline legal review of new concepts and programs.

Since 2012, staff has annually prepared the five-year EIP, a document that includes a complete summary of the city's economic development activities. A chapter devoted specifically to housing programs and financing outlines the city's commitments. Both the Economic Development Advisory Commission (EDAC) and the city council review and discuss the EIP each year, with final adoption by the council.

In 2018, the council and economic development advisory commissioners participated in several discussions (see meetings referenced at end of report) regarding the draft 2040 Comprehensive Plan to discuss the city's current and future housing needs to define goals and strategies to support the following goals:

- Goal 1 – Preserve the city's existing housing stock
- Goal 2 – Encourage affordable housing production
- Goal 3 – Provide a range of housing choices
- Goal 4 – Increase housing options for seniors

Through these conversations, dozens of strategies were discussed that would further the city's commitment to creating and preserving affordable housing, in addition to the many programs and policies currently in place. As a result, three key themes emerged as the leading efforts to pursue:

1. Renew the EDA's 2004 commitment on the inclusion of 10% to 20% of affordable housing units in multi-family developments
2. Explore opportunities to protect renters from housing displacement
3. Explore opportunities to preserve NOAH (Naturally Occurring Affordable Housing) properties

Affordable Housing Production

In 2004, the EDA approved a resolution supporting the inclusion of 10%-20% of the total units in multi-family developments as affordable housing. At the time, the council and EDA asked staff to pursue this goal when meeting with developers proposing new multi-family developments including townhomes, apartments and condominiums as a way to increase affordable housing in the city. This tool was critical to the production of hundreds of units of affordable housing in the city over the past 15 years, as it has provided flexibility through years of market volatility when affordable housing or mixed income housing is more difficult to finance.

Currently, Minnetonka has 564 units of contract affordable multifamily housing and 188 contract based for-sale housing units available. The city's Marquette Advisors report estimates that there

are approximately 5,000 units of naturally occurring affordable rentals in the community. Additionally, of the newly approved projects in Opus, 570 units (54%), of 1,063 are considered affordable at or below 80% Average Median Income (AMI). The city continues to utilize Tax Increment Financing (TIF), TIF Pooling, and Tax Abatement as the main financial tools to bridge the gap of obtaining affordable housing units.

Over the past few years, more metropolitan cities have been exploring or have adopted similar policies or ordinances, sometimes referred to as mixed income policies or inclusionary housing policies that require all new multifamily rental and ownership development to include a certain percentage of units at various levels of affordability. In their simplest form, mixed-income policies and proposed ordinances require developers to sell or rent a percentage of new residential units to lower-income residents. Some policies apply just to one area of the city or specific types of buildings. Some programs partially offset the cost of providing affordable housing through incentives such as TIF financing, parking reductions, fee reductions or allowance of higher density.

More recently, cities such as Edina require developers to “pay in lieu” of providing affordable housing to build housing reserves for other projects. For example, Bloomington is proposing (not adopted at the time of this report) an ordinance that would require developers to pay a fee of \$9.60 per square foot of *leasable* space as the amount required to opt-out of providing affordable units. For illustration purposes, the Marsh Run project proposed by Doran has approximately 144,000 net square feet of leasable space. If the payment in lieu as proposed in Bloomington were applied, the developer would be required to pay the city \$1,382,400 to opt-out of providing affordable units in the building.

Similarly, Edina’s payment in lieu fee policy is based off of the number of units that would be required to be affordable by the city’s policy in the proposed buildings. Developers can choose to pay \$100,000 per unit that the city would require to be affordable (ranging from 10%-20% of the total units) to the city’s housing fund instead of including those units in the project that is being proposed. For illustration purposes, The Marsh run project is 175 units, the payment in lieu would amount to offset 10% of the units as affordable would be roughly \$1,800,000. The city of Minnetonka committed \$4.8 million in TIF Housing to support affordability of 35 units for a term of 30 years. The city’s commitment amounts to \$137,142 per unit or \$4,571 per unit/per year.

The downside to payment in-lieu is that the city then has to decide which future projects would receive the incentive to include affordability, which could lead to questions about equity in the community, how the dollars are distributed, and where the housing is located. Additionally, the cost to produce affordable housing varies greatly depending on financing sources, and the amount collected as payment in-lieu likely will not cover the full cost of providing the opt-out units in another location or for the full 30-year term which is currently required by the city. Finally, a more philosophical question would be whether or not developers should bear the cost of providing funding for affordable housing, or if it should be the greater community investment as occurs with TIF, TIF pooling, HRA levy, etc. Based on these concerns and the potential for other actions noted below, staff is not supportive of a payment in-lieu policy at this time.

Below is a summary of cities with affordable housing policies or programs:

City	Type of Program	Percentage of Affordable Units	Affordability Level	Additional Information and Enforcement Mechanism
Minnetonka	EDA Resolution supporting 10%-20% affordable housing	<p>10%-20% of units affordable</p> <p>No city assistance for 10%, TIF assistance if 20% or more units affordable at 50% AMI</p> <p>30-year term of affordability</p>	Project-by-project decision	2004 EDA Resolution
Bloomington	Opportunity Housing Ordinance (proposed)	<p>9% of units affordable at 60% AMI or below; or</p> <p>Build required units off site; or</p> <p>Payment in lieu into housing trust fund, \$9.60 per leasable square foot</p> <p>Additional incentives such as density bonus and parking flexibility</p>	<p>All new multifamily with 20+ units require 9% of units at 50% AMI or below</p> <p>All new single-family with 20+ units affordable at 110% AMI or below</p> <p>NOAH properties-20+ unit properties with substantial rehabilitation must preserve 20% of units at 60% AMI and below</p>	<p>Draft Ordinance 1.24.2019</p> <p>Link to draft ordinance</p>
Golden Valley	Mixed income Policy	At least 15% of total multi-family project units at 60% AMI, or	All market rate and for sale housing with 10 or more units requiring land	<p>Mixed Income Policy</p> <p>Link to Policy</p>

		At Least 10% of total multi-family project units at 50% AMI, or 10% of for-sale units at 80% AMI	use approval or requesting city assistance	
Eden Prairie	Policy in draft	Formal goal of 20% of units affordable for assistance	Formal goal of 20% of units affordable for assistance	Draft policy presented at study session Feb. 19, 2019 (report not available at this time)
Edina	Affordable Housing Policy	All multi-family projects with 20+ units. New rental must provide 10% of rental area at 50% AMI or 20% of rental area at 60% AMI, or \$100,000 per unit payment in lieu New for sale must include 10% affordable Affordability Term for Rental- 15 years Ownership – 30 years	50% or 60% AMI for multifamily Homeownership set by MN Housing	Link to Policy
St. Louis Park	Affordable Housing Policy	New multi-family, mixed use, renovation project, or change in use with at least 10 units, or For sale projects, at least 15% of units affordable at 80% AMI 25 year affordability term.	For multi-family Projects 18% affordable at 60% AMI or 10% of units affordable at 50% AMI For sale projects, at least 15 % of units affordable at 80% AMI	Link to Housing Policy

<p>Richfield</p>	<p>Inclusionary Affordable Housing Policy</p>	<p>Housing development that receives city assistance:</p> <p>20% of units affordable at 60% AMI, or</p> <p>20% of units in ownership project affordable at 115%, or</p> <p>15% of net present value of tax increment generated pledged to development fund over 10 years</p> <p>Affordability term 10 years</p>	<p>20% of units affordable at 60% AMI, or</p> <p>20% of units in ownership project affordable at 115%, or</p>	<p>Link to Policy</p>
<p>Minneapolis</p>	<p>Housing Policy</p>	<p>For residential projects with more than 10 units:</p> <p>20% of multifamily affordable at 50 % or 60% AMI</p> <p>10% of ownership products available at 80% AMI</p> <p>20 – 30 year affordability term.</p>		<p>Link to Housing Policy</p>

Affordable Housing Production Recommendation

At the Feb. 4 city council study session, the city council recommended exploring additional options for inclusion of affordable housing (in the form of a policy) and providing further research on options for payment-in-lieu. Staff will prepare information for the EDAC to review at the April 2019 meeting.

Tenant Protection

Several cities in the metropolitan area are considering or have adopted ordinances to protect tenants in affordable rental housing who are facing displacement by providing notice to tenants when transitions from current affordable housing uses are planned, and providing tenant relocation assistance when affordable housing is converted to market rate and tenants are required to move without adequate notification or cause.

In basic form, these ordinances protect residents of apartment buildings with three or more units where a minimum number of units (15%-20%) are affordable at 60% AMI or less. These units are at the greatest risk of transitioning from affordable to market rate as investors purchase and renovate the buildings to obtain higher rents. The chart prepared by Marquette Advisors shows the total supply of affordable housing in Minnetonka (which also includes the 564 contractual units of affordable housing).

City of Minnetonka Affordable Rental Housing Supply by Neighborhood and Pct. of AMI (2016)					
Neighborhood	30% of AMI	50% of AMI	60% of AMI	80% of AMI	Totals (<80% of AMI)
Cedar Lake	71	614	701	124	1,509
Glen Lake	316	0	101	3	420
I-394 McGinty	0	0	195	256	452
Minnetonka Blvd CR 101	0	0	0	0	0
Minnetonka Mills	0	0	0	0	0
Ridgedale	0	542	516	248	1,306
Shady Oak Excelsior	0	0	0	0	0
Shady Oak Opus	52	570	164	101	887
TH7 & CR 101	169	288	463	20	940
Williston TH7	0	0	0	0	0
City of Minnetonka	608	2,014	2,140	752	5,514
<i>Sources: Marquette Advisors; Housing Link</i>					

Under the ordinances, new owners of affordable housing could be required to pay relocation benefits to tenants if the owner increases rent, re-screens existing residents, or implements non-renewals of leases without cause, within a 90-day period following the ownership transfer and the tenant chooses to move because of these actions. Failure to provide notice or pay relocation benefits results in an administrative fine of \$500 plus the relocation amount. The city's main leverage is embedded within rental licensing programs or residents reporting a sale without proper notice. Below is a summary of cities with adopted ordinances:

City	Type of Program	Description	Additional Information and Enforcement Mechanism
Saint Louis Park	Tenant Protection Ordinance	Establishes a tenant protection period following the sale of a multifamily building, for buildings with at least 15% of units at 60% AMI for buildings with more than 3 units.	Link to Ordinance Penalty of administrative fine plus \$500 fee.

		90 day protection period for tenant in event of rental increase or sale of building, rescreens, or non-renewal without cause.	
Golden Valley	Tenant Protection Ordinance	<p>Establishes a tenant protection period following the sale of a multifamily building, for buildings with at least 15% of units at 60% AMI for buildings with more than 3 units</p> <p>90 day protection period for tenant in event of rental increase or sale of building, rescreens, or non-renewal without cause</p>	<p>Link to Ordinance</p> <p>Penalty of administrative fine plus \$500 fee.</p>
Richfield	Tenant Protection Ordinance	<p>Establishes a tenant protection period following the sale of a multifamily building, for buildings with at least 20% of units at 60% AMI for buildings with more than 3 units</p> <p>90 day protection period for tenant in event of rental increase or sale of building, rescreens, or non-renewal without cause</p>	<p>Link to Ordinance</p>

Tenant Protection Recommendations

At the Feb 4, city council study session, the council recommended that staff draft and present and ordinance to the EDAC that would provide protection to tenants that reside in Naturally Occurring Affordable Housing rental properties.

Rental NOAH (Naturally Occurring Affordable Housing) Preservation Opportunities

The multifamily housing market is experiencing significant rental increases due to the perfect storm of factors: a short supply of rental housing, extremely low vacancy rates, and high

demand for housing. These factors encourage investors to purchase formerly affordable rental buildings to convert to higher amenity properties as an investment opportunity. This trend has decreased the amount of naturally occurring affordable housing in the region that is available to lower income households. Additionally, the rate at which new affordable housing is being produced cannot keep up with the market demand for these units. Many cities are exploring opportunities to prevent the loss of naturally occurring affordable housing (properties that are not currently under contract to provide affordable housing). There are approximately 5,000 affordable rental NOAH properties in Minnetonka (see chart above).

NOAH Recommendations

At the Feb 4. study session, the council recommended pursuing the following new opportunities that have potential to have the greatest impact to preserve NOAH properties in Minnetonka. The 4d classification and legacy education efforts would be drafted as new conceptual programs and the multifamily rental rehabilitation loan program will be discussed as part of the 2020-2024 EIP as there is no funding for this effort.

- *The 4d Classification program* would allow owners of market rate multi-family rental housing to utilize a state provision called 4d, also known as Low Income Rental Classification (LIRC). LIRC allows eligible properties that receive “financial assistance” from federal, state, or local government (that agree to certain rent and income restrictions) to receive a tax classification rate reduction of .75% (reduced from 1.25%) in return for committing to keep at least 20% of the units in their building affordable at 60% AMI for a minimum of 10 years.
 - Cities are not required to formally create a program, but doing so allows the city to add its own city housing policy goals. The city currently reviews and facilitates requests for this program.
- *A NOAH Legacy Education Program* would encourage multifamily NOAH property owners the ability to connect with socially driven investors with the goal of preserving affordability through the sale of a property. Staff would reach out to owners of Class B and Class C apartments that could potentially qualify as NOAH properties, to link owners with for profit and non-profit affordable housing developers and financial tools. This would help educate property owners about the opportunity to connect with preservation buyers if a sale is planned in the future and provide information regarding available financing tools to keep units affordable.
- *A multifamily rental rehabilitation loan program* would provide moderate rehabilitation assistance to eligible landlords in exchange for the preservation of affordable housing. This program could be developed with future guidance from the council and an identified funding source.

Single Family Affordable Housing

Of all of the categories to address affordable housing, the single family housing market is the most challenging. To understand the challenges, highlights about the single family housing market are listed:

- Detached single family residences comprise 55.9% of the housing stock in the city.
- Of the 16,000 single family homes in Minnetonka, 8,555 (54%) are valued under \$300,000 (\$234,000 considered affordable to 80% AMI – income \$71,900)
- Approximately 6% of the city’s entire single family housing stock turns over in a year.
- Approximately 2/3rds of the homes sold in Minnetonka over the past 5+ years are single family homes.
- There are a large number of senior home owners in Minnetonka, with more than 54% of the city’s home owners being age 55+.
- The average single family home price in 2017 was \$467,691. This is considerably higher when compared to townhouse sales (\$265,649 avg.) and condos (\$176,102 avg.).
- Pricing of new homes currently listed for sale ranges from \$574,900 to \$2,200,000, with an average of just under \$985,000.

**Number and % of Home Sales by Product Type, 2012 to date
City of Minnetonka**

	2012	2013	2014	2015	2016	2017 1st Half
Single Family	549	569	517	614	642	314
Tow nhouse	142	152	166	153	204	89
Condo	118	117	149	121	172	65
Total	809	838	832	888	1,018	468
SF	67.9%	67.9%	62.1%	69.1%	63.1%	67.1%
TH	17.6%	18.1%	20.0%	17.2%	20.0%	19.0%
Condo	14.6%	14.0%	17.9%	13.6%	16.9%	13.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Mpls. Area Association of Realtors-Northstar MLS

**Average Sale Price by Product Type, 2012 to date
City of Minnetonka**

	2012	2013	2014	2015	2016	2017 1st Half
Single Family	\$353,502	\$401,291	\$410,561	\$421,192	\$432,980	\$467,691
Tow nhouse	\$230,165	\$254,095	\$245,783	\$262,017	\$281,015	\$265,649
Condo	\$113,247	\$132,251	\$143,149	\$154,647	\$160,760	\$176,102
Total	\$297,159	\$336,704	\$328,675	\$356,334	\$355,574	\$386,083

Source: Mpls. Area Association of Realtors-Northstar MLS

Based on the statistics, it is clear that new construction is not a feasible or viable way of providing affordable housing in the single family market. There are a number of existing units, under \$300,000, that our city loan programs target for down payment assistance and renovations.

There has been interest expressed about affordable homes for public services workers. While there are questions about Fair Housing compliance, this may be an issue to be considered through jurisdictional personnel policies. Again, a reminder that affordable housing would be considered a salary of approximately \$50,000 (80% AMI) for a one person household.

Single Family Affordable Housing Recommendation

Staff believes there are three ways to address ownership product:

- Invest more dollars in Homes within Reach (could be considered during review of EIP)
- Increase loan programs for the under \$300,000 valued existing homes
- Encourage construction of other types of affordable ownership product (condos, townhomes, co-ops)

At the Feb 4. city council study session, the council directed staff to continue to explore options to fund Homes Within Reach and explore options to encourage the construction of new affordable ownership products.

Housing Policies

The city has historically not provided city financial assistance to a project without the provision of affordable housing. Each of the following existing city policies furthers the implementation of affordable housing and housing protections:

- TIF Policy
- TIF Pooling Policy
- Tax Abatement Policy
- Housing Improvement Area Policy
- Fair Housing Policy

Staff does not suggest changing any of these policies as they appropriately address the city's goal to support affordable housing.

Other Housing Discussion Items

The council also discussed additional opportunities that will be researched by staff in 2019, including:

- Senior affordable housing
- Affordable housing for city staff
- Funding for affordable housing
- Accessory apartment ordinance amendment that would allow use of garage
- Payment-in-lieu options for affordable housing

Summary

The attached draft affordable housing work plan illustrates the general timeframe for reviewing additional affordable housing strategies in 2019. The EDAC will be asked to review policies/programs/ordinances and make recommendations for the council to consider.

Recommendation

Staff recommends the EDAC review the draft affordable housing work plan and provide feedback.

Originated by:

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

Attachments:

Draft Affordable Housing Work Plan

Feb. 4, 2019: Staff Summary of City Council Study Session

AMI and Affordable Housing

2011-2020 Affordable Housing Action Plan

- Existing Housing Tools and Implementation Efforts

Affordable Housing Goals

Housing Strategies and Tools for the City of Minnetonka

Introduction to Mixed Income Housing

Supplemental Information

[Jan. 7, 2019 – City Council Final draft of 2040 Comprehensive Plan](#)

[Sept. 4, 2018 – Joint Study Session – Comprehensive Plan Discussion](#)

[June 11, 2018 – City Council Study Session – Comprehensive Plan Housing Chapter](#)

[Aug. 23, 2017 – Comprehensive Guide Plan Steering Committee Meeting](#)

[2030 Comprehensive Plan](#)

Draft Affordable Housing Work Plan – March 14 EDAC

Topic	Type	EDAC	Council
Intro Mixed income policy	Policy	April 24, 2019	May/June 2019
2020-2024 EIP Review Intro Noah Strategies <ul style="list-style-type: none"> • 4d Program (concept)* • Legacy Education Program Intro (concept)* • Multifamily Rehab Loan Intro (concept)* 	Program	March 14 – EIP Preview April 24 (EDAC review of draft EIP)	April 22 (Council review first draft at work session) June 3 (Final adoption of EIP)
Intro Tenant Protection <ul style="list-style-type: none"> • Notice of Sale • 90 Day Protection • Relocation 	Ordinance	June/Aug. 2019	Aug./Sept. 2019
Other <ul style="list-style-type: none"> • Senior Affordable Housing Exploration • Affordable Housing for City Staff • Research General Funding for Affordable Housing • Accessory Apartment (ordinance amendment) • Payment-in-lieu of affordability requirements 	Research	Oct. 2019	Nov./Dec. 2019

*Further development of conceptual programs would occur in Fall 2019.

**Staff Summary
City of Minnetonka
City Council Study Session
Monday, Feb. 4, 2019**

Council Present: Bob Ellingson, Rebecca Schack, Mike Happe, Tim Bergstedt, Deb Calvert, and Mayor Brad Wiersum.

Staff: Geralyn Barone, Corrine Heine, Perry Vetter, Julie Wischnack, Scott Boerboom, Kevin Fox, and Alisha Gray. City consultants John McNamara, Jake Wollensak and Paige Sullivan of WOLD Engineers and Architects were also in attendance.

Wiersum called the meeting to order at 6:00 p.m.

1. City Manager's Report

City Manager Geralyn Barone updated the council on the sustainability efforts staff has been working on in conjunction with the student group concerned about climate change.

Ms. Barone asked if there was interest from the council to look at drafting a resolution requesting the legislature to have a discussion on statewide campaign finance reform. CM Calvert indicated that there is interest to look at the clean elections request at a future time. CM Schack again showed interest. CM Happe, CM Bergstadt, and Mayor Wiersum declined to look at the issue.

2. Public Safety Facilities Finishes Update

Assistant City Manager Perry Vetter gave the staff introduction.

John McNamara, Jake Wollensak and Paige Sullivan of WOLD Engineers and Architects presented the facility finishes and furnishing design for the Police and Fire Facility Project.

CM Happe, asked if there would be solar panels on the roof rather than a white roof on the building. It was explained that the roof will be constructed to accept solar panels at a later time.

3. Diversity and Inclusion Update

Vetter and Barone introduced the work the city is doing with diversity and inclusion efforts.

Councilmember Schack requested we leverage volunteers and resources of the community to assist staff in this area.

Councilmember Calvert requested a listing of topic from the Ideation Session held last fall and that future integration include elected officials so anyone in the community can become involved for feel they have appropriate representation. Establishing partnerships, and engaging neighborhoods were themes that were brought up at the session.

**Staff Summary
City of Minnetonka
City Council Study Session
Monday, Feb. 4, 2019**

Mayor Wiersum supported the work and agreed with the other colleagues on the efforts conducted by the Police Department and specifically Officer Marks.

Ms. Barone presented some research on cities that have enacted Human Rights Commissions. Those cities suggested that there be clarity on policies that are enacted, and that there be budgeted amounts for events hosted by those groups. Ms. Barone did not make a recommendation on the creation of a commission.

CM Calvert asked what the reasons were on why the cities disbanded their human rights commissions, Ms. Barone responded that there was not council alignment with values of the human rights commissions.

4. Affordable Housing

Wischnack and Gray presented information about affordable housing.

Three key themes that emerged as leading efforts to pursue, they are:

- Renewing the 2004 resolution requiring affordable housing
- Preserving NOAH properties
- Minimizing displacement

Ms. Gray presented information on what peer cities are doing on this area.

- Bloomington is considering an ordinance that would require 9% of new multifamily construction is affordable or would pay in lieu.
- Eden Prairie would require that 20% of units be affordable if they were to get assistance
- Edina has payment in lieu ordinance in place.

2004 Resolution Renewal:

Ms. Wischnack asked the council if there was a desire to adopt a new resolution requiring 10% or 20% affordable housing to a project using city assistance.

CM Schack asked which projects were approved that do not have affordable housing. Ms. Wischnack listed off projects that do and do not include affordable housing. CM Schack continued that she is not convinced that the resolution is working as intended and would like to think about a policy that has some teeth to it. Would like to see the city not have such an “easy out” when it comes to affordability. Leverage resources for single family affordability.

CM Calvert believes that the resolution is working and wonders if there is a need to formalize into a policy or ordinance. Ms. Wischnack stated that it may be important to include as a policy.

CM Calvert continued that she believes that TIF usage should come under greater consideration and thought.

**Staff Summary
City of Minnetonka
City Council Study Session
Monday, Feb. 4, 2019**

CM Ellingson believes that the city should have a policy rather than a resolution. Wants to see a city where people who work here can afford to live here.

CM Happe stated that he likes the range of affordability option, and does not want to see projects or developers tied down with a force of affordability.

CM Bergstadt believes that the current resolution is working for us. He spoke on projects that would not have been completed had the city required affordability. He continued that he would not support an ordinance, but is open to a resolution or policy.

Mayor Wiersum spoke to clarify the stance of the council on this topic. He continued to ask if there are creative ways to require developers to include affordable housing other than payment in lieu.

Action Item: Work on the language of the 10-20% requirement, and will structure a policy. Will do more research on payment in lieu and bring forward at another time. The council supported crafting a policy on the 2004 resolution. Will have a draft available in 1.5 months.

Tenant Protection:

Ms. Gray gave a report on tenant protection ordinances that are in place in peer communities. There are nearly 1500 units of NOAH housing in the city.

Action Item: Should the city consider drafting a tenant protection ordinance?

CM Happe: Y

CM Bergsted: Y

CM Calvert: Y

CM Ellingson: Y

CM Schack: Y

The Mayor asked if 90 day protection period is standard or if other cities have looked at longer. The Mayor then asked if staff is supporting implementing rental licensing or requiring self-reporting. Mayor Wiersum suggested that complaint based enforcement works well and that he would consider rental licensing if it becomes an issue.

Preserving NOAH Properties:

Ms. Gray presented a report on programs to preserve naturally occurring affordable housing units in the city. She mentioned the "4d" tax incentive program, Legacy Education Program, and create a rehab loan program for multifamily rental properties in exchange for affordable housing.

CM Bergstedt asked if there would be any staffing changes or increased staff time with the implementation of these programs. Staff responded that a loan rehabilitation program could cause some staff impact.

**Staff Summary
City of Minnetonka
City Council Study Session
Monday, Feb. 4, 2019**

Mayor Wiersum stated that he supports the 4d classification, but has concerns that the 10 year period is too short and would like find out if it can be longer. He continued that he needs to receive an analysis on the required staff time to implement any of these programs.

Action Item: Council unanimously supported the creation of a 4d policy, supporting the legacy education program, and research into a multifamily housing loan rehab program.

Single Family Housing:

Ms. Wischnack gave a report on the current single family housing makeup of the city. She stated that single family homes make up 55% of the cities entire housing stock. Half of homes within Minnetonka valued above \$300,000.

CM Happe spoke on Homes Within Reach, and stated that he has two concerns about increasing funding for Homes Within Reach. He is concerned that city dollars are going towards ownership of private property and that the affordability period is for 99 years. Ms. Barone asked why the 99 year affordability is a concern. CM Happe stated that the time period is too long due to market changes. He also reiterated his support for the homestretch workshop.

CM Calvert asked a question on the issue of liability or regulation on condo buildings. Ms. Wischnack stated that there are predatory liability issues towards condo developments that hamper their development. CM Calvert asked what is an alternative to not funding HWR? CM Calvert also spoke on the importance of the Homestretch Workshop.

CM Bergstadt asked how the 99 year affordability was established for Homes Within Reach. Ms. Wischnack stated that it was established because it is a land trust.

CM Schack stated that Homes Within Reach is addressing a different segment of the population than the other two single family programs proposed and that all are important to support.

Mayor Wiersum asked the question on what happens with the properties and the land after the 99 year period is up.

Councilmember Ellingson stated that he is in favor of supporting WHATL funding through city resources.

CM Bergstadt asked for more research into what impacts or options are on the table related to Homes Within Reach at the EIP discussion.

The council showed general interest in supporting an increased loan program for homes under the \$300,000 valued existing homes and encouraging construction of other ownership products (condo's, townhomes, co-ops) as program opportunities. Mayor Wiersum also indicated he would forward some additional ideas to the EDAC for other items, including programs related to senior housing. There was general consensus with

**Staff Summary
City of Minnetonka
City Council Study Session
Monday, Feb. 4, 2019**

having additional discussions and research on city support of Homes within Reach during the EIP discussion.

Action Items: Homes Within Reach expansion/funding items and the modification of our loan programs will happen with the development of the EIP. The encouragement of other types of affordable ownership product may have to be written into the policy.

Other Ideas

Councilmember Happe reiterated his interest in developing a program for city staff home affordability.

Councilmember Bergstadt requested information on staff concern related to the creation of a payment in lieu option.

Wischnack indicated that there have been some discussions of a development that the variety of considerations with payment in lieu, the concept works best to be direct with the project, rather than wait to include with a project that might or might not occur or might have other impacts. Wischnack felt that the current versions do not include all the benefits of what the council desires.

Councilmember Schack supported additional research on the payment in lieu programs to potentially fund Homes Within Reach or other affordable housing programs. Ms. Wischnack stated that she will direct staff to research the topic.

Councilmember Calvert shared her interest in conducting additional interest in programs like accessory apartments, division of large homes without subdivision or tearing down of existing homes.

5. Adjournment

The study session adjourned at 8:44 p.m.

Respectfully submitted,

Perry Vetter
Assistant City Manager

AMI AND HOUSING AFFORDABILITY

LOCAL PLANNING HANDBOOK

The Area Median Income (AMI) is the midpoint of a region’s income distribution – half of families in a region earn more than the median and half earn less than the median. For housing policy, income thresholds set relative to the area median income—such as 50% of the area median income—identify households eligible to live in income-restricted housing units and the affordability of housing units to low-income households.

Low-income households and levels of affordability

Your housing element and implementation program must address affordable housing needs within three levels of affordability:

- At or below 30% AMI
- Between 31 and 50% AMI
- Between 51 and 80% AMI

The U.S. Department of Housing and Urban Development (HUD) defines and calculates different levels of AMI for geographic areas across the country by household size. For the Twin Cities region in 2017, HUD has defined the three levels of affordability as:¹

Household Size:	Extremely Low Income (30% of AMI)	Very Low Income (50% of AMI)	Low Income (80% of AMI)
One-person	\$19,000	\$31,650	\$47,600
Two-person	\$21,700	\$36,200	\$54,400
Three-person	\$24,400	\$40,700	\$61,200
Four-person	\$27,100	\$45,200	\$68,000
Five-person	\$29,300	\$48,850	\$73,450
Six-person	\$32,960	\$52,450	\$78,900
Seven-person	\$37,140	\$56,050	\$84,350
Eight-person	\$41,320	\$59,700	\$89,800

Thinking about specific jobs helps make this more concrete. For a four-person household with only one wage-earner, positions as home health aides or funeral attendants would provide an income at 30% of AMI; positions as interior designers or bus drivers would provide an income at 50% of AMI; and positions as accountants or police officers would provide an income at 80% of AMI. For a more in depth look at how full-time jobs do not always mean there are affordable housing choices, visit the [Family Housing Fund’s](#) website.

Having an income below these thresholds makes households eligible for certain housing programs (other social programs use thresholds relative to the federal poverty guidelines). For example, to be eligible for a Housing Choice Voucher, household income must be at or below 50% of AMI; a three-person household with an income up to \$40,700 would be eligible for a voucher as would a five-person household with an income up to \$48,850.

Translating incomes into affordable housing costs

These income levels are also a way to assess housing affordability. We say that a housing unit is “affordable at 80% of AMI” if a household whose income is at or below 80% of AMI can live there without spending more than 30% of their income on housing costs. What this means in practice differs for rental and ownership units.

Affordable rents for housing units vary by the number of bedrooms in the housing unit. This is because the income limits vary by household size, and the number of bedrooms affects how many people a unit can comfortably house.² Here are affordable monthly rents at the different income levels for 2017:

Number of bedrooms:	Affordable rent (including utilities) at 30% of AMI	Affordable rent (including utilities) at 50% of AMI	Affordable rent (including utilities) at 80% of AMI
Studio	\$474	\$791	\$1,265
1-BR	\$508	\$848	\$1,356
2-BR	\$610	\$1,017	\$1,627
3-BR	\$705	\$1,175	\$1,880
4-BR	\$786	\$1,311	\$2,097

Calculations of affordability for ownership units are more complicated because there are more variables in monthly housing costs – such as generalized assumptions³ about down-payments and mortgage interest rates – and each homeowner will have a different experience. Each year, the Council develops affordability limits based on forecasting what those annual assumptions will be; these are used to inform development funded through the Livable Communities Act programs. While we can't predict what future home prices will be, we can look backward at the estimated market values for 2016; these are the basis of the Council-provided maps showing ownership units that are affordable to households at 80% of AMI.

Affordable purchase prices are provided for both 2015 and 2016 below. If your community chooses to develop a map with a different data source to satisfy this requirement, please contact Council staff to find out which affordability limit you should use.

	30% of AMI	50% of AMI	80% of AMI
Affordable purchase price (2017)	\$85,000	\$151,500	\$236,000
Affordable purchase price (2016)	\$85,500	\$153,500	\$243,500
Affordable purchase price (2015)	\$84,500	\$151,500	\$238,500

1. For a full explanation of how these amounts were calculated, see [HUD's website](#).
2. These rents assume that a household should pay no more than 30% of its monthly income on rent (including utilities), and (in keeping with IRS regulations) that a housing unit can comfortably hold 1.5 times as many people as the number of bedrooms it has.
3. For all years, in addition to the 29% housing debt to household income ratio, we assumed a 30-year fixed-interest mortgage, a 3.5% down-payment, a property tax rate of 1.25% of property sales price, and \$100 / month for hazard insurance. For 2017, we assumed a 4.375% interest rate and mortgage insurance premiums at 0.85% of unpaid principal. For 2016, we assumed a 3.60% interest rate (the average rate in the Midwest in 2016) and mortgage insurance premiums at 0.85% of unpaid principal. For 2015, we assumed a 3.84% interest rate (the average rate in the Midwest in 2015) and mortgage insurance premiums at 1.35% of unpaid principal.

**MINNETONKA HOUSING ACTION PLAN
FOR THE YEARS 2011-2020
METROPOLITAN LIVABLE COMMUNITIES ACT**

Introduction

In 1995, the Minnesota Legislature created the Livable Communities Act (LCA) to address the affordable and life-cycle housing needs in the Twin Cities metropolitan area. When the LCA was established, Minnetonka was one of the communities to sign up to participate in the program, negotiating a series of affordable and lifecycle housing goals with the Metropolitan Council for 1996-2010.

In August 2010, the Minnetonka City Council passed a resolution electing to continue participating in the LCA for the years 2011-2020. As part of that resolution, the city agreed to the following affordable and lifecycle housing goals:

New Affordable Units (rental and ownership)	246 to 378
New Lifecycle Units	375 to 800

The purpose of this Housing Action Plan is to outline the steps and tools that the city may use between the years 2011-2020 to help meet its LCA goals.

Overview of Minnetonka Housing Trends

Development Conditions

Minnetonka is a desirable community in which to live. Its natural environment, good schools, and homes on large lots contribute to the attraction of Minnetonka as a great place to live, work and play. As such, the demand for these community attributes has led to increased home values that have risen to the point that most single-family homes, despite their age, are not affordable to low and moderate income families. Land values, in particular, have increased substantially, making it difficult for developers to build affordable and mid-priced single-family homes.

Additionally, Minnetonka is a fully developed city with little vacant or underdeveloped land available for new housing development. With the combination of increasing land values and little developable land, most of the affordable homes in the community are rental units and for-sale condominiums and townhomes.

Aging of the Population

One of the biggest demographic shifts affecting this nation is the aging of the “baby boomer” generation (the large generation of people born between 1946 and 1964). This trend is already apparent in Minnetonka, where the median age in 2007 was 52 years old and 44% of the households were age 55 and older. As the population continues to

age, housing location, types, and proximity to public transit or transit alternatives will become increasingly important.

Preservation and Rehabilitation of the Existing Housing Stock

Much of Minnetonka's single-family housing stock was built between 1950 and 1970 while most multi-family housing was built in the 1970s and 1980s. As the housing stock continues to age, additional maintenance and repairs will be needed in order to keep homes in adequate condition and to preserve neighborhood character. Older homes may need to be updated in order to attract younger families to the community. Also, as both Minnetonka's population and housing age, older residents may require increased support through funding and in-kind service programs that will help them to maintain and make necessary repairs to ensure that their homes are safe, accessible, energy efficient, and habitable.

While not all older homes are affordable, older homes tend to be the more affordable housing stock in Minnetonka. The preservation of these homes is critical to providing homeownership opportunities for those who could normally not afford to live in the community.

Current Housing Conditions

In 2007, there were approximately 22,500 housing units in Minnetonka, of which 76.6% are owner-occupied. The housing stock includes a mix of the following types:

- 57% single-family
- 20% condominium/townhome
- 18% general-occupancy rental
- 5% senior (including independent and assisted living facilities)

Land values in Minnetonka continue to greatly influence the cost of housing. In Minnetonka, land accounts for about one-third of a home's total value, thus making up a large proportion of the home value. For a single-family home, the median value is \$326,850, with only about 1% of the single-family homes valued under \$200,000. The median value of Minnetonka's multi-family for-sale homes (i.e. condominiums and townhomes) in 2007 was \$200,000. Multi-family homes contribute to the bulk of the city's affordable for-sale housing stock because they are generally more affordable than Minnetonka's single-family detached homes.

The average monthly rents at Minnetonka's market-rate multi-family apartments are much higher than other market-rate apartments in the metropolitan area. In the 1st Quarter 2007, Minnetonka's average apartment rents were \$1,106 compared to the metropolitan area's average apartment rental rate of \$876. Additionally, only about 20% of Minnetonka rental units are considered affordable under the Metropolitan Council's definition.

Housing Goals

In addition to the city's agreement to add new affordable and lifecycle housing units as set out in the 2011-2020 affordable and lifecycle housing goals with the Metropolitan Council, the city's 2008 Comprehensive Plan update also provides a series of housing goals that the city will be working towards achieving. These goals include:

1. Preserve existing owner-occupied housing stock.
2. Add new development through infill and redevelopment opportunities.
3. Encourage rehabilitation and affordability of existing rental housing and encourage new rental housing with affordability where possible.
4. Work to increase and diversify senior housing options.
5. Continue working towards adding affordable housing and maintaining its affordability.
6. Link housing with jobs, transit and support services.

More details on these goals as well as action steps are provided in the 2008 City of Minnetonka Comprehensive Plan Update.

Tools and Implementation Efforts to Provide Affordable and Lifecycle Housing

Housing Assistance Programs

The purpose of housing assistance programs is to provide renters or homeowners help in obtaining a housing unit. These programs can be federal, state, or local programs. For the years 2011-2020, Minnetonka anticipates the following programs will be available to Minnetonka residents.

Section 8 Voucher Program

The Section 8 Voucher Program is funded by the U.S. Department of Housing and Urban Development (HUD), and administered by the Metro HRA on behalf of the city. The program provides vouchers to low income households wishing to rent existing housing units. The number of people anticipated to be served depends on the number of voucher holders wishing to locate in Minnetonka as well as the number of landlords wishing to accept the vouchers.

Shelter Plus Care

The Shelter Plus Care program is another federal program administered by the Metropolitan Council and sometimes the City of St. Louis Park. This program provides rental assistance and support services to those who are homeless with disabilities. There are a small number of these units (less than 10) in the city currently, and it is unlikely there will be any more added.

Minnesota Housing Finance Agency Programs

The Minnesota Housing Finance Agency (MHFA) offers the Minnesota Mortgage Program and the Homeownership Assistance Fund for people wishing to purchase a

home in Minnetonka. The Minnesota Mortgage Program offers a below market rate home mortgage option, while the Homeownership Assistance Fund provides downpayment and closing cost assistance. It is unknown how many people are likely to use these services as it seems to depend on what the market conditions are.

Homes Within Reach

Homes Within Reach, the local non-profit community land trust, acquires both new construction and existing properties for their program to provide affordable housing in the city. Using a ground lease, it allows the land to be owned by Homes Within Reach and ensures long-term affordability. Additionally, if rehabilitation is needed on a home, Homes Within Reach will rehabilitate the home before selling the property to a qualified buyer (at or less than 80% area median income). It is anticipated that approximately three to five homes per year will be acquired in Minnetonka as part of this program.

City of Minnetonka First Time Homebuyer Assistance Program

In 2010, the city levied for funds to begin a first time homebuyer assistance program. The program is anticipated to begin in 2011. General program details include funds for downpayment and closing costs of up to \$10,000, which would be structured as a 30 year loan and available to those at incomes up to 115% of area median income or those that can afford up to a \$300,000 loan. The number of households to be assisted depends on the amount of funding available for the program. Currently, this program is anticipated to be funded with HRA levy funds.

Employer Assisted Housing

Through employer assisted housing initiatives, Minnetonka employers can help provide their employees with affordable rental or home ownership opportunities. There are several options that employers can use to both increase the supply of affordable housing, as well as to provide their employees with direct assistance by:

- Providing direct down payment and closing cost assistance
- Providing secondary gap financing
- Providing rent subsidies

No employer assisted housing programs have been set up to date; however, it is a tool that the city has identified in the past as an opportunity for those who work in Minnetonka to live in Minnetonka.

Housing Development Programs

Housing development programs provide tools in the construction of new affordable housing units—both for owner-occupied units as well as rental units.

Public Housing

There are currently 10 public housing units, located in two rental communities, which offer affordable housing options for renters at incomes less than 30% of area median income. The Metropolitan Council and Minneapolis Public Housing Authority administer

the public housing program on behalf of the city. It is not anticipated that more public housing units will be added to the city.

HOME Program

HOME funds are provided through Hennepin County through a competitive application process. The city regularly supports applications by private and non-profit developers that wish to apply for such funds. Homes Within Reach has been successful in the past in obtaining HOME funds for work in Minnetonka and suburban Hennepin County.

Other Federal Programs

The city does not submit applications for other federal funding programs such as Section 202 for the elderly or Section 811 for the handicapped. However, the city will provide a letter of support for applications to these programs.

Minnesota Housing Finance Agency Programs

The Minnesota Housing Finance Agency (MHFA) offers a variety of financing programs, mainly for the development of affordable rental housing. Similar to federal programs, the city does not usually submit applications directly to MHFA; however, it will provide letters of support for applications to the programs.

Metropolitan Council Programs

The Metropolitan Council, through participation in the LCA, offers the Local Housing Incentives Account and Livable Communities Demonstration Account programs to add to the city's affordable housing stock. Over the past 15 years, the city has received nearly \$2 million in funds from these programs, and will continue to seek funding for projects that fit into the criterion of the programs.

Twin Cities Habitat for Humanity

The Twin Cities Habitat for Humanity chapter has had a presence in Minnetonka in the past, completing four affordable housing units. At this time there are no projects planned for Minnetonka, as land prices make it significantly challenging unless the land is donated. The city is willing to consider projects with Habitat for Humanity in the future to assist those with incomes at or below 50% of area median income.

Tax Increment Financing

Minnetonka has used tax increment financing (TIF) to offset costs to developers of providing affordable housing in their development projects. The city will continue to use TIF financing, as permitted by law, to encourage affordable housing opportunities. Unless the state statutes provide for a stricter income and rental limit, the city uses the Metropolitan Council's definition of affordable for housing units.

Housing Revenue Bonds

The City has used housing revenue bonds for eight rental projects since 1985. Housing revenue bonds provide tax exempt financing for multi-family rental housing. The bond program requires that 20 percent of the units have affordable rents to low and moderate income persons. The city will continue to use housing revenue bonds for projects that

meet housing goals and provide affordable units meeting the Metropolitan Council's guidelines.

Housing and Redevelopment Authority (HRA) Levy

By law, the city's Economic Development Authority (EDA) has both the powers of an economic development authority and a housing and redevelopment authority (HRA). It can use these powers to levy taxes to provide funding for HRA activities, including housing and redevelopment. The city first passed an HRA levy in 2009 to support Homes Within Reach, and now uses the funds to support its own housing rehabilitation and homeownership activities for those at 100-115% of area median income.

Community Development Block Grant (CDBG) funds

CDBG funds are allocated to the city by HUD each year. Based upon the needs, priorities, and benefits to the community, CDBG activities are developed and the division of funding is determined at a local level. CDBG funds are available to help fund affordable housing.

Livable Communities Fund

In 1997, special legislation was approved allowing the City to use funds remaining from Housing TIF District No. 1 for affordable housing and Livable Communities Act purposes. The city can use these funds to help achieve its affordable housing goals.

Housing Maintenance and Rehabilitation

As the city's housing stock continues to age, a number of programs are already in place to help keep up the properties.

Minnesota Housing Finance Agency Programs--Rental

The Minnesota Housing Finance Agency (MHFA) offers a variety of financing programs, for the rehabilitation of affordable rental housing. The city does not submit applications for these programs as the city does not own any rental housing; however, it will provide letters of support for those wishing to apply.

Minnesota Fix-up Fund

The Minnesota Housing Fix-Up Fund allows homeowners to make energy efficiency, and accessibility improvements through a low-interest loan. Funded by MHFA, and administered by the Center for Energy and Environment, the program is available to those at about 100% of area median income.

Community Fix-up Fund

The Community Fix-Up Fund, offered through Minnesota Housing, is similar to the Fix-Up Fund, but eligibility is targeted with certain criteria. In the city, Community Fix-Up Fund loans are available to Homes Within Reach homeowners, since community land trust properties cannot access the Fix-Up Fund due to the ground lease associated with their property.

Home Energy Loan

The Center for Energy and Environment offer a home energy loan for any resident, regardless of income, wishing to make energy efficiency improvements on their home.

Emergency Repair Loan

Established in 2005, the City's Emergency Repair Loan program provides a deferred loan without interest or monthly payments for qualifying households to make emergency repairs to their home. The amount of the loan is repaid only if the homeowner sells their home, transfers or conveys title, or moves from the property within 10 years of receiving the loan. After 10 years, the loan is completely forgiven. This loan is funded through the City's federal Community Development Block Grant (CDBG) funds in order to preserve the more affordable single-family housing stock by providing needed maintenance and energy efficiency improvements. The program is available to households with incomes at or below 80% of area median income. On average, 10 to 15 loans are completed each year.

City of Minnetonka Home Renovation Program

In 2010, the city levied for funds to begin a home renovation program. The program is anticipated to begin in 2011. This program would be similar to the existing federal community development block program (CDBG) rehabilitation program. The challenge with CDBG funding involves the maximum qualifying household income of 80% of AMI, Use of HRA funds, would allow the City of Minnetonka Home Renovation Program more flexibility to include households up to 115% AMI, which equates to 82% of all Minnetonka households. The program would be geared toward maintenance, green related investments and mechanical improvements. Low interest loans would be offered up to \$7,500 with a five year term.

H.O.M.E. program

The H.O.M.E. program is a homemaker and maintenance program that is designed to assist the elderly. The H.O.M.E. program assists those who are age 60 and older, or those with disabilities with such services as: house cleaning, food preparation, grocery shopping, window washing, lawn care, and other maintenance and homemaker services. Anyone meeting the age limits can participate; however, fees are based on a sliding fee scale. Nearly 100 residents per year are served by this program.

Home Remodeling Fair

For the past 17 years, the city has been a participant in a home remodeling fair with other local communities. All residents are invited to attend this one day event to talk to over 100 contractors about their remodeling or rehabilitation needs. Additionally, each city has a booth to discuss various programs that are available for residents. Approximately 1,200 to 1,500 residents attend each year.

Local Official Controls and Approvals

The city recognizes that there are many land use and zoning tools that can be utilized to increase the supply of affordable housing and decrease development costs. However, with less than two percent of the land currently vacant in the city, most new projects will be in the form of redevelopment or development of under-utilized land. New infill development and redevelopment is typically categorized as a planned unit development (PUD), which is given great flexibility under the current zoning ordinance.

Density Bonus

Residential projects have the opportunity to be developed at the higher end of the density range within a given land use designation. For example, a developer proposing a market rate townhouse development for six units/acre on a site guided for mid-density (4.1-12 units/acre) could work with city staff to see if higher density housing, such as eight units/acre, would work just as well on the site as six units/acre. This is done on a case by case basis rather than as a mandatory requirement, based on individual site constraints.

Planned Unit Developments

The use of cluster-design site planning and zero-lot-line approaches, within a planned unit development, may enable more affordable townhome or single-family cluster developments to be built. Setback requirements, street width design, and parking requirements that allow for more dense development, without sacrificing the quality of the development or adversely impacting surrounding uses, can be considered when the development review process is underway.

Mixed Use

Mixed-use developments that include two or more different uses such as residential, commercial, office, and manufacturing or with residential uses of different densities provide potential for the inclusion of affordable housing opportunities.

Transit Oriented Development (TOD)

TOD can be used to build more compact development (residential and commercial) within easy walking distance (typically a half mile) of public transit stations and stops. TODs generally contain a mix of uses such as housing, retail, office, restaurants, and entertainment. TODs provides households of all ages and incomes with more affordable transportation and housing choices (such as townhomes, apartments, live-work spaces, and lofts) as well as convenience to goods and services.

Authority for Providing Housing Programs

The City of Minnetonka has the legal authority to implement housing-related programs, as set out by state law, through its Economic Development Authority (EDA). The EDA was formed in 1988; however, prior to that time, the city had a Housing and Redevelopment Authority (HRA).

AFFORDABLE HOUSING GOALS

Progress on the city's affordable housing goals.

In 1995, the Minnesota Legislature created the Livable Communities Act (LCA) to address the affordable and life-cycle housing needs in the Twin Cities metropolitan area. When the LCA was established, Minnetonka was one of the first communities to sign up to participate in the program. At that time, a series of affordable housing goals for the city was established for 1996 to 2010. The city has elected to continue to participate in the LCA program, establishing affordable and lifecycle housing goals for 2011 to 2020.

1995-2010 AFFORDABLE HOUSING GOALS

	Goals (1995-2010)	Results	Percent Achieved
New Affordable Ownership Units	180 Units	202	112%
New Affordable Rental Units	324 Units	213	66%
New Rental Units (All)	540 Units	697	130%

1995-2010 New Affordable Ownership Units

Project	Year Completed	Affordable Units	EIP Program Used
Gables of West Ridge Market	1996-1997	90	Boulevard Gardens TIF
Habitat for Humanity	1999	4	None
Ridgebury	2000	56	Ridgebury TIF
The Enclave	2002	1	None
The Sanctuary	2005-2007	3	-Grants -Homes Within Reach
Lakeside Estates	2005	1	Homes Within Reach
Cloud 9 Sky Flats	2006	34	Homes Within Reach
Wyldewood Condos	2006	8	None
Minnetonka Drive	2007	1	Homes Within Reach
Deephaven Cove	2007	2	-Grants -Homes Within Reach
Meadowwoods	2007/2008	2	Homes Within Reach

1995-2010 New Affordable Rental Units

Project	Year Completed	Affordable Units	EIP Program Used
Excelsior Court Apartments	1996	24	
West Ridge Retirement	1997	45	Boulevard Gardens TIF
Boulevard Gardens	1997	46	Boulevard Gardens TIF
Crown Ridge Apartments	1997	46	Boulevard Gardens TIF
Minnetonka Mills	1997	30	Minnetonka Mills TIF
Cedar Pointe Townhouses	1997	9	Cedar Pointe
The Oaks at Glen Lake	2008	13	Glenhaven TIF

2011-2020 AFFORDABLE HOUSING GOALS

	Goals (2011-2020)	Results	Percent Achieved (to date)
New Affordable Units (rental & ownership)	246 to 378	130	53%
New Lifecycle Units	375 to 800	684	182%

2011-2020 New Affordable Units (rental and ownership)

Project	Year Completed	Affordable Units	EIP Program Used
The Glenn by St. Therese	2011	30	Glenhaven TIF
The Ridge	2013	51	TIF Pooling
Tonka on the Creek	2016	20	Tonka on the Creek TIF
At Home	2016	21	Rowland Housing TIF
Cherrywood Pointe	2017	8	N/A
Shady Oak Apartments	2017*	49	TIF Pooling
The Mariner	2017*	55	TIF Pooling
Opus Station Apartments	Proposed 2018*	450	TIF Housing

*Indicates projects that are approved, but not yet constructed therefore affordable and lifecycle units are not counted in 2011-2020 goals.

2011-2020 New Lifecycle Units

Project	Year Completed	Lifecycle Units	EIP Program Used
The Glenn by St. Therese	2011	150	Glenhaven TIF
The Ridge	2013	64	TIF Pooling
Tonka on the Creek	2016	100	Tonka on the Creek TIF
At Home	2016	106	Rowland Housing TIF
Applewood Pointe	2017	89	Applewood Pointe TIF
Lecesse*	2017	32	N/A
Cherrywood Pointe	2017	2	N/A
Zvago	2017	54	Glenhaven TIF

*Indicates projects that are approved, but not yet constructed therefore affordable and lifecycle units are not counted in 2011-2020 goals.

The following is a list EIP programs and their contribution to the city's affordable housing goals.

PROGRAM	AFFORDABLE HOUSING CONTRIBUTION
Housing	
CDBG Program Administration	No direct impact
Emergency Repair Program	No direct impact
Employer Assisted Housing	No direct impact
Fair Housing	No direct impact
Homes Within Reach	Preservation of affordable housing
Housing Improvement Area (HIA)	No direct impact
Minnetonka Heights Apartments	172 affordable units participate in program
Minnetonka Home Enhancement program	No direct impact
Owner-Occupied Housing Rehabilitation	No direct impact
Public Services	No direct impact
Next Generation Program	Program could preserve affordable units
Tax Exempt Financing	Program may add or preserve affordable units
TIF Pooling	51 units added through The Ridge
Welcome to Minnetonka program	No direct impact
Business	
Economic Gardening	No direct impact
Fire Sprinkler Retrofit	No direct impact
Grants	May assist with components of projects that have affordable units
Industrial Revenue Bonds (Common Bond)	No direct impact
GreaterMSP	No direct impact
Minnesota Community Capital Fund (MCCF)	No direct impact
Minnesota Investment Fund (MIF)	No direct impact
Open to Business	No direct impact
Outreach	No direct impact
PACE	No direct impact
Economic Development Infrastructure	No direct impact
TwinWest	No direct impact
Transit	
Commuter Services	No direct impact
LRT	No direct impact
Transit Improvements	No direct impact
Redevelopment	
Predevelopment Projects	May assist projects that are developing affordable housing
Village Center	Help to guide areas where affordable housing may be developed
Tax Increment Financing (TIF)	
Development Agmt/TIF Admin	No direct impact
Beacon Hill TIF District	44 affordable units added in 1994 (prior to affordable housing goals). Preserved in 2010.
Boulevard Gardens TIF District	227 affordable units added in 1996/1997
Glenhaven TIF District	43 affordable units added in 2008 and 2011
Minnetonka Mills TIF District	30 affordable units added in 1997. Even though district has expired, units remain affordable
Tonka on the Creek TIF District	20 affordable units expected in 2015
Applewood Pointe TIF District	9 affordable units completed in 2017 (will not meet Met Council guidelines, therefore not included in goals)
At Home Apartments	21 affordable units completed in 2016
Tax Abatement	
Ridgedale	No direct impact

HOUSING STRATEGIES & TOOLS FOR THE CITY OF MINNETONKA

Tools	Description	Opportunities	Challenges	Hennepin County Cities Considering
<i>Identification of buildings; Document the problem</i>	There should be an organized effort to track the most significant examples of this trend as well as identify buildings as soon as they come on the market (if possible before that). The City can also do a housing study that will identify the housing inventory and at-risk properties.	Minnetonka is at a great risk given the high percentage of naturally occurring affordable housing (NOAH). Identifying the multi-family housing in Minnetonka and documenting the problem gives the City more knowledge and ability to craft a strategic, outcome-oriented approach.		A number of cities have been doing housing studies and research on their housing inventory, particularly with the upcoming Comprehensive Plans.
<i>Advanced Notice</i>	The City must be given advanced notice prior to the sale of any building.	Advanced notice will give the City more to approach a preservation buyer to rehab the property and prevent displacement. In addition, the City can give service providers advanced notice in order to support tenants.	Developers will push back stating that it is restraining their ability to get the best price (i.e. buyers will lower the price if the market fluctuates in the 90 day time period.) Also, there could be a potential for the price to rise if there is a bidding war between a for-profit and a not for profit developer.	St. Louis Park, Golden Valley, Minneapolis, St. Paul, Bloomington
<i>Help preservation buyers to buy at risk buildings</i>	Several of our non-profit housing providers are actively competing in the market for these properties, but they are disadvantaged in competing against for-profit purchasers on price and timing with the complex financial process. The City can help notify preservation buyers when they know properties will be up for sale.	Preservation buyers will keep the rents affordable while enhancing the property.	Preservation buyers often need at least a 90 day notice prior to the property being listed on the market in order to put together a competitive bid.	Many cities have relationships with preservation buyers, and there is frequent communication.

HOUSING STRATEGIES & TOOLS FOR THE CITY OF MINNETONKA

<p><i>Right of First Refusal</i></p>	<p>When owners offer their buildings for sale, they would be required to notify tenants and the designated unit of government. Tenants or the government unit would then have a defined period of time to match the essential terms of the offer (price, timeline, etc.). If they are able to do so, they have the right to purchase the building themselves.</p>	<p>Prevents tenant displacement and can help a preservation buyer be competitive.</p>	<p>It can be hard to anticipate where these purchase opportunities will materialize, making it difficult to know where to push for local ordinances. Could get complicated determining what the offer's "essential terms" are.</p>	<p>Minnesota has a ROFR for manufactured home parks.</p>
<p><i>Local programs offering rehab financing in return for affordability commitments</i></p>	<p>Many cities, like Minnetonka, have a supply of aging complexes that have deferred maintenance. Many managers of these complexes cite the costs of improvements as a reason to either 1) not make improvements or 2) increase the rents once improvements are made. Municipalities could offer rehab financing (low interest loans, forgivable grants) with commitments to maintain affordability over a set period of time. This could be done with CDBG dollars.</p>	<p>Preserves affordable housing units in the City as well as makes the property safe housing for residents.</p>	<p>Administration of the financing (could be done in conjunction with a local nonprofit), funds for the financing.</p>	<p>Bloomington- using their HRA levy money to put \$50,000 every year for a NOAH fund to preserve developments. It has been proposed to Brooklyn Park, in conjunction with their Rental Rehab Program.</p>
<p><i>4d Property Tax Program</i></p>	<p>This is essentially a tax credit given to housing providers who receive a government subsidy, and in exchange provide a percentage of their units at affordable levels (60%/50% AMI) for a set period of time. This is a program Minnetonka had when it was funded at the state level. That funding has dried up, and it seems that most people think 4D has gone away. However, the statute allows for "local subsidies."</p>	<p>Increases the number of new affordable housing units in the City.</p>	<p>Providing the pot of money for developers to tap into; the program is voluntary.</p>	<p>A number of Hennepin County cities</p>

HOUSING STRATEGIES & TOOLS FOR THE CITY OF MINNETONKA

<p><i>Prohibition of Section 8 Discrimination</i></p>	<p>Changes to business practices in Minnetonka resulted in the following properties no longer accepting Housing Choice Vouchers: -Christopherson Properties (no new) (2014) -Concierge Apartments (2015) -Woodlake Park Apartments (2016) -New Orleans Court Apartments (2016) -Winton Housing Apartments (2016) -Richland Court Apartments (2016) -Fountainhead Apartments (2016) -Seasons Park (2017) This ordinance would say that properties cannot exclude applicants simply because they use a rent subsidy.</p>	<p>Voucher holders would not lose housing every time a building changes policies and practices.</p> <p>There would also more housing options available to voucher holders.</p>	<p>Oftentimes the challenge will be for the HRA to lessen the administrative burden on landlords participating in the HCV program. However, given Minnetonka has its own HRA, landlords have said their experiences with the program are positive and feel the city is very responsive. Therefore, the challenge is minimal for the City.</p>	<p>St. Louis Park, Minneapolis, Suggested to Golden Valley, Bloomington and Eden Prairie</p>
<p><i>Just Cause Eviction</i></p>	<p>Just Cause Eviction protects tenants from eviction for improper reason as well as prevents involuntary displacement through lease non-renewals or notices to vacate. This would allow landlords to evict a tenant only for certain reasons, such as failure to pay rent or for violation of the lease terms. As we saw at Crossroads, the new screening criteria was the reason many tenants' leases to not be renewed. Just Cause would allow these renters to continue living there until they break a condition of their new lease. It can be tied in with rental licensing.</p>	<p>Prevents involuntary displacement and protects tenants from eviction without a proper reason.</p>		<p>St. Louis Park, Minneapolis, Suggested to Golden Valley, Bloomington and Eden Prairie</p>
<p><i>Incentives to address landlord concerns about renting to certain groups of tenants</i></p>	<p>Risk Mitigation Fund is oftentimes associated with the Housing Choice Voucher program. This Fund can be created as a response to the extremely low vacancy rate and the disparity between cost of living and wages. It serves as a damage fund to supplement costs the security deposit does not fulfill. It also has been offered as short-term vacancy reimbursement.</p>	<p>Incentivizes landlords to participate in voucher programs, providing voucher holders with more access to housing options.</p> <p>Provides insurance to landlords for any monetary losses from potential damage to property.</p>	<p>Funding the RMF; perpetuating stigma that voucher holders cause more damage (no evidence to support this)</p>	<p>Minneapolis HRA, Metro HRA, Dakota County CDA; many models across Minnesota.</p>

HOUSING STRATEGIES & TOOLS FOR THE CITY OF MINNETONKA

<i>Inclusionary Housing</i>	While this is in Minnetonka's resolution to develop housing with 10-20% affordability, a policy would ensure that this happens with every development. It also can be applied to rehabbed developments.	Increases the number of new affordable housing units in the City.	Only applies to new construction, therefore not addressing the need to preserve and maintain NOAH	St. Louis Park, Edina, Minnetonka, Golden Valley, Eden Prairie, Minneapolis and others are considering
<i>Increasing local government leverage through zoning</i>	Minnetonka could structure its zoning so as to prevent an owner engaging in conversion actions from doing so before obtaining the city's zoning related approval.	Provides the City of Minnetonka with more leverage to intervene.		Minneapolis
<i>Rental assistance</i>	42% of Minnetonka households are cost burdened* (Marquette). Rental assistance would lessen the burden by supplementing income, so housing costs are no more than 30% of income. *Under 80% AMI	Residents would be able to afford housing costs without sacrificing other basic needs.	It is costly and unsustainable. As rent increases, rental assistance is insufficient and cannot serve as many households.	Hennepin County & a number of cities
<i>Comp Plan: Include strong language and solutions regarding affordable housing</i>	As Minnetonka completes its Comprehensive Plan, it is encouraged that the Plan has detailed solutions with strong language around the preservation of naturally occurring affordable housing. This plan will guide the City's housing efforts in the next ten years.	Strong language can positively guide the City's housing efforts in the next ten years.		A number of Hennepin County cities

RESOLUTION 2004-002

**RESOLUTION APPROVING THE ECONOMIC DEVELOPMENT AUTHORITY'S
RECOMMENDATION ON THE INCLUSION OF 10% TO 20% OF THE TOTAL
UNITS IN MULTI-FAMILY DEVELOPMENTS AS AFFORDABLE HOUSING**

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


Section 1. Background.

- 1.01. The City of Minnetonka and Metropolitan Council have worked together to create affordable housing goals for the development of new affordable housing units within the city.
- 1.02. The Economic Development Authority has been working to accomplish these goals and include affordable housing in new housing developments by recommending that 10% to 20% of the total units in a housing development be made affordable.

Section 2. Economic Development Authority Action.

- 2.01. The Economic Development Authority of the City of Minnetonka hereby affirms their recommendation that 10% to 20% of the total units in new multi-family housing developments be sold at an affordable price as set forth by the Metropolitan Council.

Adopted by the Economic Development Authority of the City of Minnetonka, Minnesota on February 3, 2004.



Peter St. Peter, President

ATTEST:



Ronald Rankin, Secretary

ACTION ON THIS RESOLUTION:

Motion for adoption: Duffy

Seconded by: Larson

Voted in favor of: Duffy, Larson, Robinson, St. Peter, Thomas, Wagner, Walker


Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Economic Development Authority of the City of Minnetonka, Minnesota, at a duly authorized meeting held on February 3, 2004, as shown by the minutes of the said meeting in my possession.

A handwritten signature in cursive script, appearing to read "Ronald Rankin", written in black ink.

Ronald Rankin, Secretary



**GROUND
ED
SOLUTIONS
NETWORK**

strong communities
from the ground up

Mixed Income Housing –

An Introduction for the Minneapolis/St. Paul Region

This report made possible by The Minneapolis/St. Paul Regional Mixed Income Housing Feasibility Education and Action Project, a project sponsored by The Family Housing Fund and the Urban Land Institute Minnesota/Regional Council of Mayors (ULI MN/RCM) Housing Initiative, with funding support from The McKnight Foundation and Metropolitan Council.

Background

The economy and housing market in the Minneapolis/St. Paul region have largely recovered from the recent recession. However, for many people, even a full-time job does not guarantee access to a home they can afford¹. Housing sale prices increased 7 percent from 2014 to 2015, and rental prices in some neighborhoods are not affordable to many people in the local workforce.

Ensuring that there is a full range of housing choices with access to quality jobs and transportation options is critically important to regional economic competitiveness. In a recent survey conducted by Greater MSP, young transplants to the region were asked what they looked for in choosing a community to live – overwhelmingly the No. 1 attribute was the availability and affordability of housing.

¹For more information, see the Family Housing Fund publication: [Working Doesn't Always Pay for a Home](#)

What is Mixed Income Housing?

Mixed income housing refers to developments that are primarily market rate, but have a modest component of affordable housing. Often, the development is 80 or 90 percent market rate units, with the remainder of the homes reserved for low- or moderate-income residents.



Research indicates that mixed income communities are a key part of building economic prosperity and competitiveness by attracting and retaining residents to support key employers.

One strategy to meet this goal is to work with local developers to reserve a portion of their new units for low- or moderate-income residents. In some cases, the affordable housing set aside can be mandatory, and in others, it is part of a voluntary program that is supported by incentives, such as density bonuses or tax increment financing. While this strategy has worked well in many cities throughout the country, it is a relatively new – but quickly expanding – concept in the Minneapolis/St. Paul (MSP) region.

There are many types of mixed-income housing policies. While this report groups them for simplicity, cities can select elements to create a unique structure that fits their local market and achieves their community goals. The most common policies are listed below:

- **Mandatory mixed income housing policies (inclusionary housing):** Requires all new housing to include a portion of the units reserved for lower-income households.
- **Planning and zoning policies:** Requires a mix of incomes to be included in new housing if developers request or receive a land-use modification, such as zoning changes, density bonuses or parking reductions.
- **City subsidies:** Requires a mix of incomes in new housing if the city provides a public subsidy, such as tax increment financing (TIF), fee waivers or tax abatements.

There are also a number of non-zoning strategies that can promote affordable housing, like requiring mixed-income housing when selling city land.

Learn More

This publication is an introduction to mixed-income housing. To learn more, visit housingcounts.org.

To explore the economics of mixed-income housing and to design a mixed-income policy, visit Family Housing Fund/ Urban Land Institute of Minnesota’s interactive, mixed-income calculator: <http://mncalculator.housingcounts.org/>

Woodframe Rental Suburban

Floor Area Ratio: 1.02 - Units Per Acre: 42 - Development Cost Per Unit: \$175,857

250 Units **0%** Affordable

Cost: \$43,964,135 Profit: \$1,020,000

Project Value: \$44,984,569

6.91% Yield on Cost **Feasible**

Units: 250

Construction Cost (SqFt): \$95

Land Cost Per Acre: \$550,000

Parking Ratio (Spaces/unit): 1.50

Parking Cost Per Space: \$19,167

Affordable Units: 0%

Primary AMI Level: 0%

Density Bonus/Upzoning: 0%

Average Market Rent: \$1,567 (1.66 per foot)

Required Profit: 6.50%

Cap Rate: 6.75%

Area Median Income: \$85,800

The project could be worth \$45 million but it would only cost \$44 million to develop - a profit of \$1 million (2% profit).

Templates: Help

- Emerging Suburban
- Single Family Ownership
- Suburban Edge
- Suburban
- Urban
- Urban Center
- Urban Center Core
- Other



The Need – Housing for All

The Minneapolis/St. Paul region continues to grow and thrive. Good schools, beautiful parks and great neighborhoods attract employers and families to the area. Sperling’s BestPlaces called the Twin Cities “the most playful metro in America” because of its museums, playgrounds and recreational opportunities. Companies, taking advantage of a well-educated workforce, continue to add many new jobs. These regional strengths impact market prices and put additional strain on people with lower than average incomes, who also make an important contribution to the economy.

As the population grows, home prices rise, and it becomes harder for families with modest incomes to afford a safe and decent home. Additionally, much of the region’s new development has been luxury rentals, which do not meet the need for housing across all income levels. Currently, over 140,000 households are severely cost-burdened renters, meaning they pay more than half of their income in rent. Forty percent of new households in the coming decades will be low income, and consequently will struggle to find housing if cities do not intentionally create a full range of housing choices. Between 2020 and 2030, the Minneapolis/St. Paul region will need to add 37,400 homes affordable to low- or moderate-income households to meet the future demand created by economic growth (Metropolitan Council, 2040 Housing Policy Plan).

The lack of affordable housing impacts not only residents, but also the business community, the environment and the regional economy. When people cannot find affordable housing near their jobs and move outside of the urban core, there is a cost. People commute long distances, creating traffic and pollution. Employers have trouble hiring and retaining the employees they need. Equally important, families are affected. If parents are spending 30, 40 or even 50 percent of their income on housing, they have less to spend on everyday needs from local retailers and are unable to save for college or invest in their children’s future.

While cities and nonprofit organizations have long invested in affordable housing development, the current strategies alone cannot meet the need. Stakeholders are looking for innovative solutions to complement existing public programs and investments. As detailed in this report, more and more cities are implementing mixed-income policies that integrate affordable housing into new market rate developments. Communities often embrace mixed income housing because people want housing options, but these communities are more reluctant to support affordable housing concentrated in one project or area. Additionally, research has shown that mixed income communities are good for families. The neighborhoods in which children grow up have a powerful effect on the likelihood of graduating high school, going to college or getting a high-paying job².

² <http://inclusionaryhousing.org/inclusionary-housing-explained/what-problems-does-iz-address/economic-integration/>





What is Affordable Housing?

Generally, providing affordable housing means ensuring there are homes for people of various income levels in a community. Often, policymakers use the area median income (AMI) as a benchmark to define “low income” and “moderate income” within a city, county or metropolitan area. The AMI in the Minneapolis/St. Paul region in 2016 was \$85,800 for a family of four. The U.S. Department of Housing and Urban Development (HUD) states that households should not pay more than 30 percent of their income for housing. “Affordable housing” is typically defined as housing that costs no more than 30 percent of a low- or moderate-income household’s earnings.

Often, community members are surprised to discover that many of their neighbors or family members would qualify for low- or moderate-income housing. Because housing prices have generally increased faster than incomes, many homeowners who bought their property years ago would not be able to purchase a home in the same neighborhood at today’s prices. Specifically, according to Family Housing Fund, a family would have to earn \$44,100 per year (\$21.20 per hour) to afford to rent a two-bedroom apartment, or \$60,000 per year (\$28.85 per hour) to afford to buy a modest single-family house. However, half of the jobs in the Twin Cities metro area pay less than \$41,930.

Different cities prioritize their efforts to provide housing affordable to different income levels, based on the local housing market and needs. Some sample incomes, professions and affordable housing prices are listed below.

Percent of AMI	60%	80%
Sample household	Single mom, works as teacher, raising two kids	Family with two parents and two kids. Dad is a chef and mom is a half-time nurse’s aide
Typical income	\$52,000	\$62,000
Affordable rental price including utilities	\$1,300	\$1,700

*Note: Some cities will target different income levels, such as 50 percent of area median income. The affordable price is adjusted for household size. Different cities may make slightly different assumptions in their calculations.
Source: Metropolitan Council*

Mandatory Mixed Income Housing Programs

Mixed income housing (sometimes referred to as inclusionary housing) programs are local policies that tap the economic gains from rising real estate values to create affordable housing for people with lower-incomes. In their simplest form, mandatory mixed income housing programs require developers to sell or rent a percentage of new residential units to lower-income residents. Mandatory mixed income housing programs often apply to all developments, but some apply in just one area of the city or to specific types of new buildings. The required set-aside is typically between 5 percent and 30 percent of new housing units or floor area.

Many, but not all, programs partially offset the cost of providing affordable units by offering developers benefits such as tax abatements, parking reductions or the right to build at higher densities. Most programs recognize that it's not always feasible or desirable to include affordable on-site units within market-rate projects. In these cases, developers can choose an alternative, such as payment of an in-lieu fee or provision of affordable off-site units in another project.

While planning flexibility and local subsidies partially offset developers' costs of providing mandatory affordable units, these same incentives can help entice developers to voluntarily provide affordable housing. This type of voluntary or incentive-based mixed-income housing policy is discussed in more detail below.

Planning and Zoning Incentives

Many cities tie mixed income requirements to zoning changes or planning flexibility. These programs are as varied as they are numerous. Essentially, they all offer flexibility in the usual zoning code rules, such as increased height or density, to incentivize developers to building affordable homes.

Planning incentives, as compared to financial incentives, which are described below, are often desirable from the city's perspective because they do not have a significant impact on the city's budget. Planning incentives create new value and can feel like a win-win option. However, to be effective, the value of the incentive must be large enough to offset the additional developer costs. In many cities in the Minneapolis/St. Paul region, this has not been the case; developers have not participated in voluntary programs because the balance of incentives and requirements are not properly aligned. This is the inherent challenge in voluntary programs.



The developer of this 38-unit property in Berkeley, California, provided seven affordable units in exchange for an extra story.

Density Bonuses and Parking Reduction

Many communities offer planning incentives, such as density bonuses or reduced parking requirements, to developments that include affordable homes. Sometimes there is a set formula. In contrast, the City of Minnetonka does not have a set formula, rather they negotiate the number of units individually with each developer. Density bonuses are common across the nation, with many examples from North Carolina to California.

Depending on the local housing market and land use policies, planning incentives can be very valuable to developers. Where the zoning code strictly limits density, a developer can use the density bonus to build more housing units on a site and increase the project profitability by enough to fully offset the cost of providing affordable housing. Even reduced parking requirements can be valuable enough to significantly offset affordable housing requirements, particularly in

To learn more about the value of incentives, visit the Mixed-Income Housing Calculator

www.mncalculator.housingcounts.org



places where expensive structured parking (multi-story or underground garages) is the only option. However, increased density may not benefit all projects. An important limit to density bonuses is the additional construction costs of different construction methods associated with taller buildings. For example, the cost per square foot to build a five-story or six-story building would likely not change significantly. Here, a density bonus makes sense.

However, to add a seventh floor typically costs more because the taller building requires more expensive steel-frame construction instead of wood-frame construction. In this case, a density bonus would not benefit the developer because the change in construction type could add millions of dollars in costs – more than the value of adding more units.

Zoning Changes and Variances

Some cities require affordable housing for all developments that request or receive a zoning change. In some cases, the rezoning is initiated by the city and the requirements are mandatory. For example, cities often rezone the land around transit stations to allow higher density development. This rezoning, as well as the public investment in transit, creates significant value, which can help offset the cost of the affordable housing requirements. Tyson's Corner in suburban Virginia is one of the most famous examples of this approach. The county rezoned the land around a planned railway station in exchange for 20 percent of the units being affordable. All the new



This development in Edina will contain 11 affordable homes.

housing developments were required to provide affordable housing, but because the increased density was so valuable, developers generally approved of the new rules.

Similarly, some cities require affordable housing if developers request a zoning change or variance. In these cases, the program are considered voluntary. For example, the City of Edina requires that developers provide 10 percent of all units as affordable when rezoning a parcel to Planned Unit Development or making a Comprehensive Plan Amendment. Other cities, like Chaska, Minnesota, apply the policies to a broader set of zoning variances, including amendments to lot sizes, increased densities, reduced setbacks and reduced rights-of-way. According to Kevin Ringwald, Chaska's Planning and Development Director, "The policy has worked for us. Originally, we were only getting very expensive housing and now we are getting a good mix. By being flexible and finding the right incentives, we have mixed income housing on a lot of sites that would not have considered it." Nationally, the City of Boston is a commonly cited example of this approach.

Other Planning Incentives

Another planning incentive is to add more approval certainty for projects that include affordable housing. Because projects that receive pre-approval are lower risk, often developers will accept a lower rate of return in exchange for meeting the agreed-upon conditions for pre-approval. Additionally, the faster processing can reduce interest costs on loans. For example, a city could eliminate a conditional use permit requirement for developments that meet strict design guidelines and include affordable housing. The city would review projects administratively to ensure that the design standards are met.

However, the value of certainty alone, though significant, does not often entice developers to voluntarily provide affordable homes, particularly in places that already have efficient, developer-friendly approval processes. Some cities combine fast-track processing and administrative approvals with other incentives as part of a total benefits package. The SMART housing program in Austin, Texas, is a successful example of this package approach. While beneficial for developers, streamlined approvals limit opportunity for public input during the development process. Cities should work with their residents before adopting a policy so they understand the tradeoffs and ensure the design review process and other safeguards are robust.

Public Subsidy Policies

A number of cities have programs that require developments that receive tax increment financing or other public subsidies to provide affordable housing. This policy can be useful, particularly when development would not be possible without some sort of financial assistance. Financial incentives are relatively common in the Minneapolis/St. Paul region, but less common in other places.

The major disadvantage of public subsidy programs is the cost. Public funding is limited and cities must carefully evaluate how to best use their scarce resources. For example, it is sometimes more cost effective to use the money to directly subsidize 100 percent affordable housing developments. One reason for this is that local funds can be combined with state and federal affordable housing subsidies, such as Low Income Housing Tax Credits. Because of how the programs are structured, mixed income buildings are usually not competitive for Tax Credit funding. For this reason, traditional, 100 percent affordable housing projects often provide affordable housing opportunities at a lower cost to cities, with the tradeoff that the affordable housing is more concentrated.

Another disadvantage of providing financial incentives to mixed income developers is that they can lead to increased land prices (see below).

Other Strategies

Surplus Land

Selling surplus city land provides an opportunity to promote mixed income housing. While preparing an announcement for the sale of land, cities have the option of including specific terms, such as requiring mixed income housing as a condition of the sale. While the sale proceeds may be lower, this is an opportunity to advance the city's mixed income housing goal, and developers may respond with creative approaches.

Land Economics

Zoning changes significantly affect the price of land because zoning often dictates the number of housing units that can be built on a given parcel. This affects a developer's potential profit on new construction and the amount they are willing to pay for land. Developers often refer to the cost of land not in terms of price per acre, but rather as price per unit or "price per door." If a parcel is zoned for 100 units (assuming it is realistic to build those units), and the price per door is \$20,000, a developer would pay \$2,000,000 for the land. However, if the zoning were changed to allow 200 units, a developer would potentially be willing to pay up to \$4,000,000 for the same parcel.

Reducing parking requirements also increases land prices. Parking structures are expensive to build, and the net result is developers can pay less for land if parking requirements are high. Especially in transit-oriented locations, developers can reduce their costs per unit by providing fewer parking spaces. By reducing their development costs, developers are able to pay more for land and still meet their profit targets.

Conversely, rules that add costs to developers, like affordable housing requirements, decrease the amount that developers can pay for land and still make a profit. This is why it is often beneficial to combine affordable housing planning and zoning changes. Tying affordable housing requirements to upzoning has two benefits: it helps stabilize rising land prices, and it ensures that community members, not just landowners, share in the benefits of higher density development.

Land values don't change overnight, and some communities have carefully phased in mixed income requirements with the expectation that developers, when they can see changes coming, will be able to negotiate appropriate concessions from landowners before they commit to projects that will be impacted by the new requirements. Similarly, some programs have a clearer and more predictable impact on land prices than others. Consistent, widespread and stable rules translate into land price reductions more directly than complex and changing requirements with many alternatives.



What's Happening in the Minneapolis/St. Paul Region?

City	Type of Program	Percentage of Affordable Units	Affordability Level
Bloomington	Public Funding Policy	Project-by-project decision, typically 10-20%	Project-by-project decision
Chaska	Mixed Income Policy with goal of all developments that need city approvals contributing (may use density bonuses and other flexibility)	30% of Units	80% AMI
Eden Prairie	City Subsidy Policy	20% of Units	50% AMI
Edina	Zoning Changes Policy (may also use density bonus, parking reduction and public subsidies)	10-20% of Units	50-60% AMI for rental or approximately 110% for ownership
Minnetonka	Mixed Income Policy with goal of all developments that need city approvals contributing (may use density bonuses and other flexibility)	10% of Units Generally, 20% when using city financing	60% AMI generally 50% when using city financing
St. Louis Park	City Subsidy Policy	8-10% of Units	50-60% AMI for rental or 80% for ownership
Minneapolis	Density Bonus and City Subsidy Policies	20% of Units	50-60% AMI
St. Paul	Policy is under development	Not Applicable	Not Applicable

Please see original policies for full details.



Case Study

St. Louis Park, MN

Type of policy:	Voluntary/incentive based – financial assistance
What is covered:	10+ unit developments seeking financial assistance
Year adopted:	June 2015
Results:	253 affordable homes proposed or approved
Requirements:	Rental – 8% of units at 50% of AMI or 10% of units at 60% of AMI. Ownership – 10% of units at 80% of AMI.



Details:

St. Louis Park has long promoted affordable housing, with an explicit policy in their comprehensive plan. However, as one council member observed at a housing-focused retreat in 2014, “We have promoted affordable housing for a decade but not produced any affordable homes.” And so began the discussion about what the city could actually do to create workforce housing units.

The city held a series of public meetings and work sessions discussing all the options. There was a clear preference for mixed-income housing, which would spread affordable units among the more high-end rental units that developers tended to produce. A common theme in the discussion was about public subsidies in the form of tax increment financing provided to new developments. This type of subsidy was (and remains) relatively common in St. Louis Park. Many felt that if the city contributed money toward a development, they should have high standards and expect clear benefits.

Specifically, the city decided on a policy to require 8-10 percent of new homes that receive public funding to be affordable. Tax increment financing is the most common subsidy in St. Louis Park, but the policy applies to all types of public funding. While some stakeholders wanted higher requirements, the council and staff felt that it was better to have a modest policy that did not adversely impact development. The city intentionally created a policy, and not an amendment to the zoning ordinance, to avoid potential legal challenges.

It appears to be working. In the year and a half since the policy was passed in St. Louis Park, there are 253 affordable homes in the pipeline. “We have really not received much pushback from developers,” explains Michele Schnitker, Housing Supervisor and Deputy Community Development Director. In fact, several developers have voluntarily provided more affordable homes, 20 percent of all units, so they could qualify for Affordable Housing Tax Credits. On the city council level, there has been discussion about strengthening the policies. A recent development was exempt from the policy because it did not ask for any public subsidy, and at least one council member questioned whether there was anything that could be done to ensure that the development was mixed income. In response, staff are now studying the strategy of tying affordable housing requirements to zoning changes, density bonuses or other incentives.

Schnitker offered lessons for other cities, “Creating a policy is a balance. Look at your market, and work with the developers. Think about multiple strategies because there is not just one solution.”

Case Study

Minnetonka, MN

Type of policy:	Voluntary/incentive based
What is covered:	The goal is all developments, with flexibility and staff discretion
Year adopted:	2004
Results:	Over 500 affordable homes
Requirements:	10% of new units affordable generally at 60% of AMI; 20% of units affordable to 50% of AMI when using public subsidies



Details:

Minnetonka has quietly and steadily worked to ensure their community has homes that are affordable to all. For more than a decade, they have had a policy that aims to ensure that 10-20 percent of all new homes are affordable, and much of this has been done without city financial subsidy. The city has worked hard to avoid controversy, engaging neighbors when they have concerns and partnering with the faith community. When there have been reservations, the city has used the flexibility built in to the policy to quietly address them. The city has avoided attention – even rejecting awards – so that it can focus on implementing its policy. Julie Wischnack, Community Development Director, reflected on the program, “Our approach has been to partner rather than mandate, and developers respect that. It has worked and you can tell that by the numbers of units we have created. It has been very successful.”

City staff, planning commission and city council all review new projects and discuss the unique circumstances. Often, the city allows developers to increase density or reduce parking to help offset the cost of affordable homes. However, they only use tax increment financing strategically and do not waive fees. Instead, the details are all project specific. For example, extra height might be most useful in one case, but allowing mother-in-law apartments or duplexes might be valuable in another. The city’s comprehensive plan has facilitated this method because the high-density zones do not have limits on the number of units per acre. One other important feature of their program has been to work closely with Homes Within Reach, a community land trust. This partnership has allowed the city to create single-family, owner-occupied affordable homes.

Minnetonka offers a few key lessons for other cities: 1) Use a thoughtful, deliberate process and engage stakeholders when developing a policy; 2) Ensure that the comprehensive plan supports the policy goals; 3) Build in high expectations, but some flexibility, recognizing that each development is different; and 4) Take advantage of the flexibility provided by TIF pooling.



**EDAC Agenda Item #5
Meeting of March 14, 2019**

Brief Description	2020-2024 Economic Improvement Program
Recommendation	Review and provide feedback for the draft 2020-2024 EIP

Background

Annually, the EDAC has reviewed the Economic Improvement Program (EIP). The EIP was originally created to consolidate programming relating to economic development, housing, transportation and development tools. The document grew out of a conversation to combine programs and strategies into one document, which allowed for a future projection of investment and potential funding sources. The document contains metrics for programming and 10 year projections for revenues to fund specific programs.

The city council will be reviewing a draft of the document at the April 22 study session, and the EDAC will review the final draft on April 24, prior to council adoption which is scheduled for June 3.

EIP Review

The existing 2019-2023 EIP is attached as a reference for discussion to help prepare commissioners to identify any changes or priorities for the 2020-2024 EIP document.

Components of the 2019-2023 EIP include:

- EIP Policy page (page 1). Defines what funding categories the different programs will fall under, and also details the funding principles.
- EIP Program Pages (pages 3-53). Each of the city's existing and potential future economic development efforts has its own program page. The program page will detail the program description, purpose, goals, budget impacts, schedule, and key measures. Additionally, it will outline the funds needed to develop or sustain the program over a period of years.
- Funding Sources and Expenditure Projections Pages (pages 54-71). A series of funding sources, expenditures and TIF district fund balance sheets are included.
- Affordable Housing Goals Page (pages 72-75). This section focuses on how the city's affordable housing goals are being met through these programs is included.

EDAC feedback will be incorporated into the first draft of the document that will be reviewed by the council on April 22. The EDAC will review again on April 24 and make a final recommendation to the council for the June 4 meeting.

Recommendation

Staff recommends the EDAC review the 2019-2023 EIP and provide feedback to include in the first draft of the 2020-2024 EIP.

The schedule for approval is as follows:

- March 14 EDAC — Review the existing 2019-2023 EIP and provide feedback for the 2020-2024.
- April 22 City Council Study Session — Review draft 2020-2024 EIP and provide feedback.
- April 24 EDAC — Finalize full EIP document and make recommendation to the city council.
- June 3 City Council meeting — Review and approve EIP.

Originated by:

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



CITY OF
MINNETONKA

**2019-2023
ECONOMIC IMPROVEMENT
PROGRAM**



**ECONOMIC IMPROVEMENT PROGRAM
2019-2023**

CITY OF MINNETONKA

Adopted June 4, 2018

**2019-2023
ECONOMIC IMPROVEMENT PROGRAM**

Table of Contents

Chapter 1: Policy

Economic Improvement Policy 1

Chapter 2: Housing

Housing Chapter Summary..... 3
CDBG Administration..... 4
Small Projects Rehabilitation Program (Emergency Repair Program)..... 5
Fair Housing..... 6
Homes Within Reach..... 7
Housing Improvement Areas (HIA)..... 8
Minnetonka Home Enhancement..... 9
Public Services..... 10
Tax Exempt Financing/Conduit Debt..... 11
Affordable Housing via TIF Pooling (Blvd Gardens)..... 12
Affordable Housing via TIF Pooling (Beacon Hill) 13
Welcome to Minnetonka..... 14
Employer Assisted Housing..... 15
Next Generation Program..... 16

Chapter 3: Business

Business Chapter Summary..... 18
Fire Sprinkler Retrofit..... 19
Grants..... 20
Common Bond/Industrial Revenue Bonds..... 21
GreaterMSP..... 22
Minnesota Investment Fund/Job Creation Fund..... 23
Open To Business..... 24
Outreach..... 25
Property Assessed Clean Energy..... 26
Economic Development Infrastructure Fund..... 27
TwinWest Chamber of Commerce..... 28
Economic Gardening..... 29
Special Service District..... 30
SAC/REC Deferral Program 31

Chapter 4: Transit

Transit Chapter Summary..... 33
Commuter Services..... 34
Transit Improvements..... 35

Chapter 5: Development and Redevelopment

Development/Redevelopment Chapter Summary..... 37
Predevelopment..... 38
Village Center Studies/Comprehensive Plan..... 39
LRT Station Area Development..... 40
Strategic Marketing..... 41

City-Owned Properties.....	42
Future HRA Levy Projects.....	43
Chapter 6: TIF Districts	
TIF Administration.....	45
Beacon Hill TIF District.....	46
Boulevard Gardens TIF District.....	47
Glenhaven TIF District.....	48
Tonka on the Creek TIF District (The Overlook).....	49
Applewood Pointe TIF District.....	50
Rowland Housing TIF District (At Home).....	51
Chapter 7: Tax Abatement	
Ridgedale.....	53
Chapter 8: Funding Sources and Expenditure Projections	
Fund Descriptions.....	55
Expenditures by Category and by Fund.....	56
Development Fund Funding Sources and Expenditures Projections.....	57
HRA Levy Funding Sources and Expenditure Projections.....	59
Livable Communities Funding Sources and Expenditure Projections.....	61
CDBG Funding Sources and Expenditure Projections.....	62
TIF Pooling Funding Sources and Expenditure Projections.....	64
Total 10-year Funding Sources and Expenditure Projections.....	65
Beacon Hill TIF District Fund Balance Analysis.....	66
Boulevard Gardens TIF District Fund Balance Analysis.....	68
Glenhaven TIF District Fund Balance Analysis.....	70
Chapter 9: Affordable Housing Goals	
Affordable Housing Goals.....	73
Affordable Housing Income Limits.....	76
Glossary	
Glossary of terms.....	77

Economic Improvement Program Policy

The Economic Improvement Program (EIP) is the city's long-term plan for housing, economic development, redevelopment, and transit programs that promote economic viability for the citizens and businesses of Minnetonka.

Funding Categories

The EIP covers a broad range of community development activities. Funding categories include:

1. Projects and programs which encourage diversity and broaden choices in types, sizes, and prices of the city's housing stock to meet the needs of the aging population and to attract younger residents.
2. Projects that support existing business retention and expansion, attract new businesses, and allow the city to remain economically competitive.
3. Projects which enhance resident mobility by pursuing opportunities and solutions to improve transit service.
4. Activities that promote the vitality of the city through development and redevelopment.

Planning Principles

- The EIP will support achievement of the city's Comprehensive Plan and long-term Strategic Goals.
- The EIP will be updated annually to reflect changes in programs, demographics, private housing stock, business needs, and the overall economic climate.
- The EIP allows flexibility, and may be amended during the year if necessary, in order to act upon unforeseen opportunities that may arise which enhance economic viability.
- Development of the EIP will be consistent with the annual operating budget. Future staffing and other budgetary impacts are projected and will be included in operating budget forecasts.



HOUSING

HOUSING CHAPTER SUMMARY

Projects and programs which encourage diversity and broaden choices in types, sizes, and prices of the city's housing stock to meet the needs of the aging population and to attract younger residents.

The city currently has 10 programs in place to assist in the construction, maintenance, and renewal of housing in the city. An additional two programs are in the conceptual phase and will be explored for further consideration.

- The total five-year estimated cost of the programs is \$10,453,979.

Program	2019	2020	2021	2022	2023	5-Year Total
CDBG Administration	10,000	8,000	6,000	0	0	\$24,000
Small Projects	80,000	60,000	40,000	0	0	\$180,000
Fair Housing	800	600	400	0	0	\$1,800
Homes Within Reach	100,000	25,000	25,000	25,000	25,000	\$200,000
Housing Improvement Areas	3,930,000	0	2,000,000	0	0	\$5,930,000
Minnetonka Home Enhancement	50,000	50,000	50,000	50,000	50,000	\$250,000
Public Services	14,000	11,000	8,000	0	0	\$33,000
Tax Exempt Financing/Conduit Debt	0	0	0	0	0	\$0
Affordable Housing via TIF Pooling	1,765,179	600,000	600,000	620,000	0	\$3,585,179
Welcome to Minnetonka	50,000	50,000	50,000	50,000	50,000	\$250,000
	\$5,999,979	\$804,600	\$2,779,400	\$745,000	\$125,000	\$10,453,979
Conceptual Programs						
Employer Assisted Hsg						\$0
Next Generation Program						\$0

Programs in green=funding/program is expected to continue

Programs in yellow=funding/program is uncertain for a number of reasons

Programs in red=funding/program is ending

- Programs funded by Community Development Block Grant (CDBG) program are expected to be eliminated or restructured in the near future due to decreases and potential elimination of the CDBG program at the federal level.
- The 2018/2019 allocation for Homes within Reach is anticipated to be funded through the HRA levy.
- In 2017, The Livable Communities Account received a repayment in the amount of approximately \$400,000 as a result of the sale of Minnetonka Heights.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing

City of Minnetonka, Minnesota

Contact Community Development

Project #	Housing-01
Project Name	CDBG Administration

Type Program

Useful Life N/A

Category Housing

Priority Yellow

Key Measures Program Administration Hours

Key Measures

Key Measures

Key Measures

Description
<p>The Community Development Block Grant (CDBG) program is a federally-funded program, administered at the local level.</p> <p>SCHEDULING AND PROJECT STATUS: This is an on-going program. The CDBG program year runs July 1 to June 30, which is different than the city's fiscal year.</p>

Justification
<p>Based upon the needs, priorities, and benefits to the community, CDBG activities are developed and the division of funding is determined at a local level. All funded activities must meet at least one of the three national objectives:</p> <ul style="list-style-type: none"> -Benefit low and moderate income persons -Help prevent and/or eliminate slums and/or blight -Meet other community development needs of particular urgency <p>PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS: Comprehensive Plan-Provide city services and collaborate with outside agencies and the private sector to leverage additional services that reinforce the city's values.</p> <p>Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.</p> <p>KEY MEASURES N/A</p>

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	10,000	8,000	6,000	0	0	24,000
Total	10,000	8,000	6,000	0	0	24,000
Funding Sources	2019	2020	2021	2022	2023	Total
CDBG	10,000	8,000	6,000	0	0	24,000
Total	10,000	8,000	6,000	0	0	24,000

Budget Impact/Other
<p>This funding is to repay the staff time involved for the overall administration of the CDBG program. In 2018, the city joined the county CDBG program administration activities such as IDIS reporting, monitoring, marketing, fair housing activities, and ongoing program administration are now completed by Hennepin County.</p> <p>It is expected that CDBG funds will be eliminated or restructured at some time in the near future by the federal government. For purposes of this report, we assume phased out of the program by 2022.</p> <p>Beginning on July 1, 2018, the CDBG funding will flow directly to the county for the administration of Minnetonka's programming.</p>

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Program
Useful Life N/A
Category Housing
Priority Yellow

City of Minnetonka, Minnesota

Project # Housing-03
Project Name Small Projects Program

Key Measures Households Assisted **Key Measures**
Key Measures **Key Measures**

Description

The Small Projects loan program (previously called the Emergency Repair Program) offers ten-year, no interest deferred loans up to \$15,000. The loan amount was increased in 2018 to respond to increased cost of repairs. Between 2005 - 2017 the maximum loan amount for the program was capped at \$5,000.

SCHEDULING AND PROJECT STATUS:
 This is an ongoing program. New applications are only accepted during certain periods of time. A new round of applications will open in April 2018. Typical projects include furnaces, window, and roof replacement.

The CDBG program year is July 1 to June 30, which is different than the city's fiscal year.

Justification

Households up to 80% of area median income qualify for the \$15,000 Small Projects Program, which allows for housing repairs and maintenance. Additions and aesthetic improvements are not allowed under the program.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS:
 Comprehensive Plan-Promote housing maintenance programs that improve the livability of existing residential dwelling units in a cost effective manner.

Strategic Plan-Initiate programs and policies to broaden housing choices to meet the needs of our aging population and attract young residents.

KEY MEASURES
 Households Assisted

2015	2016	2017	2018	2019	2020	2021	2022	2023
47	25	14	10	10	10	8	8	8

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	80,000	60,000	40,000	0	0	180,000
Total	80,000	60,000	40,000	0	0	180,000

Funding Sources	2019	2020	2021	2022	2023	Total
CDBG	80,000	60,000	40,000	0	0	180,000
Total	80,000	60,000	40,000	0	0	180,000

Budget Impact/Other

Beginning on July 12018, Hennepin County staff will oversee the entire program from application, to project management to signing of the loan documents. The administrative costs associated with the program are 13% of the rehabilitation program fund for the 2018 program year.

With the declining CDBG funds, less emphasis will be placed on this program, which will decrease assistance to households. However, with nearly 222 outstanding loans in the portfolio several loan repayments are expected each year, which will add additional funding to the loan pool to provide additional loans.

It is expected that CDBG funds will be eliminated or restructured in the near future by the federal government. The program would be expected to end at about that time unless new funding is identified. For purposes of this report, staff assumes a phase out of the program by 2022.

Beginning on July 1, 2018, the CDBG funding will flow directly to the county for the administration of Minnetonka's programming.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Program
Useful Life N/A
Category Housing
Priority Yellow

City of Minnetonka, Minnesota

Project # Housing-04
Project Name Fair Housing

Key Measures Education/Information Sessions **Key Measures**
Key Measures **Key Measures**

Description
 As part of the city’s CDBG allocation, the city must participate in and further fair housing activities. This is accomplished by participating in the Hennepin County Consortium and Fair Housing Implementation Council. The city has been directly providing funds for fair housing since it became an entitlement community in 2005. The city is working with Hennepin County Consortium to coordinate a collaborate fair housing strategy.

SCHEDULING AND PROJECT STATUS
 This is an ongoing program. The CDBG program year runs July 1 to June 30, which is different than the city’s fiscal year.

Justification
 To further fair housing and remove impediments to fair housing within the city.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS:
 Comprehensive Plan-Provide city services and collaborate with outside agencies and the private sector to leverage additional services that reinforce the city's values.

Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.

KEY MEASURES (Program year is July 1 to June 30)
 The city participates in Fair Housing Implementation Council efforts to further fair housing activities. Participation in fair housing activities is a requirement of receiving funds from the U.S Department of Housing and Urban Development.

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	800	600	400	0	0	1,800
Total	800	600	400	0	0	1,800

Funding Sources	2019	2020	2021	2022	2023	Total
CDBG	800	600	400	0	0	1,800
Total	800	600	400	0	0	1,800

Budget Impact/Other
 Typically, one percent of the city’s CDBG annual allocation is contributed to the Hennepin County Consortium. There is no staff time provided for this program, with the exception of review and feedback on information provided by the consortium and the Fair Housing Implementation Council.

It is expected that CDBG funds will be eliminated or restructured in the near future by the federal government. The program would be expected to end at about that time unless new funding is identified. For purposes of this report, it is assumed that the program will phase out by 2022.

Beginning on July 1, 2018, the CDBG funding will flow directly to the county for the administration of Minnetonka's programming.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Program
Useful Life
Category Housing
Priority Red

City of Minnetonka, Minnesota

Project # Housing-05
Project Name Homes Within Reach

Key Measures HWR units in Minnetonka **Key Measures**
Key Measures **Key Measures**

Description
Homes Within Reach (also known as the West Hennepin Affordable Housing Land Trust) is a non-profit community land trust that creates and preserves affordable homeownership opportunities in suburban Hennepin County.

SCHEDULING AND PROJECT STATUS
This program is ongoing. Depending on the level of commitment by the city and other matching funds, Homes Within Reach anticipates adding one to two new permanently affordable owner-occupied units to the city each year.

Justification
In an effort to promote long-term affordable, scattered-site housing, while maximizing the cost-effectiveness of public investment, the community land trust model was presented as a tool in 2000 to help the city increase its amount of long-term affordable housing.

The Homes Within Reach program provides single-family, permanently affordable, homeownership opportunities to those at 80% AMI or less. Minnetonka’s funds will be used to leverage and match other county, regional, and state funds.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
Comprehensive Plan-Creating partnerships with other agencies to ensure the longevity of affordable housing.

Strategic Plan-Initiate programs and policies to broaden housing choices to meet the needs of our aging population and attract young residents.

KEY MEASURES
2015 2016 2017 2018 2019 2020 2021 2022 2023

Total HWR units in Minnetonka
54 55 56 57 58 58 58 58 58

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	100,000	25,000	25,000	25,000	25,000	200,000
Total	100,000	25,000	25,000	25,000	25,000	200,000

Funding Sources	2019	2020	2021	2022	2023	Total
HRA Levy	100,000	25,000	25,000	25,000	25,000	200,000
Total	100,000	25,000	25,000	25,000	25,000	200,000

Budget Impact/Other
Homes Within Reach requests funding through the non-profit funding process each year. Growth in long term affordable units is important, but there should be some adjustment to the city’s commitment to ensure it is sustainable. After 2017, the Livable Communities Account is no longer available.

An EDAC subcommittee met in 2014 and recommended that HWR funding be decreased beginning in 2017. An annual maintenance fee will be collected beginning in 2020 to assist with ongoing maintenance and operations. The proposed funding source for ongoing maintenance is the HRA levy.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Maintenance
Useful Life N/A
Category Housing
Priority Yellow

City of Minnetonka, Minnesota

Project # Housing-06
Project Name Housing Improvement Areas

Key Measures Units Assisted **Key Measures**
Key Measures **Key Measures**

Description
 Minnesota law provides a mechanism termed Housing Improvement Area (HIA) which allows cities to help arrange and finance rehabilitation on owner-occupied residential buildings, such as condominiums or townhouses.

SCHEDULING AND PROJECT STATUS
 The council adopted an HIA policy in November 2011. The first HIA was adopted in early 2012. It is expected that interest in this program will grow as condo and townhouse developments age. State legislation for HIA's sunsets on June 30, 2028.

Justification
 The program is intended to serve aging multi-family housing by providing a financing structure to address major building investments. The program would also ensure, going forward, that the association is able to correct the financing of long-term capital expenditures.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Continue to collaborate with lenders or other agencies that offer programs for home rehabilitation.
 Strategic Plan-Initiating programs/policies to broaden housing choices to meet the needs of our aging population and attract young residents.

KEY MEASURES
 2015 2016 2017 2018 2019 2020 2021 2022 2023
 Units Assisted
 0 0 0 164 0 0 100 0 0

Expenditures	2019	2020	2021	2022	2023	Total
Construction/Maintenance	3,930,000	0	2,000,000	0	0	5,930,000
Total	3,930,000	0	2,000,000	0	0	5,930,000

Funding Sources	2019	2020	2021	2022	2023	Total
Development Fund	0	0	0	0	0	0
Revenue Bonds	3,930,000	0	2,000,000	0	0	5,930,000
Total	3,930,000	0	2,000,000	0	0	5,930,000

Budget Impact/Other
 The HIA program is administered by staff who work on various parts of the project ranging from program information to HIA requests. Once an HIA request is received, staff time is committed to preparing a resolution, ordinance, development agreement, and determining fees. Costs to cover staff time for the HIA application are covered through an application fee and through a per unit administrative fee for time in administering the assessment.

A risk of the HIA program is pay-back of the assessment. However, because it is assessed on the property taxes, it will be paid back even if there is foreclosure of the property.

In August 2017, the city council approved an Housing Improvement Area for Cloud 9 for up to \$3.93 million to repair the curtain wall and make upgrades to the elevators and the HVAC system. The city will issue bonds rather than the utilize the development fund to finance the project.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Program
Useful Life N/A
Category Housing
Priority Yellow

City of Minnetonka, Minnesota

Project # Housing-08
Project Name Minnetonka Home Enhancement

Key Measures Loans Made **Key Measures**
Key Measures Loans Defaulted **Key Measures**

Description

The Minnetonka Home Enhancement program (MHEP) offers up to \$15,000 through a low-interest loan for housing maintenance, repair, green investments, and some additions. The interest rate in 2018 is 3.225% (Annual Percentage Rate based on \$15,000 for 10 years).

SCHEDULING AND PROJECT STATUS
 The program began June 2011. This is an ongoing program.

Justification

Minnetonka’s housing stock is aging. Nearly two-thirds of the city’s homes were built between 1950 and 1970, and over 75% of the housing stock is 30 years or older. Many of these homes now need repairs for windows, roofs, and heating systems. The MHEP targets households up to 120% area median income with loans for rehabilitation and other housing maintenance activities for housing valued at \$300,000 or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Promote housing maintenance programs to improve the livability of residential dwelling units in a cost effective manner.
 Strategic Plan-Initiate programs/policies to broaden housing choices to meet the needs of our aging population and attract young residents.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Loans Made	5	3	1	3	4	4	4	4	4
Loans Defaulted	0	0	0	0	0	0	0	0	0

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Funding Sources	2019	2020	2021	2022	2023	Total
HRA Levy	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other

In 2017, the city ended the contract with the Greater Metropolitan Housing Corporation (GMHC) to administer the Welcome to Minnetonka program on behalf of the city. In January 2018, the city entered into a new contract with the Center for Energy and Environment.

It is unlikely that this program will become self-sustaining. While there are loan paybacks put back into the program, another \$75,000 was added in 2018 (split with the Welcome to Minnetonka program) to continue to make new loans. Project funding amounts may change as a sliding scale approach is used with this and the Welcome to Minnetonka program to allow flexibility to meet demands of the programs. Since there is a fund balance in the program from previous years allocations, the expenditures and sources are shown as zero above until the funds are used. Staff will be reviewing the program guidelines over the next year to determine if any changes need to be made.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Program
Useful Life N/A
Category Housing
Priority Yellow

City of Minnetonka, Minnesota

Project # Housing-10
Project Name Public Services

Key Measures Individuals Assisted **Key Measures**
Key Measures **Key Measures**

Description
 Up to 15 percent of the city’s Community Development Block Grant funds can be used to fund public services (non-profits). The public service agencies programs must meet one of the three CDBG national objectives.

SCHEDULING AND PROJECT STATUS
 Public services funded by CDBG funds are selected during the non-profit funding review completed by the EDAC each October. Projects then commence in July the following year. The CDBG program year runs July 1 to June 30, which is different than the city’s fiscal year.

Justification
 Public Service agencies provide a number of services, such as foreclosure prevention, information and referral, and senior home improvement services. Clients must be Minnetonka residents at 80% of area median income or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Provide city services and collaborate with outside agencies and the private sector to leverage additional services that reinforce the city's values.
 Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022
Individuals Assisted	696	508	676	700	700	700	N/A	N/A

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	14,000	11,000	8,000	0	0	33,000
Total	14,000	11,000	8,000	0	0	33,000

Funding Sources	2019	2020	2021	2022	2023	Total
CDBG	14,000	11,000	8,000	0	0	33,000
Total	14,000	11,000	8,000	0	0	33,000

Budget Impact/Other
 In 2018, the city joined the Joint Urban County CDBG Program. Funding for public service agencies is being considered through a coordinated RFP process.

In 2018, the following previously funded public service agencies, serving Minnetonka residents, applied for funding through the coordinated RFP Process: CAP-HC, ICA, ResourceWest, TreeHouse and Senior Community Services H.O.M.E. program, and HOME Line. In addition, YMCA was recommended funding for Youth Programming in Minnetonka. Hennepin County will consider approval of funding awards in May/June 2018 and HUD approval of awards will be announced in June/July 2018.

It is expected that CDBG funds will be eliminated or restructured in the near future by the federal government. For purposes of this report, we assume phased out of the program by 2021.

Beginning on July 1, 2018, the CDBG funding will flow directly to the county for the administration of Minnetonka's programming.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Program
Useful Life N/A
Category Housing
Priority Green

City of Minnetonka, Minnesota

Project # Housing-11
Project Name Tax-Exempt Financing/Conduit Debt Projects

Key Measures Projects Assisted **Key Measures** Housing Projects Assisted
Key Measures Businesses Assisted **Key Measures** Projects Considered

Description
 Cities, under State Statute Sections 469.152 to 469.165 and Chapter 462C, have the authority to issue tax exempt financing for industrial development, health care facilities and multi-family housing. In 1984 the city council adopted a council policy to guide the city in requests. A revised council policy was adopted in 2015. Examples of projects include St. David's Center building updates (2014) and Elmbrooke Townhomes (2017). Host approval can also be given for projects where financing is issued by another city (example: Hammer Residences and Eagle Ridge Academy (2015 and 2016).

SCHEDULING AND PROJECT STATUS
 Projects are reviewed to determine if they meeting council policy guidelines and if the city has enough annual financing available. Projects are then brought forward after this review. It is anticipated that the city will not have capacity to finance projects in 2018 and 2019.

Justification
 To attract/promote economically sound industry, commerce, and health care, as well as for housing projects for low/moderate income and elderly persons. Tax exempt financing is used on a selective basis to encourage development offering a benefit to the city as a whole.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-
 -Support and encourage housing options that are attractive to a wide variety of age and income levels of residents.
 -Facilitate connections between local businesses and programs that provide incentives and assistance for business retention and recruitment.
 Strategic Plan-
 -Initiating programs and policies that broaden housing choices to meet both the needs of our aging population and attract young residents.
 -Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Projects Considered	2	2	2	0	0	2	2	2	2
Projects Implemented	2	2	2	0	0	2	2	2	2
Business projects	2	0	1	0	0	1	1	1	1
Housing projects	0	2	1	0	0	1	1	1	1

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
 Work on Tax Exempt Financing projects is completed by the city's legal counsel and financial consultants. Application (\$3500) and administrative fees (1/8 of 1% of financing amount) cover the city's expenses, and most often, ending in positive income for the city.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Construction
Useful Life N/A
Category TIF
Priority Green

City of Minnetonka, Minnesota

Project # Housing-12
Project Name Affordable Housing via TIF Pooling/Blvd Gardens

Key Measures Affordable Units Created **Key Measures** Projects Considered
Key Measures Projects Assisted **Key Measures**

Description

TIF pooling is a way, under state statute, to use excess tax increment dollars from a district to invest in affordable housing projects in other areas of the city.

SCHEDULING AND PROJECT STATUS
 The dollars must be expended by 2021. It is expected that a majority of the funds will be used in 2017-2022 in connection to LRT related projects.

The Ridge was the first project funded (2012) with \$1,025,000 in funds. In 2017, the city council committed \$1,209,000 to Shady Oak Apartments and discussed providing up to \$556,179 for the Mariner.

Justification

Pooling allows a percentage (35%) of the total increment generated by the district over its entire life to be used for tax credit eligible housing projects anywhere in the city. Depending on property values over the remaining 12 years of the district, the pooling dollars available during this time frame are estimated to be \$6.44 million. These funds are required to be spent according to an amended TIF plan, which can take place as projects are proposed. The current fund balance is estimated at \$3.754 million.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Continue working with developers to include affordable housing in their developments, where appropriate.

Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Projects Considered	0	0	2	1	1	1	1	1	0
Projects Assisted	0	1	2	0	1	1	1	1	0
Affordable Units	0	27	104	50	45	40	30	30	30

Expenditures	2019	2020	2021	2022	2023	Total
Other	1,765,179	600,000	600,000	620,000	0	3,585,179
Total	1,765,179	600,000	600,000	620,000	0	3,585,179

Funding Sources	2019	2020	2021	2022	2023	Total
TIF Pooling	1,765,179	600,000	600,000	620,000	0	3,585,179
Total	1,765,179	600,000	600,000	620,000	0	3,585,179

Budget Impact/Other

The use of pooling dollars does not affect staffing. If pooling dollars are not used, the dollars return to the appropriate taxing jurisdictions.

The funds are coming from the Boulevard Gardens TIF district.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Conceptual
Useful Life N/A
Category Housing
Priority Yellow

City of Minnetonka, Minnesota

Project # Housing-13
Project Name Affordable Housing vis TIF Pooling/Beacon Hill

Key Measures Affordable Units Created **Key Measures** Projects Considered
Key Measures Projects Assisted **Key Measures**

Description

TIF pooling is a way, under state statute, to use excess tax increment dollars from a district to invest in affordable housing projects in other areas of the city.

SCHEDULING AND PROJECT STATUS

The developer's TIF note was repaid in August 2017. The council should consider whether or not to use the pooled TIF that will be generated between 201-2021 for future affordable housing projects. The dollars must be expended by 2022.

Justification

Pooling allows a percentage (35%) of the total increment generated by the district over its entire life to be used for tax credit eligible housing projects anywhere in the city. Depending on property values over the remaining 3 years of the district, the pooling dollars available during this time frame are estimated to be \$702,000.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Continue working with developers to include affordable housing in their developments, where appropriate.

Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Projects Considered	N/A	N/A	N/A	0	0	0	0	0	0
Projects Assisted	N/A	N/A	N/A	0	0	0	0	0	0
Affordable Units	N/A	N/A	N/A	0	0	0	0	0	0

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
TIF Pooling	234,000	234,000	234,000	0	0	702,000
Total	234,000	234,000	234,000	0	0	702,000

Budget Impact/Other

The use of pooling dollars does not affect staffing. If pooling dollars are not used, the dollars return to the appropriate taxing jurisdictions.

The funds are coming from the Beacon Hill TIF district.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing

City of Minnetonka, Minnesota

Contact Community Development

Project #	Housing-14
Project Name	Welcome to Minnetonka Loan Program

Type Program

Useful Life N/A

Category Housing

Priority Yellow

Key Measures Loans Made

Key Measures

Key Measures Loans Defaulted

Key Measures

Description

The Welcome to Minnetonka program provides up to \$10,000 through a low-interest loan for down payment and closing cost assistance. The Center for Energy and Environment administers the program.

SCHEDULING AND PROJECT STATUS

The program began June 2011. This is an ongoing program.

Justification

The Welcome to Minnetonka program is marketed to first-time homebuyer households earning up to 120% area median income with down payment and closing cost assistance. Those participating in the program provide at least 25% of the required down payment or closing costs.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Provide services that support residents to maintain attractiveness as a balanced community that is economically diverse. Strategic Plan-Initiate programs/policies to broaden housing choices to meet the needs of our aging population and attract young residents.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Loans Made	1	5	1	4	4	4	4	4	4
Loans Defaulted	0	0	0	0	0	0	0	0	0

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Funding Sources	2019	2020	2021	2022	2023	Total
HRA Levy	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other

In 2017 the city ended the contracts with the Greater Metropolitan Housing Corporation (GMHC) to administer the Welcome to Minnetonka program on behalf of the city. In January 2018, the city entered into a contract with the Center for Energy and Environment to administer the program.

Due to the slow uptake and lowering the interest rate to 1%, it's unlikely that this program will become self-sustaining. While there were loan paybacks put back into the program, another \$75,000 was added in 2018 (split with the Minnetonka Home Enhancement Program) to continue to make new loans. Funding amounts may change as a sliding scale approach is used with this program and the Minnetonka Home Enhancement program to allow flexibility to meet demands. Staff will be reviewing the program guidelines over the next year to determine if any changes need to be made.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Conceptual
Useful Life N/A
Category Housing
Priority n/a

City of Minnetonka, Minnesota

Project # Housing-15
Project Name Employer-Assisted Housing

Key Measures Households Assisted **Key Measures**
Key Measures **Key Measures**

Description
 Employer assisted housing programs can take many different forms; however, generally it focuses on local businesses and how to create housing opportunities within the city for their employees. The program requires business support.
 SCHEDULING AND PROJECT STATUS
 This is a new concept that has not yet been explored or developed by city staff; however, the SWLRT Community Works project, as part of their housing strategy has recommended collaboration with local employers on new housing opportunities.

Justification
 The Opportunity City Pilot Program and a University of Minnesota Resilient Communities Program student project recommended exploring opportunities to collaborate with businesses to better understand housing needs and evaluate links between employment wages and housing values.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Support existing businesses and collaborate with businesses to determine services, employee housing and transportation needs.
 Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.
 KEY MEASURES
 2015 2016 2017 2018 2019 2020 2021 2022 2023
 Households Assisted
 N/A N/A N/A N/A N/A N/A N/A N/A N/A

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Unfunded	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
 There will need to be staff time committed to learning more about different aspects of a program such as this. There is no funding source at this time to fund the program.
 The SWLRT Community Works Housing Strategy developed objectives with one being developing new housing opportunities. One of the ways identified was working with employers along the line to help fund new housing.

Economic Improvement Program

2019 *thru* 2023

Department 1-Housing
Contact Community Development
Type Conceptual
Useful Life N/A
Category Housing
Priority n/a

City of Minnetonka, Minnesota

Project # Housing-16
Project Name Next Generation Program

Key Measures Households Assisted **Key Measures**
Key Measures **Key Measures**

Description
 A next generation program would purchase homes from seniors, perform rehabilitation as necessary, and sell on the market as affordable units.
 SCHEDULING AND PROJECT STATUS
 This is a new concept that has not yet been explored or developed. Initial council feedback has suggested that this program target a different audience such as those at 80 to 110% AMI.

Justification
 As the city’s population ages, more seniors will be looking for alternative housing options to the single-family home. This program would assist seniors in the sale of their home, perform any deferred rehabilitation, and then assist young families by selling them at an affordable price.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Support existing businesses and collaborate with businesses to determine services, employee housing and transportation needs.
 Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.
 KEY MEASURES
 2015 2016 2017 2018 2019 2020 2021 2022 2023
 Households Assisted
 N/A N/A N/A N/A N/A N/A N/A N/A N/A

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Unfunded	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
 There will need to be staff time committed to learning more about different aspects of a program such as this. There is no funding source at this time to fund the program.



BUSINESS



BUSINESS CHAPTER SUMMARY

Projects that support existing business retention and expansion, attract new businesses, and allow the city to remain economically competitive.

For the 2019-2023 Economic Improvement Program, there are eleven business programs, and another two under conceptual review.

- The total five-year estimated cost of the programs is \$2,692,000.

Program	2019	2020	2021	2022	2023	5-Year Total
Fire Sprinkler Retrofit	50,000	50,000	50,000	50,000	50,000	\$250,000
Pass-Through Grants	200,000	200,000	200,000	200,000	200,000	\$1,000,000
CommonBond/Ind Rev	0	0	0	0	0	\$0
GreaterMSP	25,000	25,000	25,000	25,000	25,000	\$125,000
MIF/JCF	200,000	200,000	200,000	300,000	200,000	\$1,100,000
Open to Business	15,000	15,000	15,000	15,000	15,000	\$75,000
Outreach	25,000	25,000	25,000	25,000	25,000	\$125,000
PACE	0	0	0	0	0	\$0
EDIF	0	0	0	0	0	\$0
TwinWest	3,000	3,000	3,000	4,000	4,000	\$17,000
SAC/REC Program	0	0	0	0	0	\$0
	\$518,000	\$518,000	\$518,000	\$619,000	\$519,000	\$2,692,000
Conceptual Programs						
Economic Gardening						\$0
Special Service Districts						\$0

Programs in green=funding/program is expected to continue

Programs in yellow=funding/program is uncertain for a number of reasons

Programs in red=funding/program is ending

- Several programs, such as the Grants, Common Bond fund, and Minnesota Investment Fund are inter-agency/consortium efforts that have funding sources that originate from other agencies, flow through the city, and then go to the business.
- The city's role in business development in the past was more reactive, typically responding only when requested to do so. In more recent years, the city has been slowly investing in more programs for businesses, such as the Open to Business programs.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Construction
Useful Life N/A
Category Business
Priority Yellow

City of Minnetonka, Minnesota

Project # Business-01
Project Name Fire Sprinkler Retrofit

Key Measures Buildings Assisted
Key Measures

Key Measures
Key Measures

Description

Minnesota law (State Statute 429) gives cities the authority to specially assess the cost of installing fire sprinkler systems for existing buildings. The City Council adopted Council Policy 5.2 in 1986 setting criteria for the use of this authority. In 2018, Copper Cow utilized the program to retrofit its building located at 5445 Eden Prairie Road.

SCHEDULING AND PROJECT STATUS

This program is ongoing, and use of this program is made by property owner petition.

Justification

The fire sprinkler retrofit program is intended to assist in the public safety and protection of commercial buildings.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Enhance personal and business safety.

Strategic Plan-Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.

KEY MEASURES

2015	2016	2017	2018	2019	2020	2021	2022	2023
0	0	0	1	1	1	1	1	1

Expenditures	2019	2020	2021	2022	2023	Total
Construction/Maintenance	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Funding Sources	2019	2020	2021	2022	2023	Total
Special Assessment Construction Fund	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other

Special assessments cannot last more than 10 years. The risk with this program is for the assessment to be paid back on the intended schedule. These dollars are financed through the special assessment fund.

There is some limited staff time involved once the petition is received and for the assessment.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life
Category Business
Priority Green

City of Minnetonka, Minnesota

Project # Business-02
Project Name Grants

Key Measures Projects Assisted **Key Measures** Housing Projects Assisted
Key Measures Businesses Assisted **Key Measures** Housing Units Assisted

Description

Grants are available from county and regional agencies to facilitate development, redevelopment, housing, and environmental cleanup.

SCHEDULING AND PROJECT STATUS
 Grants are dependent upon the types of projects occurring. Most grants require the funds to be spent within three years of award.

In 2017, Metropolitan Council awarded the Mariner project \$1,876,500 through the Livable Communities LCDA/TOD fund and \$210,000 through the Local Housing Initiatives Account (LHIA). In addition, Homes Within Reach received \$67,500 through the LHIA fund. These grants have a spend down deadline of December 2020.

Justification

Grant opportunities assist in filling gaps in the financing of complex development, redevelopment, housing, and environmental cleanup projects. Most programs require the city to serve as the grant applicant, meaning that even if the developer/others apply for the grant, that it is to be awarded to the city, which then passes on the funds to the project.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-
 -Ensure the longevity of affordable housing through city programs and partnerships with other public, non-profit, and private entities.
 -Facilitate connections between local businesses and programs that provide incentives/assistance for business retention and recruitment.

Strategic Plan-Actively promoting the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment, and public activities.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Projects Assisted	1	1	1	3	1	0	1	1	1
Business projects	0	1	0	1	1	0	0	1	0
Housing projects	1	0	1	2	0	0	1	0	1
Housing units	30	0	45	60	0	0	60	0	55

*Note: some of the projects are counted in more than one year.

Expenditures	2019	2020	2021	2022	2023	Total
Other	200,000	200,000	200,000	200,000	200,000	1,000,000
Total	200,000	200,000	200,000	200,000	200,000	1,000,000

Funding Sources	2019	2020	2021	2022	2023	Total
Development Fund	200,000	200,000	200,000	200,000	200,000	1,000,000
Total	200,000	200,000	200,000	200,000	200,000	1,000,000

Budget Impact/Other

If the city is the applicant, there is staff time to prepare the grant application, administer the grant and grant-funded activities, as well as any follow-up audits and paperwork generally required by most programs.

For pass-through grants, the staff is the facilitator in requesting the funds. The funds indicated are potential sources depending upon requests.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life N/A
Category Business
Priority Yellow

City of Minnetonka, Minnesota

Project # Business-03
Project Name Common Bond/Industrial Revenue Bond

Key Measures Businesses Assisted **Key Measures**
Key Measures Business Contacts **Key Measures**

Description
 The Common Bond fund and Industrial Revenue Bonds are sources of funding for industrial/manufacturing businesses that are expanding or relocating.
 SCHEDULING AND PROJECT STATUS
 There have been no previous projects, nor are any contemplated at this time. The city has previously used Industrial Revenue Bonds by giving host approval to another city to issue the bonds. The Common Bond fund, which is applied for and administered through the City of Minneapolis/Hennepin County has been explored by several Minnetonka businesses, but none have moved forward.

Justification
 This program is to assist those manufacturing/industrial businesses with funding support for land acquisition, new facility construction, additions, renovations, and purchase of production equipment.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Facilitate connections between local businesses and various programs that provide incentives and financial assistance for business retention and recruitment.
 Strategic Plan-Support business retention and expansion and attract new businesses to help our private sector be economically competitive.
 KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business Contacts	0	0	0	0	0	0	0	0	1
Businesses Assisted	0	0	0	0	0	0	0	0	1

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
 There is minimal staff work involved with either of these programs. The Common Bond fund is administered through a Hennepin County/City of Minneapolis partnership, but requires city council approval. All Industrial Revenue Bonds require city council approval.
 No funds flow through the city for the Common Bond fund.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life N/A
Category Business
Priority Green

City of Minnetonka, Minnesota

Project # Business-04
Project Name GreaterMSP

Key Measures Business Contacts
Key Measures
Key Measures
Key Measures

Description
 GreaterMSP is the regional economic development organization for the Twin Cities metropolitan area. They partner to help provide a vision and agenda for regional economic development as well as to brand and market the region. GreaterMSP offers services in business retention and expansion, data tools and research, manufacturing assistance, small business assistance, and technology assistance.
SCHEDULING AND PROJECT STATUS
 This is an on-going program. The city became a member in 2013.

Justification
 Greater MSP is an economic development tool for Minnetonka’s current and future businesses, and provides resources and connections that have not been previously available.
PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Facilitate connections between local businesses and various programs that provide incentives and financial assistance for business retention and recruitment.
 Strategic Plan-Support business retention and expansion and attracting new businesses to help our private sector be economically competitive.
KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business Projects	4	3	1	2	2	1	1	2	2
Media Headlines	25	35	33	40	40	40	40	40	40

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	25,000	25,000	25,000	25,000	25,000	125,000
Total	25,000	25,000	25,000	25,000	25,000	125,000

Funding Sources	2019	2020	2021	2022	2023	Total
Development Fund	25,000	25,000	25,000	25,000	25,000	125,000
Total	25,000	25,000	25,000	25,000	25,000	125,000

Budget Impact/Other
 Public Sector memberships are a three year, \$25,000 per year commitment, which would be reviewed annually with the city budget for renewal.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life N/A
Category Business
Priority Yellow

City of Minnetonka, Minnesota

Project # Business-06
Project Name MIF/JCF Projects

Key Measures Businesses Assisted **Key Measures**
Key Measures Applications Submitted **Key Measures**

Description

The Minnesota Investment Fund (MIF) and Job Creation Fund (JCF) are Department of Employment and Economic Development programs that provides funds to cities, who then loan the funds to businesses, to assist in expansion. The business is then required to create a minimum number of jobs at a certain wage level. The city and EDA authority may each authorize one application per year for each of the programs.

SCHEDULING AND PROJECT STATUS
 The city has received four MIF awards, one each for Cargill, Nestle and IMRIS, and NatureWorks. Two additional applications were submitted to DEED in 2016 but the applicants decided to withdraw the applications.

Justification

MIF is a business and economic development program, focusing on industrial, manufacturing, and technology related industries.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Facilitate connections between local businesses and various programs that provide incentives and financial assistance for business retention and recruitment.

Strategic Plan-Support business retention and expansion and attract new businesses to help our private sector be economically competitive.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Applications Submitted	0	3	0	1	1	1	1	1	1
Businesses Assisted	0	1	0	1	1	1	1	1	1

Expenditures	2019	2020	2021	2022	2023	Total
Construction/Maintenance	200,000	200,000	200,000	300,000	200,000	1,100,000
Total	200,000	200,000	200,000	300,000	200,000	1,100,000

Funding Sources	2019	2020	2021	2022	2023	Total
Development Fund	200,000	200,000	200,000	300,000	200,000	1,100,000
Total	200,000	200,000	200,000	300,000	200,000	1,100,000

Budget Impact/Other

Application for the MIF program is a collaborative effort between the city and the business, with staff contributing approximately 80 hours of time per application. Staff must also assist in the distribution and repayment of funds, as well as reporting requirements.

Funding is dependent upon the state. A portion of the loan paid back by the business may be allowed to stay at the local level to facilitate business programs. All funds are reimbursement and show a net zero impact on the budget.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life N/A
Category Business
Priority Green

City of Minnetonka, Minnesota

Project # Business-07
Project Name Open to Business

Key Measures Technical Assistance Hours **Key Measures** Loans Made
Key Measures Businesses Assisted **Key Measures**

Description
 The Minnetonka Open to Business program, in collaboration with the Metropolitan Consortium of Community Developers, provides one-on-one technical assistance customized to meet the needs of small businesses.
 SCHEDULING AND PROJECT STATUS
 The program began in 2011 and is ongoing. The contract is reviewed on an annual basis.

Justification
 The Open to Business program assists small business owners and potential entrepreneurs, while filling a need in business programming not available previously. Assistance is given in planning and organizing business ventures, financial management, marketing and regulatory compliance. A small loan fund is also available to access the capital to grow their business.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Provide services that support residents and businesses to maintain attractiveness as a balanced community that is economically diverse.
 Strategic Plan-Support business retention and expansion and attract new businesses to help our private sector be economically competitive.
 KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Businesses Assisted	36	33	22	47	49	50	50	50	50
Tech. Assist. Hours	125	157	190	175	175	175	175	175	175
Loans Made	1	0	1	4	4	4	4	4	4

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	15,000	15,000	15,000	15,000	15,000	75,000
Total	15,000	15,000	15,000	15,000	15,000	75,000

Funding Sources	2019	2020	2021	2022	2023	Total
Development Fund	15,000	15,000	15,000	15,000	15,000	75,000
Total	15,000	15,000	15,000	15,000	15,000	75,000

Budget Impact/Other
 The Minnetonka Open to Business program is provided collaboratively with the MCCD. The MCCD provides the technical assistance, while the city assists in marketing the program. City staff spends approximately 40 hours per year with this program.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life
Category Business
Priority Green

City of Minnetonka, Minnesota

Project # Business-08
Project Name Outreach

Key Measures Business Contacts **Key Measures**
Key Measures **Key Measures**

Description
 Business outreach will take a more proactive approach in contacting businesses.
 SCHEDULING AND PROJECT STATUS
 Staff is coordinating through "Sales Force", which is an online tool for cities, chambers and GreaterMSP to enter business contacts.

Justification
 Business outreach in the past has been reactive to business needs. This outreach is another tool in creating a more proactive approach in supporting business retention and expansion. Business retention and expansion efforts are part of a collaborative effort between staff and Twin West Chamber, Grow Minnesota, and GreaterMSP.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Promote public involvement by residents and businesses, and actively communicate city values and services.
 Strategic Plan-Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.
 KEY MEASURES
 2015 2016 2017 2018 2019 2020 2021 2022 2023
 Business Contacts
 N/A 25 80 35 40 40 40 40 40
 Business Visits
 N/A N/A 7 8 8 8 8 8 8

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	25,000	25,000	25,000	25,000	25,000	125,000
Total	25,000	25,000	25,000	25,000	25,000	125,000

Funding Sources	2019	2020	2021	2022	2023	Total
HRA Levy	25,000	25,000	25,000	25,000	25,000	125,000
Total	25,000	25,000	25,000	25,000	25,000	125,000

Budget Impact/Other
 Funds are budgeted for a business survey and newsletter. Future uses of funding could include business centric events as noted in the Business Development Strategy.
 Outreach will be coordinated with GreaterMSP and TwinWest Chamber.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life N/A
Category Business
Priority Green

City of Minnetonka, Minnesota

Project # Business-09
Project Name Property Assessed Clean Energy

Key Measures Businesses Assisted **Key Measures**
Key Measures **Key Measures**

Description
 In 2010, as part of the jobs bill, state legislation was passed that included provisions for the Property Assessed Clean Energy (PACE) program. PACE allows for the voluntary creation of programs by local governments to help businesses finance renewable energy and energy efficient improvements. The program is repaid by businesses through a special property tax assessment.
 SCHEDULING AND PROJECT STATUS
 The City Council approved a Joint Powers Agreement with the St. Paul Port Authority (SPPA) in July 2014 to implement the PACE program in Minnetonka. Staff markets the program with commercial, office and multi-family property owners.

Justification
 The legislation was adopted in 2010, and has been used by approximately 10 Minnesota communities. This program may help to provide another financing tool to the city's toolbox for local businesses.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan--Facilitate connections between local businesses and various programs that provide incentives and financial assistance for business retention and recruitment.
 Strategic Plan--Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.
 KEY MEASURES
 2015 2016 2017 2018 2019 2020 2021 2022 2023
 Businesses Assisted
 0 0 0 0 0 0 0 0 0

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
 The funds for the PACE program come from the SPPA, therefore, the financing that will flow through the city's funds, both the special assessment revenue in from participants and payments out to SPPA, would simply appear as offsetting financial statements in the city's records. Delinquency by the participant will be handled like any other property tax obligation, where the amount due runs with the property.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life
Category Business
Priority Green

City of Minnetonka, Minnesota

Project # Business-10
Project Name Economic Development Infrastructure Fund

Key Measures Buildings Assisted **Key Measures**
Key Measures **Key Measures**

Description
 The Economic Development Infrastructure Fund is a new program offered by Hennepin County. Up to \$500,000 is available in grant funding to municipalities to support business recruitment and expansion through investments in infrastructure. Projects must be outside of priority transit corridors, such as the Green Line Extension.
 SCHEDULING AND PROJECT STATUS.
 This is a pilot program.

Justification
 The Economic Development Infrastructure Fund will assist businesses that are new or expanding and have a financial need due to extraordinary costs such as demolition, site clearance, soil stabilization and utilities. The business must expend at least \$500,000 in property improvements and create at least 10 new permanent, full time jobs.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-In order to maintain and perhaps enhance its current economic vitality, the city in the future will need to consider and promote: business outreach and retention activities.
 Strategic Plan-Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.
 KEY MEASURES
 2015 2016 2017 2018 2019 2020 2021 2022 2023
 Businesses Assisted
 0 0 0 0 0 0 0 0 0

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
 Staff time would be required to work with the business to apply for the program and to administer the funds. The city would be a pass through of the funds.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life
Category Business
Priority Green

City of Minnetonka, Minnesota

Project # Business-11
Project Name TwinWest Chamber of Commerce

Key Measures Minnetonka Businesses **Key Measures**
Key Measures **Key Measures**

Description
TwinWest is the local Chamber of Commerce.
SCHEDULING AND PROJECT STATUS
This is an ongoing program.

Justification
The city is a member of TwinWest, which allows the city to connect with area businesses. Additionally, TwinWest advocates for a number of issues which the city is involved with, such as Southwest LRT.
PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
Comprehensive Plan-Maintain a partnership with the TwinWest Chamber and collaborate with other agencies to recognize existing and new businesses.
Strategic Plan-Support business retention and expansion and attracting new businesses to help our private sector be economically competitive.
KEY MEASURES
2015 2016 2017 2018 2019 2020 2021 2022 2023
Minnetonka business members
N/A N/A 75 75 100 100 100 115 115
Business visits
N/A N/A 7 8 8 8 8 8 8

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	3,000	3,000	3,000	4,000	4,000	17,000
Total	3,000	3,000	3,000	4,000	4,000	17,000

Funding Sources	2019	2020	2021	2022	2023	Total
General Fund	3,000	3,000	3,000	4,000	4,000	17,000
Total	3,000	3,000	3,000	4,000	4,000	17,000

Budget Impact/Other
Memberships are renewed on an annual basis. There may be other fees associated with membership throughout the year in order to attend events hosted by the Chamber. TwinWest annually sponsors the Minnetonka State of the City event, held in February.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Program
Useful Life N/A
Category Business
Priority Green

City of Minnetonka, Minnesota

Project # Business-12
Project Name Economic Gardening

Key Measures Businesses Assisted
Key Measures
Key Measures
Key Measures

Description
 Hennepin County offers this program to assist medium size companies with growth potential.
 SCHEDULING AND PROJECT STATUS
 Originally, a pilot program, the Economic Gardening program is now a partnership between Hennepin, Anoka, Ramsey, Carver and Scott counties.
 2017/2018 Minnetonka program participants include Burns Engineering and Sherburne Construction.

Justification
 Hennepin County is offering this as part of a partnership to help high-growth / high potential Stage II companies grow faster and create more jobs by providing CEO peer mentoring, stage-specific content and referral to relevant service providers. Stage II is defined as: 10-99 employees, more than \$1M in revenue and having high-growth potential. There is no cost to the companies accepted for participation in the network.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-In order to maintain and perhaps enhance its current economic vitality, the city in the future will need to consider and promote business outreach and retention activities.
 Strategic Plan-Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.
 KEY MEASURES
 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22 2022/23
 Businesses Assisted
 2 2 1 2 2 2 2 2 2

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Unfunded	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
 The county is providing this service, but some of the 2015 and 2016 programs were held in the Minnetonka Community Center. If the program expands, cities may be asked to participate in the costs of the program.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business
Contact Community Development
Type Conceptual
Useful Life N/A
Category Business
Priority n/a

City of Minnetonka, Minnesota

Project # Business-13
Project Name Special Service District

Key Measures SSDs Established

Key Measures

Key Measures

Key Measures

Description

Minnesota law provides a mechanism termed Special Service District which allows cities to help arrange and finance a higher level of services, such a snow removal and lighting, for commercial and industrial properties.

SCHEDULING AND PROJECT STATUS
 There are no areas in the city with a Special Service District at this time. This has been previously explored with the Minnetonka Boulevard/County Road 101 area. Must be initiated by property owners.

State legislation for Special Service Districts sunsets on June 30, 2028.

Justification

The special service district provides the opportunity for commercial and industrial properties to be charged a fee to pay for a service that is not provided as a part of city services or at a level higher than what is being provided.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Provide city services and collaborate with outside agencies and the private sector to leverage additional services that reinforce the city's values.

Strategic Plan-Support business retention and expansion and attract new businesses to help our private sector be economically competitive.

KEY MEASURES

2015	2016	2017	2018	2019	2020	2021	2022	2023
SSDs Established	0	0	0	0	0	0	0	0

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Development Fund	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

Staff time is likely to be significant during the set up of the first special service district. There will be additional staff time needed annually to work with the businesses to determine the next year's fee. The costs for all administrative time can be incorporated into the fees assessed on the businesses.

Annually, there will be an outflow of funds to pay for the services, but they will all be recouped through assessments on the properties.

Economic Improvement Program

2019 *thru* 2023

Department 2-Business

City of Minnetonka, Minnesota

Contact Community Development

Project #	Business-14
Project Name	SAC/REC Deferral Program

Type Program

Useful Life N/A

Category Business

Priority n/a

Key Measures Businesses Assisted

Key Measures

Key Measures

Key Measures

Description

The goal of this program is to minimize the impact of the Metropolitan Council Sewer Availability Charge (SAC) and city's Sewer and Water Residential Equivalency Charges (REC's) to small businesses by allowing businesses to defer a portion of the repayment of fees over time.

SCHEDULING AND PROJECT STATUS
The program became available in June 2017.

Justification

The Metropolitan Council developed the SAC deferral program in 2012. The program was developed to encourage and help communities promote business development by deferring community SAC payment and city REC payments.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
Comprehensive Plan - Facilitate connections between local businesses and various programs that provide incentives and financial assistance for business retention and recruitment.
Strategic Plan - Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.

KEY MEASURES

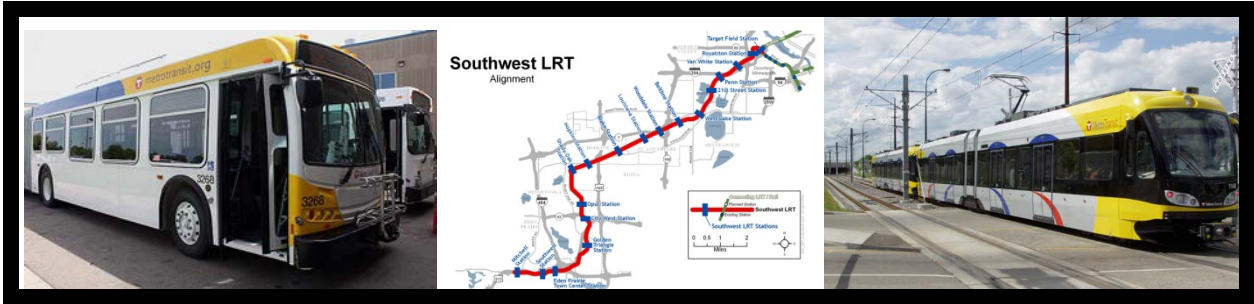
2015	2016	2017	2018	2019	2020	2021	2022	2023
N/A	N/A	2	1	2	2	2	2	2

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

Staff time will be required to work with the business to apply for the program. The repayments collected through this program will flow through city's utility fund for the Metropolitan Council's fees and the city's fees.



TRANSIT



**MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM**

TRANSIT CHAPTER SUMMARY

Projects which enhance resident mobility by pursuing opportunities and solutions to improve transit service.

The city's role in transit in the past has been minimal as Metro Transit has been the provider of the city's and the region's transit system. In 2002, Minnetonka exercised its opt-out authority. It was determined at the time to be in the best interest of the city to have Metro Transit continue providing transit service for the community. In mid-2013, the city and Metro Transit renegotiated a contract in place providing more detail and clarity on the roles and responsibilities for both the city and Metro Transit. The city renegotiated the contract in 2017, which will be revisited again in 2020.

In recent years the city's role in transit has expanded as a more active participant in the city's opt-out status as well as preparing for the Southwest LRT (Green Line Extension) line.

- The total five-year estimated cost of the programs is \$60,000.

Program	2019	2020	2021	2022	2023	5-Year Total
Commuter Services (494)	12,000	12,000	12,000	12,000	12,000	\$60,000
Transit Improvements	0	0	0	0	0	\$0
	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$60,000
Conceptual Programs						
City Owned Properties						
Future HRA Levy Projects						

Programs in green=funding/program is expected to continue

Programs in yellow=funding/program is uncertain for a number of reasons

Programs in red=funding/program is ending

- All facets of transit, such as commuting, bus/dial-a-ride, and Light Rail Transit (LRT) are included.
- The contract with Metro Transit for service will be renegotiated in 2020.

Economic Improvement Program

2019 *thru* 2023

Department 3-Transit

City of Minnetonka, Minnesota

Contact Community Development

Project #	Transit-01
Project Name	Commuter Services

Type Program

Useful Life N/A

Category Transit

Priority Green

Key Measures Business Contacts

Key Measures

Key Measures Commuters Assisted

Key Measures

Description

Commuter Services is an outreach program of the I-494 Corridor Commission, which the city is a member of. The program seeks to reduce traffic congestion and promote alternative transportation options. Other cities include Bloomington, Richfield, Eden Prairie, and Edina.

SCHEDULING AND PROJECT STATUS

This is an ongoing program.

Justification

Commuter Services provides programs, such as commuter fairs, carpool facilitation, and other information on alternative transportation choices to Minnetonka residents and businesses.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Anticipate, plan for and collaborate with other agencies for local and regional transportation improvements and programs to lessen the impacts of congestion.

Strategic Plan-Pursuing shared sub-regional transit solutions with neighboring communities to improve service within the area.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business Contacts	182	170	191	190	190	190	190	190	190
Commuters Assisted	433	388	387	425	450	450	450	450	450

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	12,000	12,000	12,000	12,000	12,000	60,000
Total	12,000	12,000	12,000	12,000	12,000	60,000

Funding Sources	2019	2020	2021	2022	2023	Total
General Fund	12,000	12,000	12,000	12,000	12,000	60,000
Total	12,000	12,000	12,000	12,000	12,000	60,000

Budget Impact/Other

One council member and one city staff member attend monthly meetings of the I-494 Corridor Commission. With preparation time, this is approximately 40 hours of staff time. Additionally, the city is required to be the treasurer of the Commission for two years, which commits additional finance staff time. This happens every 10 years as it rotates between member cities.

Commuter Services is staffed separately, but coordinates with the city on events, such as the city-wide open house to promote their services.

The city's fee is a formula based on population.

Economic Improvement Program

2019 *thru* 2023

Department 3-Transit
Contact Community Development
Type Program
Useful Life N/A
Category Transit
Priority Green

City of Minnetonka, Minnesota

Project # Transit-02
Project Name Transit Improvements

Key Measures Annual Bus Trips
Key Measures
Key Measures
Key Measures

Description

In 2002, Minnetonka exercised its opt-out authority and entered into an agreement for Metro Transit to continue to provide transit service in the city. The city has the ability, with notice, to terminate the current agreement.

SCHEDULING AND PROJECT STATUS
 The Sector Study was completed December 2012 and suggested route changes from that study were implemented August 2013. The agreement will be renegotiated in 2017 and has a three-year term. In 2017, Route 9 was enhanced to provide additional service offerings to downtown, the West End, and Ridgedale. The Route 9 enhancement resulted in a 3% ridership increase in 2017.

Justification

The service in Minnetonka has and continues to be focused on express route, peak service to downtown Minneapolis, with limited local and midday routes. Much of the transit design has to do with the low density of the city. The city may wish to retain some of its Motor Vehicle Sales Tax (MVST) money and provide more local service to better meet the needs of the community.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Encourage the expansion of multi-modal and transit services in the city with other government agencies to support resident and business transportation needs.

Strategic Plan-Pursue shared sub-regional transit solutions with neighboring communities to improve service within the area.

KEY MEASURES

2015	2016	2017	2018	2019	2020	2021	2022	2023
110,938	110,938	114,350	111,500	112,500	114,000	115,000	115,000	115,000

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
MVST Revenue	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

Staff time of approximately 40 to 80 hours per year will be spent attending quarterly meetings, marketing, and consulting with Metro Transit staff.

Currently, the MVST revenues due to the city (~\$4.4 million) go directly to the Metropolitan Council for transit service.



DEVELOPMENT AND REDEVELOPMENT

DEVELOPMENT/REDEVELOPMENT CHAPTER SUMMARY

Activities that promote the vitality of the city through development and redevelopment.

For the 2019-2023 Economic Improvement Program, there are four development/redevelopment programs underway.

- The total five-year estimated cost of the programs is \$700,000.

Program	2019	2020	2021	2022	2023	5-Year Total
Predevelopment	50,000	50,000	50,000	50,000	50,000	\$250,000
Village Center/Comp P	0	0	0	0	0	\$0
LRT & Station Areas	75,000	75,000	75,000	75,000	75,000	\$375,000
Strategic Marketing	0	0	25,000	25,000	25,000	\$75,000
	\$125,000	\$125,000	\$150,000	\$150,000	\$150,000	\$700,000
Conceptual Programs						
City owned properties						
Strategic Acquisition						

Programs in green=funding/program is expected to continue

Programs in yellow=funding/program is uncertain for a number of reasons

Programs in red=funding/program is ending

- The Village Center studies, an outcome of the 2008 Comprehensive Plan update, are on hold while the Comprehensive Plan is updated.
- Some of the pass-through grants identified in the business chapter may be geared towards development/redevelopment activities.
- Costs may increase if the city wishes to take a more proactive role in development/redevelopment.
- The LRT page reflects the commitment by the city towards the LRT project. Additional programs may be needed to help implement station area plans in the Shady Oak and Opus station areas.

Economic Improvement Program

2019 *thru* 2023

Department 4-Development & Redevelop

City of Minnetonka, Minnesota

Contact Community Development

Project #	Dev/Redev-01
Project Name	Pre-Development

Type Program

Useful Life N/A

Category Develop/Redevelopment

Priority Green

Key Measures Projects Assisted

Key Measures

Key Measures Projects Continued

Key Measures

Description

The initial stages of development or redevelopment require extensive analysis, by the developer and the city, to determine if a project is viable. Analysis by the city includes financial readiness, design assistance, geotechnical data gathering, and preliminary work for TIF/tax abatement.

SCHEDULING AND PROJECT STATUS
 This is an on-going program. Staff determines when it is appropriate to use for a potential redevelopment project. For example, initial TIF runs were done for the Tonka on the Creek, Shady Oak Apartments, The Mariner, and Dominion Apartments to determine if Tax Increment Financing would be feasible. Once it was determined that it was, and the developer moved forward as such, the developer was then responsible for paying all legal counsel and financial consultant expenses.

Justification

Predevelopment activities make the city development ready by preparing property for development or redevelopment.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Support existing commercial areas and encourage new development techniques that contribute to the vitality and diversity of the area.

Strategic Plan-Actively promoting the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment, and public activities.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Projects Assisted	2	2	3	4	3	2	2	2	2
Projects Continued after Assistance	1	1	2	2	2	1	1	1	1

Expenditures	2019	2020	2021	2022	2023	Total
Planning/Design	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Funding Sources	2019	2020	2021	2022	2023	Total
Development Fund	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other

Development projects can be time intensive for staff. The range per year is 500 to 1,000 hours depending on the request, number of meetings and type of assistance requested. The predevelopment funds will be used to hire consultants or others to complete work outside of staff's expertise.

Economic Improvement Program

2019 *thru* 2023

Department 4-Development & Redevelop

City of Minnetonka, Minnesota

Contact Community Development

Project # Dev/Redev-02
Project Name Village Center Studies and Comprehensive Plan

Type Program

Useful Life N/A

Category Develop/Redevelopment

Priority Green

Key Measures Village Centers Studied

Key Measures

Key Measures Comprehensive Plan update

Key Measures

Description

The village center studies take a look at each of the city’s thirteen designated village centers and create a guide for redevelopment. The following village centers have been completed: Minnetonka Mills, Opus, Hwy 7/101, Shady Oak, Ridgedale, and some Glen Lake. No other village centers will be completed at this time due to the Comprehensive Plan update process that began in 2016. Additional work may be completed after the update is completed.

Justification

The village center studies provide a guide to potential investors or developers to the organization of the property, general layout of building envelopes, and a defined range of uses. There is a strong emphasis on community engagement and realistic implementation strategies. The Comprehensive Plan is the city's policy framework to guide development, redevelopment and public services and programs for 30 years.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Guide development and redevelopment to ensure community vitality.

Strategic Plan-Actively promoting the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment, and public activities.

KEY MEASURES

2015 2016 2017 2018 2019 2020 2021 2022 2023

Village Centers Studied

1 1 N/A TBD TBD TBD TBD TBD TBD

Expenditures	2019	2020	2021	2022	2023	Total
Planning/Design	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
HRA Levy	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

While a consultant(s) is brought on to assist with the project, there is staff time spent on the village center studies to prepare contracts, review plans, facilitate ideas, prepare for public meetings and attend public meetings. This work can range from 1500-1750 hours per year.

There will be significant staff time when the Comprehensive Plan is updated, which began in 2017.

Economic Improvement Program

2019 thru 2023

Department 4-Development & Redevelop

City of Minnetonka, Minnesota

Contact Community Development

Project # Dev/Redev-03
Project Name LRT and LRT Station Area Development

Type Construction

Useful Life N/A

Category Develop/Redevelopment

Priority Green

Key Measures

Key Measures

Key Measures

Key Measures

Description

Minnetonka has actively been planning for LRT since the early 2000's. By late 2017 SWLRT design was at 90% design and work on the infrastructure around the station areas continues to be discussed and added to when possible. As the LRT project progresses from design to construction there is a desire for redevelopment to occur around the city's station areas to make a more transit oriented area.

Justification

It is anticipated that because of limited county, regional and state resources, as well as the competition for these resources, that in order to assist in facilitating redevelopment in the LRT station areas, the city will need to provide resources of its own. Resources that are available as of 2016 include:

Hennepin County	Regional (Met Council)	State
Capital infrastructure (streets, etc.)	LCDA-TOD fund	Transit Improvement Area (unfunded)
Transit Oriented Development fund	TBRA-TOD fund	Redevelopment grant
Community Works funds		Contamination Clean-Up and Investigation
Affordable housing incentive fund		Transportation Economic Development
Environmental Response fund		

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Encourage a greater density/intensity and mix of land uses where access is available and supported by regional transportation systems (such as LRT).

Strategic Plan-Actively promoting the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment, and public activities.

KEY MEASURES

TBD

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	75,000	75,000	75,000	75,000	75,000	375,000
Total	75,000	75,000	75,000	75,000	75,000	375,000

Funding Sources	2019	2020	2021	2022	2023	Total
HRA Levy	75,000	75,000	75,000	75,000	75,000	375,000
Total	75,000	75,000	75,000	75,000	75,000	375,000

Budget Impact/Other

In July 2015 the city committed \$2 million towards the LRT project. This is being initially funded through the Special Assessment Construction Fund. Partial payback will occur from HRA levy funds over a 10 year period for a total of \$750,000.

It is unknown what type of programs will need to be added and therefore additional budget impacts beyond the city's financial commitment to the LRT project are unknown. As programs are developed, staff time and future funding will need to be reviewed to determine a program's viability.

Economic Improvement Program

2019 *thru* 2023

Department 4-Development & Redevelop

City of Minnetonka, Minnesota

Contact Community Development

Project #	Dev/Redev-04
Project Name	Strategic Marketing

Type Program

Useful Life N/A

Category Develop/Redevelopment

Priority n/a

Key Measures

Key Measures

Key Measures

Key Measures

Description

Development of a marketing strategy to promote the city to current and future residents and businesses.

SCHEDULING AND PROJECT STATUS
 The first step--a market assessment was completed in 2014. In 2018, the city officially launched the refreshed brand. Elements of the branding work included defining the city's personality through extensive outreach efforts, development of a brand manual and style guide, and a refreshed logo.

Justification

Minnetonka is ideally located and in the past has been successful in attracting residents, as well as all types of businesses, including multi-national corporations without much need for promotion. As the economy changes and attracting residents and businesses becomes more competitive it will be necessary to develop a marketing strategy to better promote the city.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Provide regional leadership in promoting community facilities, programs and land uses that are diverse, inclusive, and supportive of residents and businesses.

Strategic Plan-Actively promoting the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment, and public activities.

KEY MEASURES
 TBD

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	0	0	25,000	25,000	25,000	75,000
Total	0	0	25,000	25,000	25,000	75,000

Funding Sources	2019	2020	2021	2022	2023	Total
General Fund	0	0	25,000	25,000	25,000	75,000
Total	0	0	25,000	25,000	25,000	75,000

Budget Impact/Other

Development of a marketing strategy will likely take significant time to develop--including time from both city staff and outside assistance. Funds were budgeted previously from the HRA Levy to begin the marketing project which resulted in the city pursuing a brand strategy.

Staff is in the process of exploring a strategy aimed at marketing to prospective residents and small businesses. The strategic marketing page includes a proposed budget of \$25,000 beginning in 2021 to support this effort. The general fund is the proposed funding source for the council to consider for this initiative. There is a fund balance of approximately \$100,000 to assist with marketing priorities identified for 2019-2021.

Economic Improvement Program

2019 *thru* 2023

Department 4-Development & Redevelop

City of Minnetonka, Minnesota

Contact Community Development

Project # Dev/Redev-05
Project Name City Owned Properties

Type Conceptual

Useful Life

Category Develop/Redevelopment

Priority n/a

Key Measures

Key Measures

Key Measures

Key Measures

Description

The city owns scattered site residential and commercial properties. These properties have been purchased over the years for a variety of reasons that includes potential for future redevelopment or meeting other city goals.

SCHEDULING AND PROJECT STATUS

This is an on-going project.

Justification

The city-owned properties include:

- 4292 Oak Drive Lane (residential)
- 4312 Shady Oak Road (commercial)
- 5937 County Road 101 (residential)
- 5501 Baker Road (residential)
- 5432 Rowland Road (residential)
- 3441 Martha Lane (residential)

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Encourage a diversity of land uses within the city to ensure a broad range of housing and employment choice, shopping and other services for residents and businesses.

Strategic Plan-Actively promoting the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment and public activities.

KEY MEASURES

TBD

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

There is some staff time every year devoted to the upkeep on the properties; however, a property manager is hired for properties where there are tenants, lessening the staff time required. The city also owns several parcels for purposes such as stormwater management, wetland preservation, parks, etc.

Economic Improvement Program

2019 *thru* 2023

Department 4-Development & Redevelop

City of Minnetonka, Minnesota

Contact Community Development

Project #	Dev/Redev-06
Project Name	Future HRA Levy projects

Type Conceptual

Useful Life

Category Develop/Redevelopment

Priority n/a

Key Measures

Key Measures

Key Measures

Key Measures

Description
Future HRA levy projects may include: Strategic Acquisition

Justification
The future HRA levy page includes a placeholder for strategic acquisition of property. The program is currently conceptual. In the future, the council may want to consider an HRA of \$100,000 per year to fund this initiative.

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
HRA Levy	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
In the future, the council may want to consider an HRA levy of \$100,000 per year to fund this initiative.



TAX INCREMENT FINANCING



**MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM**

Economic Improvement Program

2019 *thru* 2023

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-01
Project Name	Development Agreement and TIF Administration

Type Program

Useful Life N/A

Category TIF

Priority Green

Key Measures TIF Districts

Key Measures

Key Measures

Key Measures

Description

Any time a TIF district is formed, a development agreement is prepared between the city and the developer. Administration for both the TIF and the development agreement, over the life of the TIF district, is required.

SCHEDULING AND PROJECT STATUS
Administration and review of the existing development agreements and TIF districts is ongoing until the projects expire.

New TIF districts are anticipated to be added as new redevelopment projects are proposed in anticipation of the LRT.

Justification

In some cases redevelopment projects need city assistance, such as in the form of Tax Increment Financing (TIF) in order for the project to be financially feasible. Anytime a TIF district is set-up there is a cost to the city for monitoring the project.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
Comprehensive Plan-Encourage redevelopment projects that include mixed income housing, including affordable units, while balancing density and the preservation of natural resources.

Strategic Plan-

- Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.
- Actively promoting the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment and public activities.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Active TIF Districts	7	7	7	8	8	8	7	6	6

Expenditures	2019	2020	2021	2022	2023	Total
Other	140,000	140,000	130,000	120,000	110,000	640,000
Total	140,000	140,000	130,000	120,000	110,000	640,000

Funding Sources	2019	2020	2021	2022	2023	Total
Development Fund	140,000	140,000	130,000	120,000	110,000	640,000
Total	140,000	140,000	130,000	120,000	110,000	640,000

Budget Impact/Other

Development agreements and TIF administration are staff led activities. The city regularly calls upon its financial consultants and legal counsel to assist in these matters. Staff time estimates are 520 hours.

Economic Improvement Program

2019 *thru* 2023

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-02
Project Name	Beacon Hill TIF District

Type Program

Useful Life N/A

Category TIF

Priority Yellow

Key Measures Affordable Units

Key Measures

Key Measures

Key Measures

Description
<p>The Beacon Hill TIF district is a housing district approved on February 14, 1994 to construct a senior living facility that includes both senior housing (110 units) and an assisted living component (42 units).</p> <p>SCHEDULING AND PROJECT STATUS This TIF district was approved in 1994 and will expire in 2021.</p> <p>All of the original obligations were paid on the district by 2009. At that time though the EDA modified the district at that time to keep it open in order to keep the affordability in some of the units. With the revised contract stipulates the city extended the assistance for affordability, but reduces the percent of increment paid to the development, 90% for five years (2015) and decreases by 10% every year until 2020. The developer's note was paid in full in 2017.</p>

Justification																		
<p>The Beacon Hill TIF District was established to assist in the development of 152 total units, of which, 61 units are affordable to those at 60% AMI or less.</p> <p>PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS Comprehensive Plan-Support and encourage housing options that are attractive to a wide variety of age and income levels of residents.</p> <p>Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.</p> <p>KEY MEASURES</p> <table border="1"> <thead> <tr> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Affordable Units</td> <td>61</td> <td>61</td> <td>61</td> <td>61</td> <td>61</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>	2015	2016	2017	2018	2019	2020	2021	2022	2023	Affordable Units	61	61	61	61	61	N/A	N/A	N/A
2015	2016	2017	2018	2019	2020	2021	2022	2023										
Affordable Units	61	61	61	61	61	N/A	N/A	N/A										

Expenditures	2019	2020	2021	2022	2023	Total
Program Cost	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
<p>Staff, with occasional consultant assistance, oversees the administration of the TIF district.</p> <p>A portion of the tax increment is retained to cover administrative costs.</p> <p>More detailed information on the TIF district, its obligations, performance, and other development agreement compliance can be found in the 2016 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.</p>

Economic Improvement Program

2019 *thru* 2023

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-03
Project Name	Boulevard Gardens TIF District

Type Program

Useful Life N/A

Category TIF

Priority Green

Key Measures Affordable Units

Key Measures

Key Measures

Key Measures

Description
<p>The Boulevard Gardens TIF district was adopted December 11, 1995 to facilitate the redevelopment and affordable housing built at West Ridge Market, beginning in 1996. Over 500 housing units were created with over 200 of those units as affordable ownership and rental. West Ridge Market was one of the very first Metropolitan Council Livable Communities Demonstration projects.</p> <p>SCHEDULING AND PROJECT STATUS This TIF district was approved in 1995, and will expire in 2022. The developer's note was paid in full in 2011. The housing affordability, set at 30 years, will expire between 2025 and 2027 depending on the component.</p> <p>In 2010 a TIF plan modification was made using the "Jobs Bill" legislation to allow for special TIF pooling for affordable housing as well as \$100,000 to pay for the utility costs associated with the construction of The Glenn by St. Therese in the Glenhaven TIF District. This district is the primary source of TIF pooling that is being utilized for affordable housing.</p>

Justification																		
<p>The development agreement expired with the final TIF payment in 2011. This district has a maximum life of 26 years. The city could use the cash balance to pool for other redevelopment eligible projects in the city if the TIF plan and the project areas are modified.</p> <p>PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS Comprehensive Plan-Support and encourage housing options that are attractive to a wide variety of age and income levels of residents.</p> <p>Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.</p> <p>KEY MEASURES</p> <table border="1"> <thead> <tr> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Affordable Units</td> <td>185</td> <td>185</td> <td>185</td> <td>185</td> <td>185</td> <td>185</td> <td>185</td> <td>185</td> </tr> </tbody> </table>	2015	2016	2017	2018	2019	2020	2021	2022	2023	Affordable Units	185	185	185	185	185	185	185	185
2015	2016	2017	2018	2019	2020	2021	2022	2023										
Affordable Units	185	185	185	185	185	185	185	185										

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
<p>Staff, with occasional consultant assistance, oversees the administration of the TIF district.</p> <p>More detailed information on the TIF district, its obligations, performance, and other development agreement compliance can be found in the 2016 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.</p>

Economic Improvement Program

2019 *thru* 2023

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-04
Project Name	Glenhaven TIF District

Type Program

Useful Life N/A

Category TIF

Priority Green

Key Measures Affordable Units

Key Measures

Key Measures

Key Measures

Description

The Glenhaven TIF district is a renewal and renovation district approved on January 23, 2006. Special legislation was granted to the city in 2009 to extend the duration of the district by seven years to December 31, 2029.

SCHEDULING AND PROJECT STATUS
 This TIF district was approved in 2006 and will expire in 2029. The first two phases of the project included: a mixed use apartment building with retail on the first floor and a senior housing rental community. The third phase, originally planned as a condominium building, was recently changed and a 54-unit cooperative was completed in 2017.

TIF revenue bonds were issued in 2010 and have a lien on the current TIF revenues. Annually, after the bonds are paid, the excess increment will pay the city's \$500,000 interfund loan. In 2017, the city allowed the bonds to be refinanced which resulted in interest savings that will repay the interfund loan by 2026 and provide approximately \$366,000 at the end of the district for other redevelopment projects. Next, the developer's pay as you go note is paid, and once that is paid off, then the city will repay itself for costs associated with the Alano facility. Even with the third phase, it's not likely the developer's note or the city's costs with Alano will be repaid.

Justification

The Glenhaven TIF District was established to assist in the Glen Lake Redevelopment of housing and mixed use. There are 43 affordable units in the total development, affordable to those at 60% AMI or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Support and encourage housing options that are attractive to a wide variety of age and income levels of residents.
 Strategic Plan-

- Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.
- Actively promote the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment, and public activities.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Affordable Units	43	43	43	43	43	43	43	43	43

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

Staff, with occasional consultant assistance, oversees the administration of the TIF district. A portion of the tax increment is retained to cover administrative costs. More detailed information on the TIF district, its obligations, performance, and other development agreement compliance can be found in the 2016 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.

Economic Improvement Program

2019 *thru* 2023

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-06
Project Name	Tonka on the Creek TIF District (The Overlook)

Type Program

Useful Life N/A

Category TIF

Priority Green

Key Measures Affordable Units

Key Measures

Key Measures

Key Measures

Description

The Tonka on the Creek TIF district is a housing district approved February 10, 2014. A 100-unit apartment building known as The Overlook, containing 20 affordable units, was constructed as part of the project.

SCHEDULING AND PROJECT STATUS

This TIF district was approved in 2014 and will end in 2042. Construction began in late 2014, and was completed in early 2016.

Justification

The Tonka on the Creek TIF District was established to assist in the development of an 100-unit apartment building, of which 20 units will be affordable to those at 50% AMI or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Support and encourage housing options that are attractive to a wide variety of age and income levels of residents.

Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.

KEY MEASURES

2015 2016 2017 2018 2019 2020 2021 2022 2023

Affordable Units

N/A 20 20 20 20 20 20 20 20

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

Staff, with occasional consultant assistance, oversees the administration of the TIF district.

A portion of the tax increment is retained to cover administrative costs.

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance can be found in the 2016 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.

Economic Improvement Program

2019 *thru* 2023

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-07
Project Name	Applewood Pointe TIF District

Type Program

Useful Life

Category TIF

Priority Green

Key Measures Affordable Units

Key Measures

Key Measures

Key Measures

Description

The Applewood Pointe TIF district is a redevelopment TIF district approved August 2014. An 89-unit senior cooperative building (Applewood Pointe) containing 9 affordable units was constructed as part of the project.

SCHEDULING AND PROJECT STATUS

The TIF district was approved in 2014 and will end in 2041. Construction began in late 2015 and was completed in 2016.

Justification

The Applewood Pointe TIF District was established to assist in the development of an 89-unit senior cooperative building (Applewood Pointe), of which 9 units are affordable.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Support and encourage housing options that are attractive to a wide variety of age and income levels of residents.

Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.

KEY MEASURES

2015 2016 2017 2018 2019 2020 2021 2022 2023

Affordable Units

N/A 9 9 9 9 9 9 9 9

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

Staff, with occasional consultant assistance, oversee the administration of the TIF district.

A portion of the tax increment is retained to cover administrative costs.

Economic Improvement Program

2019 *thru* 2023

Department 5-TIF Districts
Contact Community Development
Type Program
Useful Life
Category TIF
Priority Green

City of Minnetonka, Minnesota

Project # TIF-08
Project Name Rowland Housing TIF District (At Home)

Key Measures Affordable Units **Key Measures**
Key Measures **Key Measures**

Description
 At Home apartments is a 106-unit apartment building that received TIF assistance through a housing TIF district. Twenty-one units are affordable to those at 50% AMI or less.
 SCHEDULING AND PROJECT STATUS
 The TIF district was approved in 2015 and will end in 2043. Construction began in 2015 and was completed in 2016.

Justification
 This TIF district includes 21 of the 106 rental units affordable to those earning 50% AMI or less.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Support and encourage housing options that are attractive to a wide variety of age and income levels of residents.
 Strategic Plan-Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.
 KEY MEASURES
 2015 2016 2017 2018 2019 2020 2021 2022 2023
 Affordable Units
 N/A 21 21 21 21 21 21 21 21

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
 Staff, with occasional consultant assistance, oversee the administration of the TIF district.
 A portion of the tax increment is retained to cover administrative costs.



TAX ABATEMENT

Economic Improvement Program

2019 *thru* 2023

Department 6-Tax Abatement
Contact Community Development
Type Improvement
Useful Life N/A
Category Tax Abatement
Priority Green

City of Minnetonka, Minnesota

Project # Abatement-1
Project Name Ridgedale

Key Measures Property Value Increase **Key Measures**
Key Measures Property Levy **Key Measures**

Description
 The Ridgedale Tax Abatement was approved in connection with the Ridgedale Mall expansion and pertains to the Macys, Nordstrom and mall properties. The funds are to be used for transportation improvements around the mall site and with public amenities on the site.
 SCHEDULING AND PROJECT STATUS
 The Ridgedale Tax Abatement project was approved in Spring 2013.

Justification
 The Ridgedale Tax Abatement will assist in financing the transportation and other public improvements that must be completed due to the Ridgedale Mall expansion.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Manage the impact of new development upon the local transportation system and encourage the use of Transportation Demand Management (TDM) and other traffic management techniques.
 Strategic Plan-Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.
 KEY MEASURES
 2015 2016 2017 2018 2019 2020 2021 2022
 Property Value Increase
 5.5% 5.3% 20% % XX INFORMATION WILL BE AVAILABLE BY JUNE
 Property Levy
 0 \$26,000 \$81,000 \$20,000 \$135,600 \$152,800 \$170,600 \$188,900

Expenditures	2019	2020	2021	2022	2023	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other
 Staff, with occasional consultant assistance, oversees the administration of the Tax Abatement.
 A portion of the abatement is retained to cover administrative costs.



FUNDING SOURCES AND EXPENDITURE PROJECTIONS



**MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM**

FUND DESCRIPTIONS

Development Fund (2018 estimated beginning fund balance): \$2,995,000

The Development Fund was created with funds remaining after retiring the bonds of a single Tax Increment Finance (TIF) district in 1993. Under provisions of the TIF contract and law, the Development Fund may only be used for costs associated with Minnetonka's redevelopment and economic development activities. The city's Economic Development Authority initiates projects appropriate to these activities.

Livable Communities Fund (2018 estimated beginning fund balance): \$650,000

The Livable Communities fund was created after receiving special legislation to develop an account from the revenues of a closed Tax Increment Finance (TIF) district. The legislation specifically restricts the use of these funds for affordable housing programs. Standards for affordability are consistent with the Metropolitan Council's income, rent and sales price limits. In 2017, \$400,000 was returned to from the sale of Minnetonka Heights. The original source of this funding indicated that the reuse of the funds must be utilized for affordable housing.

Community Development Block Grant (CDBG)

Since 1975, the Community Development Block Grant (CDBG) fund has accounted for revenues and expenditures made under the federal CDBG program. Minnetonka typically uses these funds for housing projects and programs (such as housing rehab, affordable housing, and supportive housing) and supportive services (such as senior chore programs, information and referral services and others).

HRA Levy (Proposed for 2019): \$300,000

Minnesota Statutes 469.033, Subd. 6 authorizes housing and redevelopment authorities (HRAs) the power to levy a tax upon all property within its district to finance housing and redevelopment programs subject to the consent of the city council. In 1988 and amended in 1994 and 2010, the Minnetonka City Council established the Economic Development Authority (EDA) of the City of Minnetonka and transferred to the EDA the control, authority and operation of all projects and programs of the city's HRA. 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.

TIF Pooling (2018 estimated beginning fund balance): \$3,754,000

Under the Minnesota Statutes Chapter 469, at least 75 percent of tax increment in a redevelopment tax increment financing (TIF) district must be spent on eligible activities within the district, leaving up to 25 percent of the funds to be pooled and therefore eligible to be spent outside of the district, but within the project area. An exception to the pooling funds is for affordable rental housing that meet federal housing tax credit guidelines. The city may choose to increase the pooling allowance to 35 percent, which can then go to finance certain affordable housing projects.

**SUMMARY TABLE
EIP 2019
Expenditures by Category & Fund**

Category	Program	Total	Fund							
			CDBG	Devpt Fund	HRA Levy	Livable Com Fund	TIF	TIF Pooling	Other	
Housing:										
	CDBG Admin	\$ 6,000	10,000							
	Small Projects Program	\$ 80,000	80,000							
	Employer Assisted Hsg	\$ -								
	Fair Housing	\$ 900	800							
	Homes Within Reach	\$ 100,000			100,000					
	Housing Improvement Areas	\$ 3,930,000								\$ 3,930,000
	Mtka Home Enhancement	\$ 50,000			50,000					
	Public Services	\$ 14,000	14,000							
	Next Generation Pgm	\$ -								
	Tax Exempt Conduit Debt	\$ -								
	TIF Pooling/Boulevard Gardens	\$ 1,765,179							1,765,179	
	Welcome to Minnetonka	\$ 50,000			50,000					
	<i>Subtotal</i>	\$ 5,999,979	\$ 104,800	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 1,765,179	\$ 3,930,000
Business:										
	Economic Gardening	\$ -								
	Econ. Dev. Infrastructure	\$ -								
	Fire Sprinkler Retrofit	\$ 50,000								\$ 50,000
	Common Bond/Ind Rev	\$ -								
	Pass-Through Grants	\$ 200,000		200,000						
	GreaterMSP	\$ 25,000		25,000						
	MN Investment Fund	\$ 200,000		200,000						
	Open to Business	\$ 15,000		15,000						
	Outreach	\$ 25,000			25,000					
	PACE	\$ -								
	Special Service Districts	\$ -								
	TwinWest	\$ 3,000								3,000
	SAC/REC Deferral Program	\$ -								
	<i>Subtotal</i>	\$ 518,000	\$ -	\$ 440,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 53,000
Transit:										
	Commuter Services	\$ 12,000								12,000
	Transit Improvments	\$ -								
	<i>Subtotal</i>	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,000
Devpt & Redeopt:										
	Predevelopment	\$ 50,000		50,000						
	Village Center/Comp Plan	\$ -								
	LRT and Station Area	\$ 75,000			75,000					
	Strategic Marketing	\$ -								\$ -
	City Owned Properties	\$ -								
	Future HRA Levy Properties	\$ -								
	<i>Subtotal</i>	\$ 125,000	\$ -	\$ 50,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -
TIF Districts:										
	Devpt Agmt & TIF Admin	\$ 140,000		140,000						
	Beacon Hill TIF District	\$ -								
	Blvd Gardens TIF District	\$ -								
	Glenhaven TIF District	\$ -								
	Mtka Mills TIF District	\$ -								
	Tonka on the Creek TIF District	\$ -								
	Applewood Pointe TIF District	\$ -								
	Rowland Housing TIF District	\$ -								
	<i>Subtotal</i>	\$ 140,000	\$ -	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Abatement:										
	Ridgedale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Subtotal</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTALS		\$ 6,794,979	\$ 104,800	\$ 630,000	\$ 300,000	\$ -	\$ -	\$ -	\$ 1,765,179	\$ 3,995,000

City of Minnetonka, Minnesota
Economic Improvement Program
 2019 thru 2028

SOURCES AND USES OF FUNDS

Source	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Development Fund										
Beginning Balance	2,955,000	2,929,500	2,904,000	2,878,500	2,645,000	2,424,500	2,389,000	2,363,500	2,338,000	2,312,500
Revenues and Other Fund Sources										
<i>Revenue</i>										
Boulevard Gardens Returned Levy Proceeds	200,000	200,000	200,000	200,000	0	0	0	0	0	0
Cedar Ridge Assessments	49,500	49,500	49,500	49,500	49,500	49,500	49,500	49,500	49,500	49,500
Grants	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Interest Income	15,000	15,000	15,000	15,000	20,000	15,000	15,000	15,000	15,000	15,000
TIFAdmin Revenue	140,000	140,000	130,000	12,000	110,000	100,000	110,000	100,000	100,000	100,000
Total	604,500	604,500	594,500	476,500	379,500	364,500	374,500	364,500	364,500	364,500
Total Revenues and Other Fund Sources	604,500	604,500	594,500	476,500	379,500	364,500	374,500	364,500	364,500	364,500
Total Funds Available	3,559,500	3,534,000	3,498,500	3,355,000	3,024,500	2,789,000	2,763,500	2,728,000	2,702,500	2,677,000
Expenditures and Uses										
<i>Capital Projects & Equipment</i>										
<u>1-Housing</u>										
Housing Improvement Areas	<i>Housing-06</i>	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0
<u>2-Business</u>										
Grants	<i>Business-02</i>	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
GreaterMSP	<i>Business-04</i>	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
MIF/JCF Projects	<i>Business-06</i>	(200,000)	(200,000)	(200,000)	(300,000)	(200,000)	0	0	0	0
Open to Business	<i>Business-07</i>	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)

Source		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Development Fund											
Special Service District	<i>Business-13</i>	0	0	0	0	0	0	0	0	0	0
	Total	(440,000)	(440,000)	(440,000)	(540,000)	(440,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)
<u>4-Development & Redevelopment</u>											
Pre-Development	<i>Dev/Redev-01</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
	Total	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<u>5-TIF Districts</u>											
Development Agreement and TIF Administration	<i>TIF-01</i>	(140,000)	(140,000)	(130,000)	(120,000)	(110,000)	(110,000)	(110,000)	(100,000)	(100,000)	(100,000)
	Total	(140,000)	(140,000)	(130,000)	(120,000)	(110,000)	(110,000)	(110,000)	(100,000)	(100,000)	(100,000)
Total Expenditures and Uses		(630,000)	(630,000)	(620,000)	(710,000)	(600,000)	(400,000)	(400,000)	(390,000)	(390,000)	(390,000)
Change in Fund Balance		(25,500)	(25,500)	(25,500)	(233,500)	(220,500)	(35,500)	(25,500)	(25,500)	(25,500)	(25,500)
Ending Balance		2,929,500	2,904,000	2,878,500	2,645,000	2,424,500	2,389,000	2,363,500	2,338,000	2,312,500	2,287,000

City of Minnetonka, Minnesota
Economic Improvement Program
 2019 thru 2028

SOURCES AND USES OF FUNDS

Source	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
HRA Levy										
Beginning Balance	300,000	312,000	349,000	386,000	423,000	460,000	497,000	534,000	646,000	758,000
Revenues and Other Fund Sources										
<i>Revenue</i>										
Ad Valorem Tax Levy	300,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Investment Interest	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Loan paybacks	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	312,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000
Total Revenues and Other Fund Sources	312,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000	262,000
Total Funds Available	612,000	574,000	611,000	648,000	685,000	722,000	759,000	796,000	908,000	1,020,000
Expenditures and Uses										
<i>Capital Projects & Equipment</i>										
<u>1-Housing</u>										
Homes Within Reach	<i>Housing-05</i>	(100,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Minnetonka Home Enhancement	<i>Housing-08</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Welcome to Minnetonka Loan Program	<i>Housing-14</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total		(200,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
<u>2-Business</u>										
Outreach	<i>Business-08</i>	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Total		(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
<u>4-Development & Redevelopment</u>										

Source		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
HRA Levy											
Village Center Studies and Comprehensive Plan	<i>Dev/Redev-02</i>	0	0	0	0	0	0	0	0	0	0
LRT and LRT Station Area Development	<i>Dev/Redev-03</i>	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	0	0	0
Future HRA Levy projects	<i>Dev/Redev-06</i>	0	0	0	0	0	0	0	0	0	0
	<i>Total</i>	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	0	0	0
Total Expenditures and Uses		(300,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(150,000)	(150,000)	(150,000)
Change in Fund Balance		12,000	37,000	37,000	37,000	37,000	37,000	37,000	112,000	112,000	112,000
Ending Balance		312,000	349,000	386,000	423,000	460,000	497,000	534,000	646,000	758,000	870,000

City of Minnetonka, Minnesota
Economic Improvement Program
 2019 thru 2028

SOURCES AND USES OF FUNDS

Source	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Livable Communities Fund										
Beginning Balance	650,000	651,000	652,000	653,000	654,000	655,000	656,000	657,000	658,000	659,000
Revenues and Other Fund Sources										
<i>Revenue</i>										
Interest Income	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<i>Total</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Revenues and Other Fund Sources	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Funds Available	651,000	652,000	653,000	654,000	655,000	656,000	657,000	658,000	659,000	660,000
Change in Fund Balance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Ending Balance	651,000	652,000	653,000	654,000	655,000	656,000	657,000	658,000	659,000	660,000

City of Minnetonka, Minnesota
Economic Improvement Program
 2019 thru 2028

SOURCES AND USES OF FUNDS

Source	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
CDBG										
Beginning Balance	0	25,000	50,000	75,000	90,000	105,000	120,000	135,000	150,000	165,000
<u>Revenues and Other Fund Sources</u>										
<i>Revenue</i>										
federal grant	104,800	79,600	54,400	0	0	0	0	0	0	0
program income	25,000	25,000	25,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total	129,800	104,600	79,400	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total Revenues and Other Fund Sources	129,800	104,600	79,400	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total Funds Available	129,800	129,600	129,400	90,000	105,000	120,000	135,000	150,000	165,000	180,000
<u>Expenditures and Uses</u>										
<i>Capital Projects & Equipment</i>										
<u>1-Housing</u>										
CDBG Administration	<i>Housing-01</i>	(10,000)	(8,000)	(6,000)	0	0	0	0	0	0
Small Projects Program	<i>Housing-03</i>	(80,000)	(60,000)	(40,000)	0	0	0	0	0	0
Fair Housing	<i>Housing-04</i>	(800)	(600)	(400)	0	0	0	0	0	0
Public Services	<i>Housing-10</i>	(14,000)	(11,000)	(8,000)	0	0	0	0	0	0
Total		(104,800)	(79,600)	(54,400)	0	0	0	0	0	0
Total Expenditures and Uses		(104,800)	(79,600)	(54,400)	0	0	0	0	0	0

Source	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
CDBG										
Change in Fund Balance	25,000	25,000	25,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Ending Balance	25,000	50,000	75,000	90,000	105,000	120,000	135,000	150,000	165,000	180,000

City of Minnetonka, Minnesota
Economic Improvement Program
 2019 thru 2028

SOURCES AND USES OF FUNDS

Source	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
TIF Pooling										
Beginning Balance	3,754,000	2,354,821	2,120,821	1,886,821	1,886,821	1,886,821	1,886,821	1,886,821	1,886,821	1,886,821
Revenues and Other Fund Sources										
<i>Revenue</i>										
Pooled TIF Funds	600,000	600,000	600,000	620,000	0	0	0	0	0	0
<i>Total</i>	600,000	600,000	600,000	620,000	0	0	0	0	0	0
Total Revenues and Other Fund Sources	600,000	600,000	600,000	620,000	0	0	0	0	0	0
Total Funds Available	4,354,000	2,954,821	2,720,821	2,506,821	1,886,821	1,886,821	1,886,821	1,886,821	1,886,821	1,886,821
Expenditures and Uses										
<i>Capital Projects & Equipment</i>										
<i>1-Housing</i>										
Affordable Housing via TIF Pooling/Blvd Gardens <i>Housing-12</i>	(1,765,179)	(600,000)	(600,000)	(620,000)	0	0	0	0	0	0
Affordable Housing vis TIF Pooling/Beacon Hill <i>Housing-13</i>	(234,000)	(234,000)	(234,000)	0	0	0	0	0	0	0
<i>Total</i>	(1,999,179)	(834,000)	(834,000)	(620,000)	0	0	0	0	0	0
Total Expenditures and Uses	(1,999,179)	(834,000)	(834,000)	(620,000)	0	0	0	0	0	0
Change in Fund Balance	(1,399,179)	(234,000)	(234,000)	0	0	0	0	0	0	0
Ending Balance	2,354,821	2,120,821	1,886,821	1,886,821	1,886,821	1,886,821	1,886,821	1,886,821	1,886,821	1,886,821

EIP 2019-2028
All Categories
Funding Sources and Expenditure Projections

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	TOTAL
Method of Financing											
Development Account	\$ 630,000	\$ 630,000	\$ 620,000	\$ 710,000	\$ 600,000	\$ 400,000	\$ 400,000	\$ 390,000	\$ 390,000	\$ 390,000	\$ 5,160,000
Livable Communities Account	-	-	-	-	-	-	-	-	-	-	-
Federal Grant (CDBG)	104,800	79,600	54,400	-	-	-	-	-	-	-	\$ 238,800
Ad Valorem Tax Levy	300,000	225,000	225,000	225,000	225,000	225,000	225,000	150,000	150,000	150,000	\$ 2,100,000
Pooled TIF Funds	1,765,179	600,000	600,000	620,000	-	-	-	-	-	-	\$ 3,585,179
Revenue Bonds	3,930,000	-	2,000,000	-	-	-	-	-	-	-	\$ 5,930,000
Other	65,000	65,000	90,000	91,000	91,000	66,000	66,000	66,000	66,000	66,000	\$ 732,000.00
<i>Total Funding Sources</i>	<i>\$ 6,794,979</i>	<i>\$ 1,599,600</i>	<i>\$ 3,589,400</i>	<i>\$ 1,646,000</i>	<i>\$ 916,000</i>	<i>\$ 691,000</i>	<i>\$ 691,000</i>	<i>\$ 606,000</i>	<i>\$ 606,000</i>	<i>\$ 606,000</i>	<i>\$ 17,745,979</i>
Expenditures											
Housing	\$ 5,999,979	\$ 804,600	\$ 2,779,400	\$ 745,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 11,078,979
Business	518,000	518,000	518,000	619,000	519,000	319,000	319,000	319,000	319,000	319,000	\$ 4,287,000
Transit	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	\$ 120,000
Development/Redevelopment	125,000	125,000	150,000	150,000	150,000	125,000	125,000	50,000	50,000	50,000	\$ 1,100,000
TIF Admin	140,000	140,000	130,000	120,000	110,000	110,000	110,000	100,000	100,000	100,000	\$ 1,160,000
<i>Total Expenditures</i>	<i>\$ 6,794,979</i>	<i>\$ 1,599,600</i>	<i>\$ 3,589,400</i>	<i>\$ 1,646,000</i>	<i>\$ 916,000</i>	<i>\$ 691,000</i>	<i>\$ 691,000</i>	<i>\$ 606,000</i>	<i>\$ 606,000</i>	<i>\$ 606,000</i>	<i>\$ 17,745,979</i>

City of Minnetonka
Housing TIF District No. 2 Beacon Hill

DISTRICT INFORMATION				ASSUMPTIONS		RECOMMENDATIONS	
	ORIGINAL	HSS	Geo. Enlargement				
District Type	Housing			Interest Income	0.50%	1) Discuss with attorney regarding the use of increment for housing after obligation is finished	
Project Area	Glen Lake Station			Admin Expense	3.00%	2) May need a budget modification before the district expires	
Fiscal Disparities	A Election					3) Admin. Expense is currently: for year 2016 8.5% At or Under Limit	
County Number	1458						
Frozen Rate	UTA #1	132.577%	0.000%				
	UTA #2	0.000%	0.000%				
	UTA #3	0.000%					
Current Year	2016						

TIF PLAN BUDGET ANALYSIS																	
Decertifies						Revenues			Expenditures								
First Receipt	City Approved	Cert Request	Certified	Legal Term	Expected Term	Tax Increment	Interest Income	TOTAL REVENUES	Project	Affordable Housing	Paygo	Interfund Loan	Admin Expense	Outside District	TOTAL EXPENSE	Total Budget	
Original Budget	1996	2/14/1994	4/19/1994	9/19/1994	12/31/2021	12/31/2021											
Cumulative Modified							4,256,000	4,256,000	2,106,000	100,000	1,400,000		350,000		3,956,000	3,956,000	
End of District Projected Actual Total							4,236,308	2,582	4,238,890	-	1,065,000	2,838,031	-	332,949	-	4,235,980	4,235,980
Under / (Over) Budget							19,892	(2,582)	17,110	2,106,000	(965,000)	(1,438,031)	-	17,051	-	(279,980)	(279,980)

CASH FLOW PROJECTIONS ROLL UP																		
TAX CAPACITY						Revenues											Expenditures	
TIF Year	Year	Base	Current	Fiscal Disparities	Captured	Current Local Tax Rate	Tax Increment	Housing Rehab Loan Repayments	Interest Income	TOTAL REVENUES	Project	Affordable Housing	Paygo	Interfund Loan	Admin Expense	Outside District	TOTAL EXPENSE	Ending Balance
18	2013			-		0.000%	2,549,940		(2,303)	2,547,637					190,234		2,473,662	73,975
19	2014	8,647	150,489	-	141,842	132.233%	186,887		560	187,447				165,553	18,689		184,242	77,180
20	2015	8,647	161,889	-	153,242	124.605%	190,260		85	190,345				160,204	19,026		179,230	88,295
21	2016	8,647	190,389	-	181,742	120.496%	218,203		441	218,645		100,000		152,475	15,000		267,475	39,465
22	2017	8,647	190,389	-	181,742	120.496%	218,203		197	218,401		100,000		76,371	15,000		191,371	66,494
23	2018	8,647	190,389	-	181,742	120.496%	218,203		332	218,536		150,000			15,000		165,000	120,030
24	2019	8,647	190,389	-	181,742	120.496%	218,203		600	218,804		150,000			15,000		165,000	173,834
25	2020	8,647	190,389	-	181,742	120.496%	218,203		869	219,073		200,000			15,000		215,000	177,907
26	2021	8,647	190,389	-	181,742	120.496%	218,203		890	219,093		200,000			15,000		215,000	182,000
27	2022	-	-	-	-	0.000%	-		910	910		165,000			15,000		180,000	2,910
							4,236,308		2,582	4,238,890		1,065,000	2,838,031		332,949		4,235,980	



City of Minnetonka
Housing TIF District No. 2 Beacon Hill

Pursuant to M.S. 469.176 Subd. 3:
Admin limit is based on:

Expenses

ADMINISTRATIVE EXPENSE TEST		
TEST 1:	Admin per TIF Plan	\$350,000
TEST 2:	Estimated TIF Admin Allowable (10%)	\$360,600
	Estimated Total TIF Expenses per TIF Plan	\$3,606,000
TEST 3:	Cumulative TIF Admin Allowable (10%)	\$390,303
	Total TIF Expenses for the Project	\$3,903,031
RESULTS:	Admin per TIF Plan	\$350,000
	Actual Admin Expenses	\$332,949
	Available Admin	\$17,051
	Actual Percentage	8.5%

Pursuant to M.S. 469.1763 Subd. 2:

District Type:	Housing
Does this section apply?	Yes
Certification Request Date:	4/19/1994
Does TIF Plan Specify Assisting Housing Outside Project Area?	No
If so, What is the Additional % Allowed in TIF Plan (Up to 10%):	0%
Total Pooling %:	25%

ADMINISTRATIVE EXPENSE CALCULATION				POOLING CALCULATION (25% Outside of District)						EXCESS INCREMENT							
TIF Year	Year	Accumulated Totals		Tax Increment		25% for Qualified			Available for Pooling	Increment Generated	Costs Authorized	Required?	Increment returned	Net Retained	P&I Due after year end	Excess (Not Excess)	
		Admin. Expenses	Total	% Allowable	Current Year	Cumulative	Admin Costs	Costs									Spent Outside
18	2013	190,234	2,283,428	8.3%	2,549,940	2,549,940	190,234	447,251	-	447,251	73,975	2,547,637	3,956,000	no	0	0	(1,408,363)
19	2014	208,923	2,448,981	8.5%	186,887	2,736,827	208,923	475,284	-	475,284	77,180	2,735,084	3,956,000	no	0	0	(1,220,916)
20	2015	227,949	2,609,185	8.7%	190,260	2,927,087	227,949	503,823	-	503,823	88,295	2,925,429	3,956,000	no	0	0	(1,030,571)
21	2016	242,949	2,861,660	8.5%	218,203	3,145,290	242,949	543,374	-	543,374	39,465	3,144,074	3,956,000	no	0	0	(811,926)
22	2017	257,949	3,038,031	8.5%	218,203	3,363,494	257,949	582,924	-	582,924	66,494	3,362,475	3,956,000	yes	3,362,475	0	(593,525)
23	2018	272,949	3,188,031	8.6%	218,203	3,581,697	272,949	622,475	-	622,475	120,030	3,581,010	3,956,000	yes	3,581,010	0	(374,990)
24	2019	287,949	3,338,031	8.6%	218,203	3,799,901	287,949	662,026	-	662,026	173,834	3,799,814	3,956,000	yes	3,799,814	0	(156,186)
25	2020	302,949	3,538,031	8.6%	218,203	4,018,104	302,949	701,577	-	701,577	177,907	4,018,887	3,956,000	yes	4,018,887	0	62,887
26	2021	317,949	3,738,031	8.5%	218,203	4,236,308	317,949	741,128	-	741,128	182,000	4,237,980	3,956,000	yes	4,237,980	0	281,980
27	2022	332,949	3,903,031	8.5%	-	4,236,308	332,949	726,128	-	-	-	4,238,890	3,956,000	yes	4,238,890	0	282,890



City of Minnetonka
TIF District 1-2 Boulevard Gardens

DISTRICT INFORMATION				ASSUMPTIONS		RECOMMENDATIONS		
	ORIGINAL	HSS	Geo. Enlargement	Interest Income				
District Type	Redevelopment			0.50%				
Project Area	Development District No 1			Admin Expense	4.00%			
Fiscal Disparities	A Election			3) Admin. Expense is currently: 8.5% At or Under Limit				
County Number	1460							
Frozen Rate	UTA #1 134.725%	0.000%	0.000%					
	UTA #2 0.000%							
	UTA #3 0.000%							
Current Year	2016							

TIF PLAN BUDGET ANALYSIS																			
Decertifies							Revenues				Expenditures								
	First Receipt	City Approved	Cert Request	Certified	Legal Term	Expected Term	Tax Increment	Bonds	Interest Income	TOTAL REVENUES	Project	Paygo	Admin Expense	County Admin	Affordable	Outside District	Other Expense	TOTAL EXPENSE	Total Budget
Original Budget	1997	12/11/1995	6/11/1996	7/2/1996	12/31/2022	12/31/2022													
Cumulative Modified							37,300,000	19,300,000	350,000	56,950,000	10,564,578	26,650,000	2,335,422		6,400,000		11,000,000	56,950,000	56,950,000
End of District Projected Actual Total							39,491,518		188,802	39,680,321	100,000	16,692,812	1,975,176	5,601	6,445,000	290,352	14,171,379	39,680,321	39,680,321
Under / (Over) Budget							(2,191,518)		161,198	17,269,679	10,464,578	9,957,188	360,246	(5,601)	(45,000)	(290,352)	(3,171,379)	17,269,679	17,269,679

CASH FLOW PROJECTIONS ROLL UP																		
TAX CAPACITY						Revenues				Expenditures								
TIF Year	Year	Base	Current	Fiscal Disparities	Captured	Current Local Tax Rate	Tax Increment	Interest Income	TOTAL REVENUES	Project	Paygo	Admin Expense	County Admin	Affordable	Outside District	Increment Returned	TOTAL EXPENSE	Ending Balance
16	2012	-	-	-	-	0.000%	1,627,601	8,491	1,636,092			143,414	5,601	1,025,000		950,000	2,124,015	290,352
17	2013	-	-	-	-	0.000%	1,779,294	(6,936)	1,772,358			173,989				950,000	1,123,989	938,721
18	2014	-	-	-	-	131.818%	1,831,293	10,588	1,841,881			89,030				991,000	1,080,930	1,700,572
19	2015	72,750	1,573,468	-	1,500,718	124.388%	1,855,744	14,057	1,869,801	-	-	90,674				949,000	1,039,674	2,530,699
20	2016	72,750	1,623,624	-	1,550,874	120.460%	1,860,541	12,653	1,873,194	-	-	74,422				1,209,352	1,283,773	3,120,120
21	2017	72,750	1,623,624	-	1,550,874	120.460%	1,861,457	15,601	1,877,058	-	-	74,458		2,400,000	290,352	1,209,947	3,974,758	1,022,421
22	2018	72,750	1,623,624	-	1,550,874	120.460%	1,861,457	5,112	1,866,569	-	-	74,458		600,000		1,209,947	1,884,406	1,004,584
23	2019	72,750	1,623,624	-	1,550,874	120.460%	1,861,457	5,023	1,866,480	-	-	74,458		600,000		1,209,947	1,884,406	986,659
24	2020	72,750	1,623,624	-	1,550,874	120.460%	1,861,457	4,933	1,866,391	-	-	74,458		600,000		1,209,947	1,884,406	968,644
25	2021	72,750	1,623,624	-	1,550,874	120.460%	1,861,457	4,843	1,866,301	-	-	74,458		600,000		1,209,947	1,884,406	950,539
26	2022	72,750	1,623,624	-	1,550,874	120.460%	1,861,457	4,753	1,866,210	-	-	74,458		620,000		1,209,947	1,904,406	912,344
27	2023	-	-	-	-	0.000%	-	-	-	-	-	-				912,344	912,344	(0)
28	2024	-	-	-	-	0.000%	-	-	-	-	-	-				-	-	(0)
							39,491,518	188,802	39,680,321	100,000	16,692,812	1,975,176	5,601	6,445,000	290,352	14,171,379	39,680,321	



City of Minnetonka
TIF District 1-2 Boulevard Gardens

Pursuant to M.S. 469.176 Subd. 3:

Admin limit is based on: Expenses

ADMINISTRATIVE EXPENSE TEST	
TEST 1: Admin per TIF Plan	\$2,335,422
TEST 2: Estimated TIF Admin Allowable (10%)	\$5,461,458
Estimated Total TIF Expenses per TIF Plan	\$54,614,578
TEST 3: Cumulative TIF Admin Allowable (10%)	\$3,770,514
Total TIF Expenses for the Project	\$37,705,244
RESULTS: Admin per TIF Plan	\$2,335,422
Actual Admin Expenses	\$1,975,176
Available Admin	\$360,246
Actual Percentage	5.2%

Pursuant to M.S. 469.1763 Subd. 2:

District Type: Redevelopment
 Does this section apply? Yes
 Certification Request Date: 6/11/1996
 Does TIF Plan Specify Assisting Housing Outside Project Area? Yes
 If so, What is the Additional % Allowed in TIF Plan (Up to 10%): 10%
 Total Pooling %: 35%

TIF Year	Year	ADMINISTRATIVE EXPENSE CALCULATION				POOLING CALCULATION (35% Outside of District)								EXCESS INCREMENT						
		Accumulated Totals				Tax Increment		25% for Qualified Costs*	Qualified Redevelopment Costs	Available for Pooling	35% Available for Affordable Housing			Increment Generated	Costs Authorized	Required?	Increment returned	Net Retained	P&I Due after year end	Excess (Not Excess)
		Admin Expenses	Total	% Allowable	Current Year	Cummulative	Admin Costs				Spent Outside	Affordable Housing	Affordable Housing							
16	2012	1,100,312	17,894,043	6.1%	1,627,601	20,995,902	1,100,312	4,148,664	-	15,049,330	290,352	850,839	1,025,000	1,772,358	56,950,000	no	0	0	(55,177,642)	
17	2013	1,274,301	17,894,043	7.1%	1,779,294	22,775,196	1,274,301	290,352	-	290,352	290,352	1,299,603	-	274,603	3,614,239	56,950,000	no	991,000	0	(53,335,761)
18	2014	1,363,331	17,894,043	7.6%	1,831,293	24,606,489	1,363,331	290,352	-	290,352	290,352	1,851,525	-	826,525	5,484,040	56,950,000	no	949,000	0	(51,465,960)
19	2015	1,454,005	17,894,043	8.1%	1,855,744	26,462,233	1,454,005	290,352	-	290,352	290,352	2,410,362	-	1,385,362	5,484,040	56,950,000	no	949,000	0	(51,465,960)
20	2016	1,528,427	17,894,043	8.5%	1,860,941	28,322,774	1,528,427	290,352	-	290,352	290,352	2,987,129	-	1,962,129	7,357,234	56,950,000	no	1,209,352	0	(49,592,766)
21	2017	1,602,885	20,584,395	7.8%	1,861,457	30,184,231	1,602,885	290,352	290,352	-	-	3,564,181	2,400,000	139,181	9,234,292	56,950,000	no	1,209,947	0	(47,715,708)
22	2018	1,677,343	21,184,395	7.9%	1,861,457	32,045,689	1,677,343	-	-	-	-	4,141,233	600,000	116,233	11,100,862	56,950,000	no	1,209,947	0	(45,849,138)
23	2019	1,751,802	21,784,395	8.0%	1,861,457	33,907,146	1,751,802	-	-	-	-	4,718,285	600,000	93,285	12,967,342	56,950,000	no	1,209,947	0	(43,982,658)
24	2020	1,826,260	22,384,395	8.2%	1,861,457	35,768,603	1,826,260	-	-	-	-	5,295,336	600,000	70,336	14,833,733	56,950,000	no	1,209,947	0	(42,116,267)
25	2021	1,900,718	22,984,395	8.3%	1,861,457	37,630,061	1,900,718	-	-	-	-	5,872,388	600,000	47,388	16,700,033	56,950,000	no	1,209,947	0	(40,249,967)
26	2022	1,975,176	23,604,395	8.4%	1,861,457	39,491,518	1,975,176	-	-	-	-	6,449,440	620,000	4,440	18,566,244	56,950,000	no	1,209,947	0	(38,383,756)
27	2023	1,975,176	23,604,395	8.4%	-	39,491,518	1,975,176	-	-	-	-	6,449,440	-	4,440	18,566,244	56,950,000	no	912,344	0	(38,383,756)
28	2024	1,975,176	23,604,395	8.4%	-	39,491,518	1,975,176	-	-	-	-	6,449,440	-	4,440	18,566,244	56,950,000	no	0	0	(38,383,756)



DISTRICT INFORMATION				ASSUMPTIONS		RECOMMENDATIONS			
District Type	ORIGINAL	HSS	Geo. Enlargement	Interest Income		1)			
Project Area	Renewal and Renovation			Admin Expense	4.00%	2)			
Fiscal Disparities	Glen Lake Station					3) Admin. Expense is currently:	for year 2016	8.2%	At or Under Limit
County Number	1463								
Frozen Rate	UTA #1 99.282%	0.000%	0.000%						
	UTA #2 0.000%								
	UTA #3 0.000%								
Current Year	2016								

TIF PLAN BUDGET ANALYSIS

	Decertifies						Revenues				Expenditures							Total Budget			
	First Receipt	City Approved	Cert Request	Certified	Legal Term	Expected Term	Tax Increment	Bond	Interest Income	TOTAL REVENUES	Paygo	Project	Interfund Loan	Bond	Bond Discount	Admin Expense	Outside District		Other Expense	TOTAL EXPENSE	
Original Budget	2007	1/23/2006	4/3/2006	6/2/2006	12/31/2029	12/31/2029															
Cumulative Modified							13,300,000	7,000,000		20,300,000	1,500,000	5,770,000	2,000,000	9,700,000		1,330,000			20,300,000	20,300,000	
							8,070,155	-	45,685	9,997,557	5,612,272	360,895	218	4,031,465	59,500	392,556	-	-	9,474,656	10,456,906	
							Under / (Over) Budget	5,229,845	7,000,000	(45,685)	10,302,443	(4,112,272)	5,409,105	1,999,782	5,668,535	(59,500)	937,444	-	-	10,825,344	9,843,094

CASH FLOW PROJECTIONS ROLL UP

TIF Year	Year	TAX CAPACITY				Current Local Tax Rate	Revenues				Expenditures							Increment Returned	TOTAL EXPENSE	Ending Balance
		Base	Current	Fiscal Disparities	Captured		Tax Increment	Bond	Interest Income	TOTAL REVENUES	Paygo	Project	Interfund Loan	Bond	Bond Discount	Admin Expense	Outside District			
10	2013	-	-	-	-	0.000%	645,745	2,380,000	5,224	3,030,969	2,212,272			240,437	59,500	92,285			2,604,494	426,475
11	2014	117,677	484,211	25,541	340,993	132.233%	330,181		4,167	334,348			220,713		16,509			598,117	162,706	
12	2015	117,677	521,982	32,251	372,054	124.605%	359,928		2,829	362,757		360,895	220,900		19,096			239,996	285,467	
13	2016	117,677	573,209	31,696	423,836	120.496%	419,278		1,427	420,705	300,000		220,813		16,771			537,802	168,370	
14	2017	117,677	573,209	31,696	423,836	120.496%	419,278		842	420,120	200,000		220,450		16,771			437,221	151,269	
15	2018	117,677	645,578	31,696	496,205	120.496%	490,869		756	491,625	175,000		219,813		19,635			414,448	228,446	
16	2019	117,677	645,578	31,696	496,205	120.496%	490,869		1,142	492,011	175,000		218,901		19,635			413,536	306,922	
17	2020	117,677	645,578	31,696	496,205	120.496%	490,869		1,535	492,403	150,000		217,713		19,635			387,348	411,977	
18	2021	117,677	645,578	31,696	496,205	120.496%	490,869		2,060	492,929	200,000		216,250		19,635			435,885	469,021	
19	2022	117,677	645,578	31,696	496,205	120.496%	490,869		2,345	493,214	200,000		219,375		19,635			439,010	523,225	
20	2023	117,677	645,578	31,696	496,205	120.496%	490,869		2,616	493,485	200,000		216,750		19,635			436,385	580,325	
21	2024	117,677	645,578	31,696	496,205	120.496%	490,869		2,902	493,770	200,000		218,350		19,635			437,985	636,111	
22	2025	117,677	645,578	31,696	496,205	120.496%	490,869		3,181	494,049	250,000		219,350		19,635			488,985	641,175	
23	2026	117,677	645,578	31,696	496,205	120.496%	490,869		3,206	494,075	300,000		214,900		19,635			534,535	600,715	
24	2027	117,677	645,578	31,696	496,205	120.496%	492,642		3,004	495,646	300,000		215,000		19,706			534,706	561,655	
25	2028	117,677	645,578	31,696	496,205	120.496%	492,642		2,808	495,451	300,000		214,500		19,706			534,206	522,900	
26	2029	117,677	645,578	31,696	496,205	120.496%	492,642		2,615	495,257	300,000		213,400		15,000			528,400	489,757	
27	2030	-	-	-	-	0.000%	-		2,449	2,449	150,000		303,850		-			453,850	38,356	
28	2031	-	-	-	-	0.000%	-		192	192	-		-		-			-	38,548	
29	2032	-	-	-	-	0.000%	-		193	193	-		-		-			-	38,740	
30	2033	-	-	-	-	0.000%	-		194	194	-		-		-			-	38,934	



Pursuant to M.S. 469.176 Subd. 3:

Admin limit is based on: Revenues

ADMINISTRATIVE EXPENSE TEST	
TEST 1: Admin per TIF Plan	\$1,330,000
TEST 2: Estimated TIF Admin Allowable (10%)	\$1,330,000
Estimated Total TIF Revenues per TIF Plan	\$13,300,000
TEST 3: Cumulative TIF Admin Allowable (10%)	\$811,584
Total TIF Revenues for the Project	\$8,115,840
RESULTS: Cumulative TIF Admin Allowable (10%)	\$811,584
Actual Admin Expenses	\$392,556
Available Admin	\$419,028
Actual Percentage	4.8%

Pursuant to M.S. 469.1763 Subd. 2:

District Type:	Renewal and Renovation
Does this section apply?	Yes
Certification Request Date:	4/3/2006
Does TIF Plan Specify Assisting Housing Outside Project Area?	No
If so, What is the Additional % Allowed in TIF Plan (Up to 10%):	0%
Total Pooling %:	20%

TIF Year	Year	ADMINISTRATIVE EXPENSE CALCULATION			POOLING CALCULATION (20% Outside of District)						EXCESS INCREMENT						
		Accumulated Totals			Tax Increment		20% for Qualified			Available for Pooling	Increment Generated	Costs Authorized	Required?	Increment returned	Net Retained	P&I Due after year end	Excess (Not Excess)
		Admin. Expenses	Total	% Allowable	Current Year	Cummulative	Admin Costs	Costs	Spent Outside								
10	2013	92,285	650,969	14.2%	645,745	645,745	92,285	36,864	-	36,864	36,864	3,030,969	20,300,000	no	0	0	(17,269,031)
11	2014	108,794	985,317	11.0%	330,181	975,926	108,794	86,391	-	86,391	86,391	3,365,317	20,300,000	no	0	0	(16,934,683)
12	2015	127,890	1,348,074	9.5%	359,928	1,335,854	127,890	139,281	-	139,281	139,281	3,728,074	20,300,000	no	0	0	(16,571,926)
13	2016	144,661	1,768,779	8.2%	419,278	1,755,132	144,661	206,365	-	206,365	168,370	4,148,779	20,300,000	no	0	0	(16,151,221)
14	2017	161,432	2,188,899	7.4%	419,278	2,174,410	161,432	273,450	-	273,450	151,269	4,568,899	20,300,000	no	0	0	(15,731,101)
15	2018	181,067	2,680,524	6.8%	490,869	2,665,279	181,067	351,989	-	351,989	228,446	5,060,524	20,300,000	no	0	0	(15,239,476)
16	2019	200,702	3,172,535	6.3%	490,869	3,156,147	200,702	430,528	-	430,528	306,922	5,552,535	20,300,000	no	0	0	(14,747,465)
17	2020	220,336	3,664,939	6.0%	490,869	3,647,016	220,336	509,067	-	509,067	411,977	6,044,939	20,300,000	no	0	0	(14,255,061)
18	2021	239,971	4,157,867	5.8%	490,869	4,137,885	239,971	587,606	-	587,606	469,021	6,537,867	20,300,000	no	0	0	(13,762,133)
19	2022	259,606	4,651,081	5.6%	490,869	4,628,754	259,606	666,145	-	666,145	523,225	7,031,081	20,300,000	no	0	0	(13,268,919)
20	2023	279,241	5,144,566	5.4%	490,869	5,119,622	279,241	744,684	-	744,684	580,325	7,524,566	20,300,000	no	0	0	(12,775,434)
21	2024	298,875	5,638,336	5.3%	490,869	5,610,491	298,875	823,223	-	823,223	636,111	8,018,336	20,300,000	no	0	0	(12,281,664)
22	2025	318,510	6,132,386	5.2%	490,869	6,101,360	318,510	901,762	-	901,762	641,175	8,512,386	20,300,000	no	0	0	(11,787,614)
23	2026	338,145	6,626,460	5.1%	490,869	6,592,229	338,145	980,301	-	980,301	600,715	9,006,460	20,300,000	no	0	0	(11,293,540)
24	2027	357,851	7,122,106	5.0%	492,642	7,084,871	357,851	1,059,124	-	1,059,124	561,655	9,502,106	20,300,000	no	0	0	(10,797,894)
25	2028	377,556	7,617,557	5.0%	492,642	7,577,513	377,556	1,137,946	-	1,137,946	522,900	9,997,557	20,300,000	no	0	0	(10,302,443)
26	2029	392,556	8,112,813	4.8%	492,642	8,070,155	392,556	1,221,475	-	1,221,475	489,757	10,492,813	20,300,000	no	0	0	(9,807,187)
27	2030	392,556	8,115,262	4.8%	-	8,070,155	392,556	1,221,475	-	-	-	-	-	-	-	-	-
28	2031	392,556	8,115,454	4.8%	-	8,070,155	392,556	1,221,475	-	-	-	-	-	-	-	-	-
29	2032	392,556	8,115,647	4.8%	-	8,070,155	392,556	1,221,475	-	-	-	-	-	-	-	-	-
30	2033	392,556	8,115,840	4.8%	-	8,070,155	392,556	1,221,475	-	-	-	-	-	-	-	-	-





AFFORDABLE HOUSING GOALS



**MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM**

AFFORDABLE HOUSING GOALS

Progress on the city's affordable housing goals.

In 1995, the Minnesota Legislature created the Livable Communities Act (LCA) to address the affordable and life-cycle housing needs in the Twin Cities metropolitan area. When the LCA was established, Minnetonka was one of the first communities to sign up to participate in the program. At that time, a series of affordable housing goals for the city was established for 1996 to 2010. The city has elected to continue to participate in the LCA program, establishing affordable and lifecycle housing goals for 2011 to 2020.

1995-2010 AFFORDABLE HOUSING GOALS

	Goals (1995-2010)	Results	Percent Achieved
New Affordable Ownership Units	180 Units	202	112%
New Affordable Rental Units	324 Units	213	66%
New Rental Units (All)	540 Units	697	130%

1995-2010 New Affordable Ownership Units

Project	Year Completed	Affordable Units	EIP Program Used
Gables of West Ridge Market	1996-1997	90	Boulevard Gardens TIF
Habitat for Humanity	1999	4	None
Ridgebury	2000	56	Ridgebury TIF
The Enclave	2002	1	None
The Sanctuary	2005-2007	3	-Grants -Homes Within Reach
Lakeside Estates	2005	1	Homes Within Reach
Cloud 9 Sky Flats	2006	34	Homes Within Reach
Wyldewood Condos	2006	8	None
Minnetonka Drive	2007	1	Homes Within Reach
Deephaven Cove	2007	2	-Grants -Homes Within Reach
Meadowwoods	2007/2008	2	Homes Within Reach

1995-2010 New Affordable Rental Units

Project	Year Completed	Affordable Units	EIP Program Used
Excelsior Court Apartments	1996	24	
West Ridge Retirement	1997	45	Boulevard Gardens TIF
Boulevard Gardens	1997	46	Boulevard Gardens TIF
Crown Ridge Apartments	1997	46	Boulevard Gardens TIF
Minnetonka Mills	1997	30	Minnetonka Mills TIF
Cedar Pointe Townhouses	1997	9	Cedar Pointe
The Oaks at Glen Lake	2008	13	Glenhaven TIF

2011-2020 AFFORDABLE HOUSING GOALS

	Goals (2011-2020)	Results	Percent Achieved (to date)
New Affordable Units (rental & ownership)	246 to 378	130	53%
New Lifecycle Units	375 to 800	684	182%

2011-2020 New Affordable Units (rental and ownership)

Project	Year Completed	Affordable Units	EIP Program Used
The Glenn by St. Therese	2011	30	Glenhaven TIF
The Ridge	2013	51	TIF Pooling
Tonka on the Creek	2016	20	Tonka on the Creek TIF
At Home	2016	21	Rowland Housing TIF
Cherrywood Pointe	2017	8	N/A
Shady Oak Apartments	2017*	49	TIF Pooling
The Mariner	2017*	55	TIF Pooling
Opus Station Apartments	Proposed 2018*	450	TIF Housing

*Indicates projects that are approved, but not yet constructed therefore affordable and lifecycle units are not counted in 2011-2020 goals.

2011-2020 New Lifecycle Units

Project	Year Completed	Lifecycle Units	EIP Program Used
The Glenn by St. Therese	2011	150	Glenhaven TIF
The Ridge	2013	64	TIF Pooling
Tonka on the Creek	2016	100	Tonka on the Creek TIF
At Home	2016	106	Rowland Housing TIF
Applewood Pointe	2017	89	Applewood Pointe TIF
Lecesse*	2017	32	N/A
Cherrywood Pointe	2017	2	N/A
Zvago	2017	54	Glenhaven TIF

*Indicates projects that are approved, but not yet constructed therefore affordable and lifecycle units are not counted in 2011-2020 goals.

The following is a list EIP programs and their contribution to the city's affordable housing goals.

PROGRAM	AFFORDABLE HOUSING CONTRIBUTION
Housing	
CDBG Program Administration	No direct impact
Emergency Repair Program	No direct impact
Employer Assisted Housing	No direct impact
Fair Housing	No direct impact
Homes Within Reach	Preservation of affordable housing
Housing Improvement Area (HIA)	No direct impact
Minnetonka Heights Apartments	172 affordable units participate in program
Minnetonka Home Enhancement program	No direct impact
Owner-Occupied Housing Rehabilitation	No direct impact
Public Services	No direct impact
Next Generation Program	Program could preserve affordable units
Tax Exempt Financing	Program may add or preserve affordable units
TIF Pooling	51 units added through The Ridge
Welcome to Minnetonka program	No direct impact
Business	
Economic Gardening	No direct impact
Fire Sprinkler Retrofit	No direct impact
Grants	May assist with components of projects that have affordable units
Industrial Revenue Bonds (Common Bond)	No direct impact
GreaterMSP	No direct impact
Minnesota Community Capital Fund (MCCF)	No direct impact
Minnesota Investment Fund (MIF)	No direct impact
Open to Business	No direct impact
Outreach	No direct impact
PACE	No direct impact
Economic Development Infrastructure	No direct impact
TwinWest	No direct impact
Transit	
Commuter Services	No direct impact
LRT	No direct impact
Transit Improvements	No direct impact
Redevelopment	
Predevelopment Projects	May assist projects that are developing affordable housing
Village Center	Help to guide areas where affordable housing may be developed
Tax Increment Financing (TIF)	
Development Agmt/TIF Admin	No direct impact
Beacon Hill TIF District	44 affordable units added in 1994 (prior to affordable housing goals). Preserved in 2010.
Boulevard Gardens TIF District	227 affordable units added in 1996/1997
Glenhaven TIF District	43 affordable units added in 2008 and 2011
Minnetonka Mills TIF District	30 affordable units added in 1997. Even though district has expired, units remain affordable
Tonka on the Creek TIF District	20 affordable units expected in 2015
Applewood Pointe TIF District	9 affordable units completed in 2017 (will not meet Met Council guidelines, therefore not included in goals)
At Home Apartments	21 affordable units completed in 2016
Tax Abatement	
Ridgedale	No direct impact

2018 AFFORDABLE HOUSING INCOME LIMITS

FY 2018 Income Limits Summary

Metro Area	Median Family Income*	FYI 2018 Income Category	Persons In Family							
			1	2	3	4	5	6	7	8
Minneapolis-St. Paul-Bloomington Metro Area	\$94,300	80 % AMI	\$50,350.00	\$57,550.00	\$64,750.00	\$ 71,900.00	\$77,700.00	\$83,450.00	\$89,200.00	\$94,950.00
		60 % AMI	\$39,606.00	\$45,264.00	\$50,922.00	\$ 56,580.00	\$61,106.40	\$65,632.80	\$70,159.20	\$74,685.60
		50 % AMI	\$33,050.00	\$37,750.00	\$42,450.00	\$ 47,150.00	\$50,950.00	\$54,700.00	\$58,500.00	\$62,250.00
		30 % AMI	\$19,850.00	\$22,650.00	\$25,500.00	\$ 28,300.00	\$30,600.00	\$33,740.00	\$38,060.00	\$42,380.00

*Income limits are published on the US Department of Housing and Urban Development user portal: <https://www.huduser.gov/portal/datasets/il.html#2018>

How much do people pay for affordable housing

*Affordability based on family of four

Monthly Rent	AMI	Annual Income
\$0-\$708	0-30%	up to \$28,300
\$708-\$1,179	31%-50%	\$28,300-\$47,150
\$1,179-\$1,415	51%-60%	\$47,150-\$56,580
\$1,415-\$1,798	61%-80%	\$56,580-\$71,900
\$1,798-\$2,357	81%-100%	\$71,900-\$94,300

Affordable rents, based on sample occupations and their average salaries

*Salary information obtained from Indeed.com

Home Health Aide	\$653
Nursing Assistant	\$699
Teacher Assistant	\$652
Bus Driver	\$824
Restaurant Cook	\$696
Bank Teller	\$588

AFFORDABLE HOUSING GOALS

GLOSSARY

Community Development Block Grant (CDBG)	A program through HUD assisting state and local governments with a variety of community development needs
Department of Employment and Economic Development (DEED)	A state agency assisting in economic development through programs targeting business recruitment, expansion and retention; workforce development; and community development
Economic Development Advisory Commission (EDAC)	An advisory commission to the city council on matters related to economic development, housing and redevelopment
Economic Development Authority (EDA)	An authority granted to local governments by the state for the purpose of conducting economic development, housing and redevelopment activities. EDAs have the ability to levy taxes
Housing Improvement Area (HIA)	A defined area in the city in which housing improvements to commonly owned space in condominium/townhouse developments may be financing with the assistance of a city through special assessments
Housing and Redevelopment Authority (HRA)	An authority granted to local governments by the state for the purpose of conducting housing and redevelopment activities
Light Rail Transit (LRT)	A mode of public transit where trains run in a separate right of way
Livable Communities Act (LCA)	A program adopted in 1995 by the Minnesota State Legislature and administered by the Metropolitan Council for purposes of increasing affordable housing and investing in local communities
Metropolitan Council	A regional policy-making body, planning agency and provider of services to guide growth in the Twin Cities metropolitan area
Metro Transit	The transit arm of the Metropolitan Council responsible for running the metropolitan area's bus and train systems
Minnesota Investment Fund (MIF)	A business financing tool offered by DEED to help businesses locate or expand in Minnesota
Property Assessed Clean Energy (PACE)	A program that allows businesses to make clean energy investments in their businesses by financing the costs through a special assessment on the property
Tax Abatement	A temporary deferral of property taxes for purposes of stimulating economic development
Tax Increment Financing (TIF)	A financing tool where additional property taxes generated from a new development are captured and used for public purposes such as housing, removal of blight and employment opportunities
U.S. Department of Housing and Urban Development (HUD)	Established in 1965 as a cabinet-level federal agency that is responsible housing and community development activities

**EDAC Agenda Item #6
Meeting of March 14, 2019**

Brief Description

Staff Report

General Updates

EDAC Commissioner Ann Duginske Cibulka was appointed to EDAC in February to fill Megan Luke's vacated seat. Welcome Ann!

Transit Updates

Green Line Extension (Southwest LRT)

- SWLRT Anticipated Milestones
 - Project received "Limited Notice to Proceed" on December 20, 2018
 - Construction begins on site preparation, demolition, utility work, contractor mobilization – contractor authorized to perform work up to \$216 million
 - March 2019- Metropolitan Council performing pre-construction inspections
 - Contractor to submit full schedule of activities in Q3 2019
 - Full Funding Grant Agreement – August 2019
 - Heavy Construction 2019-2022
 - 2023 – Service begins

Metro Transit

- Community Development staff continue to meet with Metro Transit on a quarterly basis. Most of the time has been devoted to new development connections and preparing for the LRT opening.
- Metro Transit staff has proposed elimination of Route 614 due to ongoing low ridership along the route. The route has been operating under the regional's minimum performance standard for a suburban local route of 10 passengers per in-service hour since it began service. Route 614 began operation in August 2013 between Minnetonka Heights Apartments and Ridgedale shopping center. The route travels along Highway 101, Minnetonka Boulevard and Plymouth Road.

Metro Transit will hold a public hearing on Monday, April 15th at 11:30AM at Ridgedale Library, and will be taking comments on the proposed change until April 25th. The proposed elimination would go into effect in August 2019.

- Metro Transit continues discussions on the long term viability of the Steele St. Park and Ride (along Minnetonka Blvd.) Potential issues include the fate of existing bus routes that service the Park and Ride, and the total cost of the upgrades.

Development Updates

Project	Description	Location	Plans
Chabad House	CUP for religious institution	2327, 2333, 2339 Hopkins Crossroad and 11170 Mill Run, and 11021 Hillside Ln W	https://tinyurl.com/2339HopkinsXrd
Boom Island Brewing	CUP for brewery and tap room	5959 Baker Rd	https://tinyurl.com/5959bakerroad
Medical Examiners Office	Multiple items for public building	14300 Co Rd 101	https://tinyurl.com/14300cord62
Oakland Estates	4-lot subdivision	1922 Oakland Rd	Oakland Estates
Housekeeping Ordinance	minor zoning ordinance text changes	city wide	NA
Cargill	site plan review for driveway reconfiguration	15407 and 15421 McGinty Rd W	http://tinyurl.com/15407McGinty2
Highcroft Meadows	15-unit detached townhome development	14410 Orchard Rd	https://tinyurl.com/14410OrchardRd
Brown Residence	CUP for accessory structure	3000 Surrly Lane	http://tinyurl.com/3000SurrlyLn
Walser Nissan	MDP, SBP for replacement auto dealership	15906 Wayzata Blvd	not yet posted
Glen Lake Apts. (Renneke)	Market rate apartments	14317 Excelsior Blvd	https://tinyurl.com/14317ExcelsiorBlvd
Public Safety facility update and expansion	Fire and police station	14600 Minnetonka Blvd	https://eminnetonka.com/current-projects/planning-projects/2029-police-and-fire-facilities-14600-and-14550-minnetonka-blvd

Marsh Run (Doran)	Market rate apartments	11706 Wayzata Blvd	https://tinyurl.com/11650WayzataBlvd
Villas of Glen Lake	Multiple items for a five lot townhome development	5517/5525 Eden Prairie Rd	https://tinyurl.com/5517edenprairierd
Dominium	Apartment buildings	11001 Bren Rd E	dominium
The Luxe (Ridgedale Executive Apts)	Apartment building	12501 Ridgedale Drive	Ridgedale Executive Apts
Avidor (Ridgedale Active Adult Apts - Trammel Crow)	Apartment building	12421 Wayzata Blvd	Ridgedale Active Adults Apts
Solbekken Villas	Condo buildings	5740/5750 Shady Oak Rd	https://tinyurl.com/5740ShadyOakRd
Minnetonka Hills Apts	Apartment building	2828 & 2800 Jordan Ave	http://tinyurl.com/MtkaHillsApts2nd
Havenwood of Minnetonka (Formerly Mesaba Capital)	Apartment building	17710/17724 Old Excelsior Blvd	http://tinyurl.com/MesabaCapitalMtka
Crest Ridge Senior Housing	Apartment building	10955 Wayzata Blvd	https://tinyurl.com/10955WayzataBlvd
RiZe at Opus	Apartment building	10101 Bren Road East	http://tinyurl.com/lecesse

County Road 101, LISC Corridor Development Initiative

The city purchased 5937 County Road 101 in 2013 due to a road relocation project. Staff is planning to partner with Local Initiatives Support Corporation (LISC) to conduct a visioning process for the property through the Corridor Development Initiative (CDI) process. The CDI process is a nationally award winning process designed to help cities, neighborhoods, and developers work together more proactively in planning and development along major corridors.

The process will bring together a group of experts, consultants, residents, and facilitators to explore development options with city and community stakeholders over a series of four interactive workshops.

Once completed, the city will establish a set of development objectives and/or criteria for the property, which will be presented as recommendations to the EDAC, Planning Commission, and City Council. These recommendations will be used to help staff in the development of a Request for Information that will be used to solicit proposals from developers.

The LISC CDI process was previously used by the city of Minnetonka for the Minnetonka Mills development site in 2009, and again in 2014 for the Glen Lake West redevelopment site. On February 11th, 2019, the city council received a copy of the proposal and reviewed the scope of services for the study. Staff aims to start the engagement process in the 3rd or 4th quarter of 2019.

Opus Area Placemaking and Design Guidelines

Staff applied for and received a \$50,000 grant from Hennepin County Community Works to conduct a study to guide the transformation of the Opus area as the area transitions into a mixed-use community. Aspects of the work will include:

- Development of a wayfinding strategy, which will help to successfully connect the light rail station to the rest of the surrounding community.
- Creation of public realm design guidelines which will guide the aesthetics within the public right of way.
- Activate and enhance the existing trail network to help create a sense of place.
- Creation of a small area implementation plan which will bring all of the Opus strategies and plans together.

City staff published a request for proposals in January 2019 and received four letters of interest on the project. After interviews and internal discussion, staff has chosen the consultant team led by Asakura Robinson in collaboration with WSB and Associates to conduct the scope of work.

The study will begin in March 2019, and will take approximately six months to complete.

Business Development Updates

Carlson Wagonlit Travel, a world leader in digital travel management, recently received a grant of \$450,000 through the Minnesota Department of Employment and Economic Development's (DEED) Job Creation Fund to assist with its expansion at 701 Carlson Pkwy. The company plans to expand within its existing location and create 75 new jobs over the next five years.

PeopleNet is in the process for applying for grants/loans through the city of Minnetonka for DEED's Job Creation Fund and Minnesota Investment Fund to assist with the company's job creation and expansion at 4350 and 4400 Baker Road. The company plans to add 250 new full time jobs and invest \$12.5 million in the facility and furniture, fixtures, and equipment. PeopleNet provides fleet mobility technology for North America's land transportation industry that enables greater levels of safety, compliance, cost reduction and customer service. PeopleNet is a subsidiary of Trimble, Inc. which is known for GPS technology.

Boom Island Brewing submitted plans to relocate the brewery from Minneapolis to Minnetonka this summer. City staff met with the ownership team in January and helped establish a roadmap to guide the business through the city approval process. The brewery has also indicated a desire to utilize the SAC/REC Deferral program through the city. The taproom will be located at 5959 Baker Rd.

Open To Business Year End Summary

The city continues to partner with MCCD Open to Business program. In 2018, our advisor performed 250 hours of free technical assistance to 41 small businesses. Additionally, MCCD assisted a Minnetonka businesses and a Minnetonka resident with financing totaling \$302,500.

This program leveraged over \$2,209,255 in additional resources for local entrepreneurs and supported 41 jobs.

MCCD was approached by an entrepreneur who operates a small boutique. The boutique sells unique clothing, jewelry, and accessory items. Ridgedale Mall had invited the entrepreneur to open a pop up location in Minnetonka and MCCD made this opportunity happen with a small, short term loan to fund rent costs.

Business Marketing Materials

Staff mailed the winter issue of the bi-annual business newsletter “Thrive Minnetonka” Each issue was mailed to 1,188 businesses, and the electronic distribution has grown to over 140 subscribers. The issue featured a business spotlight on NatureWorks, a biochemical company which produces plant based polymers for sustainable household products such as containers and utensils.



City staff is currently working with communications to create a business information pamphlet that will contain information on city and business resources which will be used in future business attraction/retention meetings.

Housing Updates

Center for Energy and Environment

The Welcome to Minnetonka and Minnetonka Home Enhancement Programs are now administered through the Center for Energy and Environment. Minnetonka residents can apply online at www.mnlendingcenter.org or call 612-335-5884 to receive a paper application.

In 2018, CEE closed on four loans. Three of the loans are home enhancement loans, and one is a first time homebuyer loan. There are currently 6 loans in process for residents. As the economy and housing market evolve. Staff anticipates that changes will be needed in the program criteria to better serve city residents. Staff will propose a list of changes for discussion at a future EDAC meeting.

CDBG

Hennepin County continues to manage the home rehabilitation program on behalf of the city. The county began accepting applications in July 2018 and as of January, five projects are in progress, and the city has a robust waitlist of seventy-six applicants.

The county has notified the city that the anticipated allocation for 2019 is \$131,750. This is a 17% increase from the direct allocation of 2018.

Upcoming Events

Thursday, March 21

Joint EDAC, Planning Commission, and City Council Meeting: Launch Properties Workshop 2
City Council Chambers
5:30 p.m.

Thursday, March 28	SLUC Priced Out: The True Cost of Minnesota's Broken Housing Market 316 Brookview Parkway South - 11:30 a.m. 1500 Park Place Blvd Golden Valley, MN 55426
April 8, 2019	ULI MN Regional Council of Mayors Meeting Dorsey and Whitney 50 S. 6 th Street, Suite 1500 – 11:30 am-1:30pm Minneapolis, MN 55402
Thursday, April 24	EDAC Meeting City Council Chambers 6:00 p.m.

Originated by:

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

Attachment: 2018 Annual Report

Community Development Department



Photo by Jeannette Voelz

2018 Activity Report



The Community Development Department is comprised of 30 full and part-time employees who staff four divisions: housing and economic development, planning, environmental health and inspections.

The following report summarizes activities for Community Development during 2018 including:

- Permits and Inspections
- Housing, Redevelopment, and Economic Development
- Environmental Health
- Planning
- Licensing

2018 Wrap-Up

Development activity in Minnetonka continued at a strong pace in 2018. The four divisions collaborated on several complex redevelopment projects including:

- Copper Cow at 5445 Eden Prairie Rd. Restaurant Retrofit
- iFly at 12415 Wayzata Blvd. Indoor Skydiving
- Dominion, 11004 Bren Rd E. Affordable Housing.

Spotlight

As Southwest Light Rail Transit moved closer to reality, the Opus Village Center experienced increasing redevelopment proposals and construction.

- The Dominion project, comprising three buildings and 482 affordable apartments was reviewed and approved.
- The Mariner project, containing a mixture of 249 market rate and affordable apartments was reviewed and approved.
- Civil plans for the transit line continued to be reviewed in collaboration with other agencies.
- Easements and agreements accommodating the transit line were written and executed.

Key 2018 Highlights

- **Permit Valuation** was \$219,172,400 million and 7,358 total permits were issued.
- **4,000 permits** applied for through the ePermits website.
- The **Environmental Health Division** licensed **627** facilities, conducted **860** health inspections, and responded to over **459** nuisance complaints.
- Planning staff processed over **139 development** applications and participated in **25 neighborhood and group initiative meetings.**
- **Economic Development** staff processed 24 housing loan applications.
- Community Development staff participated in **61 council and boards and commission meetings.**
- Staff participated in **26** Comprehensive Steering Committee and community outreach meetings.

Permits and Inspections



In 2018, the city issued 1,828 building permits for construction valued at \$167,488,245. While the number of building permits issued was slightly higher than in 2017, the construction value of these permits was slightly lower. The change is primarily attributed to permits issued for large apartment buildings and commercial projects in 2017. Though several new apartment projects were approved by the city council in 2018, permits for these projects were not issued during the 2018 calendar year.

Construction Value		
	2017	2018
New Single-Family	\$19,473,997	\$31,506,224
New Townhomes/Multi-family	\$74,899,965	\$27,201,295
Residential Addition/Remodel	\$18,957,494	\$20,168,840
Residential Maintenance/Repair/Replace	\$9,491,867	\$14,126,485
Res. Garages, Sheds, Pools & Solar	\$67,810	\$1,157,775
New Commercial/Industrial/Institution	\$5,674,474	\$6,571,000
Commercial Addition/Remodel	\$52,511,795	\$50,070,219
Commercial Tenant Finish	\$1,872,882	\$12,944,038
Commercial Maintenance/Repair/Replace	\$6,473,824	\$3,784,469
TOTAL	\$189,424,048	\$167,530,345

Comparison to Other Cities

Minnetonka's construction value was comparable to our metro peer cities. These were selected because they share similar characteristics. They are second ring suburbs, within 25,000 in a population of each other, and within 17.65 square miles in size of each other. The following are the amounts for building permits and construction values for 2017 and 2018:

City	Population	2017		2018		Change in value from 2017
		Building Permits	Construction Value*	Building Permits	Construction Value*	
Apple Valley	52,435	1,902	\$202.5	1,773	\$141.6	-35%
Burnsville	61,439	1,476	\$56.7	1,824	\$115.5	103%
Eagan	68,488	3,145	\$428.8	2,636	\$139.5	-68%
Eden Prairie	63,726	2,213	\$182.1	2,317	\$193.8	6%
Maple Grove	66,814	4,143	\$174.2	3,241	\$250.4	44%
Minnetonka	53,394	1,790	\$189.2	1,838	\$167.4	-12%
Plymouth	76,882	2,984	\$272.9	2,786	\$244.1	-10%
						*in millions

Commercial/Institutional Construction

Commercial/Institutional construction activity increased from 2017. Several large remodel projects accounted for much of this change.

Project/Type	Location	Value
iFly (new)	12415 Wayzata Blvd	\$6,500,000
United Health Group (exterior remodel)	5995 Opus Parkway	\$4,600,000
Ridgedale Target (Remodel)	13201 Ridgedale Drive	\$4,200,000
Whitewater Parking Ramp (Addition)	12700 Whitewater Drive	\$3,463,400
Hopkins High School (Remodel)	2400 Lindberg Drive	\$2,922,800
United Health Group (Remodel)	5995 Opus Parkway	\$2,900,000
Clear Spring Elementary School (Addition)	5701 Co Rd 101	\$2,705,000
United Health Group (Remodel)	5995 Opus Parkway	\$2,653,800
United Health Group (Remodel)	12700 Whitewater Drive	\$2,500,000
Carlson Towers (Remodel)	701 Carlson Parkway	\$2,000,000
Morrie's Mazda (Remodel)	13700 Wayzata Blvd	\$1,600,000
Vital Images (Remodel)	5850 Opus Parkway	\$1,500,000

New Single-Family Home Construction

In 2018, 60 permits were issued for new single-family homes. The average square footage of these new homes decreased slightly from 2017 and the average value increased significantly to \$525,104. Three of the new homes had a permit value of over \$1,000,000, which does not include lot costs.

New Single-Family Home Construction			
Year	Average Value*	Permits	Average Sq. Footage
2018	\$525,104	60	4,407
2017	\$447,976	41	4,832
2016	\$553,956	42	4,277
2015	\$447,958	40	4,284
2014	\$492,899	53	4,620
*does not include lot cost			

Multi-Family Residential New Construction

The city issued building permits for two new apartment buildings in 2018, Minnetonka Hills and Havenwood. The value on these two permits were \$26,371,295.

Residential Additions, Remodels, Maintenance			
Year	Permits	Value	Average Value
2018	1,484	\$34,295,325	\$23,110
2017	1,448	\$28,457,861	\$19,653
2016	1,576	\$29,091,823	\$18,459
2015	2116	\$37,188,124	\$17,575
2014	1,429	\$24,749,970	\$17,320

Residential Additions, Remodels, and Maintenance/Repair

The total number of permits and value of residential additions, remodeling, and maintenance projects increased in 2018. The average valued of these permits likewise increased.

Other Permits Issued

The total number of permits issued in Minnetonka for plumbing, electrical, HVAC decreased from 2017. Fire permits increased from 206 in 2017 to 231 in 2018.

Permit Type	2014	2015	2016	2017	2018
Plumbing/SW	1,877	1,867	1,767	1,837	1,799
Electrical	1,985	2,030	1,886	1,918	1,994
Mechanical	1,511	1,551	1,613	1,699	1,737
TOTAL	5,540	5,702	5,520	5,664	5,530

Inspections

The Permits and Inspections Division of the Community Development Department is responsible for inspections of building, electrical, plumbing and mechanical projects for all the buildings in the city. The number of inspections has remained consistent with past years. The department is continually striving to improve the permitting and inspection process.

Inspection Type	2014	2015	2016	2017	2018
Building inspections	4,312	5,137	4,857	4,132	3,969
Electrical inspections	3,227	3,296	3,503	3,279	3,152

Inspection Type	2014	2015	2016	2017	2018
Mechanical inspections	2,463	2,359	3,063	3,052	3,006
Plumbing/SW inspections	2,370	2,504	2,454	2,623	2,679
TOTAL	12,372	13,296	13,877	13,086	12,806

Inspection Services for Other Communities

In 1998, the city began inspection and plan review services for the cities of Deephaven, Woodland, and Greenwood through a contract between the communities. These inspection services—including building, electrical, plumbing, and mechanical inspections, continued in 2018. The following table shows the number of hours spent by the Minnetonka Inspections staff performing inspections in other cities over the past five years:

	2014	2015	2016	2017	2018
Inspection Hours for Deephaven, Woodland, and Greenwood	1,353	1,623	1,511	1,442	1,544

Electronic Permits and Plan Review

In 2003, Minnetonka started using the ePermits system. Under this initial system contractors and residents were able to apply for some permits online. The number of available electronic permit applications has increased over time to the currently available 63 different permit types. In September 2017, the city began using the electronic plan review software ProjectDox. Complementing the online submission process, electronic plan review has generally improved work efficiency and specifically improved customer services. This was particularly evident when Minnetonka became unexpectedly understaffed and was able to contract with Edina for plan review services. Without leaving their offices, the Edina inspectors (who also use the same software) were able to review Minnetonka permit applications.

Year	ePermits	ePermit Valuation
2018	3,994	\$200,018,970
2017	2,708	\$51,551,730
2016	2,176	\$10,778,419
2015	2,154	\$12,081,498
2014	1,763	\$7,646,334



Below is a historical look at residential and commercial plan review.

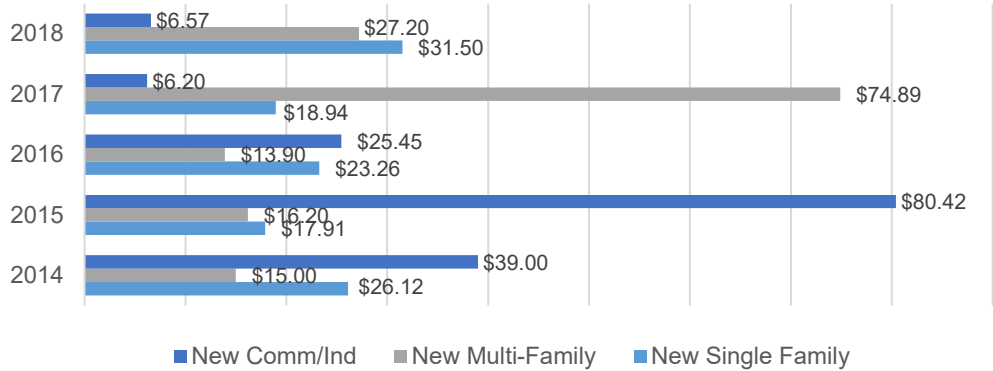
	2014	2015	2016	2017	2018
Residential Building Plans reviewed*	620	764	710	724	689
Commercial Building Plans reviewed*	201	264	281	293	227
*Does not include plan reviews completed for other communities.					

Number of Permits Issued by Type					
	2014	2015	2016	2017	2018
RESIDENTIAL					
New Single-Family	53	40	42	41	60
New Two-Family & Townhouses	0	10	4	5	2
New Multi-Family	1	1	1	4	4
Additions-Remodels-Maintenance	1,420	1,926	1,576	1,448	1,484
Garages, Sheds, Pools & Solar	10	3	5	5	30
COMMERCIAL, INDUSTRIAL, INSTITUTION					
New Buildings	1	8	4	7	2
Additions-Remodels-Maintenance	194	249	327	267	190
Tenant Finishes	13	20	8	13	46
TOTAL	1,692	2,257	1,971	1,790	1,818
TYPE OF PERMIT					
Building	1,748	2,473	1,853	1,790	1,828
Plumbing	1,877	1,867	1,767	1,837	1,799
Electrical	1,985	2,030	1,886	1,918	1,994
Mechanical	1,511	1,554	1,767	1,699	1,737
TOTAL	7,121	7,924	7,273	7,244	7,358

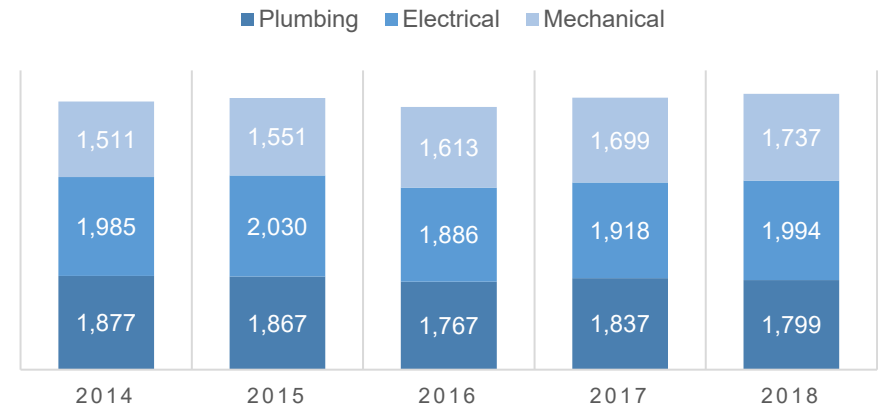
Permit Valuation by Type					
	2014	2015	2016	2017	2018
RESIDENTIAL					
New Single-Family	\$26,123,686	\$17,918,338	\$23,266,152	\$19,473,997	\$31,506,224
New Doubles-Townhouses	0	\$3,950,000	\$1,536,000	\$1,535,000	\$830,000
New Multi-Family	\$15,000,000	\$12,251,000	\$12,384,619	\$73,364,965	\$26,371,295
Additions-Remodels-Maintenance	\$24,876,600	\$37,215,024	\$29,091,823	\$28,457,861	\$34,295,535
Garages, Sheds, Pools, Solar	\$27,680	\$46,616	\$13,632	\$67,810	\$1,157,775
COMMERCIAL, INDUSTRIAL, INSTITUTION					
New Buildings	\$39,000,000	\$80,415,916	\$25,458,223	\$5,674,474	\$6,571,000
Additions-Remodels-Maintenance	\$53,537,961	\$77,922,595	\$53,163,364	\$58,985,619	\$53,797,688
Tenant Finishes	\$6,935,243	\$34,006,878	\$881,166	\$1,872,882	\$12,944,038
TOTAL	\$165,501,170	\$263,726,367	\$145,794,981	\$189,432,608	\$167,473,555

Permit Valuations by Work Type					
Building	\$165,505,670	\$263,564,339	\$145,968,254	\$189,189,513	\$167,488,245
Plumbing/SW	\$7,951,916	\$10,143,350	\$11,236,479	\$8,765,821	\$13,354,714
Electrical	\$16,133,658	\$20,992,937	\$13,565,935	\$16,099,036	\$16,254,467
Mechanical	\$16,787,966	\$26,069,320	\$17,142,801	\$15,993,819	\$22,074,974
TOTAL	\$206,379,210	\$320,769,946	\$187,913,469	\$230,048,189	\$219,172,400

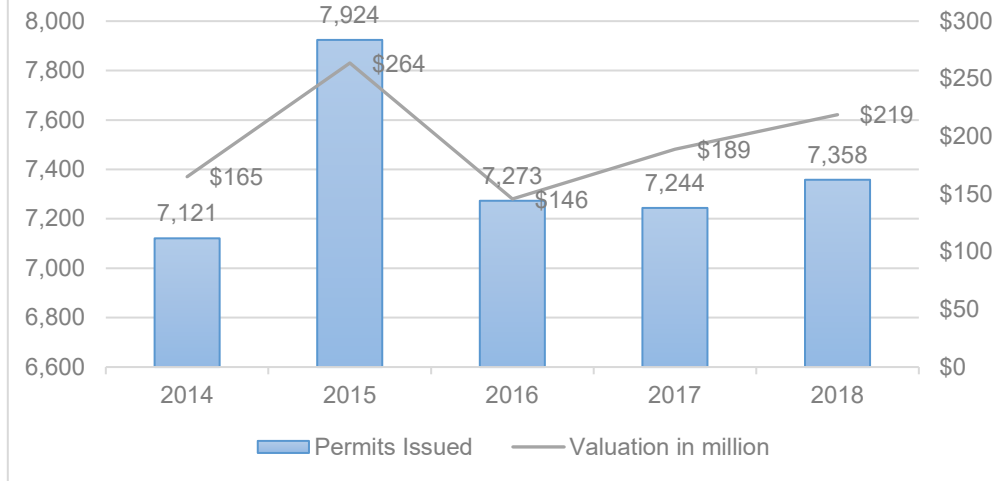
Building Permit Values By Building Type (in million)



Other Permit Types Issued



Permits Issued & Valuation- All Permit Types



Housing, Redevelopment and Development



Housing

The Small Projects Program, now called the Housing Rehabilitation Loan Program, paid through federal Community Development Block Grant (CDBG) funds, continued in 2018 under the management of Hennepin County. Hennepin County began accepting applications in July 2018. As of January, five projects are in progress, and the city has a robust waitlist of seventy-six applicants. A comparative summary of the programs is as follows:

	CDBG Rehabilitation Loan Projects	
	2017	2018
Maximum deferred loan allowed	\$5,000	\$15,000*
Average deferred loan amount	\$4,898	\$4,511
Applications in progress	N/A	5
Applicants on the wait list	N/A	76
Projects completed	8	14
Projects still in progress	14	6
Total Expenditures	\$74,186	\$63,161
*The \$15,000 limit did not go into effect until July 2018, a majority of the completed projects fell under the previous \$5,000 limit.		

The **Minnetonka Home Enhancement** program offers low-interest loans of up to \$15,000 for housing maintenance, green investments, and some additions/modernizations. **The Welcome to Minnetonka** program is a low interest deferred loan of up to \$10,000 for first-time homebuyers to use for down payment and/or closing cost assistance. The program is managed by the Center for Energy and Environment.

	2017	2018
Application packets requested/mailed	13	4
Minnetonka Home Enhancement Loans	1	3
Welcome to Minnetonka Loans	1	1
Loans currently in process for residents	-	6

Since 2002, **Homes Within Reach** has acquired properties in order to permanently preserve affordable housing. Through 2018, they have acquired 61 properties in Minnetonka. The chart below illustrates the number of properties acquired for the past five years in Minnetonka:



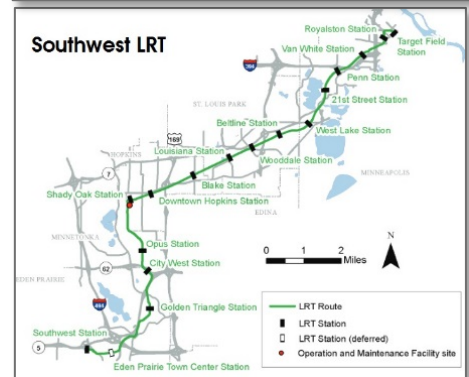
	2014	2015	2016	2017	2018
Homes Within Reach properties acquired	2	2	2	2	2

Transit

Southwest Light Rail

The Southwest Light Rail Transit project achieved several critical milestones necessary to move the project forward. Highlights from 2017 included:

- On July 18, the Southwest Project Office announced that it had settled on a freight rail agreement with Twin Cities & Western railroad. The finalization of this agreement (along with previous agreements with BNSF and Canadian Pacific Railroad) was required prior to Metropolitan Council to applying for federal funding of \$929 million, which is anticipated to be awarded in early 2019.
- In Nov., the Federal Transit Administration granted the approval needed for the project to begin construction and the Metropolitan Council awarded the construction contract to Lunda/C.S McCrossan.
- Southwest LRT is expected to begin passenger service in 2023.



Bus Transit

Metro Transit and Community Development staff continued to meet each quarter.

Bus service within Minnetonka continues to meet or exceed the needs of the community. In 2018, the total number of bus trips serving the city increased from 114,350 to 114,860.

- Interstate 394 Express Routes 652, 672, 673, and 677 are at or exceeding the standard 20 passengers per in-service hour.
- Local routes 9, 12, 46, 612, 643, and 645 are at or exceeding the standard ten passengers per in-service hour.



Business Development

- Three Minnetonka businesses (Float Foundation, Copper Cow, and Nautical Bowls) participated in the new **Sewer Access Charge and Residential Equivalency Charge Deferral Program** launched in 2017.
- Copper Cow also elected to participate in the **Minnetonka Fire Sprinkler Assistance Program** allowing the business to pay for their fire sprinkler installation within 10 years.

- The Ridgedale Mall welcomed several new businesses in 2018 including Lululemon and Old Navy. In addition, the mall property welcomed Xfinity, Café Zuppas, and iFly.
- The Open to Business program continued in 2018 providing 250 hours of free technical assistance to 41 small businesses in Minnetonka (twice as many businesses than in 2017!). Also, MCCD assisted one Minnetonka business and one Minnetonka resident with a total of \$302,500 in loan amounts.
- Two Minnetonka businesses (Burns Engineering and Sherburne Construction) participated in the Economic Gardening Program through Hennepin County. Economic Gardening connects executives of established businesses with individualized research teams and confidential peer learning opportunities to help growing second stage businesses become long-term successful businesses.



THRIVE

In 2018, staff developed “Thrive Minnetonka” a biannual newsletter aimed at sharing business news, updates, helpful resources and success stories. On the current cycle, issues are published in the Summer and Winter.

- Each issue was mailed to 1,188 businesses.
- Electronic distribution has grown to 140 subscribers.
- Each issue included a featured business spotlight and highlighted business programming available.



Redevelopment Grants

Community Development has assisted in obtaining over \$5.3 million in redevelopment grants for projects.

Mariner-

In addition to the request for city funding, the developer/city secured the following grants to assist with the development gap and continued affordability:

- Hennepin County Transit Oriented Design - \$450,000
- Hennepin County – Affordable Housing Investment Fund - \$400,000
- Metropolitan Council - Local Housing Incentives Account Grant - \$210,500

Dominium

- Metropolitan Council – Livable Communities Demonstration Account funding - \$1,876,500
- \$2 million for “Legends of Minnetonka” and “Preserve at Shady Oak” to support redevelopment of an existing office building into nearly 500 affordable housing units across from the future Opus LRT station along the Green Line Extension. Housing choices will be available for families, individuals, and seniors.

Homes Within Reach

- Hennepin County – Affordable Housing Investment Fund - \$300,000
- Metropolitan Council – Local Housing Incentives Account Grant - \$110,000

Hennepin County Corridor Planning Grant

- \$50,000 for the development of public realm design guidelines and a small area plan to guide public realm improvements within the Opus 2 Area.

Redevelopment Initiative

LISC Corridor Development Initiative – 5937 County Road 101

- Staff met with Local Initiatives Support Corporation to develop a design and engagement plan for the city-owned property at 5937 County Road 101. This process will inform the process for a requesting developer interest. The study and engagement will take place in 2019.

Economic Development Advisory Commission Support

The **Economic Development Advisory Commission**, which advises the EDA/City Council on matters related to housing, economic development, redevelopment, and transit, receives staff support by the Community Development Department. Projects reviewed by the EDAC in 2018 included:

- The **2019 HRA Levy** will be \$300,000 with \$100,000 toward housing program loans, \$75,000 to assist with the 10-year payback to the LRT Special Assessment Fund, and \$100,000 to support the Homes Within Reach acquisition and rehabilitation program, and \$25,000 towards business outreach.
- **2019-2022 Economic Improvement Program (EIP)**. The city's EIP plans housing, redevelopment, and economic development programs for the next five years.
- The EDAC reviewed and provided feedback on the **Business Development Strategy**.
- The EDAC participated in a **joint study session** with the city council and planning commission in August. The commissioners toured the Overlook Apartments, at stopped to view projects located along Shady Oak Road, Opus and Hwy 7/101.
- The EDAC reviewed and made recommendations on several **multi-family housing development projects** including:
 - The Mariner – 10400, 10500 and 10550 Bren Road East
 - Dominion Apartments – 11001 Bren Road East
 - Marsh Run – 11650 and 11706 Wayzata Blvd.
- The EDAC reviewed and recommended the adoption of the Fair Housing Policy.



Environmental Health



ENVIRONMENTAL HEALTH DIVISION

Delegation Agreement

In 2018, the Minnesota Department of Agriculture (MDA) requested an updated delegation agreement with all local Environmental Health Departments. Throughout many months, Minnetonka staff worked with six other delegated agencies, MDA staff and the MDA assistant commissioner to draft an agreement.

Super Bowl LII

For six months before Super Bowl LII, Minnetonka Environmental Health worked closely with local, county, state, and federal agencies through the Homeland Security Information Network (HSIN) to ensure that the ten days of official Super Bowl LII events – and countless unofficial events – were free of potential food-related issues. This event planning ensured that no intentional food contamination happened and that food vendors were properly trained in taking all precautions necessary to prevent foodborne illnesses. In addition to food events, Minnetonka staff also received training to identify human trafficking and delivered information about human trafficking to local hotels in our delegated area to prevent such activity in our community.

Licensed Facilities

The following table shows the health licenses issued for the various license categories during each of the past five years, which include restaurants, pools, lodging, and events in our community. In particular, special event licenses have decreased this year with a number of vendors switching to food truck licenses instead of special event licenses. Further, lodging licenses have also decreased due to a change in the state law that no longer allows us to license assisted living locations.

License Category	2014	2015	2016	2017	2018
Food facilities • Includes licensing classes A - G, day care centers, institutions and food vehicles	405	415	425	434	438
Special event food vendors	45	49	53	111	55
Public pools	80	80	81	77	75
Lodging facilities	31	30	31	35	22
Other health licenses • Includes massage operations, bowling alleys, food vending, refuse haulers, theaters, pet shops, and body art	36	36	41	39	37
TOTAL	597	610	631	696	627

Health Inspections

The following table shows regular health inspections and follow-up investigations. Health inspections target critical issues such as food temperatures, food storage, chemical control and worker hygiene. Inspections related to facility construction or remodeling, and complaints are not included. Reinspections in 2018 were higher compared to the last four years.

Inspections	2014	2015	2016	2017	2018
Routine food inspections	427	448	466	500	487
Re-inspections	138	120	169	159	183

The Environmental Health complaints history for health-related items is shown below:

Complaints	2014	2015	2016	2017	2018
Food-related	36	49	26	21	17
Suspected food borne illness	12	7	32	30	36
Pools and beaches	0	0	1	2	0
Clean Indoor Air Act	0	0	0	0	0
Totals	48	56	59	53	53

Also in 2018, health code enforcement actions taken during the year included 32 city-court citations for health code violations, which was an increase from the 17 citations in 2017.

City of Wayzata Environmental Health Services

Since 2007, the Environmental Health division has conducted services for the City of Wayzata. This work requires the annual inspection of 148 facilities, including food, beverage, swimming pools and lodging. The table below illustrates the breakdown of food inspections completed in Wayzata:

Inspections	2014	2015	2016	2017	2018
Routine food inspections	134	124	136	143	139
Re-inspections	43	42	45	54	51

Nuisance Abatements

The Environmental Health Division continues to be the clearing house for nuisance complaints. In 2018, Community Development and others responded to 459 nuisance complaints. Many nuisance situations have required a major commitment of staff time, and sometimes city council action, to obtain compliance. These situations range from incomplete construction or hazardous conditions, to "garbage" houses and property neglect issues.

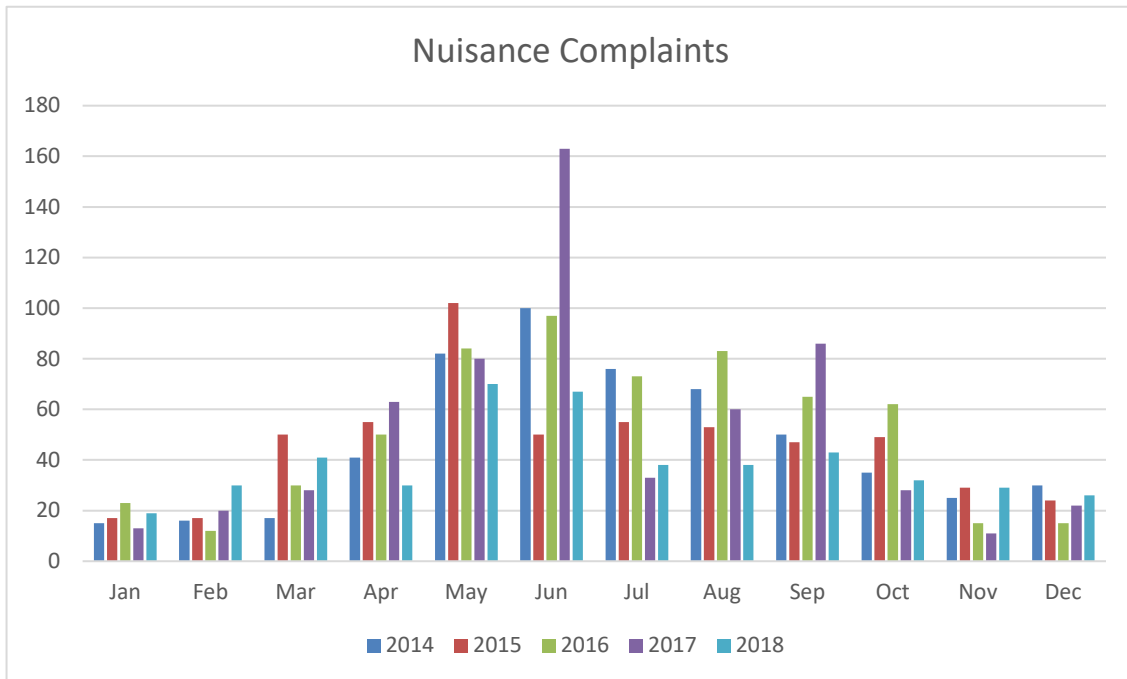
Nuisance Complaints				
2014	2015	2016	2017	2018
555	545	609	607	459

Citations Issued for Nuisances				
2014	2015	2016	2017	2018
4	7	13	3	7

In 2009, the city ordinance was changed to require council action on abatements over \$5000. In 2015, 2016 and 2017, no nuisance properties required an abatement resolution to be adopted by the city council to achieve compliance. In 2018, the number remained at zero.

Nuisance Abatements Completed				
2014	2015	2016	2017	2018
105	85	123	22	18

The city's response to complaints about nuisance conditions is carefully coordinated between the Community Development, Fire, Police, Public Works, and Legal departments. The Environmental Health Division has responsibility for responding to nuisance complaints, complaint tracking, and coordination procedures by utilizing the city's complaint software, which publically is known as "Minnetonka Mike."



Planning



PLANNING DIVISION

In addition to the Comprehensive Plan process, the Planning Division received 139 applications during 2018, which represents a five year high. Not only did the number increase the overall complexity and “size” of the applications increased. For instance in 2018 planning staff reviewed:

- Five apartment projects within a combined total of 1,151 living units
- Two parking ramp projects, with a total of 713 stalls
- Five new restaurants
- One indoor skydiving facility

Types of Applications	2014	2015	2016	2017	2018	5-Year average
Amendments to Previous Projects	4	2	3	0	7	3
Concept Review	7	8	9	6	10	8
Conditional Use Permit	21	24	22	25	18	22
Environmental Assessment Worksheet	0	0	0	0	1	0
Expansion Permit	11	4	11	7	9	8
Interim Use Permit	0	0	0	2	2	1
Guide Plan Amendment	1	0	2	2	3	2
Rezoning & Master Development Plan	11	8	6	9	11	9
Sign Plan	3	3	2	4	2	3
Site and Building Plan	9	7	13	7	12	10
Subdivision	17	22	16	24	18	19
Variance	18	16	29	33	28	25
Telecommunications Facility (admin)	9	3	6	1	12	6
Wetland/Floodplain Alteration	8	3	3	4	2	4
Zoning Text Amendment	2	1	3	0	1	1
Other	10	15	8	11	3	9
Totals	131	116	133	135	139*	131

Aside from formal meetings associated with these 139 formal planning applications, staff participated in neighborhood meetings for several development concepts, including:

- **Morrie’s Ford.** An addition to the existing dealership building and conversion of an existing residential lot to staff parking. (The new parking lot was ultimately removed from the formal application.)
- **Renneke Property.** Redevelopment of the 1.03-acre property at 14317 Excelsior Blvd. The plan contemplated construction of a three-story, 60-unit apartment building.
- **Wells Fargo.** Construction of a new, standalone bank building in the parking lot of the property at 1809 Plymouth Rd.

2018 Planning Project – Residential Highlights

Avidor, 12421 Wayzata Blvd (Reviewed as Ridgedale Active Adults)

Continuing redevelopment in the Ridgedale area, the city approved the Avidor apartments in June. This 168-unit senior rental facility includes a provision of property for a city-owned and operated park.



Preserve at Shady Oak and Legends of Minnetonka, 11001 Bren Road East (Reviewed as Dominion)

In July, the city approved construction of the three-building Dominion project. Upon completion, the new neighborhood will include 482 apartments with a mix of workforce and affordable senior apartments. Preliminary site work began in November.



Doran, 11706 Wayzata Blvd

The city approved the redevelopment of the Marsh Run office condominium site in December. The approved apartment building will contain 175 units, 25 of which will be affordable.



The Luxe, 12501 Ridgedale Drive
(Reviewed as Ridgedale Executive Apartments)

In July – after multiple public meetings – the city approved The Luxe apartment (formerly Ridgedale Executive) project on the former Redstone site. The 77-unit apartment building will be constructed on the property. Grading and utility permit applications were recently submitted.



Mariner, 10400, 10500 and 10550 Bren Road East

The city approved a second apartment project in the Opus area in November. The Mariner development will include 249 apartments, with a mix of market and affordable units. Grading permits have not been issued.

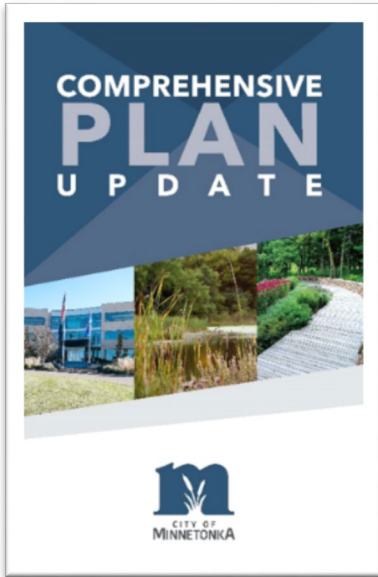


Solbekken, 5740 and 5750 Shady Oak Rd

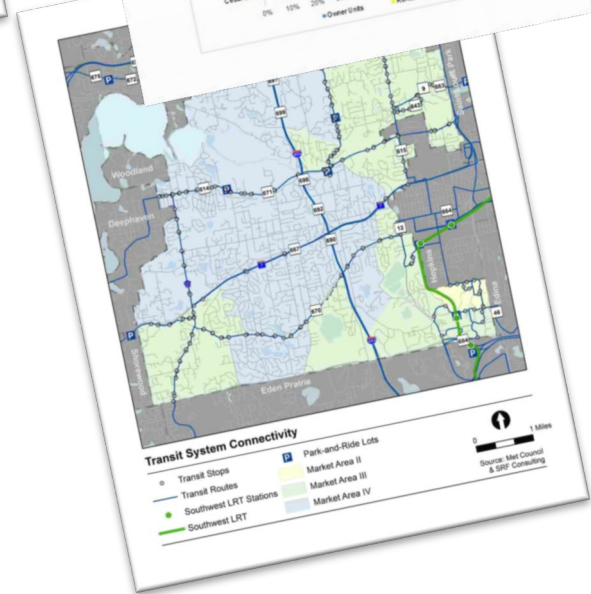
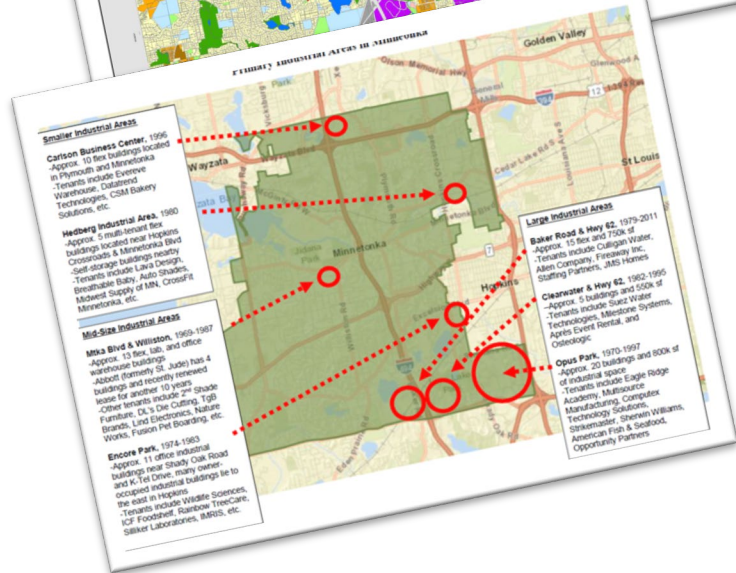
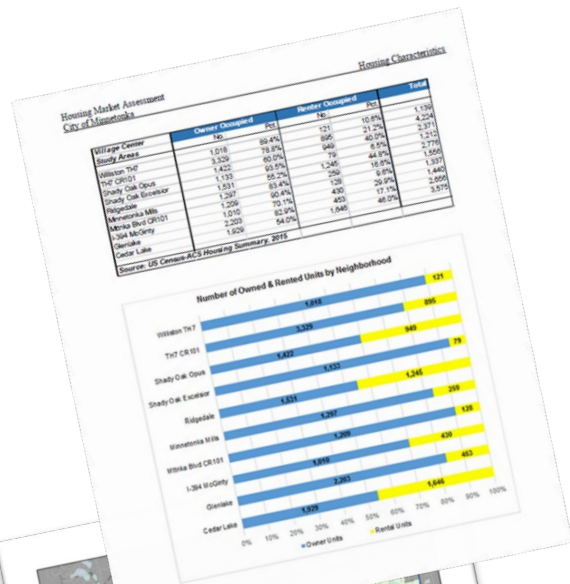
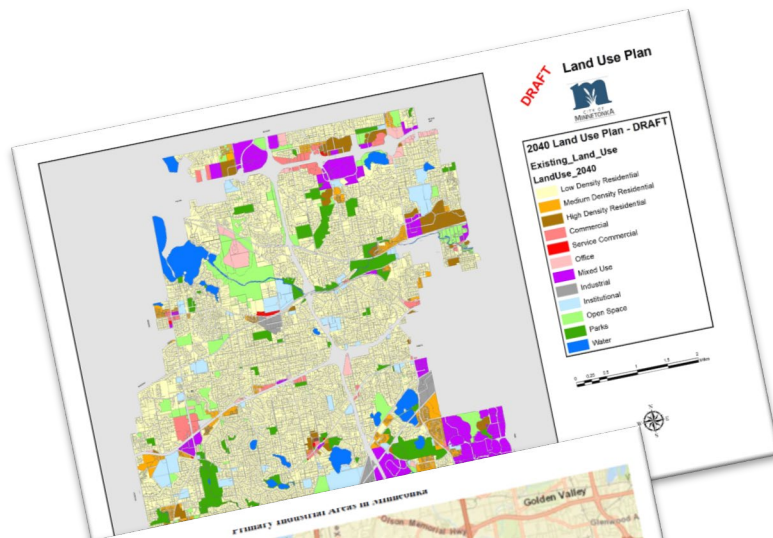
In May, the city approved the redevelopment of the former Music Barn site. Grading and building permits have been issued for the Scandinavian-designed, 15-unit condominium and townhome development.



Comprehensive Planning



Community Development staff led the city's effort to update its comprehensive plan which is required by state law to comply with the regional plan Thrive MSP 2040. The 2040 comprehensive plan update was a significant effort in staff time and resources involving all city departments, extensive community outreach and numerous meetings with the steering committee, city boards, commissions and city council. In addition to providing policy guidance and consistency with regional infrastructure systems, Minnetonka's plan accommodates continued growth in housing and employment over the next 20 years with additional 10,000 people, 6,000 households and 16,000 jobs. Areas of focus in the update included housing to respond to changing community demographics and transportation as a response to desires for expanded community mobility options.



2018 Project Highlights

Copper Cow, 5445 Eden Prairie Road

Approved by the city in February, the former Glen Lake Dairy Queen is undergoing an extensive remodel. The Copper Cow is expected to open in the first quarter of 2019.



Del Sur Empanadas, 14725 Excelsior Blvd

Another new restaurant in the Glen Lake Village Center was approved in September. Starting as an empanada food truck that frequently served the local Unmapped Brewery, Del Sur now has a "brick and mortar" location in Minnetonka.



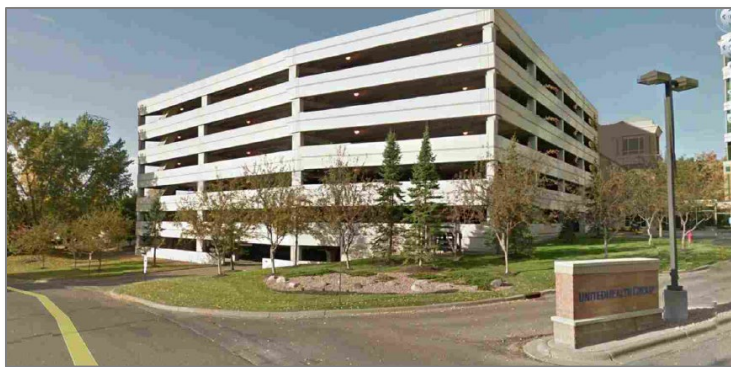
iFly, 12415 Wayzata Blvd

The city approved perhaps the most unique building in Minnetonka in February. The 56-foot tall, iFly building is the first indoor skydiving location in Minnesota.



Olive Garden, 11390 Wayzata Blvd

In October, the city approved construction of an Olive Garden restaurant on the former Macaroni Grill site at Westridge Market. The project garnered a surprising amount of positive feedback from Minnetonka residents.



Parking Ramp Additions, Whitewater Drive

Two parking ramp additions were approved by the city in 2018. The additions illustrate the changing "office model," as companies try to consolidate workers in fewer locations occupied by smaller workstations.

Licensing



Tobacco Licensing and Regulation

In early 2018, a group of advocates for raising the age to purchase tobacco to the age of 21. The advocacy group also proposed various other changes to the regulations to assist in preventing teens from having access to tobacco and tobacco-related products. Community Development staff worked with Hennepin County to provide research for the issue; held stakeholder meetings with affected businesses and proposed ordinance revisions to the city council. The city council adopted the increased age to 21 to purchase tobacco products in Minnetonka.

Contractor Licensing

Each year contractors who complete certain requirements are issued a license allowing them to complete work in the city. The following table shows the number of licenses issued for the various license categories during each of the past five years. In 2015, the city implemented the renewal option for a 1, 2 or 3-year license.

License Category	2014	2015	2016	2017	2018
HVAC/Warm Air	200	205	120	122	145
Refrigeration	119	117	71	69	85
Steam/Hot Water	98	103	58	56	64
Gas	242	245	146	150	194
Total Individual Licenses	659	670	395	397	488

Health Licensing

In addition to contractor licensing and licenses issued by the Environmental Health division, the city is also responsible for licensing several other types of facilities and businesses.

License Category	2014	2015	2016	2017	2018
Dumpsters/Portable Storage Containers	3	3	3	3	3
Pawn/Precious Metal/Secondhand	5	5	6	6	5
Peddler-Solicitor	59	66	99	79	70
Tobacco	33	33	32	34	30
On-Sale Intoxicating Liquor	22	22	22	22	23
Off-Sale Intoxicating Liquor	12	12	11	12	11
On-Sale Wine	11	11	16	17	17
On-Sale 3.2 Percent Malt Liquor	13	13	15	19	17
Off-Sale 3.2 Percent Malt Liquor	2	2	2	2	2
On-Sale Brewers Taproom	-	-	-	1	1
Temporary Liquor	7	2	4	14	9
Total Licenses	183	186	197	208	188

Staffing and Support Services

Community Development relies extensively on support staff to process licenses, permits, and planning applications; schedule inspections; and respond to resident/contractor calls.

The Community Development staff is also responsible for writing reports, compiling information and producing agenda packets for the Planning Commission, Economic Development Advisory Commission and the 2040 Comprehensive Guide Plan Steering Committee as well as the City Council and Economic Development Authority.

Agenda Packets Produced			
*Includes 3 EDAC Subcommittee Meetings.			
	2016	2017	
Planning Commission	22	23	20
EDAC	8	12*	6*
Comp Plan Steering Comm.	0	7	4
City Council	29	28	25
EDA	7	6	6
Total	66	76	61

Agenda Items Produced		
2016	2017	2018
258	271	258



In addition to staffing city council, planning commission, economic development advisory commission and economic development authority meetings, there are many other neighborhood meetings, planning studies and comprehensive plan steering committee and community outreach meetings that also occur outside of a typical workday.

Neighborhood and Planning Study Meetings	
2017	2018
30 (21 neighborhood)	51 (19 neighborhood)

Community Development staff continue to pursue opportunities to gain expertise in their respected fields. This commitment demonstrates the spirit of adaptable learning and innovation that is a pillar of Minnetonka's shared values.

Division/Certifications	Number of employees certified
Permits and Inspection	
<ul style="list-style-type: none"> International Code Council (ICC) Certified Building Inspector 	1
<ul style="list-style-type: none"> ICC Certified Permit Technician 	1
<ul style="list-style-type: none"> ICC Certified Electrical Inspector (Residential and Commercial) 	1
<ul style="list-style-type: none"> ICC Certified Mechanical Inspector 	1
<ul style="list-style-type: none"> ICC Certified Electrical Plan Review 	1
<ul style="list-style-type: none"> ICC Certified Residential Plan Review 	1
<ul style="list-style-type: none"> ICC Certified Residential Building Inspector 	1
<ul style="list-style-type: none"> MN Certified Building Official 	3
<ul style="list-style-type: none"> MN Licensed and Certified Master Plumber 	2
<ul style="list-style-type: none"> MN Certified Commercial Electrical Inspector 	1
<ul style="list-style-type: none"> MN Certified Residential Electrical Inspector 	1
<ul style="list-style-type: none"> MN Certified Master Electrician 	3
<ul style="list-style-type: none"> MN Certified Journeyman Electrician 	2
<ul style="list-style-type: none"> MN Certified Building Official Limited 	2
<ul style="list-style-type: none"> MN Accessibility Specialists 	2
Planning	
<ul style="list-style-type: none"> American Planning Association - American Institute of Certified Planners 	4
<ul style="list-style-type: none"> Certified Mediator 	1
Housing/Redevelopment/Economic Development	
<ul style="list-style-type: none"> National Development Council - Economic Development Finance Professional 	2
<ul style="list-style-type: none"> National Development Council - Housing Development Finance Professional 	1
<ul style="list-style-type: none"> University of Park – Leadership Academy Certification 	2
<ul style="list-style-type: none"> Department of Housing and Urban Development – (CDBG Certification) 	1
<ul style="list-style-type: none"> Minnesota Economic Development Foundation – Certificate of Completion Economic Development Academy 	1
<ul style="list-style-type: none"> IEDC Basic Development Course Certification 	1
<ul style="list-style-type: none"> ULI Building a Foundation 	1
Environmental Health	
<ul style="list-style-type: none"> Registered Sanitarians 	4
<ul style="list-style-type: none"> Certified Pool Operators 	5
<ul style="list-style-type: none"> FDA Standardized Inspectors 	3
<ul style="list-style-type: none"> Certified Mediator 	1
Total certifications	50

Community Development staff served on several committees that guide the region on matters that impact development, public health, planning, and general community development. Staff are currently serving on the following boards and committees:

- Urban Land Institute Community Development Council
- Mankato State Urban Studies Leadership Council
- Metro Cities Housing and Economic Development Committee
- SWLRT Technical Implementation Committee
- Food Code Advisory Committee
- Environmental Health Continuous Improvement Board
- MDH Lodging Workgroup
- Food, Pools, and Lodging program evaluation Workgroup
- MEHA (MN Environmental Health Association) Legislative Committee
- MRWAC (MN Recreational Water Advisory Committee)
- 2018 Environmental Health Super Bowl Planning Committee
- University of Wisconsin-Stout Environmental Science Program Advisory Committee
- West Metro Home Remodeling Fair Committee
- MBPTA (MN Building Permit Technician Association) and their Education Committee
- Mechanical Continuing Education Instructor for the State of Iowa
- Minnesota State Fire Department Association (Honorary Life Member)
- 10,000 Lakes chapter of ICC Building Officials
- Association of Minnesota Building Officials (AMBO) Board Of Directors
- AMBO Egress Committee
- Housing Preservation Workgroup
- AHIF and Home Program Advisory Committee
- Bottineau Community Works Technical Assistance Review Panel
- CDBG Public Service Allocation Committee

