AGENDA
CITY OF MINNETONKA
ECONOMIC DEVELOPMENT ADVISORY COMMISSION
Wednesday May 8, 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

3. Approval of March 14, 2019 minutes

BUSINESS ITEMS

4. 2020-2024 Economic Improvement Program

   Recommendation: Provide final feedback to city staff and recommend approval

5. Affordable Housing Policy

   Recommendation: Review draft housing policy and provide feedback

6. Staff Report

7. Other Business

   Launch Conversation #3 is scheduled for **May 14 at 5:00 p.m.**

   The next regularly scheduled EDAC meeting will be held on**, May 23 at 6:00 p.m.**

8. Adjourn

If you have questions about any of the agenda items, please contact:
Alisha Gray, EDFP, 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

March 14, 2019
6 p.m.

1. Call to Order

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

2. Roll Call

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

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

Councilmember present: Deb Calvert.

3. Approval of Nov. 8, 2018 Minutes

<u>Hromatka moved, Jacobsohn seconded a motion to recommend that the EDAC approve the minutes from the Nov. 8, 2018 meeting as included in the agenda.</u> Duginski-Cibulka, Hromatka, Jacobsohn, Johnson and Yunker voted yes. Johnston and Knickerbocker were absent. <u>Motion passed.</u>

4. Affordable Housing Draft Work Plan

Gray reported.

Johnson appreciated that Page 136 provides the 2018 affordable housing guideline limits and provides a good overview of the annual incomes and job types held by Minnetonka residents. He asked if staff checked what affordable housing programs other cities utilize. Gray responded that more research will be done as part of the process. Minnetonka's land values are so high that the Homes Within Reach land-trust model is one of the few single-family affordable housing programs that works well. Staff is open to creative ways to solve the single-family affordability issue. She encouraged commissioners to provide staff with information on any programs that they learn of that might work.

Jacobsohn stated that he was initially concerned with the concept of a payment in lieu to create affordable housing opportunities. He now thought that it might work if the transaction would be structured to require the funds to be used to create other affordable housing opportunities, especially those in close geographical proximity to a potential project area. Tax credit financing may be shrinking at the federal level in the future. It could provide a good deal of opportunity to offset the potential loss.

Jacobsohn thought it would be beneficial if human resources staff would be involved with structuring a program to provide affordable housing for public service employees.

Hromatka asked if the tenant protection ordinance would apply to future projects. Gray explained that tenant protection would be retroactive for all multi-family housing properties as well as apply to new projects, so educating existing owners and new buyers would be a key component.

Duginske-Cibulka asked how a city would make sure public funding would be used appropriately when utilizing a payment in lieu. Wischnack explained that has not yet been determined. Staff will be watching how other cities handle it and discuss options with commissioners and city councilmembers.

Chair Yunker asked how relocation assistance through a tenant protection ordinance would be funded. Gray explained that if an owner would be responsible for displacing a tenant, then the owner would pay the relocation costs.

Johnson asked for more information on the Legacy Education program. Gray stated that the idea is that existing owners of buildings with multi-family housing would be given a list of buyers who would preserve the affordability. The list would be utilized if the owner would decide to sell.

Hromatka asked how the multi-family-rehabilitation loan would be funded. Gray explained that the program is conceptual and does not have a dedicated source. A funding source would be reviewed when allocation of funds for the EIP is done. Wischnack stated that a housing revenue bond might be one option to consider. Commissioners may brainstorm ideas to discuss next month.

Chair Yunker was interested to see how the payment-in-lieu idea plays out in other cities. His concern is that taking money from one project would make that project that much more expensive. Another concern is determining the proper criteria that would be used to regulate use of the pool of money. Wischnack said that staff has similar concerns. Chair Yunker acknowledged that it could be a great tool to address a dire need.

Duginske-Cibulka compared the payment-in-lieu program to a wetland credit paid to remediate mitigation for a wetland off site. In that case, a third party firm is often used to make sure the credits are applied to create a wetland. A payment in lieu could be structured in a similar manner.

Chair Yunker and commissioners agreed with the timeframe.

5. 2020-2024 Economic Improvement Program

Gray reported.

Hromatka asked for the total dollar amount contributed by the small projects program.

Calvert added that councilmembers are becoming more aware of the challenges to provide affordable housing. Land values in Minnetonka are making new, single-family house prices out of the question for most buyers with a price typically near $1 million. The mayor previously served on the board of Homes Within Reach. He understands the importance of the program.

Hromatka confirmed with Wischnack that there would be an ongoing maintenance fee for the Homes Within Reach houses. Wischnack explained that each house has multiple lines of funding sources.

Hromatka expressed some concern on the price per unit. Wischnack explained that the city calculates the price per unit per year and the subsidy is actually very reasonable.

Gray continued the report.

Duginske-Cibulka asked if the construction projects are publically bid. Wischnack explained that the city is not involved at all with the construction. The construction loan is handled by a bank. Other than the approval of the HIA, that is the only action that the city council takes until the bond is needed. Gray noted that there are provisions in the contract to make sure associations are collecting dues to fund future improvements.

Jacobsohn asked if the real cost to the city is recouped by administration fees. Gray responded that the administration fees are collected through the HIA assessment.

Gray and Wischnack continued the report.

Wischnack noted that 54 percent of the single-family houses in Minnetonka are valued at $300,000 or less.

Hanson reported on public funding provided by CDBG.

Gray continued the report.

Wischnack stated that a note will be added to clarify that TIF funds do not expire.

Chair Yunker asked if the first-time, homebuyer, down-payment-program fund had a carryover balance. Gray answered affirmatively. Wischnack estimated that there are 530 sales transactions in Minnetonka in a year.

Hromotka asked if the $10,000 limit is the reason why the program is not utilized more. Gray though that could be a possibility. Hromotka asked if the amount could be increased. Gray said that could be looked at. There is currently a $300,000 purchase limit. Gray found 20 houses that sold for under $300,000 in Minnetonka this winter. Chair Yunker felt comfortable raising the limit to $15,000. Jacobsohn would be inclined to provide more funds if it would create a greater demand.

Hanson asked commissioners if they felt that the interest rate is appropriate. The deferment would be paid off at the end of the term or due upon sale. Jacobsohn suggested deferring payment for five years because it would remove the problem at the end of the term. He thought the deferral made sense in the beginning. Hromatka agreed that there would be a financial burden for the buyer at the beginning without the deferral.

Hromatka thought the upper limit should be consistent between the two programs. The incentive would be to eliminate the interest rate altogether so more buyers would be able to take advantage of the program.

Jacobsohn felt that the only reason to keep the one percent would be to make it not look like a free giveaway.

Johnson suggested that if it would be paid back in 10 years, then it would be interest free or with one percent interest at the end of a 30-year term. Jacobsohn did not mean to make the program more complicated than it was. Wischnack appreciated the brainstorming. Staff will research some options.

Gray and Wischnack reported on the conceptual ideas.

Jacobsohn asked if something more could be done to encourage condominium and townhome development. Those are affordable housing options. Wischnack said that staff encourages townhome development, but it is a tough market. Jacobsohn thought concessions on density could be traded for an affordable product. Wischnack agreed.

Duginske-Cibulka noted that there is a legal situation that was depressing the townhome/condo market. Wischnack agreed. There were some predatory lawsuits that made the development community concerned about the liability of townhome/condo developers as required by the current state statutes.

Duginske-Cibulka explained that condominium developers have a risk within the first 10 years that would allow the developer to be sued for any problem. Often times, the scale of the project helps offset that. The land price for a townhome could be very low. Townhomes could be built with a subsidized land price.

Gray continued the report.

Wischnack explained how the special assessment construction fund operates. Borrowers pay interest.

Gray reported that the city received $5 million in grants in 2018.

Johnson asked if staff had a list of the projects. Wischnack stated that staff will email commissioners a list of the projects.

Johnson asked how many jobs had been created by the job creation fund. Wischnack stated that a list will be compiled of the new jobs created and provided at the next meeting.

Hanson stated that approximately $300,000 was directly provided to some of the businesses through the Open to Business program. Johnson thought expanding the funding for the Open to Business program should be considered. It provides a unique opportunity.

Gray continued the report.

Johnson thought the staff recommendations look great. It is good to keep conceptual program ideas front and center.

Jacobsohn suggested including the option of requiring a fee in exchange for a percentage of affordable housing as a new concept. Wischnack recommended including the whole list of "to be determined" in the housing section. Jacobsohn agreed.

Gray stated that a draft of the EIP will be reviewed during the EDAC meeting on April 24, 2019.

Chair Yunker suggested that Homes Within Reach information be included. Staff agreed.

6. Staff Report

Gray and Wischnack gave the staff report:

- Staff has received a green light on the SWLRT green line extension. The project office can spend up to $216 million on demolition.
- Metro Transit will hold a public hearing on April 15, 2019 at 11:30 at the Ridgedale Library.
- 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.
- Chabad is a religious institution being proposed.
- Boom Island Brewing has submitted an application for a brewery and tap room on Baker Road.
- The city council adopted multiple housekeeping ordinance amendments.
- Highcroft Meadows is being reviewed as a 15-unit, detached townhome project to be located on Orchard Road.
- Walter Nissan is constructing a new building.
- A concept plan for the Glen Lake apartments has been reviewed.
- The public safety facility application will be reviewed this month.
- The building permit for Dominium has been issued.
- An application for Williston Heights, a four-lot subdivision, is being reviewed.
- The Luxe is being built on Ridgedale Drive.
- Avador is under construction.
- Selbakken Villas are under construction.
- Minnetonka Hills Apartments are under construction.
- Crest Ridge is very close to being completed.
- Phase One of The RiZe at Opus will open this summer.

Hanson reported:

- The city purchased 5937 County Road 101 in 2013 due to a road relocation project. Local Initiative Support Corporation will conduct a visioning process for the property through the corridor development initiative process. A series of four workshops will be held starting in fall of 2019.
- A $50,000 grant from Hennepin County will be used to conduct a study to guide the transformation of the Opus area. The study will begin March of 2019 and take approximately six months to complete.

Gray reported:

- Carlson Wagonlit Travel received a grant of $450,000 through the Job Creation Fund to assist with its expansion at 701 Carlson Pkwy. The funds will support 75 new jobs over the next five years.
- PeopleNet is in the process of applying to both funds to assist with the company's job creation and expansion plans on Baker Road. The company plans to add 250 full-time jobs.

7. Other Business

The second Opus launch conversation is scheduled for March 21, 2019 at 5:30 p.m.

SLUC meets March 28, 2019 at 11:30 a.m. at Brookview in Golden Valley.

The next EDAC meeting is scheduled for April 24, 2019 at 6 p.m.

8. Adjournment

Jacobsohn moved, Hromatka seconded a motion to adjourn the meeting at 8:27 p.m. Motion passed unanimously.

EDAC Agenda Item #4
Meeting of May 8, 2019

Brief Description 2020 – 2024 Economic Improvement Program (EIP)

Background

The city's first Economic Improvement Program (EIP) was developed in 2012, making this the eight iteration of the document. The purpose of the EIP is to provide a detailed five-year plan of the city's economic development activities. The document is updated annually.

Economic Improvement Program

The draft EIP has been prepared based upon the comments by the city council received during previous EIP reviews, as well as the Economic Development Advisory Commission's (EDAC's) feedback from the March 14, 2019 EDAC meeting.

- ***Chapter 1 Policy*** — defines what funding categories programs will fall under, and also details the funding principles.

- ***Chapters 2 through 7*** — provides program pages for each of the city's existing and potential future economic development efforts. The program page details the description, purpose, goals, budget impacts, schedule, and key measures. Additionally, it outlines the funds needed to develop or sustain the program over a period of years.

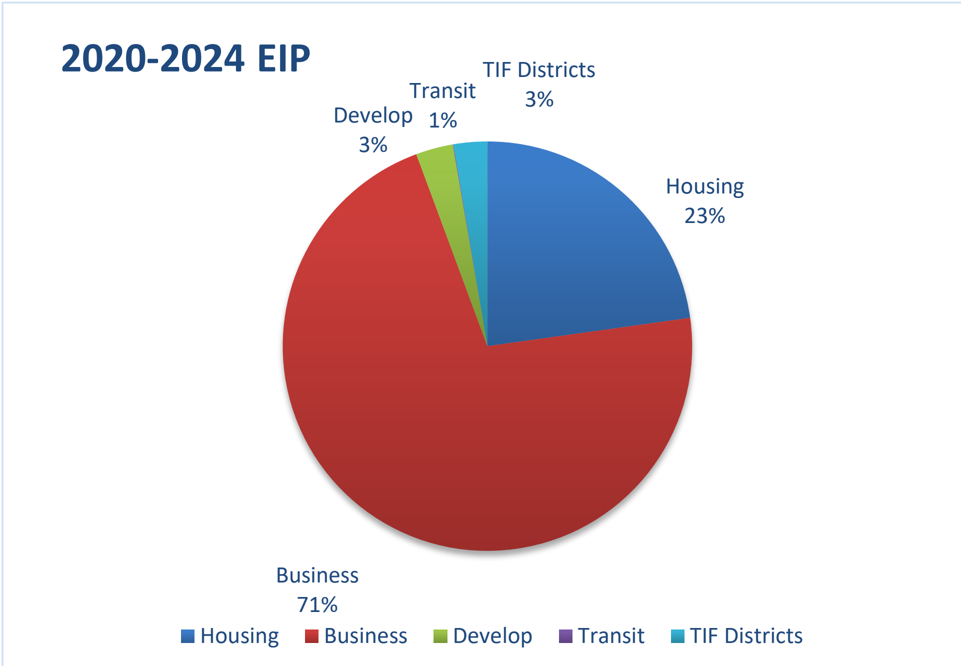
- ***Chapter 8 Funding Sources and Expenditure Projections*** — provides summary tables including the first table which is a one-year (2019) summary of total expenditures by category and by fund. The second set of tables presents 10-year funding sources and expenditure projections. The final table summarizes the 10-year projection of all funds.

- ***Chapter 9 Affordable Housing Goals*** — itemizes how the city has and will meet its 1995-2010 and 2011-2020 affordable housing goals, including any EIP programs used to assist the project and the affordable housing income limits.

- ***Glossary*** — Glossary of programs and terms.

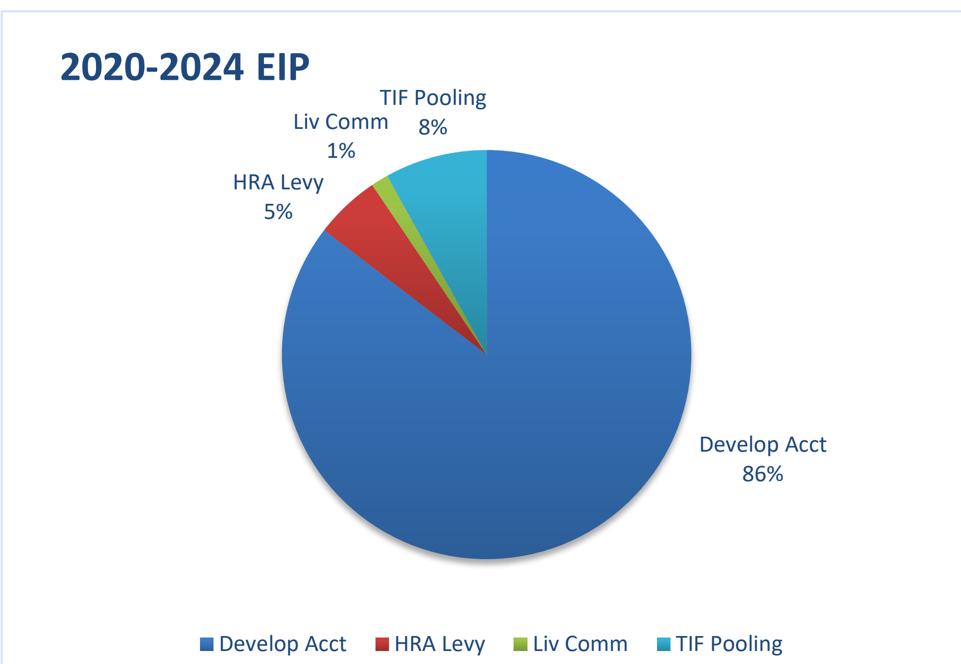
Uses of EIP Funds

This year, the city's highest priority in the recommended EIP is business programming. Approximately $18 million is projected to be allocated to business programs in contrast to approximately $6 million on housing programs (which was previously the largest allocation of EIP program funding). The large increase in the business programming is due to a projected $17.4 million in pass-through grant funding in 2020-2024. A majority of the grants are dedicated to housing redevelopment projects, environmental clean-up and, business development grant programs. A majority of those funds are not city dollars, but instead pass-through grants or other loan programs.



The second highest priority category in the 2020-2024 EIP is housing. The lowest priority categories of investment are development/redevelopment and transit program areas. However, these categories are expected to increase as more definitive plans for station area improvements for Southwest Light Rail Transit (LRT) comes into place.

In the 2020-2024 EIP, accounting for the largest single resource for EIP implementation at 86 percent of all funding, approximately $18.6 million will be available from the development account (a majority of this funding is pass-through grants from other agencies). TIF pooling funds are limited to specific types of housing projects and are committed to Shady Oak Crossings and the Mariner in the 2020-2024 EIP. The HRA levy is anticipated to generate the next largest source of funding.



Staff Review – 2020-2024 EIP Updates

Housing Chapter Summary

CDBG Program

Community Development Block Grant (CDBG) program administration switched to Hennepin County on July 1, 2018. Changes to the program include:

- **New CDBG Program Pages**
    - Entitlements Funds (Prior to July 1, 2018)
        - Funds committed to Shady Oak Business Relocation - $201,972
        - Program Income generated from loan repayments
    - CDBG Consortium (July 1, 2018, to Present)
        - Funds no longer flow through the city and are represented as $0 in the sources/expenditures section of the page. The estimated award for 2019 is $131,750.
        - Administration
            - The county will receive 13%-15% to administer the CDBG portfolio (reporting, intake of SPP clients, fair housing, monitoring, environmental review, processing applications, processing subordination and payoff requests, submitting annual Consolidated Annual Performance Evaluation Report (CAPER) and other reports to the Department of Housing and Urban Development (HUD).
        - Small Projects Program
            - The county started administering the program beginning in July 2018.
            - There is a maximum loan amount of $15,000.
                - Allows greater investment in properties vs. minor repairs
                - Costs for improvements have significantly risen since 2005 when the $5,000 maximum was established.
                - Easier to meet annual spend down requirement.
                - The county has an online application; city staff can assist residents who want to meet at city hall.
            - The sources/uses for this year assumes program income from loan repayment following the end of the federal funding. We see an increase in the repayment of loans (there are 207 outstanding loans at this time), due to an increase in home sales and the number of outstanding loans.
            - Program income is currently reinvested back into the program to provide additional loans.
        - Fair Housing
            - The city will remain involved in Fair Housing activities; however, the county will be responsible for coordinating these efforts on behalf of the city.
        - Public Services
            - Agencies now apply for funding through a coordinated Request for Proposal (RFP) process through the county. In 2019, all of the

previously funded Minnetonka agencies applied and were recommended for funding that exceeded previous Minnetonka allocations as an entitlement community.

Homes Within Reach (HWR)

- In 2012-2013, an EDAC subcommittee met and recommended that the city council consider phasing out the larger funding for HWR beginning in 2020. The recommendation stated that beginning in 2020, HWR's funding should be reduced to $25,000 to assist with ongoing administrative costs to continue the organization. The EDAC also provided this recommendation at its March 22, 2014 meeting. A summary of the materials from the four 2012-2013 EDAC subcommittee meetings and the minutes from the March 22, 2014 meeting are attached as a resource.

- On March 14, 2019, EDAC commissioners suggested adding information on the history of HWR to the EIP. Generally, commissioners supported continuing to look for opportunities to fund the organization. Staff attached the following information to the report:
    - History of City Contributions to Homes Within Reach
    - Homes Within Reach Properties

- There is an existing fund balance of $300,000 for the Welcome to Minnetonka and Minnetonka Home Enhancement Programs. The EDAC should consider allocating a portion of the existing fund balance to Homes Within Reach to continue funding for the organization in 2020. The new HRA levy for 2020 could be directed to fund the Welcome to Minnetonka and Minnetonka Home Enhancement programs.

Welcome to Minnetonka and Minnetonka Home Enhancement

- On Jan.1, 2018, the Center for Energy and Environment began administrating these programs.
- At the March 14, 2019 EDAC meeting, commissioners recommended amending the Welcome to Minnetonka program to provide up to $15,000 as a deferred loan.
- There is a fund balance of $300,000 for these programs. There are currently three applications in review for funding.
- The average loan amount for the Welcome to Minnetonka Program is $7,878.43; the Minnetonka Home Enhancement average loan amount is $12,623.81.

Housing Improvement Areas

- Bonds will be issued in 2019 to repay the Cloud 9 association's construction loan. The loan will be repaid through the housing fee collected on the annual property tax statements.
- Funding was added in alternating years in anticipation of new projects.
- Staff receives two to three inquiries a year for this program.

Tax Increment Financing (TIF) Pooling

- New TIF Pooling pages (matches 2018 TIF Management Report)
    - Affordable Housing via Blvd Gardens (tax credit eligible)
        - Highlights commitment to Shady Oak project ($1,209,000) and Mariner ($556,179)

  - Affordable Housing via Beacon Hill/Tonka/Rowland
    - Highlights pooling for affordable housing pooled for non-tax credit eligible projects.

Housing Conceptual Pages

- Employer-Assisted Housing
  - Explore as part of SWLRT outreach
- Next Generation Program
- New Pages from Feb. 4 city council study session and March 14 EDAC meeting
  - 4d Program
  - Noah Legacy Education Program
  - Multifamily Rehabilitation Loan Program
  - Housing Program Research

Business Chapter Summary

Sprinkler Retrofit
- Added continued funding of $50,000 annually through the Special Assessment Construction Fund, as there is continued interest in this program.

Pass-through Grants
- Staff noted all awarded housing/business development grants on the project page. Additional grants are expected over the next several years.

Business Outreach
- $25,000 a year was budgeted to assist with the implementation of the Business Development strategy. Project costs include a business newsletter, business outreach and marketing, and potential for future business-related events.
- The first edition of the business newsletter was distributed in Summer 2018.
- There are 2,400 copies distributed twice annually.

SAC/REC Program
- Updated as an active program. Added Nautical Bowls and Copper Cow as new participants in the program.

Economic Development Infrastructure Fund (EDIF)
- Priority changed to red as no funds are currently committed to this program.

Economic Gardening
- Added VeraTech as a new participant for 2018/2019.

Transit Chapter
- No changes to this chapter.

Development and Redevelopment Chapter

Predevelopment

- Increased funding to $75,000.

Village Center

- Added Opus Design Guidelines grant for placemaking and wayfinding.

LRT

- Added SWLRT schedule to page.

Strategic Marketing

  - This page was removed, as the branding work is complete.

TIF Chapter

- Added new project pages for Dominium and Marsh Run TIF Districts.

Affordable Housing Goals

- Updated Metropolitan Council Housing Goals.
- Added housing policy page listing adopted housing policies.

EDAC Review and Feedback - March 14, 2019

At the March 14, EDAC meeting, the commission undertook a review of programs in the EIP. Below are the EDAC's comments and findings from their review.

Owner Occupied/Small Projects Rehabilitation Programs

Minnetonka Home Enhancement and Welcome to Minnetonka Down-Payment Assistance. The basic eligibility of the programs is outlined below:

- Minnetonka Home Enhancement Program
  - Provides up to $15,000 for home repair, green improvements, and some additions
  - Loan Term – 3% interest, 10 year term
  - Household income cannot exceed 120% Average Median Income (AMI)
  - Taxable Market Value cannot exceed $300,000

- Welcome to Minnetonka Program
  - Currently provides up to $10,000 for down-payment assistance
  - Loan Term – 1% interest, 30 year term (deferred payment)
  - Household income cannot exceed 120% AMI
  - Taxable Market Value cannot exceed $300,000

- The EDAC commissioners recommended:
  - Increasing the amount available for the Welcome to Minnetonka Program to $15,000 to match the Minnetonka Home Enhancement Program.

  - o Expressed flexibility in allowing loans for slightly more than $15,000, conditioned to staff review, for projects that may need more assistance. Continuing to look for opportunities to evolve the guidelines to ensure the programs are attractive to residents.

Housing Program Research
- Commissioners recommended adding a new page for housing policies/programs that are in the research stage. A page was added to the conceptual pages in the housing chapter.

Minnesota Investment Fun/Job Creation Fund (MIF/JCF) Page
- Commissioner Jacobsohn recommended adding the number of new jobs created to the page as a key measure.

City Council Feedback – April 22, 2019

Homes Within Reach

At the April 22, study session council members generally expressed interest in either stepping down the commitment to Homes Within reach gradually or continuing funding at the $100,000 level for an additional year. Council members Happe and Ellingson were absent during the discussion.

Mayor Wiersum requested assistance from the EDAC to discuss long-term support for Homes Within Reach or if funding should be phased down to the $25,000 for ongoing administrative support for the organization. The council indicated staff should propose a funding scenario for EDAC to consider.

Staff is recommending that the EDAC consider funding Homes Within Reach in 2020 by reallocating a portion of unspent Welcome to Minnetonka and Minnetonka Home Enhancement Funding from prior year allocations. The EDAC could recommend a HRA levy commitment to continue the commitment to fund the Welcome to Minnetonka and Minnetonka Home Enhancement in 2020.

Welcome to Minnetonka and Minnetonka Home Enhancement

Staff presented the idea of increasing the Welcome to Minnetonka loan amount to $15,000 to match the assistance provided in the Minnetonka Home Enhancement Program. Councilmembers did support this approach. The remainder of the council generally seemed in favor or did not express concerns. Staff confirmed that it would continue to look for ways to ensure the programs are meeting the needs of residents. There was no discussion to reduce the $100,000 HRA funding commitment in 2020.

Next Steps

The schedule for approval is as follows:
- June 3 City Council meeting — Review and approve EIP.

Discussion Points:

- *Does the EDAC want to redirect funds in 2020 for Homes Within Reach as suggested by staff and the city council?*
- *Does the EDAC wish to offer any additional direction regarding the recommended 2020-2024 EIP?*

Recommendation:

- *Provide final feedback to city staff and recommend approval.*

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

Attachments:

2020-2024 Draft EIP

Homes Within Reach
- 2012-2013 Homes Within Reach Subcommittee Memos
- March 13, 2014, EDAC Minutes
- History of City Contributions to Homes Within Reach
- Homes Within Reach Properties

2020-2024 ECONOMIC IMPROVEMENT PROGRAM

(Rendering of Preserve at Shady Oak and Legends of Minnetonka)

ECONOMIC IMPROVEMENT PROGRAM
2020-2024

CITY OF MINNETONKA

Adopted XXXXX, 2019

2020-2024
ECONOMIC IMPROVEMENT PROGRAM

Table of Contents

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:

- 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.

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

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

- 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 nine programs in place to assist in the construction, maintenance, and renewal of housing in the city. An additional six programs are in the conceptual phase and will be explored for further consideration.

- The total five-year estimated cost of the programs is $5,814,562.

Program	**2020**	**2021**	**2022**	**2023**	**2024**	**5-Year Total**
CDBG Entitlement	264,383	40,000	40,000	40,000	40,000	**$424,383**
CDBG Consortium	0	0	0	0	0	**$0**
Homes Within Reach	25,000	25,000	25,000	25,000	25,000	**$125,000**
Housing Improvement Areas	1,000,000	0	1,000,000	0	1,000,000	**$3,000,000**
Minnetonka Home Enhancement	50,000	50,000	50,000	50,000	50,000	**$250,000**
Welcome to Minnetonka	50,000	50,000	50,000	50,000	50,000	**$250,000**
TIF Pooling/Blvd Gdns	1,209,000	556,179	0	0	0	**$1,765,179**
TIF Pooling/Beacon Hill/Tonka/Rowland	0	0	0	0	0	**$0**
Tax Exempt Financing/Conduit Debt	0	0	0	0	0	**$0**
	$2,598,383	**$721,179**	**$1,165,000**	**$165,000**	**$1,165,000**	**$5,814,562**
Conceptual Programs						
Employer Assisted Hsg						**$0**
Next Generation Program						**$0**
4d Tax Classification Program						**$0**
Legacy Education Program						**$0**
Multifamily Rehabilitation Loan						**$0**
Housing Program Research						

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 2020 allocation for Homes within Reach is anticipated to be reduced to $25,000 for ongoing organizational support.
- In 2018, the city elected to join the Urban County Consortium for CDBG funding through Hennepin County and is no longer an entitlement community (receiving a direct CDBG allocation)

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

Project # Housing-20
Project Name CDBG Entitlement (Prior to 2018)

Key Measures Households Assisted
Key Measures
Key Measures
Key Measures

Description

On July 1, 2018, Hennepin County began overseeing the entire CDBG program, on behalf of Minnetonka, as the city elected to join the Urban County CDBG Consortium. This page represents program income the city received from repayment of loans from loan made prior to 2018, when the city was an entitlement community and received a direct CDBG allocation from the Department of Housing and Urban Development.

SCHEDULING AND PROJECT STATUS:
This is an ongoing program.

Justification

The city continues to receive program income from rehabilitation loans that were made prior to 2018 when the city was in its entitlement status. The city will receive repayment of prior year loans if an owner sells the property prior to the 10-year deferment period.

In 2019, the city council allocated $201,972 in remaining grant funds to assist with business relocation at 4312 Shady Oak Road. Any additional program income received in 2019 and beyond will be transferred to Hennepin County for the Rehabilitation Loan Program.

Staff is anticipating that approximately $50,000 a year in program income will be received from loan repayments. The remaining $12,411 is available for program administration.

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	2024
47	25	14	10	N/A	N/A	N/A	N/A	N/A	N/A

Business Assisted

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
N/A	N/A	N/A	N/A	N/A	4	N/A	N/A	N/A	N/A

Expenditures	2020	2021	2022	2023	2024	Total
Program Cost	264,383	40,000	40,000	40,000	40,000	424,383
Total	**264,383**	**40,000**	**40,000**	**40,000**	**40,000**	**424,383**

Funding Sources	2020	2021	2022	2023	2024	Total
CDBG	264,383	40,000	40,000	40,000	40,000	424,383
Total	**264,383**	**40,000**	**40,000**	**40,000**	**40,000**	**424,383**

Budget Impact/Other

Program income received from loans made prior to 2018 flows through the city. Staff anticipates that this income will continue to fund new loans that are currently managed through Hennepin County. The city can also choose to reallocate funds to projects that meet one of the three national objectives. 1. Benefit low and moderate income persons 2. Help prevent and/or eliminate slums and/or blight 3. Meet other community development needs of particular urgency.

The city currently has 207 outstanding loans made between 2011and 2019, with an outstanding balance of $1,206,369.

The city will continue to offset any administrative expenses incurred by staff with available CDBG dollars.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

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

Project # Housing-03

Project Name CDBG Consortium (2018-Present)

Key Measures Households Assisted

Key Measures

Key Measures

Key Measures

Description

On July 1, 2018, Hennepin County began overseeing the entire CDBG program, on behalf of Minnetonka, as the city elected to join the Urban County CDBG Consortium. Hennepin County is responsible for accepting applications for the small projects loan program, ongoing loan project management, and leads a process to distribute public service dollars each year.
For 2019, the estimated CDBG allocation for Minnetonka is $131,000.

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

Justification

A description of the programs under the consortium is listed below:

The Small Projects loan 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. Households up to 80% of area median income qualify for the $15,000 Small Projects Program, which allows for housing repairs and maintenance.

Up to 15 percent of the city's Community Development Block Grant funds can be used to fund public services (non-profits). In 2019, 26 organizations requested funding. Hennepin County will consider approval of funding awards in May/June 2019 and HUD approval of awards will be announced in June/July 2019. In 2019, HOMELine, Resource West, Senior Community Services, TreeHouse, CAP-HC and ICA are anticipated to receive funding. These organizations have a history of serving Minnetonka residents.

One percent of the city's CDBG annual allocation is contributed to the Hennepin County Consortium to support fair housing activities.

The administrative costs associated with the program are 15-17 % of the city's total allocation each year.

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	2024
47	25	14	8	9	9	8	8	8	8

Expenditures	2020	2021	2022	2023	2024	Total
Program Cost	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Budget Impact/Other

As part of the Urban County Consortium, no CDBG funds flow through the city.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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	2024

Total HWR units in Minnetonka

54	55	56	61	63	64	65	65	65	65

Expenditures	2020	2021	2022	2023	2024	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	2020	2021	2022	2023	2024	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

Homes Within Reach requests funding through the annual EIP 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, funding through the Livable Communities Account was 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.

HWR has a current funding commitment of approximately $312,948 to complete four more projects between 2019-2021.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Project # Housing-06

Project Name Housing Improvement Areas

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

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	2024
Units Assisted	0	0	0	0	164	40	0	40	0	40

Expenditures	2020	2021	2022	2023	2024	Total
Construction/Maintenance	1,000,000	0	1,000,000	0	1,000,000	3,000,000
Total	**1,000,000**	**0**	**1,000,000**	**0**	**1,000,000**	**3,000,000**

Funding Sources	2020	2021	2022	2023	2024	Total
Other	1,000,000	0	1,000,000	0	1,000,000	3,000,000
Total	**1,000,000**	**0**	**1,000,000**	**0**	**1,000,000**	**3,000,000**

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. Staff anticipates that the project will be completed in 2019 and the permanent financing will be issued.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

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

Project # **Housing-08**
Project Name **Minnetonka Home Enhancement**

Key Measures Loans Made
Key Measures Loans Defaulted
Key Measures
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	2024
Loans Made	5	3	1	3	4	4	4	4	4	4
Loans Defaulted	0	0	0	0	0	0	0	0	0	0

Expenditures	2020	2021	2022	2023	2024	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	2020	2021	2022	2023	2024	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 January 2018, the city entered into a new contract with the Center for Energy and Environment to continue administration of the HRA Levy funded loan programs.

It is unlikely that this program will become self-sustaining without continued funding over the next 5-10 years. While there are loan paybacks put back into the program, another $100,000 was added in 2019 (split with the Welcome to Minnetonka program) to continue to make new loans. The HRA levy funding above represents the use of prior year allocations remaining in the fund balance as of the end of 2019. 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. On an annual basis the guidelines are reviewed to ensure the program meets the needs of the target population.

There is a current fund balance of approximately $300,000. The city receives monthly loan repayments of $2,000 on average with 21 outstanding loans.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 1-Housing

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 Loans Defaulted

Key Measures

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. This is a deferred loan program which is repaid at the time of sale or at the end of the 30-year term. The interest rate is currently 1%.

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	2024
Loans Made	1	5	1	1	2	5	5	5	5	5
Loans Defaulted	0	0	0	0	0	0	0	0	0	0

Expenditures	2020	2021	2022	2023	2024	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	2020	2021	2022	2023	2024	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 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 $100,000 was added in 2019 (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. On an annual basis the guidelines are reviewed to ensure the program meets the needs of the target population.

There is a current fund balance of approximately $300,000. The city receives monthly loan repayments of $2,000 on average with 21 outstanding loans.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 1-Housing

Contact Community Development

Project # **Housing-11**

Project Name **Tax-Exempt Financing/Conduit Debt Projects**

Type Program

Useful Life N/A

Category Housing

Priority Green

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	2024
Projects Considered	2	2	2	0	0	0	0	0	0	0
Projects Implemented	2	2	2	0	0	0	0	0	0	0
Business projects	2	0	1	0	0	0	0	0	0	0
Housing projects	0	2	1	0	0	0	0	0	0	0

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Budget Impact/Other

Review of 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.

Eligible projects located in the city are likely to seek conduit debt through other jurisdictions during years when the city has no remaining bank qualified (BQ) debt capacity available for conduit purposes.

Department 1-Housing
Contact Community Development

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

Type Program
Useful Life N/A
Category Housing
Priority Green

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. TIF Pooling from Boulevard Gardens is available for tax credit eligible multifamily housing.

SCHEDULING AND PROJECT STATUS
It is expected that a majority of the funds will be used by 2023 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 three years of the district, the pooling dollars available during this time frame are estimated to be $6,727,109 million by 2022. 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 $4,427,571.

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	2024
Projects Considered	0	0	2	1	1	1	1	1	0	0
Projects Assisted	0	1	2	0	1	1	1	1	0	0
Affordable Units	0	27	104	50	45	49	30	30	0	0

Expenditures	2020	2021	2022	2023	2024	Total
Other	1,209,000	556,179	0	0	0	1,765,179
Total	**1,209,000**	**556,179**	**0**	**0**	**0**	**1,765,179**

Funding Sources	2020	2021	2022	2023	2024	Total
TIF Pooling/Blvd Gardens	1,209,000	556,179	0	0	0	1,765,179
Total	**1,209,000**	**556,179**	**0**	**0**	**0**	**1,765,179**

Budget Impact/Other

The use of pooling dollars does not affect staffing.

The funds are coming from the Boulevard Gardens TIF district.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

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

Project # **Housing-13**

Project Name **Afford. Housing-TIF Pooling/Beacon/Tonka/Row**

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 2018-2021 for future affordable housing projects. The dollars do not expire.

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.

The current fund balances for TIF Pooling for affordable housing from these districts is $921,215. By 2043, these districts are projected to create $5,307,934.

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	2024
Projects Considered									
N/A	N/A	N/A	0	0	0	0	0	0	0
Projects Assisted									
N/A	N/A	N/A	0	0	0	0	0	0	0
Affordable Units									
N/A	N/A	N/A	0	0	0	0	0	0	0

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	Total
TIF Pooling/Beacon/Tonka/Row	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Budget Impact/Other

The use of pooling dollars does not affect staffing.

The funds are coming from the Beacon Hill/Tonka on the Creek (Overlook) and Rowland (At Home) TIF districts.

The following housing program pages are conceptual programs.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 1-Housing

Contact Community Development

Project # Housing-15

Project Name Employer-Assisted Housing

Type Conceptual

Useful Life N/A

Category Housing

Priority n/a

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	2024
Households Assisted									
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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	2024
Households Assisted									
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Project # Housing-17

Project Name 4d Tax Classification Program

Department 1-Housing

Contact Community Development

Type Conceptual

Useful Life

Category Housing

Priority n/a

Key Measures Projects Assisted

Key Measures

Key Measures

Key Measures

Description

The 4d Tax 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).

SCHEDULING AND PROJECT STATUS
This is a new concept that has not yet been explored or developed.

Justification

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.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
Comprehensive Plan-Promote new affordable rental housing and encourage diversity in the types, sizes and prices of housing units.

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

Expenditures	2020	2021	2022	2023	2024	Total
Program Cost	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 researching budget impacts of this program.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

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

Project # **Housing-18**
Project Name **NOAH Legacy Education Program**

Key Measures Buildings Assisted
Key Measures Housing Projects Assisted
Key Measures
Key Measures

Description

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. There are currently 5,000+ NOAH housing units in the community.

SCHEDULING AND PROJECT STATUS
This is a new concept that has not yet been explored or developed.

Justification

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.

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

Comprehensive Plan-Promote new affordable rental housing and encourage diversity in the types, sizes and prices of housing units.

Expenditures	2020	2021	2022	2023	2024	Total
Program Cost	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 researching budget impacts of this program.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 1-Housing

Contact Community Development

Project # Housing-19

Project Name Multifamily Rental Rehabilitation Loan

Type Conceptual

Useful Life

Category Housing

Key Measures Affordable Units Assisted

Key Measures Loans Made

Priority n/a

Key Measures

Key Measures

Description

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.

SCHEDULING AND PROJECT STATUS
This is a new concept that has not yet been explored or developed.

Justification

This program would create and preserve the city's Naturally Occurring Affordable Housing (NOAH).

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
Comprehensive Plan-Promote new affordable rental housing and encourage diversity in the types, sizes and prices of housing units.

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

Expenditures	2020	2021	2022	2023	2024	Total
Program Cost	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 researching budget impacts of this program.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 1-Housing

Contact

Type Unassigned

Useful Life

Category Unassigned

Priority n/a

Project # **Housing-21**

Project Name **Housing Program Research**

Key Measures

Key Measures

Key Measures

Key Measures

Description

At the Feb. 4, 2019 City Council study session and March 14, 2019 EDAC meeting. Council members and commissioners recommended that staff keep track of potential housing programs/policies for future research. This page includes a list of housing topics for future research.

SCHEDULING AND PROJECT STATUS
This is a new concept that has not yet been explored or developed.

Justification

Future Housing Program/Policy Research:
- Senior Affordable Housing
- Affordable Housing for Public Service
- Research General Funding for Affordable Housing
- Accessory Apartment (Ordinance Amendment)
- Payment-in-lieu for affordability requirements

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
Comprehensive Plan-Promote new affordable rental housing and encourage diversity in the types, sizes and prices of housing units.

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

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 researching budget impacts of this program.

BUSINESS

CITY OF
MINNETONKA

**MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM**

BUSINESS CHAPTER SUMMARY

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

For the 2020-2024 Economic Improvement Program, there are eleven business programs, and another three under conceptual review.

- The total five-year estimated cost of the programs is $18,257,500.

Program	2020	2021	2022	2023	2024	5-Year Total
Fire Sprinkler Retrofit	50,000	50,000	50,000	50,000	50,000	**$250,000**
Pass-Through Grants	5,414,500	2,000,000	1,000,000	1,000,000	1,000,000	**$10,414,500**
CommonBond/Ind Rev	0	0	0	0	0	**$0**
GreaterMSP	25,000	25,000	25,000	25,000	25,000	**$125,000**
MIF/JCF	3,000,000	1,000,000	1,000,000	1,000,000	1,000,000	**$7,000,000**
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	4,000	4,000	4,000	**$18,000**
SAC/REC Program	50,000	50,000	50,000	50,000	50,000	**$250,000**
	$8,582,500	**$3,168,000**	**$2,169,000**	**$2,169,000**	**$2,169,000**	**$18,257,500**
Conceptual Programs						
Special Service Districts						$0
Business Loan 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

- Several programs, such as the Pass-Through 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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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 initiated 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	2024
Businesses Assisted									
0	0	0	1	1	1	1	1	1	1

Expenditures	2020	2021	2022	2023	2024	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	2020	2021	2022	2023	2024	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.

Project # Business-02

Project Name Grants

Department 2-Business

Contact Community Development

Type Program

Useful Life N/A

Category Business

Priority Green

Key Measures Projects Assisted

Key Measures Businesses Assisted

Key Measures Housing Projects 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). Hennepin County awarded the Mariner $450,000 in TOD funding. In addition, Homes Within Reach received $177,500 through the LHIA fund. These grants have a spend down deadline of December 2020. Dominium received $2,000,000 through Met Council's LCDA/TOD fund. Staff is anticipating that nearly $5.5 million dollars will flow through the city to these projects in 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	2024
Projects Assisted	1	1	1	3	1	0	1	1	1	1
Business projects	0	1	0	1	1	0	0	1	0	1
Housing projects	1	0	1	2	0	0	1	0	1	0
Housing units	30	0	45	60	0	527	60	0	55	0

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

Expenditures	2020	2021	2022	2023	2024	Total
Other	5,414,500	2,000,000	1,000,000	1,000,000	1,000,000	10,414,500
Total	**5,414,500**	**2,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**10,414,500**

Funding Sources	2020	2021	2022	2023	2024	Total
Development Fund	5,414,500	2,000,000	1,000,000	1,000,000	1,000,000	10,414,500
Total	**5,414,500**	**2,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**10,414,500**

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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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	2024
Business Contacts	0	0	0	0	0	0	0	0	0	0
Businesses Assisted	0	0	0	0	0	0	0	0	0	0

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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, technology assistance, and staff training.

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	2024
Business Projects	4	3	1	1	1	1	1	2	2	2
Media Headlines	25	35	33	12	40	40	40	40	40	40

Expenditures	2020	2021	2022	2023	2024	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	2020	2021	2022	2023	2024	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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

Project # Business-06
Project Name MIF/JCF Projects

Key Measures Businesses Assisted
Key Measures Jobs Created
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. In 2019, Carlson Wagonlit Travel received an award of up to $450,000 through the Job Creation Fund and PeopleNet applied for grants through both the Minnesota Investment Fund and Job Creation Fund. The 2019 awards would likely flow through the city in 2019-2021.

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	2024
Applications Submitted	0	3	0	1	2	2	1	1	1	1
Businesses Assisted	0	1	0	1	1	1	1	1	1	1
Jobs Created	0	11	0	20	250	50	50	50	50	50

Expenditures	2020	2021	2022	2023	2024	Total
Construction/Maintenance	3,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,000,000
Total	**3,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**7,000,000**

Funding Sources	2020	2021	2022	2023	2024	Total
Development Fund	3,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,000,000
Total	**3,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**	**7,000,000**

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.

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

Project # Business-07
Project Name Open to Business

Key Measures Technical Assistance Hours
Key Measures Loans Made
Key Measures Businesses Assisted
Key Measures Jobs Created/Supported

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 PRORJECT 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, real estate 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	2024
Businesses Assisted	36	33	22	32	49	50	50	50	50	50
Tech. Assist. Hours	125	157	190	250	175	175	175	175	175	175
Loans Made	1	0	1	2	4	4	4	4	4	4
Jobs Created/Supported	N/A	N/A	5	41	25	25	25	25	25	25

Expenditures	2020	2021	2022	2023	2024	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	2020	2021	2022	2023	2024	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 MCCD. 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

2020 *thru* 2024

City of Minnetonka, Minnesota

Project # **Business-08**

Project Name **Outreach**

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

Key Measures Business Contacts
Key Measures Business Visits
Key Measures Newsletter Distributed
Key Measures

Description

Business outreach will take a more proactive approach in contacting businesses.

SCHEDULING AND PROJECT STATUS
Staff is coordinating through "Salesforce", which is an online tool for cities, chambers and GreaterMSP to enter business contacts and track customer activity.

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.

In 2018, staff developed the *Thrive Minnetonka* business publication. The publication is distributed to 2,400 businesses and available as a electronic newsletter. Additionally, staff advertised the city in the 2018 edition of *Thriving in the North*, the states economic development guide.

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	2024
Business Contacts									
N/A	25	80	35	40	40	40	40	40	40
Business Visits									
N/A	N/A	7	8	8	8	8	8	8	8
Newsletters Distributed									
N/A	N/A	N/A	2	2	2	2	2	2	2

Expenditures	2020	2021	2022	2023	2024	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	2020	2021	2022	2023	2024	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, *Thrive Minnetonka* business publications, and business marketing materials. Future uses of funding could include business centric events and economic development advertising as noted in the Business Development Strategy.

Outreach will be coordinated with GreaterMSP and TwinWest Chamber.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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	2024
Businesses Assisted									
0	0	0	0	0	0	0	0	0	0

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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.
There was no funding for this program in 2019. It is unclear if Hennepin County will fund the program in 2020 and beyond.

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	2024
Businesses Assisted									
0	0	0	0	0	0	0	0	0	0

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 2-Business
Contact Community Development

Project # Business-11
Project Name TwinWest Chamber of Commerce

Type Program
Useful Life N/A
Category Business
Priority Green

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	2024
Minnetonka business members	N/A	N/A	75	75	100	100	100	115	115	115
Business visits	N/A	N/A	7	8	8	8	8	8	8	8

Expenditures	2020	2021	2022	2023	2024	Total
Program Cost	3,000	3,000	4,000	4,000	4,000	18,000
Total	**3,000**	**3,000**	**4,000**	**4,000**	**4,000**	**18,000**

Funding Sources	2020	2021	2022	2023	2024	Total
General Fund	3,000	3,000	4,000	4,000	4,000	18,000
Total	**3,000**	**3,000**	**4,000**	**4,000**	**4,000**	**18,000**

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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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. The 2018/2019 participating business is VeraTech Corporation, located in Opus.

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	1	2	2	2	1

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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

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.

In 2018, Nautical Bowls and Copper Cow participated in the program.

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	2024
Businesses Assisted									
N/A	N/A	2	2	2	2	2	2	2	2

Expenditures	2020	2021	2022	2023	2024	Total
Other	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	2020	2021	2022	2023	2024	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

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.

There are currently three businesses participating in the program.

The following business program pages are conceptual programs.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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	2024
SSDs Established									
0	0	0	0	0	0	0	0	0	0

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 2-Business

Contact

Type Conceptual

Useful Life

Category Unassigned

Priority n/a

Project # Business-15

Project Name Revolving Loan Fund

Key Measures Businesses Assisted

Key Measures Loans Made

Key Measures

Key Measures

Description

The Revolving Loan Fund (RLF) would provide gap financing along with commercial lending to local businesses.

SCHEDULING AND PROJECT STATUS
The program is conceptual.

Justification

A RLF would provide gap financing for businesses that cannot obtain full financing for projects through traditional private financing and owner equity.

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.

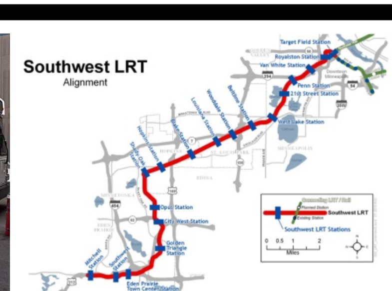
Expenditures	2020	2021	2022	2023	2024	Total
Program Cost	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 researching budget impacts of this program.

No funding sources are identified for this program.



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	**2020**	**2021**	**2022**	**2023**	**2024**	**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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

Project # Transit-01

Project Name Commuter Services

Key Measures Business Contacts

Key Measures Commuters Assisted

Key Measures

Key Measures

Description

Commuter Services is an outreach program of the I-494 Corridor Commission, in which the city is a member. 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	2024
Business Contacts	182	170	191	180	190	190	190	190	190	200
Commuters Assisted	433	388	387	2018	450	450	450	450	450	500

Expenditures	2020	2021	2022	2023	2024	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	2020	2021	2022	2023	2024	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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

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 was 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. In 2019, Route 614 will be eliminated in August due to year-over-year low ridership.

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	2024
Annual Bus Trips	110,938	110,938	114,350	114,860	112,500	114,000	115,000	115,000	115,000	115,000

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 (~$5.2 million in 2016) 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 2020-2024 Economic Improvement Program, there are four development/redevelopment programs underway.

- The total five-year estimated cost of the programs is $750,000.

Program	2020	2021	2022	2023	2024	5-Year Total
Predevelopment	75,000	75,000	75,000	75,000	75,000	**$375,000**
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**
	$150,000	$150,000	$150,000	$150,000	$150,000	**$750,000**
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

2020 *thru* 2024

City of Minnetonka, Minnesota

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

Department	4-Development & Redevelop
Contact	Community Development
Type	Program
Useful Life	N/A
Category	Develop/Redevelopment
Priority	Green

Key Measures Projects Assisted

Key Measures Projects Continued

Key Measures

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 Dominium 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.

In 2019, the city hired a facilitator to assist with meetings for the Opus/Launch redevelopment conversations.

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	2024
Projects Assisted	2	2	3	4	3	2	2	2	2	2
Projects Continued after Assistance	1	1	2	2	2	1	1	1	1	2

Expenditures	2020	2021	2022	2023	2024	Total
Planning/Design	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	2020	2021	2022	2023	2024	Total
Development Fund	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

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.

Department	4-Development & Redevelop
Contact	Community Development
Type	Program
Useful Life	N/A
Category	Develop/Redevelopment
Priority	Green

Project # Dev/Redev-02

Project Name Village Center Studies and Comprehensive Plan

Key Measures Village Centers Studied

Key Measures Comprehensive Plan update

Key Measures

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.

In 2019, the city will begin a redevelopment visioning process for the city owned property at 5937 County Road 101. Additionally, the city received a grant through Hennepin County to assist with creating Opus design guidelines and implementation strategies. The city hired Asukura Robinson and WSB to assist with this effort. Recreation is coordinating with Community Development to develop the guidelines.

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 2024
Village Centers Studied
1 1 N/A N/A 2 TBD TBD TBD TBD TBD

Expenditures	2020	2021	2022	2023	2024	Total
Planning/Design	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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.

The Opus Design Guidelines and Implementation Strategies Study is being funded through the Parks and Trail Improvement Fund.

There will be significant staff time when the Comprehensive Plan is updated. The Comprehensive Plan was submitted for review by the Metropolitan Council in 2019.

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

Department	4-Development & Redevelop
Contact	Community 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. 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. Southwest LRT Milestones:

Project received "Limited Notice to Proceed" on December 20, 2018 (completed)
Construction begins on site preparation, demolition, utility work, contractor mobilization contractor authorized to perform work up to $216 million (underway)
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

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	2020	2021	2022	2023	2024	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	2020	2021	2022	2023	2024	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.

The following development/redevelopment program pages are conceptual programs.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 4-Development & Redevelop
Contact Community Development
Type Conceptual
Useful Life
Category Develop/Redevelopment
Priority n/a

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

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/resale or to meet other city goals.

The city's land management committee is tasked with reviewing potential acquisitions and reviewing the status of the city's existing properties.

SCHEDULING AND PROJECT STATUS
This is an on-going project.

Justification

Some 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)

The city also owns several other parcels that may not meet the qualifications for future redevelopment or resale. One example is land purchased for storm water management. The city's land committee monitors and manages the city's land inventory.

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	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 storm water management, wetland preservation, parks, etc.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 4-Development & Redevelop
Contact Community Development
Type Conceptual
Useful Life
Category Develop/Redevelopment
Priority n/a

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

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	2020	2021	2022	2023	2024	Total
Program Cost	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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

CITY OF MINNETONKA

MINNETONKA ECONOMIC IMPROVEMENT PROGRAM

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

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

Department	5-TIF Districts
Contact	Community Development
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	2024
Active TIF Districts	7	7	7	8	9	9	8	8	8	8

Expenditures	2020	2021	2022	2023	2024	Total
Other	140,000	140,000	140,000	130,000	130,000	680,000
Total	**140,000**	**140,000**	**140,000**	**130,000**	**130,000**	**680,000**

Funding Sources	2020	2021	2022	2023	2024	Total
Development Fund	140,000	140,000	140,000	130,000	130,000	680,000
Total	**140,000**	**140,000**	**140,000**	**130,000**	**130,000**	**680,000**

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 roughly 520 hours per year.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 5-TIF Districts
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

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).

SCHEDULING AND PROJECT STATUS
This TIF district was approved in 1994 and will expire in 2021.

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.

Justification

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.

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	61	61	61	61	61	61	N/A	N/A	N/A

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 2018 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 5-TIF Districts

Contact Community Development

Project # TIF-03

Project Name Boulevard Gardens TIF District

Type Program

Useful Life N/A

Category TIF

Key Measures Affordable Units

Key Measures

Priority Green

Key Measures

Key Measures

Description

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.

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.

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.

Justification

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.

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	2024
Affordable Units									
185	185	185	185	185	185	185	185	185	185

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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.

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance can be found in the 2018 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Project # TIF-04

Project Name Glenhaven TIF District

Department 5-TIF Districts

Contact Community Development

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	2024
Affordable Units	43	43	43	43	43	43	43	43	43	43

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 2018 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 5-TIF Districts
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	2024
Affordable Units									
N/A	20	20	20	20	20	20	20	20	20

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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 2018 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 5-TIF Districts
Contact Community Development

Project # TIF-07
Project Name Applewood Pointe TIF District

Type Program
Useful Life N/A
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	2024
Affordable Units	N/A	9	9	9	9	9	9	9	9	9

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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.

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance can be found in the 2018 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 5-TIF Districts

Contact Community Development

Project # TIF-08

Project Name Rowland Housing TIF District (At Home)

Type Program

Useful Life N/A

Category TIF

Priority Green

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	2024
Affordable Units									
N/A	21	21	21	21	21	21	21	21	21

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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.

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance can be found in the 2018 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 5-TIF Districts

Contact Community Development

Project # TIF-09

Project Name Dominium TIF District (Legends/Preserve)

Type Program

Useful Life N/A

Category TIF

Key Measures Affordable Units Created

Key Measures

Key Measures

Key Measures

Priority Green

Description

Dominium apartments is a 482 multifamily housing project that received TIF assistance through a housing TIF district. All 482 units are affordable to those at 60% AMI.

The project includes 262 senior housing units and 220 workforce units.

SCHEDULING AND PROJECT STATUS
The TIF district was approved in 2018 and will end in 2045. Construction began in the winter of 2018 and is anticipated to be completed in 2022.

Justification

This TIF district includes 482 units affordable to those earning 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.

KEY MEASURES

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Affordable Units	N/A	N/A	N/A	N/A	N/A	N/A	N/A	482	482	482

Expenditures	2020	2021	2022	2023	2024	Total
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	2020	2021	2022	2023	2024	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.

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance can be found in the 2018 TIF Management Report prepared by the Ehlers, Inc., the city's financial consultant.

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Project #	**TIF-10**
Project Name	**Marsh Run TIF District**

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

Key Measures Affordable Units Created

Key Measures

Key Measures

Key Measures

Description

Marsh Run is a 175 multifamily housing project that received TIF assistance through a Housing TIF district. The project is anticipated to have 20% (35 units) of the units affordable to those at 50% AMI.

SCHEDULING AND PROJECT STATUS
The TIF district was approved in 2019 and will terminate in 2046. Construction is anticipated to begin in 2019 and is anticipated to be completed in 2021.

Justification

This project includes 35 affordable units (20% of building) 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	2024
Affordable Units	N/A	N/A	N/A	N/A	N/A	N/A	35	35	35	35

Expenditures	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Funding Sources	**2020**	**2021**	**2022**	**2023**	**2024**	**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

CITY OF MINNETONKA

MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM

Economic Improvement Program

2020 *thru* 2024

City of Minnetonka, Minnesota

Department 6-Tax Abatement

Contact Community Development

Project # Abatement-1

Project Name Ridgedale

Type Improvement

Useful Life N/A

Category Tax Abatement

Priority Green

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 2023 2024
Property Value Increase
5.5% 5.3% 20% %0.4 INFORMATION WILL BE AVAILABLE BY JUNE
Property Levy
0 $26,000 $81,000 $300 $60,000 $65,000 $70,000 $75,000 $80,000 $85,000

Expenditures	2020	2021	2022	2023	2024	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

CITY OF MINNETONKA

MINNETONKA ECONOMIC IMPROVEMENT PROGRAM

FUND DESCRIPTIONS

Development Fund (2019 estimated beginning fund balance): $3,713,167
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 (2019 estimated beginning fund balance): $712,948
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. The remaining balance of $312,948 is committed to Homes Within Reach.

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): $225,000 (estimated)
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 (2019 estimated beginning fund balance): $4,427,571 (Boulevard Gardens), $921,215 (Beacon Hill/Tonka on the Creek/Rowland)
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 2020
Expenditures by Category & Fund

Category	Program	Total	CDBG (Entitlement Funds)	Devpt Fund	HRA Levy	Livable Communities	TIF Pooling	Other
			Fund					
Housing:								
	CDBG Entitlement (Prior to 2018)	**$ 264,383**	$ 264,383					
	CDBG Consortium (2018 - Future)	**$ -**						
	Homes Within Reach	**$ 25,000**			25,000	-		
	Housing Improvement Areas	**$ 1,000,000**						$ 1,000,000
	Welcome to Minnetonka	**$ 50,000**			50,000			
	Mtka Home Enhancement	**$ 50,000**			50,000			
	Tax Exempt Conduit Debt	**$ -**						
	TIF Pooling/Boulevard Gardens	**$ 1,209,000**					1,209,000	
	TIF Pooling/Beacon Hill/Tonka	**$ -**						
	4d Program	**$ -**						
	Multifamily Rehabilitation Loan	**$ -**						
	Next Generation Program	**$ -**						
	Legacy Education Program	**$ -**						
	Employer Assisted Hsg	**$ -**						
	Subtotal	***$ 2,598,383***	*$ 264,383*	*$ -*	*$ 125,000*	*$ -*	*$ 1,209,000*	*$ 1,000,000*
Business:								
	Economic Gardening	**$ -**						
	Econ. Dev. Infrastructure	**$ -**						
	Fire Sprinkler Retrofit	**$ 50,000**						50,000
	Common Bond/Ind Rev	**$ -**						
	Pass-Through Grants	**$ 5,414,500**		5,414,500				
	GreaterMSP	**$ 25,000**		25,000				
	MIF/JCF	**$ 3,000,000**		3,000,000				
	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	**$ 50,000**						50,000
	Subtotal	***$ 8,582,500***	*$ -*	*$ 8,454,500*	*$ 25,000*	*$ -*	*$ -*	*$ 103,000*
Transit:								
	Commuter Services	**$ 12,000**						12,000
	Transit Improvments	**$ -**						
	Subtotal	***$ 12,000***	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ 12,000*
Devpt & Redevpt:								
	Predevelopment	**$ 75,000**		75,000				
	Village Center/Comp Plan	**$ -**						
	LRT and Station Area	**$ 75,000**			75,000			
	Strategic Marketing	**$ -**						
	City Owned Properties	**$ -**						
	Future HRA Levy Properties	**$ -**						
	Subtotal	***$ 150,000***	*$ -*	*$ 75,000*	*$ 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	**$ -**						
	Dominium Housing TIF District	**$ -**						
	Marsh Run TIF District	**$ -**						
	Subtotal	***$ 140,000***	*$ -*	*$ 140,000*	*$ -*	*$ -*	*$ -*	*$ -*
Tax Abatement:								
	Ridgedale	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -
	Subtotal	***$ -***	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*
	TOTALS	***$ 11,482,883***	***$ 264,383***	***$ 8,669,500***	***$ 225,000***	***$ -***	***$ 1,209,000***	***$ 1,115,000***

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EIP 2020-2029
All Categories
Funding Sources and Expenditure Projections

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	TOTAL
Method of Financing											
Development Account	$ 8,669,500	$ 3,255,000	$ 2,255,000	$ 2,245,000	$ 2,245,000	$ 1,745,000	$ 1,745,000	$ 1,745,000	$ 1,745,000	$ 1,745,000	$ 27,394,500
Livable Communities Account	-	-	-	-	-	-	-	-	-		
General Fund	15,000	15,000	16,000	15,000	16,000	16,000	16,000	16,000	16,000	16,000	157,000
Federal Grant (CDBG) - Entitlement	264,383	40,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000	50,000	$ 674,383
Federal Grant (CDBG) - Consortium	-	-	-	-	-	-	-	-	-		$ -
Ad Valorem Tax Levy	225,000	225,000	225,000	225,000	225,000	225,000	150,000	150,000	150,000	150,000	$ 1,950,000
Pooled TIF Funds- Blvd Gardens	1,209,000	556,179	-	-	-	-	-	-	-	-	$ 1,765,179
Pooled TIF Funds - Beacon/Tonka/Rowland	-	-	-	-	-	-	-	-	-	-	$ -
Revenue Bonds	-	-	-	-	-	-	-	-	-	-	$ 3,930,000
Other	1,100,000	100,000	1,100,000	100,000	1,100,000	100,000	1,100,000	100,000	1,100,000	100,000	$ 6,000,000.00
Total Funding Sources	*$ 11,482,883*	*$ 4,191,179*	*$ 3,636,000*	*$ 2,625,000*	*$ 3,626,000*	*$ 2,136,000*	*$ 3,061,000*	*$ 2,061,000*	*$ 3,061,000*	*$ 2,061,000*	*$ 37,941,062*
Expenditures											
Housing	$ 2,598,383	$ 721,179	$ 1,165,000	$ 165,000	$ 1,165,000	$ 175,000	$ 1,175,000	$ 175,000	$ 1,175,000	$ 175,000	$ 8,689,562
Business	8,582,500	3,168,000	2,169,000	2,169,000	2,169,000	1,669,000	1,669,000	1,669,000	1,669,000	1,669,000	$ 26,602,500
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	150,000	150,000	150,000	150,000	150,000	150,000	75,000	75,000	75,000	75,000	$ 1,200,000
TIF Admin	140,000	140,000	140,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	$ 1,330,000
Total Expenditures	*$ 11,482,883*	*$ 4,191,179*	*$ 3,636,000*	*$ 2,626,000*	*$ 3,626,000*	*$ 2,136,000*	*$ 3,061,000*	*$ 2,061,000*	*$ 3,061,000*	*$ 2,061,000*	*$ 37,942,062*

City of Minnetonka, Minnesota

Economic Improvement Program

2020 thru 2029

SOURCES AND USES OF FUNDS

Source		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
CDBG											
Beginning Balance		**264,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**
Revenues and Other Fund Sources											
Revenue											
Federal grant		*224,383*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
program income		*50,000*	*40,000*	*40,000*	*40,000*	*40,000*	*50,000*	*50,000*	*50,000*	*50,000*	*50,000*
Total		274,383	40,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000	50,000
Total Revenues and Other Fund Sources		274,383	40,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000	50,000
Total Funds Available		**538,766**	**314,383**	**314,383**	**314,383**	**314,383**	**324,383**	**324,383**	**324,383**	**324,383**	**324,383**
Expenditures and Uses											
Capital Projects & Equipment											
1-Housing											
CDBG Entitlement (Prior to 2018)	*Housing-20*	*(264,383)*	*(40,000)*	*(40,000)*	*(40,000)*	*(40,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*
Total		(264,383)	(40,000)	(40,000)	(40,000)	(40,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total Expenditures and Uses		(264,383)	(40,000)	(40,000)	(40,000)	(40,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Change in Fund Balance		10,000	0	0	0	0	0	0	0	0	0
Ending Balance		**274,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**	**274,383**

Source		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Development Fund											
Beginning Balance		**3,713,167**	**3,664,297**	**3,605,427**	**3,428,557**	**3,364,687**	**3,295,817**	**3,226,947**	**3,148,077**	**3,069,207**	**2,990,337**
Revenues and Other Fund Sources											
Revenue											
No Funds		*0*	*0*	*0*	*0*	*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*
Cloud 9 Admin		*1,630*	*1,630*	*1,630*	*1,630*	*1,630*	*1,630*	*1,630*	*1,630*	*1,630*	*1,630*
Grants		*8,414,500*	*3,000,000*	*2,000,000*	*2,000,000*	*2,000,000*	*1,500,000*	*1,500,000*	*1,500,000*	*1,500,000*	*1,500,000*
Interest Income		*15,000*	*15,000*	*15,000*	*20,000*	*15,000*	*15,000*	*15,000*	*15,000*	*15,000*	*15,000*
TIFAdmin Revenue		*140,000*	*130,000*	*12,000*	*110,000*	*110,000*	*110,000*	*100,000*	*100,000*	*100,000*	*100,000*
	Total	8,620,630	3,196,130	2,078,130	2,181,130	2,176,130	1,676,130	1,666,130	1,666,130	1,666,130	1,666,130
Total Revenues and Other Fund Sources		8,620,630	3,196,130	2,078,130	2,181,130	2,176,130	1,676,130	1,666,130	1,666,130	1,666,130	1,666,130
Total Funds Available		**12,333,797**	**6,860,427**	**5,683,557**	**5,609,687**	**5,540,817**	**4,971,947**	**4,893,077**	**4,814,207**	**4,735,337**	**4,656,467**
Expenditures and Uses											
Capital Projects & Equipment											
2-Business											
Grants	*Business-02*	*(5,414,500)*	*(2,000,000)*	*(1,000,000)*	*(1,000,000)*	*(1,000,000)*	*(500,000)*	*(500,000)*	*(500,000)*	*(500,000)*	*(500,000)*
GreaterMSP	*Business-04*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*
MIF/JCF Projects	*Business-06*	*(3,000,000)*	*(1,000,000)*	*(1,000,000)*	*(1,000,000)*	*(1,000,000)*	*(1,000,000)*	*(1,000,000)*	*(1,000,000)*	*(1,000,000)*	*(1,000,000)*
Open to Business	*Business-07*	*(15,000)*	*(15,000)*	*(15,000)*	*(15,000)*	*(15,000)*	*(15,000)*	*(15,000)*	*(15,000)*	*(15,000)*	*(15,000)*
Special Service District	*Business-13*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
	Total	(8,454,500)	(3,040,000)	(2,040,000)	(2,040,000)	(2,040,000)	(1,540,000)	(1,540,000)	(1,540,000)	(1,540,000)	(1,540,000)
4-Development & Redevelopment											
Pre-Development	*Dev/Redev-01*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*
	Total	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
5-TIF Districts											
Development Agreement and TIF Administration	*TIF-01*	*(140,000)*	*(140,000)*	*(140,000)*	*(130,000)*	*(130,000)*	*(130,000)*	*(130,000)*	*(130,000)*	*(130,000)*	*(130,000)*
	Total	(140,000)	(140,000)	(140,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)

Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Development Fund										
Total Expenditures and Uses	(8,669,500)	(3,255,000)	(2,255,000)	(2,245,000)	(2,245,000)	(1,745,000)	(1,745,000)	(1,745,000)	(1,745,000)	(1,745,000)
Change in Fund Balance	(48,870)	(58,870)	(176,870)	(63,870)	(68,870)	(68,870)	(78,870)	(78,870)	(78,870)	(78,870)
Ending Balance	**3,664,297**	**3,605,427**	**3,428,557**	**3,364,687**	**3,295,817**	**3,226,947**	**3,148,077**	**3,069,207**	**2,990,337**	**2,911,467**

Source		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
HRA Levy											
Beginning Balance		**225,000**	**247,000**	**294,000**	**341,000**	**388,000**	**435,000**	**482,000**	**604,000**	**726,000**	**848,000**
Revenues and Other Fund Sources											
Revenue											
Ad Valorem Tax Levy		*225,000*	*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		*20,000*	*20,000*	*20,000*	*20,000*	*20,000*	*20,000*	*20,000*	*20,000*	*20,000*	*20,000*
	Total	247,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000
Total Revenues and Other Fund Sources		247,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000
Total Funds Available		**472,000**	**519,000**	**566,000**	**613,000**	**660,000**	**707,000**	**754,000**	**876,000**	**998,000**	**1,120,000**
Expenditures and Uses											
Capital Projects & Equipment											
1-Housing											
Homes Within Reach	*Housing-05*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*	*(25,000)*
Minnetonka Home Enhancement	*Housing-08*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*
Welcome to Minnetonka Loan Program	*Housing-14*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*	*(50,000)*
	Total	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
2-Business											
Outreach	*Business-08*	*(25,000)*	*(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)	(25,000)
4-Development & Redevelopment											
Village Center Studies and Comprehensive Plan	*Dev/Redev-02*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
LRT and LRT Station Area Development	*Dev/Redev-03*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*	*(75,000)*	*0*	*0*	*0*	*0*
Future HRA Levy projects	*Dev/Redev-06*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
	Total	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	0	0	0	0
Total Expenditures and Uses		(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(150,000)	(150,000)	(150,000)	(150,000)

Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
HRA Levy										
Change in Fund Balance	22,000	47,000	47,000	47,000	47,000	47,000	122,000	122,000	122,000	122,000
Ending Balance	**247,000**	**294,000**	**341,000**	**388,000**	**435,000**	**482,000**	**604,000**	**726,000**	**848,000**	**970,000**

Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Livable Communities Fund										
Beginning Balance	**712,948**	**713,948**	**714,948**	**715,948**	**716,948**	**717,948**	**718,948**	**719,948**	**720,948**	**721,948**
Revenues and Other Fund Sources										
Revenue										
Interest Income	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*
Total	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	**713,948**	**714,948**	**715,948**	**716,948**	**717,948**	**718,948**	**719,948**	**720,948**	**721,948**	**722,948**
Expenditures and Uses										
Other Uses										
Committed HWR Funding	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total	0	0	0	0	0	0	0	0	0	0
Total Expenditures and Uses	0	0	0	0	0	0	0	0	0	0
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	**713,948**	**714,948**	**715,948**	**716,948**	**717,948**	**718,948**	**719,948**	**720,948**	**721,948**	**722,948**

Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
TIF Pooling/Beacon/Tonka/Row										
Beginning Balance	**921,215**	**1,169,547**	**1,418,024**	**1,449,545**	**1,481,223**	**1,513,096**	**1,545,062**	**1,577,218**	**1,609,535**	**1,642,013**
Revenues and Other Fund Sources										
Revenue										
Beacon/Tonka/Row TIF Pooling	*248,332*	*248,477*	*31,521*	*31,678*	*31,873*	*31,966*	*32,156*	*32,317*	*32,478*	*32,641*
Total	248,332	248,477	31,521	31,678	31,873	31,966	32,156	32,317	32,478	32,641
Total Revenues and Other Fund Sources	248,332	248,477	31,521	31,678	31,873	31,966	32,156	32,317	32,478	32,641
Total Funds Available	**1,169,547**	**1,418,024**	**1,449,545**	**1,481,223**	**1,513,096**	**1,545,062**	**1,577,218**	**1,609,535**	**1,642,013**	**1,674,654**
Expenditures and Uses										
Capital Projects & Equipment										
1-Housing										
Afford. Housing-TIF Pooling/Beacon/Tonka/Row *Housing-13*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total	0	0	0	0	0	0	0	0	0	0
Total Expenditures and Uses	0	0	0	0	0	0	0	0	0	0
Change in Fund Balance	248,332	248,477	31,521	31,678	31,873	31,966	32,156	32,317	32,478	32,641
Ending Balance	**1,169,547**	**1,418,024**	**1,449,545**	**1,481,223**	**1,513,096**	**1,545,062**	**1,577,218**	**1,609,535**	**1,642,013**	**1,674,654**

Source		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
TIF Pooling/Blvd Gardens											
Beginning Balance		**4,427,571**	**2,690,890**	**2,259,851**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**
Revenues and Other Fund Sources											
Revenue											
Blvd Gardens/TIF Pooling		*681,319*	*681,319*	*681,319*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total		681,319	681,319	681,319	0	0	0	0	0	0	0
Total Revenues and Other Fund Sources		681,319	681,319	681,319	0	0	0	0	0	0	0
Total Funds Available		**5,108,890**	**3,372,209**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**
Expenditures and Uses											
Capital Projects & Equipment											
1-Housing											
Affordable Housing via TIF Pooling/Blvd Gardens	*Housing-12*	*(1,209,000)*	*(556,179)*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total		(1,209,000)	(556,179)	0	0	0	0	0	0	0	0
Other Uses											
TIF Pooling/Blvd Gardens		*(1,209,000)*	*(556,179)*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total		(1,209,000)	(556,179)	0	0	0	0	0	0	0	0
Total Expenditures and Uses		(2,418,000)	(1,112,358)	0	0	0	0	0	0	0	0
Change in Fund Balance		(1,736,681)	(431,039)	681,319	0	0	0	0	0	0	0
Ending Balance		**2,690,890**	**2,259,851**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**	**2,941,170**

City of Minnetonka
Housing TIF District No. 2 Beacon Hill

DISTRICT INFORMATION		ORIGINAL
District Type		Housing
Project Area		Glen Lake Station
Fiscal Disparities		A Election
County Number		1458
Frozen Rate	UTA #1	132.577%
	UTA #2	0.000%
	UTA #3	0.000%

ASSUMPTIONS	
Interest Income	0.50%
Admin Expense	10.00%

RECOMMENDATIONS		
1) Discuss with attorney regarding the use of increment for housing after obligation is finished		
2) May need a budget modification before the district expires		
3) Admin. Expense is currently:	9.4%	**At or Under Limit**

Current Year 2018

TIF PLAN BUDGET ANALYSIS

	First Receipt	City Approved	Cert Request	Certified	Decertifies: Legal Term	Decertifies: Expected Term	Revenues: Tax Increment	Revenues: Other Revenue	Revenues: Interest Income	Revenues: TOTAL REVENUES	Expenditures: Project	Expenditures: Affordable Housing	Expenditures: Paygo	Expenditures: Admin Expense	Expenditures: Outside District	Expenditures: Other Expense	Expenditures: TOTAL EXPENSE	Total Budget
Original Budget	1996	2/14/1994	4/19/1994	9/19/1994	12/31/2021	12/31/2021				**-**							**-**	-
Cumulative Modified		10/5/2009					4,256,000	-	-	**4,256,000**	2,106,000	400,000	1,400,000	350,000			**4,256,000**	**4,256,000**
						End of District Projected Actual Total	4,312,570	27,464	436	**4,340,469**	-	1,084,699	2,886,528	369,242	-	-	**4,340,469**	**4,340,469**
						Under / (Over) Budget	(56,570)	(27,464)	(436)	**(84,469)**	2,106,000	(684,699)	(1,486,528)	(19,242)	-	-	(84,469)	**(84,469)**

CASH FLOW PROJECTIONS ROLL UP

TIF Year	Year	Tax Capacity: Base	Tax Capacity: Current	Tax Capacity: Fiscal Disparities	Tax Capacity: Captured	Current Local Tax Rate	Revenues: Tax Increment	Revenues: TIF Credits	Revenues: Interest Income	Revenues: TOTAL REVENUES	Expenditures: Project	Expenditures: Affordable Housing	Expenditures: Paygo	Expenditures: Admin Expense	Expenditures: Outside District	Expenditures: Increment Returned	Expenditures: TOTAL EXPENSE	Ending Balance
20	2016	8,647	190,389	-	181,742	120.496%	3,117,825	27,464	(1,374)	**3,143,915**	-	-	2,761,659	249,768	-	-	**3,011,427**	**132,488**
21	2017	8,647	213,189	-	204,542	116.838%	229,796		734	**230,530**	-	-	124,869	22,979	-	-	**147,848**	**215,170**
22	2018	8,647	213,850	-	205,203	117.985%	241,237		1,076	**242,313**	-	433,359	Will keep district open	24,124	-	-	**457,483**	**(0)**
23	2019	8,647	213,850	-	205,203	117.985%	241,237		(0)	**241,237**	-	217,113	assuming developer	24,124	-	-	**241,237**	**0**
24	2020	8,647	213,850	-	205,203	117.985%	241,237		0	**241,237**	-	217,114	will keep original	24,124	-	-	**241,238**	**(0)**
25	2021	8,647	213,850	-	205,203	117.985%	241,237		(0)	**241,237**	-	217,113	project affordable.	24,124	-	-	**241,237**	**0**

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		
FYI Only:	Admin per TIF Plan	$350,000
TEST 1:	Estimated TIF Admin Allowable (10%)	$390,600
	Estimated Total TIF Expenses per TIF Plan	3,906,000
TEST 2:	Cumulative TIF Admin Allowable (10%)	$397,123
	Total TIF Expenses for the Project	$3,971,227
RESULTS:	**Estimated TIF Admin Allowable (10%)**	**$390,600**
	Actual Admin Expenses	369,242
	Available Admin	**$21,358**
	Projected End of District Percentage	**9.5%**

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 %:	100%

		ADMINISTRATIVE EXPENSE CALCULATION			POOLING CALCULATION (100% Outside of District)							EXCESS INCREMENT						
		Accumulated Totals			Tax Increment													
TIF Year	Year	Admin. Expenses	Total	% Allowable	Current Year	Cummulative	Admin Costs	100% for Qualified Costs	Spent on Affordable Housing	Cumulative	Available for Pooling	Increment Generated	Costs Authorized	Required?	Increment returned	Net Retained	P&I Due after year end	Excess (Not Excess)
20	2016	249,768	2,761,659	9.0%	3,117,825	3,117,825	249,768	2,868,057	-	2,868,057	132,488	3,143,915	4,256,000	no	0	-	0	(1,112,085)
21	2017	272,747	2,886,528	9.4%	229,796	3,347,621	272,747	206,817	-	3,074,874	215,170	3,374,445	4,256,000	no	0	-	0	(881,555)
22	2018	296,871	3,319,887	8.9%	241,237	3,588,858	296,871	217,113	433,359	2,858,628	(0)	3,616,758	4,256,000	yes	0	3,616,758	0	(639,242)
23	2019	320,994	3,537,000	9.1%	241,237	3,830,095	320,994	217,114	217,113	2,858,629	0	3,857,995	4,256,000	yes	0	3,857,995	0	(398,005)
24	2020	345,118	3,754,114	9.2%	241,237	4,071,333	345,118	217,113	217,114	2,858,628	(0)	4,099,232	4,256,000	yes	0	4,099,232	0	(156,768)
25	2021	369,242	3,971,227	9.5%	241,237	4,312,570	369,242	217,114	217,113	2,858,629	0	4,340,469	4,256,000	yes	0	4,340,469	0	84,469

City of Minnetonka
TIF District 1-2 Boulevard Gardens

DISTRICT INFORMATION		ORIGINAL
District Type		Redevelopment
Project Area		Development District No 1
Fiscal Disparities		A Election
County Number		1460
Frozen Rate	UTA #1	134.726%
	UTA #2	0.000%
	UTA #3	0.000%

ASSUMPTIONS	
Interest Income	0.50%
Admin Expense	2.25%

RECOMMENDATIONS		
1) Discuss with attorney regarding the use of increment for housing projects		
2) May need a budget modification before the district expires		
3) Admin. Expense is currently:	8.9%	**At or Under Limit**

Current Year 2018

TIF PLAN BUDGET ANALYSIS

	First Receipt	City Approved	Cert Request	Certified	Legal Term (Decertifies)	Expected Term (Decertifies)	Tax Increment (Revenues)	Other Revenue (Revenues)	Interest Income (Revenues)	TOTAL REVENUES	Project (Expenditures)	Paygo (Expenditures)	Admin Expense (Expenditures)	County Admin (Expenditures)	Affordable Housing (Expenditures)	Other Expense (Expenditures)	TOTAL EXPENSE	Total Budget
Original Budget	1997	12/11/1995	6/11/1996	7/2/1996	12/31/2022	12/31/2022				-							-	-
Cumulative Modified		12/20/2010					37,300,000	-	350,000	**37,650,000**	10,564,578	7,350,000	2,335,422	-	6,400,000	11,000,000	**37,650,000**	**37,650,000**
End of District Projected Actual Total							39,699,130	190,137	211,044	**40,112,339**	100,000	16,692,812	1,803,969	5,601	7,752,108	13,450,310	**39,804,800**	**39,804,800**
Under / (Over) Budget							(2,399,130)	(190,137)	138,956	**(2,462,339)**	10,464,578	(9,342,812)	531,453	(5,601)	(1,352,108)	(2,450,310)	**(2,154,800)**	**(2,154,800)**

CASH FLOW PROJECTIONS ROLL UP

TIF Year	Year	Base (Tax Capacity)	Current (Tax Capacity)	Fiscal Disparities (Tax Capacity)	Captured (Tax Capacity)	Current Local Tax Rate	Tax Increment (Revenues)	TIF Credits (Revenues)	Interest Income (Revenues)	TOTAL REVENUES	Jobs Bill (Expenditures)	Paygo (Expenditures)	Admin Expense (Expenditures)	County Admin (Expenditures)	Affordable Housing (Expenditures)	Increment Returned (Expenditures)	TOTAL EXPENSE	Ending Balance
19	2016	72,750	1,623,624	-	1,550,874	120.460%	28,137,909	190,137	152,956	**28,481,002**	100,000	16,692,812	1,520,134	5,601	1,025,000	5,999,400	**25,342,947**	**3,138,055**
20	2017	72,750	1,642,693	-	1,569,943	116.797%	1,828,089	-	30,258	**1,858,347**	-	-	64,840	-	-	1,179,684	**1,244,524**	**3,751,878**
21	2018	72,750	1,729,264	-	1,656,514	117.938%	1,946,626	-	18,759	**1,965,386**	-	-	43,799	-	4,001,832	1,221,508	**5,267,139**	**450,125**
22	2019	72,750	1,729,264	-	1,656,514	117.938%	1,946,626	-	2,251	**1,948,877**	-	-	43,799	-	681,319	1,221,508	**1,946,626**	**452,375**
23	2020	72,750	1,729,264	-	1,656,514	117.938%	1,946,626	-	2,262	**1,948,888**	-	-	43,799	-	681,319	1,221,508	**1,946,626**	**454,638**
24	2021	72,750	1,729,264	-	1,656,514	117.938%	1,946,626	-	2,273	**1,948,899**	-	-	43,799	-	681,319	1,221,508	**1,946,626**	**456,911**
25	2022	72,750	1,729,264	-	1,656,514	117.938%	1,946,626	-	2,285	**1,948,911**	-	-	43,799	-	681,319	1,385,194	**2,110,312**	**295,510**

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		
FYI Only:	Admin per TIF Plan	$2,335,422
TEST 1:	Estimated TIF Admin Allowable (10%)	$2,431,458
	Estimated Total TIF Expenses per TIF Plan	24,314,578
TEST 2:	Cumulative TIF Admin Allowable (10%)	$2,455,052
	Total TIF Expenses for the Project	$24,550,521
RESULTS:	**Estimated TIF Admin Allowable (10%)**	**$2,431,458**
	Actual Admin Expenses	1,803,969
	Available Admin	**$627,489**
	Projected End of District Percentage	**7.4%**

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%

		ADMINISTRATIVE EXPENSE CALCULATION			POOLING CALCULATION (35% Outside of District)											EXCESS INCREMENT						
		Accumulated Totals			Tax Increment			25%				35%										
TIF Year	**Year**	**Admin. Expenses**	**Total**	**% Allowable**	**Current Year**	**Cummulative**	**Admin Costs**	**for Qualified Redevelopment**	**Spent Outside for Qualified Redevelopment**	**Cumulative Available for Pooling**	**Annual Available for Pooling**	**for Affordable Housing Costs**	**Spent For Affordable Housing**	**Cumulative Available for Pooling**	**Annual Available for Pooling**	**Increment Generated**	**Costs Authorized**	**Required?**	**Increment returned**	**Net Retained**	**P&I Due after year end**	**Excess (Not Excess)**
19	2016	1,520,134	17,823,413	8.5%	28,328,046	28,328,046	1,520,134	3,623,377	-	290,352	290,352	3,705,682	1,025,000	2,680,682	2,680,682	28,481,002	26,650,000	yes	5,999,400	22,481,602	0	(4,168,398)
20	2017	1,584,974	17,823,413	8.9%	1,828,089	30,156,135	1,584,974	-	-	-	-	639,831	-	3,320,513	639,831	30,339,349	26,650,000	yes	7,179,084	23,160,265	0	(3,489,735)
21	2018	1,628,773	21,825,245	7.5%	1,946,626	32,102,761	1,628,773	-	-	-	-	681,319	4,001,832	0	(3,320,513)	32,304,735	26,650,000	yes	8,400,592	23,904,143	0	(2,745,857)
22	2019	1,672,572	22,506,564	7.4%	1,946,626	34,049,388	1,672,572	-	-	-	-	681,319	681,319	1	0	34,253,612	26,650,000	yes	9,622,100	24,631,512	0	(2,018,488)
23	2020	1,716,371	23,187,883	7.4%	1,946,626	35,996,014	1,716,371	-	-	-	-	681,319	681,319	1	0	36,202,500	26,650,000	yes	10,843,608	25,358,892	0	(1,291,108)
24	2021	1,760,170	23,869,202	7.4%	1,946,626	37,942,640	1,760,170	-	-	-	-	681,319	681,319	1	0	38,151,399	26,650,000	yes	12,065,116	26,086,283	0	(563,717)
25	2022	1,803,969	24,550,521	7.4%	1,946,626	39,889,267	1,803,969	-	-	-	-	681,319	681,319	1	0	40,100,310	26,650,000	yes	13,450,310	26,650,000	0	0

City of Minnetonka
Glenhaven

DISTRICT INFORMATION		ORIGINAL
District Type		Renewal and Renovation
Project Area		Glen Lake Station
Fiscal Disparities		B Election
County Number		1463
Frozen Rate	UTA #1	99.282%
	UTA #2	0.000%
	UTA #3	0.000%

ASSUMPTIONS	
Interest Income	0.50%
Admin Expense	5.00%

RECOMMENDATIONS		
1)		
2)		
3) Admin. Expense is currently:	11.8%	Over Limit

Current Year 2018

TIF PLAN BUDGET ANALYSIS

	First Receipt	City Approved	Cert Request	Certified	Decertifies: Legal Term	Decertifies: Expected Term	Revenues: Tax Increment	Revenues: Bond	Revenues: Interest Income	Revenues: TOTAL REVENUES	Expenditures: Paygo	Expenditures: Project	Expenditures: Interfund Loan	Expenditures: Bond	Expenditures: Bond Discount	Expenditures: Admin Expense	Expenditures: Outside District	Expenditures: TOTAL EXPENSE	Total Budget
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**
End of District Projected Actual Total							9,370,425	6,895,000	56,674	**16,322,099**	4,691,616	863,483	400,720	9,056,409	149,800	624,924	-	**15,786,952**	**15,786,952**
Under / (Over) Budget							3,929,575	105,000	(56,674)	**3,977,901**	(3,191,616)	4,906,517	1,599,280	643,591	(149,800)	705,076	-	**4,513,048**	**4,513,048**

CASH FLOW PROJECTIONS ROLL UP

TIF Year	Year	Tax Capacity: Base	Tax Capacity: Current	Tax Capacity: Fiscal Disparities	Tax Capacity: Captured	Current Local Tax Rate	Revenues: Tax Increment	Revenues: Bond	Revenues: Interest Income	Revenues: TOTAL REVENUES	Expenditures: Paygo	Expenditures: Project	Expenditures: Interfund Loan	Expenditures: Bond	Expenditures: Bond Discount	Expenditures: Admin Expense	Expenditures: Outside District	Expenditures: TOTAL EXPENSE	Ending Balance
10	2016	117,677	573,209	31,696	423,836	120.496%	1,737,529	2,380,000	13,326	**4,130,855**	2,171,610	360,895	-	1,040,913	59,500	148,811	-	**3,781,729**	**349,126**
11	2017	117,677	627,320	48,586	461,057	116.838%	431,121	4,515,000	1,594	**4,947,715**	2,520,006	502,588	-	2,289,300	90,300	109,710	-	**5,511,904**	**(215,063)**
12	2018	121,427	663,236	43,353	498,456	117.985%	493,096		2,829	**495,925**	-	-	107,288	97,075	-	475	-	**204,838**	**76,024**
13	2019	121,427	781,290	43,353	616,510	117.985%	609,880		380	**610,260**	-	-	72,059	352,132	-	30,494	-	**454,685**	**231,599**
14	2020	121,427	781,290	43,353	616,510	117.985%	609,880		1,158	**611,038**	-	-	39,893	465,232	-	30,494	-	**535,618**	**307,018**
15	2021	121,427	781,290	43,353	616,510	117.985%	609,880		1,535	**611,415**	-	-	35,628	466,130	-	30,494	-	**532,252**	**386,181**
16	2022	121,427	781,290	43,353	616,510	117.985%	609,880		1,931	**611,811**	-	-	19,981	461,403	-	30,494	-	**511,878**	**486,114**
17	2023	121,427	781,290	43,353	616,510	117.985%	609,880		2,431	**612,311**	-	-	19,056	460,944	-	30,494	-	**510,494**	**587,930**
18	2024	121,427	781,290	43,353	616,510	117.985%	609,880		2,940	**612,820**	-	-	18,093	464,660	-	30,494	-	**513,247**	**687,503**
19	2025	121,427	781,290	43,353	616,510	117.985%	609,880		3,438	**613,317**	-	-	17,256	462,335	-	30,494	-	**510,085**	**790,736**
20	2026	121,427	781,290	43,353	616,510	117.985%	609,880		3,954	**613,834**	-	-	16,317	464,123	-	30,494	-	**510,934**	**893,635**
21	2027	121,427	781,290	43,353	616,510	117.985%	609,880		4,468	**614,348**	-	-	15,423	460,077	-	30,494	-	**505,994**	**1,001,989**
22	2028	121,427	781,290	43,353	616,510	117.985%	609,880		5,010	**614,890**	-	-	14,355	460,185	-	30,494	-	**505,034**	**1,111,845**
23	2029	121,427	781,290	43,353	616,510	117.985%	609,880		5,559	**615,439**	-	-	13,259	459,100	-	30,494	-	**502,853**	**1,224,431**
24	2030	-	-	-	-	0.000%	-		6,122	**6,122**	-		12,112	652,800	-	30,494	-	**695,406**	**535,148**

City of Minnetonka
Glenhaven

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

ADMINISTRATIVE EXPENSE TEST		
FYI Only:	Admin per TIF Plan	$1,330,000
TEST 1:	Estimated TIF Admin Allowable (10%)	$1,897,000
	Estimated Total TIF Expenditures per TIF Plan	18,970,000
TEST 2:	Cumulative TIF Admin Allowable (10%)	$942,710
	Total TIF Revenues for the Project	$9,427,099
RESULTS:	**Cumulative TIF Admin Allowable (10%)**	**$942,710**
	Actual Admin Expenses	624,924
	Available Admin	**$317,786**
	Actual Percentage	**6.6%**

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%

		ADMINISTRATIVE EXPENSE CALCULATION			POOLING CALCULATION (20% Outside of District)							EXCESS INCREMENT						
		Accummulated Totals			Tax Increment													
TIF Year	Year	Admin. Expenses	Total	% Allowable	Current Year	Cummulative	Admin Costs	20% for Qualified Costs	Spent Outside	Cumulative	Available for Pooling	Increment Generated	Costs Authorized	Required?	Increment returned	Net Retained	P&I Due after year end	Excess (Not Excess)
10	2016	148,811	1,750,855	8.5%	1,737,529	1,737,529	148,811	198,695	-	198,695	198,695	4,130,855	20,300,000	no		0	0	(16,169,145)
11	2017	258,521	2,183,570	11.8%	431,121	2,168,650	258,521	175,209	-	175,209	-	9,078,570	20,300,000	no		0	0	(11,221,430)
12	2018	258,996	2,679,495	9.7%	493,096	2,661,746	258,996	273,353	-	273,353	-	9,574,495	20,300,000	no		0	0	(10,725,505)
13	2019	289,490	3,289,755	8.8%	609,880	3,271,625	289,490	364,835	-	364,835	-	10,184,755	20,300,000	no		0	0	(10,115,245)
14	2020	319,984	3,900,793	8.2%	609,880	3,881,505	319,984	456,317	-	456,317	70,940	10,795,793	20,300,000	no		0	0	(9,504,207)
15	2021	350,478	4,512,208	7.8%	609,880	4,491,385	350,478	547,799	-	547,799	150,103	11,407,208	20,300,000	no		0	0	(8,892,792)
16	2022	380,972	5,124,018	7.4%	609,880	5,101,265	380,972	639,281	-	639,281	250,036	12,019,018	20,300,000	no		0	0	(8,280,982)
17	2023	411,466	5,736,329	7.2%	609,880	5,711,145	411,466	730,763	-	730,763	351,853	12,631,329	20,300,000	no		0	0	(7,668,671)
18	2024	441,960	6,349,149	7.0%	609,880	6,321,025	441,960	822,245	-	822,245	451,426	13,244,149	20,300,000	no		0	0	(7,055,851)
19	2025	472,454	6,962,466	6.8%	609,880	6,930,905	472,454	913,727	-	913,727	535,148	13,857,466	20,300,000	no		0	0	(6,442,534)
20	2026	502,948	7,576,300	6.6%	609,880	7,540,785	502,948	1,005,209	-	1,005,209	535,148	14,471,300	20,300,000	no		0	0	(5,828,700)
21	2027	533,442	8,190,648	6.5%	609,880	8,150,665	533,442	1,096,691	-	1,096,691	535,148	15,085,648	20,300,000	no		0	0	(5,214,352)
22	2028	563,936	8,805,538	6.4%	609,880	8,760,545	563,936	1,188,173	-	1,188,173	535,148	15,700,538	20,300,000	no		0	0	(4,599,462)
23	2029	594,430	9,420,977	6.3%	609,880	9,370,425	594,430	1,279,655	-	1,279,655	535,148	16,315,977	20,300,000	no		0	0	(3,984,023)
24	2030	624,924	9,427,099	6.6%	-	9,370,425	624,924	1,249,161	-			16,322,099	20,300,000	no		0	0	(3,977,901)

City of Minnetonka
Rowland Housing

DISTRICT INFORMATION		
		ORIGINAL
District Type		Housing
Project Area		Rowland Housing Redevelopment
Fiscal Disparities		B Election
County Number		1465
Frozen Rate	UTA #1	124.292%
	UTA #2	0.000%
	UTA #3	0.000%

ASSUMPTIONS	
Interest Income	0.50%
Admin Expense	10.00%

RECOMMENDATIONS		
1) Limited pooling options available.		
2) Budget modification not recommended at this time.		
3) Admin. Expense is currently:	0.0%	At or Under Limit

Current Year 2018

TIF PLAN BUDGET ANALYSIS

	First Receipt	City Approved	Cert Request	Certified	Legal Term (Decertifies)	Expected Term (Decertifies)	Tax Increment (Revenues)		Interest Income	TOTAL REVENUES	Project (Expenditures)	Paygo	Admin Expense	County Admin	Outside District	Other Expense	TOTAL EXPENSE	Total Budget
Original Budget	2018	4/20/2015	6/8/2015	7/2/2015	12/31/2043	12/31/2043				-							-	-
Cumulative Modified							6,809,549		680,955	7,490,504	3,501,617	3,307,932	680,955	-	-	-	7,490,504	7,490,504
					End of District Projected Actual Total		4,718,977	-	22,156	4,741,133	-	4,135,316	204,837	-	-	-	4,340,152	4,340,152
					Under / (Over) Budget		2,090,572		658,799	2,749,371	3,501,617	(827,384)	476,118		-	-	3,150,352	3,150,352

CASH FLOW PROJECTIONS ROLL UP

TIF Year	Year	Base (Tax Capacity)	Current	Fiscal Disparities	Captured	Current Local Tax Rate	Tax Increment (Revenues)	Other Revenue	Interest Income	TOTAL REVENUES	Project (Expenditures)	Paygo	Admin Expense	County Admin	Outside District	Increment Returned	TOTAL EXPENSE	Ending Balance
	2016	3,750	3,750	-	-	120.496%	-	-	-	-	-	-	-	-	-	-	-	-
	2017	98,850	98,850	-	-	116.838%	-	-	-	-	-	-	-	-	-	-	-	-
1	2018	3,750	215,018	-	211,268	117.985%	248,367	-	-	248,367	-	111,765	24,837	-	-	-	136,602	111,765
2	2019	3,750	215,018	-	211,268	117.985%	248,367	-	559	248,926	-	223,531	10,000	-	-	-	233,531	127,161
3	2020	3,750	215,018	-	211,268	117.985%	248,367	-	636	249,003	-	223,531	10,000	-	-	-	233,531	142,633
4	2021	3,750	215,018	-	211,268	117.985%	248,367	-	713	249,080	-	223,531	10,000	-	-	-	233,531	158,183
5	2022	3,750	215,018	-	211,268	117.985%	248,367	-	791	249,158	-	223,531	10,000	-	-	-	233,531	173,811
6	2023	3,750	215,018	-	211,268	117.985%	248,367	-	869	249,236	-	223,531	10,000	-	-	-	233,531	189,516
7	2024	3,750	215,018	-	211,268	117.985%	248,367	-	948	249,315	-	223,531	10,000	-	-	-	233,531	205,300
8	2025	3,750	215,018	-	211,268	117.985%	248,367	-	1,027	249,394	-	223,531	10,000	-	-	-	233,531	221,164
9	2026	3,750	215,018	-	211,268	117.985%	248,367	-	1,106	249,473	-	223,531	10,000	-	-	-	233,531	237,106
10	2027	3,750	215,018	-	211,268	117.985%	248,367	-	1,186	249,553	-	223,531	10,000	-	-	-	233,531	253,128
11	2028	3,750	215,018	-	211,268	117.985%	248,367	-	1,266	249,633	-	223,531	10,000	-	-	-	233,531	269,230
12	2029	3,750	215,018	-	211,268	117.985%	248,367	-	1,346	249,713	-	223,531	10,000	-	-	-	233,531	285,413
13	2030	3,750	215,018	-	211,268	117.985%	248,367	-	1,427	249,794	-	223,531	10,000	-	-	-	233,531	301,677
14	2031	3,750	215,018	-	211,268	117.985%	248,367	-	1,508	249,876	-	223,531	10,000	-	-	-	233,531	318,022
15	2032	3,750	215,018	-	211,268	117.985%	248,367	-	1,590	249,957	-	223,531	10,000	-	-	-	233,531	334,449
16	2033	3,750	215,018	-	211,268	117.985%	248,367	-	1,672	250,039	-	223,531	10,000	-	-	-	233,531	350,958
17	2034	3,750	215,018	-	211,268	117.985%	248,367	-	1,755	250,122	-	223,531	10,000	-	-	-	233,531	367,549
18	2035	3,750	215,018	-	211,268	117.985%	248,367	-	1,838	250,205	-	223,531	10,000	-	-	-	233,531	384,223
19	2036	3,750	215,018	-	211,268	117.985%	248,367	-	1,921	250,288	-	223,531	10,000	-	-	-	233,531	400,981
20	2037	3,750	215,018	-	211,268	117.985%	248,367	-	2,005	250,372	-	94,067	10,000	-	-	-	104,067	547,286
21	2038	3,750	215,018	-	211,268	117.985%	248,367	-	2,736	251,104	-	Will keep district	10,000	-	-	-	10,000	788,389
22	2039	3,750	215,018	-	211,268	117.985%	248,367	-	3,942	252,309	-	open after	10,000	-	-	-	10,000	1,030,699
23	2040	3,750	215,018	-	211,268	117.985%	248,367	-	5,153	253,521	-	PAYGO assuming	10,000	-	-	-	10,000	1,274,219
24	2041	3,750	215,018	-	211,268	117.985%	248,367	-	6,371	254,739	-	developer is willing	10,000	-	-	-	10,000	1,518,959
25	2042	3,750	215,018	-	211,268	117.985%	248,367	-	7,595	255,964	-	to keep the original	10,000	-	-	-	10,000	1,764,923
26	2043	3,750	215,018	-	211,268	117.985%	248,367	-	8,825	257,195	-	project affordable.	10,000	-	-	-	10,000	2,012,117

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

ADMINISTRATIVE EXPENSE TEST		
FYI Only:	Admin per TIF Plan	$680,955
TEST 1:	Estimated TIF Admin Allowable (10%)	$680,955
	Estimated Total TIF Expenditures per TIF Plan	6,809,549
TEST 2:	Cumulative TIF Admin Allowable (10%)	$474,113
	Total TIF Revenues for the Project	$4,741,133
RESULTS:	**Cumulative TIF Admin Allowable (10%)**	**$474,113**
	Actual Admin Expenses	204,837
	Available Admin	**$269,276**
	Projected End of District Percentage	**4.3%**

Pursuant to M.S. 469.1763 Subd. 2:

District Type:	Housing
Does this section apply?	Yes
Certification Request Date:	6/8/2015
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 %:	100%

		ADMINISTRATIVE EXPENSE CALCULATION			POOLING CALCULATION (100% Outside of District)							EXCESS INCREMENT						
		Accummulated Totals			Tax Increment													
TIF Year	Year	Admin. Expenses	Total	% Allowable	Current Year	Cummulative	Admin Costs	100% for Qualified Costs	Spent Outside	Cumulative	Available for Pooling	Increment Generated	Costs Authorized	Required?	Increment returned	Net Retained	P&I Due after year end	Excess (Not Excess)
0	2016	-	-	0.0%	-	-	-	-	-	-	-	0	7,490,504	no	0	0	0	(7,490,504)
0	2017	-	-	0.0%	-	-	-	-	-	-	-	0	7,490,504	no	0	0	0	(7,490,504)
1	2018	24,837	248,367	10.0%	248,367	248,367	24,837	223,531	-	223,531	111,765	248,367	7,490,504	no	0	0	0	(7,242,137)
2	2019	34,837	496,734	7.0%	248,367	496,734	34,837	238,367	-	461,898	127,161	497,293	7,490,504	no	0	0	0	(6,993,211)
3	2020	44,837	745,102	6.0%	248,367	745,102	44,837	238,367	-	700,265	142,633	746,296	7,490,504	no	0	0	0	(6,744,208)
4	2021	54,837	993,469	5.5%	248,367	993,469	54,837	238,367	-	938,632	158,183	995,377	7,490,504	no	0	0	0	(6,495,127)
5	2022	64,837	1,241,836	5.2%	248,367	1,241,836	64,837	238,367	-	1,176,999	173,811	1,244,535	7,490,504	no	0	0	0	(6,245,969)
6	2023	74,837	1,490,203	5.0%	248,367	1,490,203	74,837	238,368	-	1,415,367	189,516	1,493,771	7,490,504	no	0	0	0	(5,996,733)
7	2024	84,837	1,738,570	4.9%	248,367	1,738,570	84,837	238,367	-	1,653,734	205,300	1,743,086	7,490,504	no	0	0	0	(5,747,418)
8	2025	94,837	1,986,938	4.8%	248,367	1,986,938	94,837	238,367	-	1,892,101	221,164	1,992,480	7,490,504	no	0	0	0	(5,498,024)
9	2026	104,837	2,235,305	4.7%	248,367	2,235,305	104,837	238,367	-	2,130,468	237,106	2,241,953	7,490,504	no	0	0	0	(5,248,551)
10	2027	114,837	2,483,672	4.6%	248,367	2,483,672	114,837	238,367	-	2,368,835	253,128	2,491,505	7,490,504	no	0	0	0	(4,998,999)
11	2028	124,837	2,732,039	4.6%	248,367	2,732,039	124,837	238,368	-	2,607,203	269,230	2,741,138	7,490,504	no	0	0	0	(4,749,366)
12	2029	134,837	2,980,406	4.5%	248,367	2,980,406	134,837	238,367	-	2,845,570	285,413	2,990,851	7,490,504	no	0	0	0	(4,499,653)
13	2030	144,837	3,228,774	4.5%	248,367	3,228,774	144,837	238,367	-	3,083,937	301,677	3,240,646	7,490,504	no	0	0	0	(4,249,858)
14	2031	154,837	3,477,141	4.5%	248,367	3,477,141	154,837	238,367	-	3,322,304	318,022	3,490,521	7,490,504	no	0	0	0	(3,999,983)
15	2032	164,837	3,725,508	4.4%	248,367	3,725,508	164,837	238,367	-	3,560,671	334,449	3,740,479	7,490,504	no	0	0	0	(3,750,025)
16	2033	174,837	3,973,875	4.4%	248,367	3,973,875	174,837	238,368	-	3,799,039	350,958	3,990,518	7,490,504	no	0	0	0	(3,499,986)
17	2034	184,837	4,222,242	4.4%	248,367	4,222,242	184,837	238,367	-	4,037,406	367,549	4,240,640	7,490,504	no	0	0	0	(3,249,864)
18	2035	194,837	4,470,610	4.4%	248,367	4,470,610	194,837	238,367	-	4,275,773	384,223	4,490,845	7,490,504	no	0	0	0	(2,999,659)
19	2036	204,837	4,718,977	4.3%	248,367	4,718,977	204,837	238,367	-	4,514,140	400,981	4,741,133	7,490,504	no	0	0	0	(2,749,371)
20	2037	214,837	4,967,344	4.3%	248,367	4,967,344	214,837	238,367	-	4,752,507	547,286	4,991,505	7,490,504	no	0	0	0	(2,498,999)
21	2038	224,837	5,215,711	4.3%	248,367	5,215,711	224,837	238,368	-	4,990,875	788,389	5,242,609	7,490,504	no	0	0	0	(2,247,895)
22	2039	234,837	5,464,078	4.3%	248,367	5,464,078	234,837	238,367	-	5,229,242	1,030,699	5,494,918	7,490,504	no	0	0	0	(1,995,586)
23	2040	244,837	5,712,446	4.3%	248,367	5,712,446	244,837	238,367	-	5,467,609	1,274,219	5,748,439	7,490,504	no	0	0	0	(1,742,065)
24	2041	254,837	5,960,813	4.3%	248,367	5,960,813	254,837	238,367	-	5,705,976	1,518,959	6,003,177	7,490,504	no	0	0	0	(1,487,327)
25	2042	264,837	6,209,180	4.3%	248,367	6,209,180	264,837	238,367	-	5,944,343	1,764,923	6,259,139	7,490,504	yes	0	6,259,139	0	(1,231,365)
26	2043	274,837	6,457,547	4.3%	248,367	6,457,547	274,837	238,368	-	6,182,711	2,012,117	6,516,331	7,490,504	yes	0	6,516,331	0	(974,173)

AFFORDABLE HOUSING GOALS

MINNETONKA ECONOMIC IMPROVEMENT PROGRAM

CITY OF MINNETONKA

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	161	65%
New Lifecycle Units	375 to 800	1,192	318%

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
The RiZe	2019	32	N/A
Shady Oak Crossings	2021*	49	TIF Pooling
The Mariner	2020*	55	TIF Pooling
Preserve at Shady Oak/ Legends of Minnetonka	2022*	482	TIF Housing
Marsh Run	2020*	35	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	290	N/A
Cherrywood Pointe	2017	92	N/A
Zvago	2017	54	Glenhaven TIF
Orchards of Minnetonka	2019	147	N/A
Havenwood	2019	100	N/A
Minnetonka Hills*	2019	78	N/A
Ridgedale Executive Apts*	2020*	77	N/A
Avador*	2020*	168	N/A
Marsh Run*	2020*	140	TIF Housing

*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

2019 AFFORDABLE HOUSING INCOME LIMITS

(INSERT CHART) – AVAILABLE MID-APRIL

Minnetonka Housing/Business Development Policies

The city of Minnetonka has several polices related to housing and business development. Policy direction from the council can take many different forms, including such channels as formally adopted ordinances and resolutions, to more informal requests and suggestions to the city manager, who is ultimately responsible to the city council for carrying out their policy decisions.

These policies are intended as a general guide for the city council. They are not binding and may be modified when, in the sole discretion of the council, such modification is deemed necessary or appropriate in the interest of the city.

This listing is regularly updated as new policy directions are established, and it is by no means exclusive. These policies are included in the EIP as a reminder for the EDAC and Council to review annually during the EIP review. The city's policies are updated annually on the city's website.

City of Minnetonka City Council Policies (excerpts of housing related policies):

Chapter 2: Administration and Finance

2.4 – Special Assessments with Tax Increment Districts

2.5 – Tax Exempt Financing for Industrial Development, Health Care Facilities, and Multi-family Housing Projects (Private Activity Tax Exempt Financing)

2.14 - Tax Increment Financing Pooling Fund

2.15 - Housing Improvement Areas

2.16 - Post-Issuance Compliance Procedure and Policy For Tax-Exemption Governmental Bonds

2.18 - Tax Increment Financing and Tax Abatement

2.19 – Debt Management

Chapter 11: Streets, Parks, and Other Public Property

11.12 – Real Estate Property Management

Chapter 12: Public Utilities

12.10 - Met Council Sewer Availability Charge and City Residential Equivalency Charge Payment Deferral Program

Chapter 13: General Provisions and Policies

13.1 Fair Housing

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

City of
minnetonka

Memorandum

TO: Mike Happe, EDAC Commissioner
Laurie McKendry, EDAC Commissioner

THROUGH: Julie Wischnack, AICP, Community Development Director

FROM: Elise Durbin, AICP, Community Development Supervisor

DATE: September 10, 2013

SUBJECT: Homes Within Reach subcommittee meeting #1 information

The following memorandum provides information for discussion at the September 16, 2013 EDAC subcommittee meeting on Homes Within Reach (HWR).

Agenda Item #1: Overview of subcommittee's purpose and outcome

This EDAC subcommittee was formed when the council directed the EDAC, at the April 8, 2013 council study session on the 2014-2018 EIP, to determine the proper level of permanently affordable HWR homes in the city. Below is the summary of the council's discussion on the topic:

Schneider said the city had a responsibility to support the Homes Within Reach since it started the program but there needed to be a long term plan. He said there were two components that the council should discuss. One was determining the proper level of permanent and affordable homes in the city. The other component was to get the program where it was sustainable long term. Once they get to a certain volume there would be re-sales. At a certain point the program could support the staff and activities to maintain and grow into other communities. He suggested the EDAC discuss this. Wiersum said once the endgame of self-sustainability was defined, the modeling would not be too difficult to do.

Agenda Item #2: Review history of Homes Within Reach and the city's affordable housing goals

<u>What is Homes Within Reach (HWR) and who does it serve?</u>

HWR Mission: To use the Community Land Trust model to create and preserve affordable homeownership for families in suburban Hennepin County.

In general, eligibility guidelines include:

1. Purchase a home in Suburban Hennepin County.
2. Stable source or sources of income.
3. Annual household income is less than the program income limits (80% AMI).

The 2013 income limits are:	1 person $45,100
	2 person $51,550
	3 person $58,000
	4 person $64,400
	5 person $69,600
	6 person $74,750
	7 person $79,900
	8 person $85,050

4. Be at least 21 years of age.
5. Home must be owner occupied.
6. Be a citizen of the United States or a legal resident.

<u>How does Homes Within Reach work?</u>

HWR operates as a Community Land Trust (CLT). HWR establishes initial affordability by purchasing a scattered-site, owner-occupied home when it is placed for sale on the open market and selling *just* the home to a low- to moderate-income household. HWR then retains ownership of the land and enters a 99-year inheritable ground lease with the leaseholder-homeowner. The removal of the market value of the land from the mortgage equation results in a lower, more affordable monthly payment of principal and interest. It results in a lower down payment and lower closing costs for the buyer. The homeowner also pays a small monthly lease fee to HWR for the lease of the land. The CLT model works for most owner-occupied residential properties; however, there are more challenges associated when working with condominium units (no land) — therefore, HWR has only acquired single-family or townhouse type units where there is land associated with the purchase.

HWR ensures perpetual affordability of the home through two provisions found in the ground lease. The first is a pricing formula that provides the owner with a reasonable amount of equity, while ensuring the home remains affordable for subsequent low- and moderate- income buyers. The second provision requires the owner, should they decide to sell, to sell to another low- to moderate-income household or to HWR.

Homes Within Reach's formation and Minnetonka's involvement

HWR, also known as the West Hennepin Affordable Housing Land Trust, is a non-profit community land trust (CLT) established in 2001. HWR started as a workgroup formed by the city of Minnetonka after the city council identified preserving and increasing affordable housing in the community as a priority. Most of the affordable housing tools that the city had in place at the time also had shortcomings, such as long-term affordability was capped at 30 years per state statute (as it still is today), public investment into such projects would be lost after 30 years, and the tools were unable to assist with existing owner-occupied homes.

The workgroup consisted of city policy makers, private business people, and members of the faith community, with city staff and other consultants as support staff to the group. Specifically, the city council authorized formation of the work group, to create a CLT. By May 2001, the workgroup had completed the formation of the CLT and submitted for tax-exempt status. It was also at that time that the first Board of Directors was elected, and the organization became officially separated from the city.

Homes Within Reach's history in Minnetonka and other communities

HWR serves suburban Hennepin County (The City of Lakes CLT covers Minneapolis).

Since 2001, HWR's portfolio consists of:

CITY	NUMBER OF HOMES
Brooklyn Park	3
Deephaven	4
Eden Prairie	10
Edina	8
Golden Valley	2
Maple Grove	6
Minnetonka	50
New Hope	4
Richfield	8
St. Louis Park	10
Wayzata	1
TOTAL	**106**

Homes Within Reach home selection in Minnetonka

In 2002, after the formation of HWR, the city and HWR entered into a Line of Credit agreement. This agreement, which has since been amended in 2004 and again in 2011, outlines the terms when HWR wants to borrow city funds in order to purchase properties (Pages A1-A3).

Under the terms of the agreement, any property that HWR wishes to purchase in Minnetonka using city funds, must first be approved by city staff. The typical process entails HWR finding a home suitable for purchasing (less than $250,000 in price and improvements, focus on foreclosures and purchases from seniors when possible). Before making an offer, HWR will contact city staff and ask for approval. Staff will review the request, which includes looking at the location. This is to ensure that HWR homes are scattered throughout the city. Staff may allow HWR homes to be located in the same neighborhood if because of proximity, roads, and other factors, there appears to be enough separation between them.

Homes Within Reach funding sources

HWR receives funding from a variety of private, state, regional and local funding sources. While the award amount varies from year to year, regular public funders include:

- Minnesota Housing
- Metropolitan Council
- Hennepin County HOME program
- Hennepin County AHIF program
- CDBG funds from other cities (Edina, Eden Prairie, Maple Grove, St. Louis Park)

Minnetonka's Affordable Housing Goals and HWR

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. Additionally, the legislature created a funding mechanism to assist communities participating in the LCA in adding affordable and life-cycle housing. Participation in the incentive-based LCA program is voluntary with the Metropolitan Council governing it.

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. A new set of goals for 2011-2020 was established in 2010 as shown below.

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

The housing goals that are established focus on new affordable and lifecycle units; however, affordable housing preservation and the use of CLTs are encouraged in the LCA. The city receives credit during the Metropolitan Council's annual housing performance survey for participation and contributions to such activities. The city's Housing Action Plan (pages A4 to A11), as well as the portions of the Housing Chapter of the Comprehensive Plan (pages A12 to A20), discuss how the city is using HWR to help meet the affordable housing needs of the community.

Agenda Item #3: Review subcommittee work plan and timeline

The following is a draft work plan and timeline that staff has developed for this subcommittee. The goal is to finish the work of the subcommittee in time for the EDAC discussion and inclusion in the 2015-2019 EIP.

Meeting #1 (September 2013):
- Define purpose and outcome of subcommittee
- Review how HWR came to be and Minnetonka's role in the formation
- What is HWR and who does it serve
- HWR's history in Minnetonka and other communities
- How HWR homes are selected in Minnetonka
- Review subcommittee work plan and timeline
- Discuss data/statistics/information needed going forward

Meeting #2 (October 2013):
- Meet with Janet Lindbo, HWR Executive Director
- Discuss HWR's new strategic plan with Ms. Lindbo
    - What does this mean to Minnetonka?
    - Sustainability (how many resales, etc.)
    - Future opportunities (TOD, rental, etc.)

Meeting #3 (November 2013):
- Review October's discussion and information
- Review data/statistics/information requested
- Begin discussion on number of homes and recommendation for EDAC
- Request any additional information

Meeting #4—if needed (January 2014):
- Finalize discussion on number of homes and prepare recommendation for EDAC

Staff (January/February 2014):

- Follow up with Ms. Lindbo about EDAC subcommittee recommendation

EDAC (February 2014):

- During program review for EIP, provide EDAC subcommittee recommendations on HWR. EDAC to review, discuss, and provide recommendation for incorporation into the EIP.

2015-2019 EIP

- Incorporate EDAC's recommendation into EIP

Agenda Item #4: Discuss information needed for future meetings

In order to make the best use of the subcommittee's time and discussion at the limited number of meetings, staff would like to take a moment at the meeting to determine what information/statistics the subcommittee will need in order to make decisions. The following are items that staff has initially identified based upon previous discussions with the EDAC:

- City's investment per unit (HWR and in other affordable housing developments)
- Number and location of existing and potential HWR properties in Minnetonka

City of minnetonka

Memorandum

TO: Mike Happe, EDAC Commissioner
Laurie McKendry, EDAC Commissioner

THROUGH: Julie Wischnack, AICP, Community Development Director

FROM: Elise Durbin, AICP, Community Development Supervisor

DATE: October 24, 2013

SUBJECT: Homes Within Reach subcommittee meeting #2 information

As Commissioners are aware, Homes Within Reach (HWR) has been undergoing a strategic planning process for approximately the past year. This process recently was completed, and Janet Lindbo, Executive Director of Homes Within Reach, will be joining Commissioners at the subcommittee meeting to discuss HWR's 2014-2019 Strategic Plan (pages A1-A4).

The purpose of the meeting is to have an open dialogue with the executive director about the Strategic Plan and what this means to Minnetonka, as well as any questions about HWR commissioners may have. Ms. Lindbo is currently preparing, and will share with commissioners, on October 30, additional information about the sustainability of HWR into the future.

Memo

To: Elise Durbin
From: Janet Lindbo
Date: October 28, 2013
Re: Minnetonka's HWR Housing Production/Funding

As you know West Hennepin Affordable Housing Land Trust dba Homes Within Reach (HWR) has completed its strategic planning process and has established a long range vision to guide HWR's growth over the next five years with focus on the following:

- Expand our target market
- Create and sustain a strong mix of both public and private partnership and financing
- Collaborate with the City of Lakes Community Land Trust to increase homeownership equity for underserved families across Hennepin County by creating a Shared Service/Business Model.

In addition, one of the strategic planning tasks was to develop financial projections and absorptions schedules to assist in prioritizing strategies and objectives. One of the tasks was to estimate when HWR sustains itself without new sales and is funded by resales and lease fees to provide asset management for its portfolio of properties and homeowners. The two scenarios of sustainability are as follows.

<u>HWR Sustainability Scenarios</u>:

1. *<u>Scenario I</u> at 200 Homes*
   a. Self-sustainability with no new sales is 8 to 10 years away and this is predicated on receiving adequate awards to create 10 new homes a year, plus resales.
   b. In this scenario an annual fee to HWR on annual basis is included to manage the assets of 200 homes – of which Minnetonka would pay a portion of the fee based on number of homes. In addition, 10 resales are generated on an annual basis, anticipating this scenario would take place 2023.
      i. To reach 200 homes is as follows;
         1. 8 years @ 12 new sales
         2. 9.5 years @ 10 new sales
         3. 12 years @ 8 new sales
2. *<u>Scenario II</u> at 265 Homes*
   a. In scenario II, there is no fee generated by the communities to provide asset management – therefore the total of homes needed for sustainability with 10 resales annually is 265 homes – increasing the portfolio to 265 would take 14 years at 12 new sales a year.

Comments:

An important component of Minnetonka's possible funding modifications is for HWR to find additional communities with available funding resources to serve and increase production in one or two of the current communities served to make up for the loss of Minnetonka housing production.

HWR recommends the City of Minnetonka evaluate their housing goals and products to ascertain the Community Land Trust model viability and its return on investment to the community. In addition, HWR recommends that if the City alters its award, it is done gradually and continues to support the creation of one new affordable home using the HWR, not having Minnetonka as a partner would negatively affect the organization from multiple perspectives – such as receiving grants, expanding its target market and continuing to work with current and future suburban communities.

STRATEGIC PLAN 2014-2019

West Hennepin Affordable Housing Land Trust

PROGRAM:

Homes Within Reach

VISION:

The vision of West Hennepin Affordable Housing Land Trust is to transform people's lives through homeownership

MISSION STATEMENT:

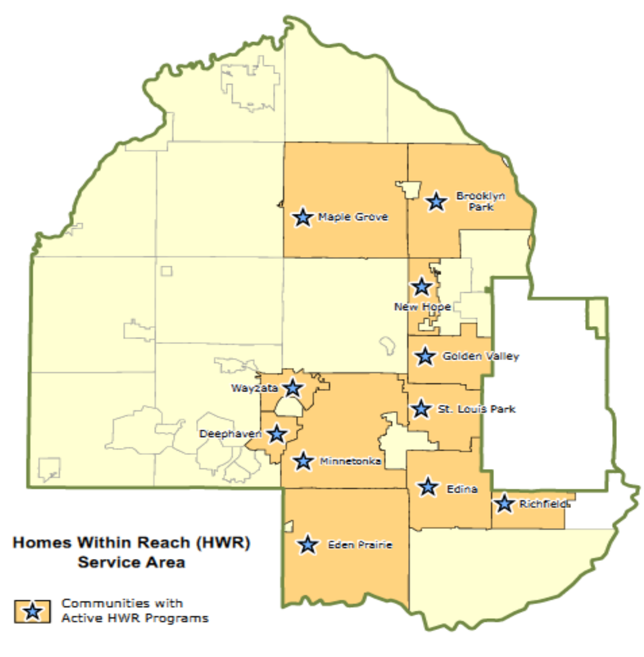
The mission is to use the Community Land Trust practice to provide housing for working families that would be otherwise unable to buy a home in the West Hennepin suburban communities, offering both communities and homebuyers the ability to sustain permanently affordable homeownership.

CORE VALUES:

- Belief in homeownership
- Convey stability into people's lives
- Create and preserve value for families and communities

GOAL:

Its goal is to create and preserve (long-term) affordable homeownership in the western suburbs of Hennepin County through the implementation of its Homes Within Reach program.



Please refer to Exhibit A of the Strategic Plan – The Profile and History of WHAHLT.

CRITICAL ISSUES IDENTIFIED IN HWR – SWOT AND ENVIRONMENTAL ASSESSMENT

- To sustain the organization and expand the outreach, program and services of the HWR Community Land Trust program in the ever-changing marketplace
- To be financially stable
- To expand, strengthen and nurture partnerships and collaboration in meeting the organization's mission and goals of creating and sustaining affordable homeownership in the suburbs of Hennepin County.
- To influence the policy environment and regulations as it relates to affordable housing options in Minnesota and the Metro area.

STRATEGIC OBJECTIVES and STRATEGIES:

I. To offer effective programs that will *sustain and grow* HWR Community Land Trust program

a. Increase homeownership equity for underserved families across Hennepin County in creating a Shared Service/Business Model between the City of Lakes Community Land Trust (CLCLT) and West Hennepin Affordable Housing Land Trust (WHAHLT) dba Homes Within Reach (HWR) and
    i. Please see **Exhibit B, Hennepin County CLT Collaboration Goals** this document describes the goals and strategies in implementing the Collaboration.

b. Increase Housing Production
    i. Expand program to new communities
        1. New: i.e. Bloomington & Plymouth
        2. Current: Expand number of homes annually in communities with less than 10 HWR homes – i.e. Golden Valley, New Hope, Wayzata etc.
    ii. Evaluate and expand prospective applicant pool based housing and communities' need.
    iii. Expand marketing/outreach and community awareness as outlined in the 2013 Housing Production Marketing Plan goals and objectives
    iv. Advocate for policies and funding of perpetually affordable homeowership in the suburbs with a focus on transit, specifically the proposed light rail development in collaboration with City of the Lakes Land Trust.

c. Continue on-going review and monitoring of program outcomes to ensure effectiveness
    i. Using 5-10 key performance indicators

d. Update and implement Board Development activities –
    i. Board education and networking
        1. Develop roles and responsibilities for board members when networking
        2. Augment board networking initiatives and fund raising with Community Relations Committee and internal marketing efforts by staff and HWR partners
    ii. Continue with board assessment and evaluation
    iii. Recruit advisors (see goal #3)

iv. Recruit new board members to fill open positions prior to coming available
v. Develop board leadership
vi. Offer board orientation/education for current and new board members

e. Maintain qualified staff to meet program needs and provide the necessary tools and space to operate effectively and efficiently based on housing production goal
f. Assess market changes annually and review housing production strategies and viable service model extensions

II. To be *financially stable, efficient and transparent*

a. Create and implement a five year plan to develop and leverage private and public funds in collaboration with the City of Lakes CLT, in order to grow the CLT homeownership options in Hennepin County
b. Maintain adequate public grant funding $750,000-$1,200,000 annually
c. Create a line of credit of $500,000 - $750,000 (interest bearing) for housing production, for a term of 24 month period with optional extensions
d. Create and implement a five-year plan to increase private funding resources of unrestricted funds with respect to individual donations, fundraisers and untapped sources of support $50,000 - $150,000 annually
   i. Annual Giving
   ii. Special Events
   iii. Special Projects
e. Collaborate with CLCLT to implement a data collection system to better manage data, compliance requirements and maximize the use of manpower hours
f. Continue to conduct independent annual audits
g. Continue financial and operating reporting system and maintain financial systems
h. Continue annual financial planning and expand plan to include 2 to 3 year projections - annually

III. 3. To strengthen *community partnerships* in offering the HWR program

a. Integrate HWR partnership development with the Hennepin County CLT Collaboration
b. Develop public and private relationships and partners in HWR service area
c. Expand funding resources and tools in order to offer the HWR program to current and new suburban communities
d. Create centers of influence and referrals over the next five years
   i. Corporations
   ii. Foundations
   iii. Organizations – for profit and non profit
   iv. Individuals
e. Use advisors to develop and sustain levels of expertise, open doors and solicit key contacts needed to meet the strategic goals and strategies - specifically in the area of raising private capital.
f. Develop relationships with service organizations, funders and vendors to assist HWR in reducing the multiple barriers that confront families with low to

moderate incomes in becoming homeowners; this includes but is not limited to transit initiatives with Hennepin County – Community Works Project.

IV. **4. To influence housing and transit-oriented *policies and regulations* to enable HWR to allocate resources to provide affordable homeowership options in the suburbs of Hennepin County**.

a. Work with MN CLT Coalition & Hennepin County CLT Collaboration and other housing organizations to influence public policy to meet HWR goals and objectives, policies and funding need to align with supportive, perpetually affordable homeownership. The goal of our policy work will be to influence affordable housing and transit-oriented policy in Hennepin County to ensure a continuum of affordable housing options and benefits of CLT homeownership is offered in areas where rapid growth and housing costs are anticipated to occur.

b. Determine Policy Targets for HWR

c. Nurture relationships with local legislators and community leaders

d. Provide ongoing networking in telling the CLT/HWR story by advisors, board members, friends of HWR, staff, applicants, homeowners and partners

   i. Develop user friendly materials in telling the story

      1. Case studies at local and state level with elected officials, foundations, corporations and agencies
      2. Testimonials
      3. Presentations

   ii. Use website to educate & network

   iii. Promote and nurture key homeowners in telling the benefits and values of the CLT story

AGENDA
CITY OF MINNETONKA
ECONOMIC DEVELOPMENT ADVISORY COMMISSION
HOMES WITHIN REACH SUBCOMMITTEE
Wednesday, November 20, 2013
7:30 a.m.

Mezzanine Conference Room
Minnetonka City Hall

1. Homes Within Reach recommendation for EDAC

2. Other Business

    - Determine if another subcommittee meeting is needed.

3. Adjourn

If you have questions about any of the agenda items, please contact:
Julie Wischnack, Community Development Director, (952) 939-8282
Elise Durbin, Community Development Supervisor, (952) 939-8285

City of minnetonka

Memorandum

TO: Mike Happe, EDAC Commissioner
Laurie McKendry, EDAC Commissioner

THROUGH: Julie Wischnack, AICP, Community Development Director

FROM: Elise Durbin, AICP, Community Development Supervisor

DATE: November 13, 2013

SUBJECT: Homes Within Reach subcommittee meeting #3

As Commissioners recall, the purpose of the subcommittee is to determine the proper level of permanently affordable Homes Within Reach homes in the city. For the past two meetings, the subcommittee has discussed the HWR organization, including their history and more recently a discussion with the Executive Director on the results of their strategic planning.

Additional Information Requested

In order to help Commissioners make an informed decision, additional information and data was requested.

List of Homes Within Reach homes located in Minnetonka
Page A1 provides a complete listing of the 50 properties HWR has acquired over the past 11 years, as well as the year that they were acquired in. These properties have been mapped on page A2.

Location of potential HWR properties in Minnetonka
Typically, HWR looks for properties that are listed for sale at or below $250,000. The level of rehab needed as well as location are also factors in their consideration of a property. Page A3 is a map of properties in the city that are valued at or below $250,000. Layered on that map is the location of existing HWR properties. As protocol, Minnetonka staff must approve any Minnetonka properties that HWR is interested in purchasing. This ensures that the properties are “scattered-site” and that there is not a cluster in one neighborhood.

City investment into HWR
Since 2002, the city has annually provided funds to HWR to assist with the purchase of properties. Included with each purchase is a small administrative fee to assist in covering the overhead associated with each purchase. Page A4 shows a listing of the grant funds that HWR has received directly from the city of Minnetonka since 2002. Also highlighted on page A1 is a breakdown per unit of city funds. (Note: there are some properties listed in 2003 that do not have funds associated with them—they likely had grant funds applied to them; however, the use of funds on the exact property was not documented very well). Over the course of the 11 years, the amount spent on properties as increased as HWR's rehab costs have increased.

Average HWR project timeline
The information is provided on page A5 is by HWR and was included with their grant application. It outlines, as well as provides a chart, about their timeline they use for a standard purchase-rehab-resale.

On average, since 2009, HWR has held properties 109 days and there is about 60 days of lead time from the time HWR executes an acquisition of the property to the closing date when HWR closes on the property – which is not included in the 109. In addition, HWR pays down the line of credit after the sale of the home and closes out a project about 60 to 90 days after selling the home to a qualified buyer and pay off the balance of the line of credit.

HWR applicant timeline
The timeline provided on page A5 provides some detail about the applicant process. In addition, over the past several years the HWR application pool annually experiences:

- Over 275 inquires
- Anywhere from 10 to 20 applicants in process
- 30+ applicants that are working on credit issues
- Of the 275 inquiries approximately 10 to 14 become homeowners

HWR housing production outcomes is based on available funding resources – not the lack of applicants over the past couple years. HWR did have some challenges with getting homeowners qualified in 2009 and 2010. In early 2012 the quality of applicants began to improve once again.

Testimonials
On pages A6-A8 are three testimonials submitted by HWR.

How HWR helps with the Metropolitan Council Livable Communities Act (LCA) and annual LCA scoring

In 1995, the Minnesota Legislature created the LCA to address the affordable and life-cycle housing needs in the Twin Cities metropolitan area. Additionally, the legislature created a funding mechanism to assist communities participating in the LCA in adding affordable and life-cycle housing. Participation in the incentive-based LCA program is voluntary with the Metropolitan Council governing it. When the LCA was established, Minnetonka was one of the first communities to sign up to participate in the program.

While a lot of the emphasis of the LCA program is directed to new construction units, the city receives credits on its annual reporting for work that HWR does within the community—including the collaboration of the city and HWR, as well as the grant funds that the city provides to HWR. Scoring well on the LCA annual survey (the city is usually in the top 10 to 15 communities in the metro area), is beneficial when the city applies for grant funds from the Metropolitan Council to assist with redevelopment or environmental clean up.

How Minnetonka benefits from HWR homes
There are several ways that Minnetonka benefits from HWR homes in its community:

- Upgrades to the city's housing. As the Executive Director pointed out at the last subcommittee meeting, HWR has been working for the past several years in acquiring properties occupied by seniors. In most cases there has been deferred maintenance on these homes. Before HWR sells the home to a qualifying homeowner, they do rehab on the homes, such as a new furnace and new roof. Page A1 shows just some of the investments into each of the homes. Additionally, over the years, approximately six to seven HWR homes have participated in the Small Projects rehab program to continue investing in their properties.

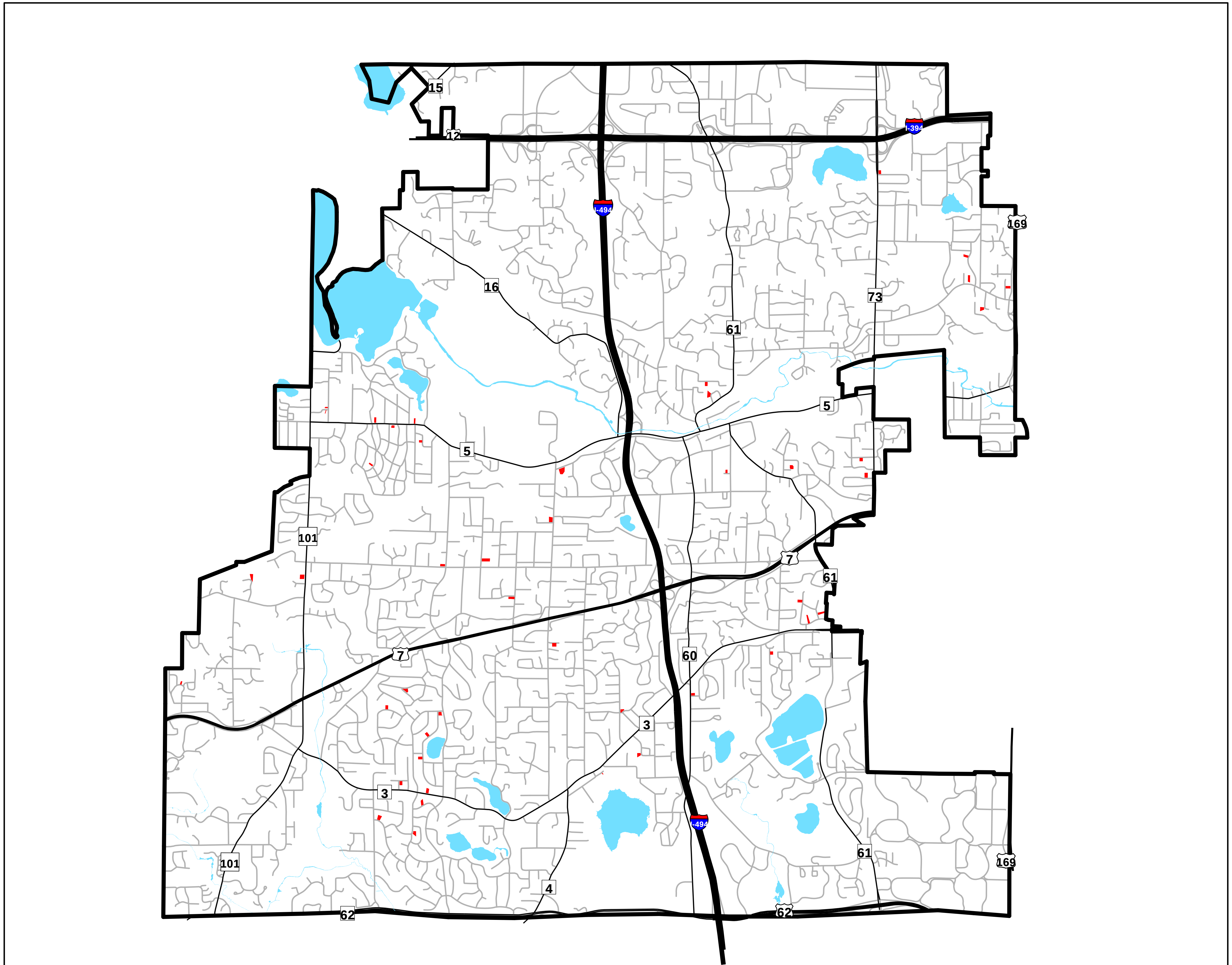
- Other local, regional, state, and federal funds. In addition to city funds, HWR applies for other local, state and federal funds. They have been successful in obtain numerous grants, which are matched with the city's funds, including:
  - Affordable Housing Incentive Fund (from Hennepin County)
  - Local Housing Incentive Fund (from Metropolitan Council)
  - Minnesota Housing funds (from the State of Minnesota)
  - HOME funds (federal HUD funds that flow through Hennepin County)

- Addition of younger households. Staff is working on obtain the average age of a HWR homeowner in Minnetonka; however, they are typically found to be a younger household, many times with younger children.

Next Steps and Recommendation

The intent is that the subcommittee will provide a recommendation to the full EDAC in early 2014 during the 2015-2019 EIP review process. Staff would like to commit the majority of time during the November subcommittee meeting to discussion on the subcommittee's recommendation to the EDAC.

ADDRESS	YEAR PURCHASED	CITY FINANCIAL CONTRIBUTION	PROPERTY IMPROVEMENTS BY HWR AND/OR HWR OWNER (improvements with permits)
15705 Sussex Drive	2002	$19,797	New furnace/AC and water heater
16400 Minnetonka Boulevard	2002	$17,830	New water heater and furnace; re-roof
4129 Victoria Street	2002	$18,458	
4917 Baker Road	2002	$24,052	Sewer repair
4236 County Road No 101	2002	$26,000	New windows, electrical, new water heater
11812 Bradford Road	2002	$668	
4150 Tonkawood Road	2002	$15,007	New water heater
11303 Royzelle Lane	2003	$18,000	Upgrade electrical, new furnace, sewer
4901 Acorn Ridge Drive	2003		
10024 Cedar Lake Road	2003		Re-roof
2533 Westview Terrace	2003		Re-roof
16108 Excelsior Boulevard	2004		New water heater, new furnace
5130 Kimberly Road	2004	$43,000	
4511 Crawford Road	2004	$4,830	Upgrade electrical; new furnace, water softener, A/C; garage (no garage previously)
2638 Cedar Crest East	2004	$25,429	Upgrade electrical, finish basement
17420 Sanctuary Drive	2005	$2,221	**New Construction when purchased
17424 Sanctuary Drive	2005	$2,606	**New Construction when purchased
16804 Minnetonka Boulevard	2005	$47,747	New water heater & furnace
12808 Linde Lane	2005	$38,986	
16213 Tonkaway Road	2005	$54,566	
14201 Glen Lake Drive	2006	$31,194	**New Construction when purchased
5631 Scenic Drive	2006	$58,993	New air conditioner
11941 Bradford Road	2006	$46,513	Upgrade electrical; new furnace
17407 Sanctuary Drive	2007		**New Construction when purchased
17745 Valley Cove Court	2007		**New Construction when purchased
14711 Minnetonka Drive	2007	$18,550	**New Construction when purchased
14717 Minnetonka Drive	2007	$49,491	**New Construction when purchased
5713 Holiday Road	2007	$52,223	Upgrade electrical; replace siding
5248 Kimberly Road	2007	$48,690	Upgrade electrical
5001 Holiday Road	2008	$47,275	New water heater & furnace
4289 Lindsey Lane	2008	$46,611	**New Construction when purchased
4285 Lindsey Lane	2008	$48,334	**New Construction when purchased
16417 Hilltop Terrace	2008	$60,166	Upgrade electrical, re-roof
3403 The Mall	2008	$57,099	Upgrade electrical; new A/C
16608 Elm Drive	2009	$64,242	New A/C, replace siding
11212 Oakvale Road N.	2009	$66,469	New furnace/AC, upgrade electrical
13019 Stanton Drive	2009	$60,000	Upgrade electrical & mechanical, re-roof
15205 Court Road	2009	$72,904	New furnace, AC, water heater; upgrade electrical
5242 Crestwood Drive	2009	$66,948	Replace water lines, re-roof, new furnace/AC, upgrade electrical
14713 High Point Court	2010	$57,936	Re-roof; new furnace, AC, water heater; upgrade electrical
11118 Oak Knoll Terrace N	2010	$110,768	New garage, furnace, water heater; bring electrical to code; landscaping
2338 Cedarwood Ridge	2010	$70,564	Upgrade electrical, new siding & furnace
16208 Birch Lane	2011	$66,206	Re-roof, upgrade electrical, new furnace/AC
4729 Winterset Drive	2011	$73,402	Upgrade electrical, new furnace/AC
12950 Rutledge Circle	2011	$58,161	New furnace/AC, upgrade electrical, remodel bathroom
3618 Druid Lane	2012	$72,351	New water heater, furnace, AC; re-roof
14806 Walker Place	2012	$70,010	Upgrade electrical, new furnace/AC
16332 Temple Terrace	2012	$83,727	Upgrade plumbing/electrical, new furnace/AC
12100 Robin Circle	2013	$92,610	Re-roof; new siding, furnace, AC, water heater
5013 Woodridge Road	2013		New water heater and furnace



City of minnetonka

Where quality is our nature

Legend

Municipal Boundary

Homes within Reach

Waters

MAIN ROADS

Jurisdiction

Interstates (MN/DOT)

Trunk Highways (MN/DOT)

Trunk Highways (MN/DOT)

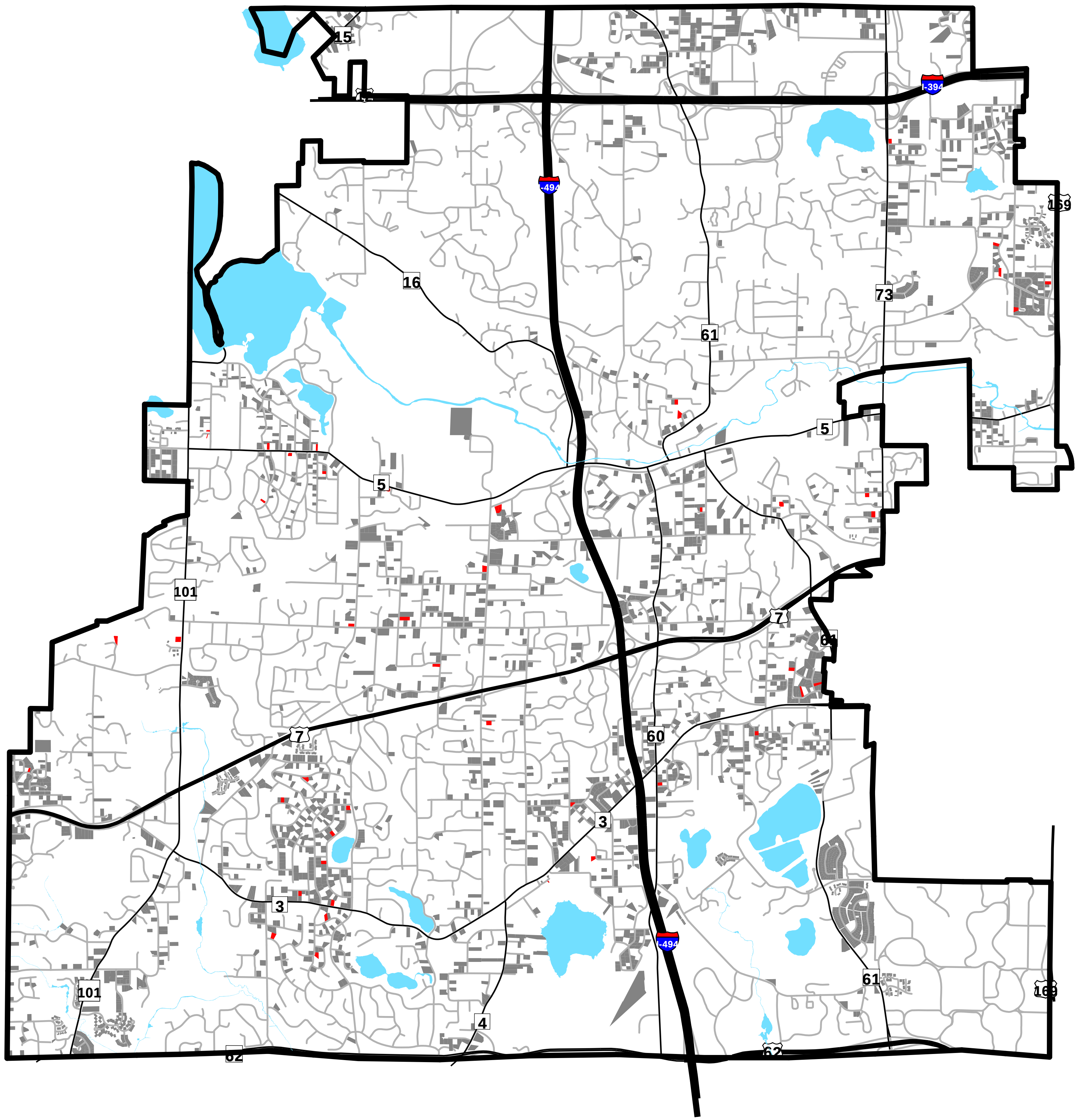
CSAH (Hennepin County)

N

0 0.25 0.5 1 1.5 Miles

Homes Within Reach

HWR subcommittee
November 20, 2013



City of minnetonka
Where quality is our nature

Legend

Municipal Boundary
Waters
Homes within Reach
Total property value less than $250,000

MAIN ROADS

Jurisdiction

Interstates (MN/DOT)
Trunk Highways (MN/DOT)
Trunk Highways (MN/DOT)
CSAH (Hennepin County)

N

0 0.25 0.5 1 1.5
Miles

Homes Within Reach

HWR subcommittee
November 20, 2013

CITY OF MINNETONKA FINANCIAL CONTRIBUTION TO HWR

These are grant funds

Year	Source of Funds	Amount
Ongoing		Up to $750,000 at one time
2002	Livable Communities	$169,650
2002	CDBG	$200,000
2003	Livable Communities	$200,000
2004	Livable Communities	$200,000
2005	Livable Communities	$220,000
2006	Livable Communities	$230,000
2007	Livable Communities	$230,000
2008	Livable Communities	$230,000
2009	Livable Communities & HRA	$250,000
2010	Livable Communities	$225,000
2011	Livable Communities	$225,000
2012	Livable Communities	$225,000
2013	Livable Communities	$225,000
	TOTAL GRANT FUNDS:	**$2,829,650**

HWR TIMELINE

HWR acquires, rehabilitates and turns around and sells the home to a qualified family using the land trust practice. The following outlines the major components of HWR housing production timeline, tasks

When reviewing the timeline activities, please keep in mind that multiple steps can be completed concurrently or previously – therefore it does not take 12 months to purchase a home, if the applicant is financially ready and there are available homes in their desired community where they work or live.

MONTHS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Creation of one Affordable Home																
1. Application Process																
Informational Meeting	■															
Application	■	■														
Orientation & Homebuyer Education		■	■													
Interviews and Income verification		■	■													
Meeting with Lender process application			■													
Pre-approvals			■	■												
2. Acquisition																
Property Search				■												
Property Selection				■												
Purchase Offer of Selected Property				■	■											
Due-Diligence Period & Admin - Determine Scope of Rehab, LC, Finalize offer, remove contingencies					■											
Acquire property						■	■									
Rehab							■	■	■							
3. Selling/Closing Process																
Mortgage Application and approval							■	■	■							
Selection of Property									■	■						
HWR Resident Committee Interview, Finalize income eligibility										■						
Execute PA , home inspection, attorney review										■						
Closing - coordination with funders, buyers, closer										■	■					

With respect to the applicant process timeline, it can take anywhere from three to nine months to purchase a home if the applicant is credit ready and meets HWR eligibility requirements.

There are multiple stages in creating a HWR affordable home. The above graph highlights the stages in creating an affordable home yet, does not include the steps of raising additional resources to benefit the award. Nonetheless, the list of tasks does not include detail steps, such as income verification and funding requirements; the details not specified in the exhibit are integrated into HWR internal checklists, in all categories.

A point of information when reviewing the timeline, the Application Process can take place at any time, however once a property is located and acquired, many times applicants need to be reapproved for a mortgage, if their pre-approval is more than 60 days old; especially in these times of changing lending requirements.

Furthermore, HWR adheres to practices of acquiring not more than 2-4 properties before successfully executing sales purchase agreements; hence, minimizing holding costs and making the best use of monies to implement the program.

Homes within Reach

West Hennepin Affordable Housing Land Trust

"*Homes Within Reach helped us find the ideal home."*

Andrej Rodionov knew it was time to find a home, and not just because his young family was growing -- it also made financial sense. "We had a brand new baby and were living in a one-bedroom apartment in Hopkins, so we really needed the extra room. I also thought we could benefit financially from the down real estate market," he said. Andrej works as a finance clerk for a local firm, and he and his wife Viktoriya were living from one small paycheck to another, so every penny counted.

They initially considered purchasing a foreclosed home, but that turned out to be a difficult challenge. Most of those properties were in questionable neighborhoods and/or required costly renovations to be viable opportunities. He kept looking for other options, and discovered Homes Within Reach while he was researching community land trusts.

HWR's mission is to create and preserve affordable homeownership opportunities for working families in the western suburbs Hennepin County. The HWR program is offered by the West Hennepin Affordable Housing Land Trust, which uses the community land trust practice to allow qualified clients to purchase the house alone and lease the land at a nominal fee. This significantly reduces the mortgage, property taxes, down payment and closing costs.

Andrej and Viktoriya attended the homeowner's informational meetings listed on the HWR web site and immediately saw that this might be the right opportunity for their family.

"I was surprised at the quality of homes they offered for our income level. Were very hopeful, but also pretty cautious at first because it seemed too good to be true," said Andrej. He and Viktoriya worked with the HWR staff to identify and visit potential homes. "We knew we wanted the first one we saw, but we kept looking to be sure we had a good idea of what was available," he said.

That first home is now their new home -- a small rambler in an established Edina neighborhood that is just five minutes from work and across from an elementary school. They moved in less than three months after they first contacted HWR. "It was exactly what we needed, and we can't thank their staff enough for helping us work through all the paperwork, financing and closing details," said Andrej. "The renovations were very thorough – our house had a new furnace, water heater and windows. It was move-in ready."

Home prior to renovation

Home after renovation:

Major items included – new siding, soffits, gutters, new windows, exterior doors, new HVAC, hot water heater

An expanding family finds a home.

With a one-year old growing like a weed and a desire to have at least one more child, Josh and Debbie Morris were pushing the limits of their two-bedroom apartment in Plymouth.

“We needed more interior space along with a yard for the kids,” said Josh. However, they didn’t want to expand their family at the expense of parenting, so they were committed to Debbie to be able to stay home.

That presented a challenge because it proved to be extremely difficult to find a home with the size and location they needed based solely on Josh’s income as a carpenter.

When a co-worker told Josh about in Homes Within Reach (HWR), they attended their first homebuyer’s info meeting right away and subsequently were accepted into the program.

HWR’s mission is to create, sustain and preserve affordable homeownership opportunities for working households in western suburban Hennepin County. The program is offered by the West Hennepin Affordable Housing Land Trust, which uses the Community Land Trust model to allow qualified clients to purchase the house alone and lease the land at a nominal fee, therefore significantly reducing the mortgage, property taxes, down payment and closing costs.

After completing a required homebuyer’s class, they started working with the HWR staff to find a home. “We knew we wanted the very first house we saw, and Doris and Janet from Homes Within Reach agreed that it would be a good choice. As it happened that’s the one we bought,” Josh said.

Located in Minnetonka, the 3 bedroom/1 bath 1700 square foot home was just what they were looking for – a huge yard for the kids, a tuck-under garage for Debbie’s car, and room in the driveway for Josh’s work truck.

“The kids’ bedrooms are close to us on one floor, and the neighborhood is great – lots of young families with kids but also older families and empty-nesters – we really like the mix. And it’s close to a great school. We couldn’t be happier,” said Debbie.

The fact that the house was immediately livable was extremely attractive to me,” said Josh. “I’m handy enough, but with the kids we didn’t have time or space to remodel. The carpets were great, we had new appliances, and I didn’t have to paint a single wall.”

Along with the right floor plan and location, HWR was able to find grants to help with the down payment, and arrange a mortgage with competitive rates. “Homes Within Reach has a very professional program and really lives up to their name, because without them we’d never have been able to buy this house,” said Debbie.

Today, Josh and Debbie have turned the dining room into a playroom and are expecting their third child in June. “Along with having the room to live today, we can plan for the future, which makes all the difference to us,” said Josh.

Call out quote: “*We can hardly believe we own this house. Homes Within Reach really lives up to their name.”*

A return to both home and dignity.

Rebecca Edmonson owned her own home before moving to Mexico 15 years ago to pursue her dream job working as an academic advisor for an international private Catholic school system.

The work and Mexican lifestyle were lucrative and fulfilling for her and her husband and young son. After several years, her employer asked her to transfer to Chicago and take a teaching position. That's when things started to unravel.

"While it was nice in many ways to be back in the U.S., it turned out that I needed a new license to teach, which required years of school. At the same time, my husband and I divorced. I was forced to start over," she explained.

She decided to move back to the Twin Cities to be near family and friends while putting her life back together. "I had no savings and had to take a customer service job and low rent apartment to make ends meet while going to school," Rebecca said. The demands of work, study and motherhood took their toll and created a downward financial and emotional spiral. She knew she needed a home to provide stability for her son… and for her own sanity.

"My credit was good but my income was so low that I couldn't qualify for a mortgage – even on foreclosed homes," she said. She felt she was going nowhere fast and was ready to give up. Then a friend mentioned Homes Within Reach (HWR). She called their office with a long list of questions… and a new door opened.

HWR's mission is to create, sustain and preserve affordable homeownership opportunities for working households in western suburban Hennepin County. The program is offered by the West Hennepin Affordable Housing Land Trust, which uses the Community Land Trust practice to allow qualified clients to purchase the house alone and lease the land at a nominal fee, therefore significantly reducing the mortgage, property taxes, down payment and closing costs.

The HWR staff guided Rebecca through the education and qualifying process to become a homeowner, and other new doors – literally and figuratively – began to open. Using her good credit and a combination of funding from the government, banks and the City of Minnetonka, her approval was completed. "Homes Within Reach assisted her, she said. "Janet and Doris are complete professionals, and everything went smoothly and quickly on our behalf. Now, my mortgage payment is less than what we were paying for rent."

HWR was able to locate a home that fit Rebecca's requirements for space and a safe neighborhood in the same school district her son had already been attending.

"The home they found for us is was amazing. It was walk-in ready and set in a safe neighborhood and close to school," said Rebecca. "When we first walked in, my son cried and said 'It's my home. It's mine.'" Now he spends his free time playing with new friends in the big back yard.

As for Rebecca, she could not be happier. "When I came to Homes Within Reach, I was 50 years old and literally had nothing. Now, I have a lovely and stable home for my son and am close to finishing school and returning to full time work. HWR gave me much more than a home – they also gave me back my dignity."

Rebecca is currently returning the favor by serving on the HWR board of directors, and is less than a year away from completing her master's degree in education.

City of minnetonka

Memorandum

TO: Mike Happe, EDAC Commissioner
Laurie McKendry, EDAC Commissioner

FROM: Julie Wischnack, AICP, Community Development Director

DATE: January 22, 2014

SUBJECT: Homes Within Reach subcommittee meeting #4

At the November subcommittee meeting, Commissioners began working on a recommendation on the future commitment to Homes Within Reach (HWR). At that meeting, Commissioners requested additional information as well as different commitment scenarios.

This memo and the attachments include the information requested by members of the subcommittee. Additionally, this memo includes a summary of the pros and cons of funding HWR, suggested HRA Levy funding commitments for HWR and the next steps that are requested of the Subcommittee and EDAC.

Additional Information Requested

Benefits of HWR (financially)

In November, commissioners requested how HWR has benefited the city, financially. Although the city has not historically viewed HWR benefits from a financial benefit standpoint, staff has assembled charts showing two different factors. The chart on page A1 shows the funds contributed by Minnetonka on an annual basis and matching funds brought in by HWR consisting of county, state and regional grants. The funds not only assist in the acquisition but it assists with improvements and reduction in actual mortgage costs.

The chart on page A2 depicts the annual average change in property values of HWR homes at the time they were purchased compared to all Minnetonka homes under $250,000 in value. The 2004 - 2011 (housing crisis) decrease in average HWR home values is greater than the decrease in values for all other homes in the city valued under $250,000.

A specific example of the source and use of funds for an HWR home is shown on page A3. Additionally, staff has included a table (page A4) depicting the assistance that the city has provided to various projects, including HWR. This table lists the amount of assistance and the affordability level. The purpose of including this table is to provide a comparison of the various affordable housing projects.

99 year lease

Commissioners inquired if the 99-year ground lease is mandatory. The purpose of a Community Land Trust (CLT) is to provide permanent, long-term affordability. The maximum length of a ground lease is set in state statute. In Minnesota, as well as the majority of states, that maximum is 99 years. In staff's research of a number of CLT's throughout the United States, 99 years is used 100 percent of the time.

Pros and Cons of Funding HWR

The following table is a summary of the pros and cons of funding HWR from HRA levy proceeds as discussed by the Subcommittee at its meetings last year.

Continued HRA Levy Funding after 2017:

Pros

- Growth of 2-3 new homes per year
- Continued investment in home repairs while preserving affordability
- Guarantees and increases the number of affordable homes for 99 years
- Mtka HWR funds contribute to attracting/leveraging other funding sources
- Assists in adding points to Mtka's LCA score
- Contributes to attracting other sources of funding
- Potential to serve an additional 10 families (approx.) per home over life of HWR home
- Contributes to diversify affordable housing types by providing SF homeownership
- Administration of HWR homes is minimal
- Provides work place housing and attracts younger households, who support the local economy and services, and contributes to neighborhood stability

Cons

- No or slight decrease in levy for HWR
- At some point there could an over saturation in certain neighborhoods
- Land values increasing, may make it more costly and possibly prohibitive

No Funding to HWR

Pros

- Levy savings of $200,000 annually after 2017
- City administration of existing HWR would not have to occur
- Dollars could be reassigned to other projects for affordable housing

Cons

- The number of HWR homes will remain at 60
- Reinvestment in non HWR homes are not guaranteed
- Guaranteed long term affordability capped at 60 units.
- Decrease in a funding source to leverage other funds (MHFA, HOME, AHIF, etc.) for affordable units
- Potential reduction in LCA score - Mtka's score is now one of the top 6 communities
- LCA score affects ability to attract other funds (Tax credits i.e. The Ridge, CDBG, TOD and other grants)
- Caps no. of families served at 600 (approx.) in 60 homes over 99 years
- Caps guaranteed affordable SF homeownership in housing diversification
- Reduces efforts to attract younger households and ability to retain work place housing

Funding Scenarios

Below are different scenarios of how a future commitment to HWR could be structured. These are staff suggestions to provide Commissioners with a starting point and some ideas of two different levels of commitment may look. Based upon the conversation in November, each scenario has a commitment to HWR of $225,000 until 2017 at which time the Livable Communities fund will no longer contain any funds. Additionally, the October 28, 2013 memo (page A5) from the HWR Executive Director is attached for further review by the committee.

Scenario #1 No Change to Funding

HWR Funding Assumptions:

1. The city continues the commitment towards long term affordable housing as reflected in the current Comprehensive Plan, to reflect intangible values including a.) the preservation and rehabilitation of existing housing stock to benefit families, b.) the provision of work place housing to benefit existing and new

employers in the city and region, and c.) to provide housing that supports local and regional investments in and near Minnetonka.

2. Other funding mechanisms (such as TIF, TIF Pooling, housing bonds, etc.) will remain available to encourage affordable rental housing and other supportive housing types that are not available to typical single family homes.

3. HWR will be expected to continue to leverage funds to supplement city provided funds such as AHIF (County), LHIF (Metropolitan Council), MHFA (State), HOME (Federal), etc. – see example on page A3.

4. The city will establish funding guidelines (to be reviewed on an annual basis) regarding the percentage of city funds that will be devoted to each single family home. Generally, the city expects that the city financial contribution will be less than 50% of the purchase price of the home.

HRA Levy Funding Commitment: $225,000 annually after 2017, unless other state and funding sources become available. The funding commitment under this scenario continues to allow HWR to receive funding for three homes in Minnetonka per year.

Scenario #2 Reduced Funding

HWR Funding Assumptions:

1. The city continues the commitment towards long term affordable housing as reflected in the current Comprehensive Plan, to reflect intangible values including a.) the preservation and rehabilitation of existing housing stock to benefit families, b.) the provision of work place housing to benefit existing and new employers in the city and region, and c.) to provide housing that supports local and regional investments in and near Minnetonka.

   However, in recognition of reductions to outside funding sources and the need to judiciously balance competing needs for HRA levy funded activities, the level of funding to HWR will be reduced in a manner that continues to support the activities of HWR in the city and surrounding communities while assisting the long term goal of HWR to become self-sustaining. Likewise, the city will support efforts of HWR to become self-supporting in accordance with their long term strategic goals.

2. The amount of HRA levied funding to support HWR will be dependent upon several factors including the following:
   a.) the impact to the LCA (Livable Communities Act) housing performance scores that affect the amount of potential regional or state funding/services received by the city.
   b.) The ability of HWR to gradually become self-sustaining in the coming years.

3. The city will continue to fund an administration fee, proportionate to the number of HWR homes in Minnetonka, as part of the HRA levy.

4. The city will support efforts by HWR to become self-sufficient, including participation in the Hennepin County CLT Collaboration goals and cooperation with the City of Lakes CLT.

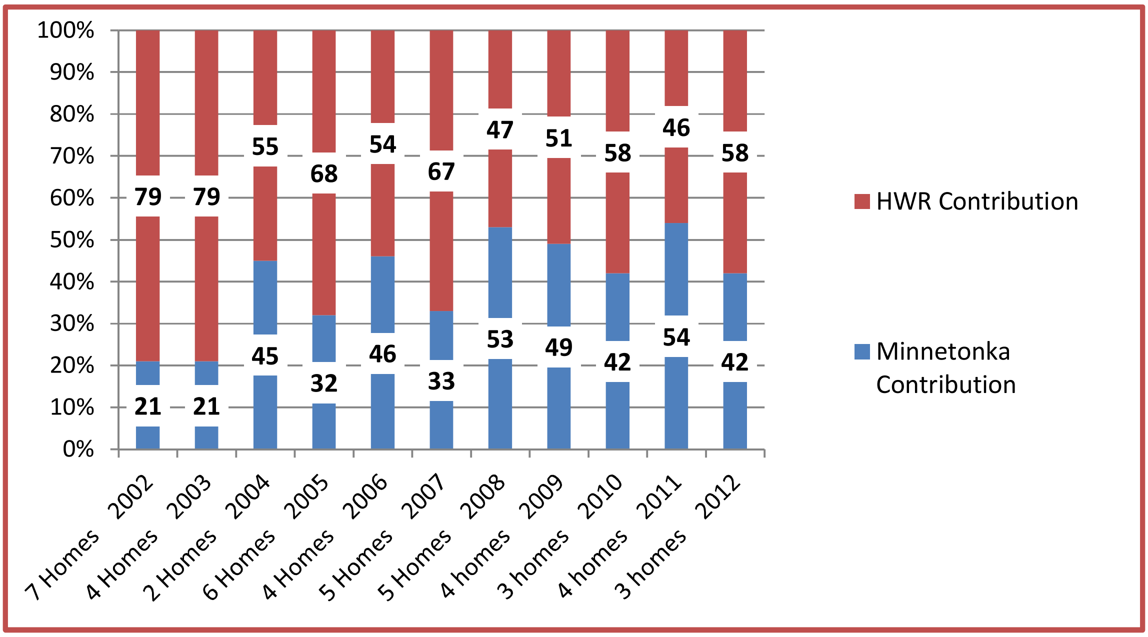
HRA Levy funding commitment would contain no funding for new HWR homes after 2017. If the city went to a sustaining level, it would be $25,000 annually and there would be no additional HWR homes created.

Next Steps and Recommendation

The EDAC will review the 2015-2019 EIP at the March EDAC meeting. As a part of that review, it is staff's intent to have the subcommittee's recommendation on future HWR commitment included in the document.

Originated by: Julie Wischnack, AICP, Community Development Director

Annual Minnetonka/HWR Contributions
In
Creating and Sustaining Affordable Homeownership
2002- 2012

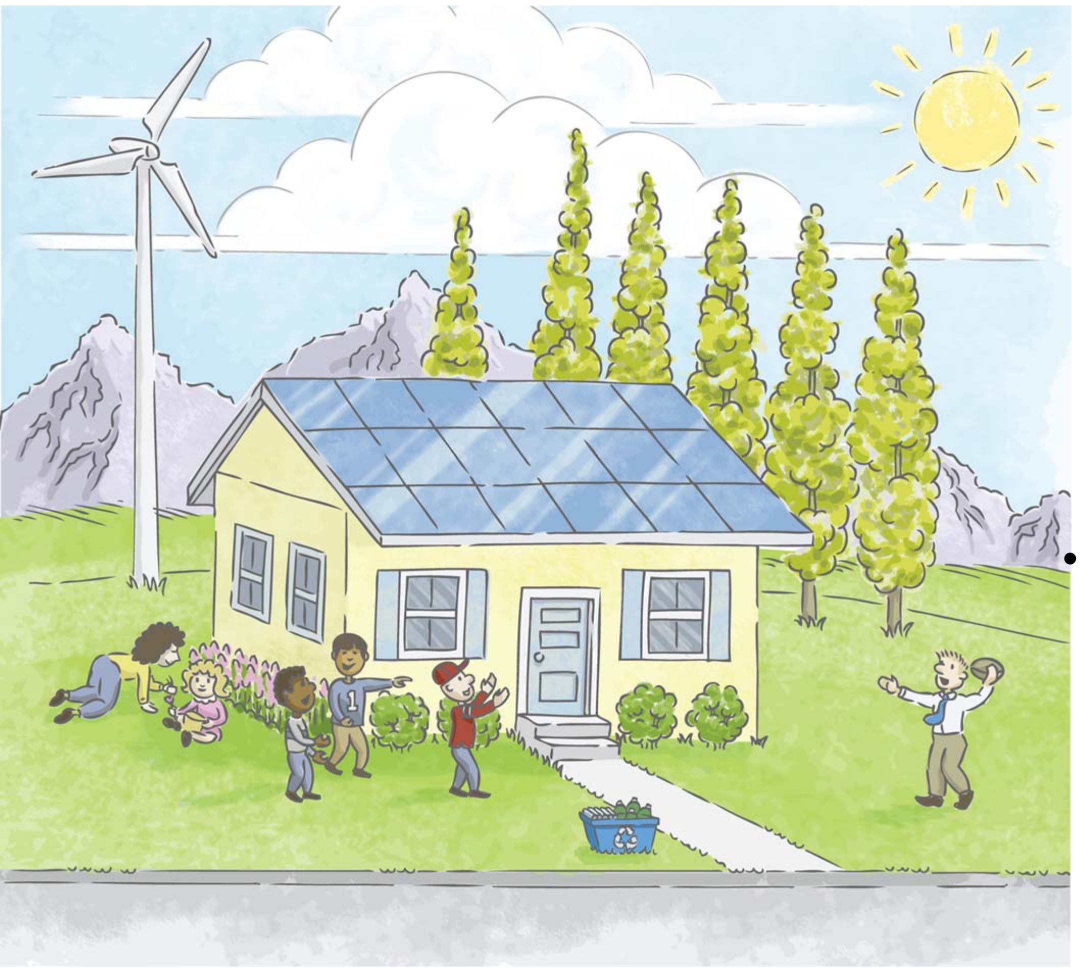


Year	Mtka Contribution	%	HWR Contribution	%	Comments
2002	$ 319,798	56	$ 249,656	44	$200,000 CDBG included in Mtka Contribution
2003	$ 74,089	21	$ 278,514	79	
2004	$ 82,692	45	$ 100,000	55	
2005	$ 140,819	32	$ 300,771	68	
2006	$ 191,266	46	$ 226,949	54	
2007	$ 120,264	33	$ 245,690	67	
2008	$ 251,076	53	$ 227,000	47	2 - Meadowwood Twin homes
2009	$ 247,810	49	$ 262,894	51	
2010	$ 197,788	42	$ 270,800	58	
2011	$ 320,640	54	$ 268,000	46	Major renovation of Hopkins Crossroad property per City's request
2012	$ 200,522	42	$ 279,000	58	
Total	**$ 2,146,764**	**44%**	**$ 2,709,274**	**56%**	**Created 47 affordable homes through 2012**

COMPARISON OF HWR AND MTKA HOME (UNDER $250,000) VALUE CHANGES

Year	Number of HWR Homes	AVERAGE HWR PROPERTY VALUE AT TIME OF PURCHASE	AVERAGE HWR 2013 PROPERTY VALUE	AVERAGE CHANGE IN HWR HOME VALUE	AVERAGE 2013 PROPERTY VALUE OF MTKA HOMES UNDER $250,000
2002	7	$173,600	$204,843	18.0%	
2003	4	$182,925	$199,900	9.3%	12.5%
2004	4	$207,825	$190,624	-8.3%	9.8%
2005	5	$172,680	$168,580	-2.4%	5.6%
2006	3	$194,967	$186,000	-4.6%	7.8%
2007	6	$175,417	$161,783	-7.8%	1.8%
2008	5	$211,240	$176,880	-16.3%	-1.8%
2009	5	$220,500	$200,260	-9.2%	-4.5%
2010	3	$206,733	$176,300	-14.7%	-6.9%
2011	3	$201,700	$196,000	-2.8%	-2.2%
2012	3	$219,133	$219,133	0.0%	-4.5%
2013	2	$192,400	$192,400	0.0%	
	50				

Example: WHAHLT Real Estate Purchase and Home Sale



- WHAHLT Costs to Buy/Develop Property
  - Land price: $ 115,000
  - Building price: $ 122,000
  - Closing costs: $ 1,500

    Sub-total: $ 238,500
  - Rehabilitation costs: $ 12,000
  - Development expenses: $ 12,000

    Total $ 262,500
- Support/Revenue for WHAHLT Home
  - Homeowner Mortgage $ 140,000
  - Funding Sources:
    - City of Mtka: $ 49,250
    - HOME: $ 38,250
    - MHFA: $ 10,000
    - HHP: $ 25,000

    Sub-total: $ 122,500

    Total: $262,500

ASSISTANCE TO AFFORDABLE HOUSING PROJECTS

Name of Project	Number of Affordable Units	Total Assistance	Years of Affordability	Assistance per Unit per Year	Affordability Level
Tonka on the Creek (proposed)	20	$2,308,336 (est.)	30	$3,847	50% AMI
Cedar Point Townhomes	9	$512,000	15	$3,792	50% AMI
Glen Lake (St. Therese, Exchange)	43	$4,800,000	30	$3,721	60% AMI
Ridgebury	56	$3,243,000	30	$1,930	Initially--80% AMI Now—No income limit
Beacon Hill (apartments)	62	$2,484,000	25	$1,602	50% AMI
West Ridge Market (Crown Ridge, Boulevard Gardens, Gables, West Ridge)	185	$8,514,000	30	$1,534	*Crown Ridge*—60% AMI *Boulevard Gardens*—60% AMI *Gables*—initially 80% AMI, now no income limit *West Ridge*—50% AMI
The Ridge	52	$1,050,000	30	$673	60% AMI
Homes Within Reach (2004-2012 grant years)	35	$1,740,000	99	$502	80% AMI

Memo

To: Elise Durbin
From: Janet Lindbo
Date: October 28, 2013
Re: Minnetonka's HWR Housing Production/Funding

As you know West Hennepin Affordable Housing Land Trust dba Homes Within Reach (HWR) has completed its strategic planning process and has established a long range vision to guide HWR's growth over the next five years with focus on the following:

- Expand our target market
- Create and sustain a strong mix of both public and private partnership and financing
- Collaborate with the City of Lakes Community Land Trust to increase homeownership equity for underserved families across Hennepin County by creating a Shared Service/Business Model.

In addition, one of the strategic planning tasks was to develop financial projections and absorptions schedules to assist in prioritizing strategies and objectives. One of the tasks was to estimate when HWR sustains itself without new sales and is funded by resales and lease fees to provide asset management for its portfolio of properties and homeowners. The two scenarios of sustainability are as follows.

HWR Sustainability Scenarios:

1. *Scenario I at 200 Homes*
    a. Self-sustainability with no new sales is 8 to 10 years away and this is predicated on receiving adequate awards to create 10 new homes a year, plus resales.
    b. In this scenario an annual fee to HWR on annual basis is included to manage the assets of 200 homes – of which Minnetonka would pay a portion of the fee based on number of homes. In addition, 10 resales are generated on an annual basis, anticipating this scenario would take place 2023.
        i. To reach 200 homes is as follows;
            1. 8 years @ 12 new sales
            2. 9.5 years @ 10 new sales
            3. 12 years @ 8 new sales
2. *Scenario II at 265 Homes*
    a. In scenario II, there is no fee generated by the communities to provide asset management – therefore the total of homes needed for sustainability with 10 resales annually is 265 homes – increasing the portfolio to 265 would take 14 years at 12 new sales a year.

Comments:

An important component of Minnetonka's possible funding modifications is for HWR to find additional communities with available funding resources to serve and increase production in one or two of the current communities served to make up for the loss of Minnetonka housing production.

HWR recommends the City of Minnetonka evaluate their housing goals and products to ascertain the Community Land Trust model viability and its return on investment to the community. In addition, HWR recommends that if the City alters its award, it is done gradually and continues to support the creation of one new affordable home using the HWR, not having Minnetonka as a partner would negatively affect the organization from multiple perspectives – such as receiving grants, expanding its target market and continuing to work with current and future suburban communities.

UNAPPROVED
MINNETONKA ECONOMIC DEVELOPMENT ADVISORY COMMISSION
MEETING SUMMARY

MARCH 13, 2014
6:00 P.M.

1. CALL TO ORDER

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

2. ROLL CALL

EDAC commissioners present: Benita Bjorgo, Michael Happe, Ken Isaacson, Jacob Johnson, Jerry Knickerbocker, Laurie McKendry, and Kathryn Aanenson.

Staff present: Community Development Director Julie Wischnack and Community Development Supervisor Elise Durbin.

Chair Aanenson welcomed new commissioner Johnson. Johnson stated that he moved to Minnetonka two years ago. He has a background in technology and startups. He does tech scouting for high-tech companies and has experience in early-stage finance.

3. APPROVE JANUARY 23, 2014 MEETING MINUTES

Knickerbocker moved, Isaacson seconded a motion to approve the January 23, 2014 meeting minutes. Bjorgo, Happe, Isaacson, Johnson, Knickerbocker, McKendry, and Aanenson voted yes. Motion passed.

4. 2015-2019 ECONOMIC IMPROVEMENT PROGRAM (EIP)

Wischnack introduced the review for the evening and reported on the Homes Within Reach program evaluation.

Regarding the program review for Homes Within Reach, Happe, who sat on the EDAC subcommittee to review this item, provided pictures of properties in Minnetonka that are a part of the land trust.

McKendry noted that the city’s current high Livable Communities Act housing score may decrease if the program would be eliminated.

Chair Aanenson thanked staff for the subcommittee meetings. She found the information very helpful.

Happe noted the subcommittee did discuss how the dollars would play out over time. He said that each home already in the program must be sustained for 99 years, and maintaining that existing stock costs $25,000 a year. The grant amount provided would be $75,000 in 2017, 2018, and 2019, plus the $25,000 administrative fee.

McKendry added that $50,000 would remain in the fund and the program should be reevaluated in 5 years.

Wischnack noted that more years than the standard five years will be added to the EIP page to be able to document the plan.

Knickerbocker asked if the $75,000 would be taken from the HRA Levy. Wischnack answered in the negative. It would be taken from the Livable Communities Fund.

Isaacson thanked commissioners for their work. He asked if the $25,000 pays the administrative costs of the land trust. Wischnack answered affirmatively.

Isaacson asked what the concept for a self-sustaining program includes. Wischnack explained that the $25,000 deals with any of the transactional issues of the land trust. The self-sustaining piece deals with how much transactional production has to happen to get it in a sustainable state.

Isaacson asked if other land trusts are on a self-sustaining model already. Wischnack and Durbin were unsure. Homes Within Reach did include self-sustaining goals in its strategic planning, but did not provide a timeframe.

Knickerbocker felt the recommendation would be an improvement over the current situation. This would put some responsibility back on the Homes Within Reach organization. It is hard to find affordable housing that could be purchased and fixed up. He wondered if purchasing two or three houses a year is the best-case possible. Happe said that was discussed. One of his concerns is that each purchase is a 100-year commitment. Minnetonka has been the key driver and supporter of the program, and it would be brutal to stop the funding immediately. The recommendation is a compromise to gradually phase out new investment into the program.

Isaacson said that over 12 years, the average was four properties purchased per year. Those 50 homes are in Minnetonka and are not going anywhere. There are 90 or more years of affordability left. It is a good investment assuming that the $25,000 is a reasonable price. He hopes the program can become self-sustaining.

McKendry added that there are 51 affordable houses in Minnetonka now. The houses were run down when purchased, but now look great. All of the houses benefit the neighborhoods. The housing market has done several flip flops in the last 12 years, but, even during the downturns, the city had houses that look nice. The program is a benefit to the city and is a big deal to the people it serves and who work in the community. The program does need to be self-sustainable. Everything discussed is true.

Bjorgo concurred with commissioners. She liked the program. It would be great to have an incentive to have the program pick properties in Minnetonka.

Wischnack confirmed with commissioners that $225,000 would remain for each year from 2014 to 2016; $100,000 ($75,000 to purchase and $25,000 for administration) for each year from 2017 to 2019; and $25,000 starting in 2020.

Wischnack reported on the Minnesota Community Capital Fund program evaluation. The Minnesota Community Capital Fund was recently dissolved.

In response to Knickerbocker's question, Wischnack stated that the funds could be used for redevelopment of an LRT station site.

In response to Johnson's inquiry, Wishnack will find out the size of grants and types of business utilizing gap funding.

Happe noted that the funds could be used for sidewalks related to redevelopment of the Ridgedale area.

Durbin reported on the owner-occupied and small projects housing rehab program evaluation.

Knickerbocker felt the city would continue the home improvement loan program if CDBG funds were not provided. He suggested increasing the loan amount. Durbin explained that if the loan amount is above $5,000, then there are lead-based paint requirements that could substantially increase the cost of a project.

Bjorgo recognized that funds are limited, but allowing the loan program to be applied to small additions like a mud room or third stall for a garage could be considered since a study showed that those are wanted items. Durbin stated that CDBG funds could not be used for those improvements, but the city's home improvement loan program could.

Durbin reported on the Minnetonka Heights and Crown Ridge program evaluation.

Isaacson was very supportive. For the amount of money given to the programs in the past, it is a tremendous bargain. He advocates for another source to replace the CDBG funds.

Bjorgo added that these program directly help Minnetonka residents.

Happe wanted to be careful when committing programs to run forever. He preferred having a sunset.

Knickerbocker recalled a similar discussion two years ago. Durbin confirmed that the non-profit organizations were made aware. Wischnack said that the challenge will be having a discussion of whether to fund the non-profit organizations in 2017 with other funding mechanisms.

Isaacson noted that he has heard for three years that CDBG funding would be decreased, but it has not yet been decreased. Durbin agreed. She clarified that these programs are funded with the Livable Communities Fund. Wischnack stated that the impending decrease in Livable Communities Fund is more certain.

Knickerbocker felt more facts need to be known on the organizations. Chair Aanenson said that the EIP helps to determine alternative funding sources and the most worthy programs. Wischnack agreed that the city council would appreciate commissioners' opinions on which programs the EDAC would support continuing to fund.

Bjorgo supports the program, but does not think the city should give any organization the appearance that the city will fund a program forever. Things change over time and there might be other needs.

Wischnack reported on the corridor investment framework which was recently completed around each LRT station area.

Happe asked if key decisions will be made soon that might change what commissioners would recommend. Wischnack has learned that plans need to continue to be planned despite whether the project at the moment will be happening, because, at some point, it probably will come back. If it gets permission to move ahead, it will move ahead a lot more quickly than it has in the past.

Knickerbocker asked if a meeting has been held with the landowners to show them the light rail plans. Wischnack answered affirmatively. Formal and one-on-one meetings are being conducted with property owners to discuss where, how, and the impact. The SWLRT project office is also meeting with property owners. Wischnack looks for leadership on the county level to do land banking. That is the number one problem. It deals with the ability to purchase land and hold it while waiting for the transit line to be constructed. The property values are the lowest now and escalate while the project is being built.

McKendry asked how much funding has been included in the capital improvement program (CIP). Wischnack answered $5 million. Chair Aanenson suggested discussing this more at the work session in April. Wischnack agreed.

Durbin reported on the layout and content of the EIP.

Chair Aanenson suggested the information be located on the housing summary page. It would provide a good snapshot of everything. More discussion on programs funded by the Livable Communities Account may be included on the next meeting's agenda.

In response to Knickerbocker's question, staff will do more research to determine if Livable Communities funds could be given to CDBG recipients.

Wischnack reported on the next section.

Chair Aanenson appreciated the color coding. It made it easy to understand. Wischnack welcomed ideas for programs.

Knickerbocker asked if there would be an opportunity for more than $200,000 a year for passed-through grants, considering the light rail. Durbin answered affirmatively. Wischnack noted that it is hard to be accurate about the numbers since they are predictions of what could happen.

Wischnack and Durbin reported on transit improvements and light rail.

Knickerbocker suggested restructuring the last sentence of Page A-46 under "Budget Impact/Other." Wischnack agreed.

Chair Aanenson suggested talking about where the turn-back money goes at the study session on Monday.

Wischnack reported on predevelopment money and village center studies.

Isaacson asked if the city or developer pays costs associated with TIF runs using the Tonka on the Creek project as an example. Wischnack explained that, initially, the city runs the TIF calculations to see if the proposal would be viable. At a certain point, there is an end date where the city stops payment and the developer starts payment. That is what happened with Tonka on the Creek.

Wischnack reported on TIF districts and tax abatement.

Chair Aanenson liked looking at the housing goals at the end.

5. STAFF REPORT

Durbin and Wischnack reported on the:

- Light rail update including the status of preliminary engineering/municipal consent, community works, and the housing inventory.
- Marketing study.
- Minnesota Community Capital Fund.
- The Community Development Department's annual report.
- Development updates on Ridgedale Shopping Center, Hampton Inn, Minnetonka Medical Building, Eye Consultants, Shoppes on 101, school projects, Legacy Oaks, Groveland Pond, Carlson Island Apartments, Kraemer's Hardware site, and Applewood Pointe.

6. OTHER BUSINESS

- There will be a study session Monday, March 17, 2014 with the city council.
- March 26, 2014 there will be a Sensible Land Use program on townhouses and condominiums.
- Minnesota ULI is having its Inside the Leadership Studio recognition dinner with this year's speaker MNDOT Commissioner Charlie Zelle.
- The next EDAC meeting will be April 24, 2014.

7. ADJOURN

Isaacson moved, Knickerbocker seconded a motion to adjourn the meeting at 7:30 p.m. Bjorgo, Happe, Isaacson, Johnson, Knickerbocker, McKendry, and Aanenson voted yes. Motion passed.

City of Minnetonka Financial Contribution to HWR

Year	Source of Funds	Amount	Balance
Ongoing	City of MTKA Line of Credit	Up to $750,000 at one time	$ 145,500.00
2002	Livable Communities	$ 169,650.00	$ -
2002	CDBG	$ 200,000.00	$ -
2003	Livable Communities	$ 200,000.00	$ -
2004	Livable Communities	$ 200,000.00	$ -
2005	Livable Communities	$ 220,000.00	$ -
2006	Livable Communities	$ 230,000.00	$ -
2007	Livable Communities	$ 230,000.00	$ -
2008	Livable Communities	$ 230,000.00	$ -
2009	Livable Communities & HRA	$ 250,000.00	$ -
2010	Livable Communities	$ 225,000.00	$ -
2011	Livable Communities	$ 225,000.00	$ -
2012	Livable Communities	$ 225,000.00	$ -
2013	Livable Communities	$ 225,000.00	$ -
2014	Livable Communities	$ 225,000.00	$ -
2015	Livable Communities	$ 217,000.00	$ -
2016	Livable Communities	$ 225,000.00	$ 105,247.00
2017	Livable Communities	$ 100,000.00	$ 100,000.00
2018	HRA Levy	$ 100,000.00	$ 100,000.00
2019	HRA Levy	$ 100,000.00	$ 100,000.00
	Total Grant Funds *	$ 3,796,650.00	$ 405,247.23

* *These grants include operating income support which are not included in the total city subsidy calculation*

Updated 4/15/2019

Homes Within Reach Minnetonka Properties

ADDRESS	YEAR PURCHASED	CITY FINANCIAL CONTRIBUTION	PERCENTAGE OF CITY FUNDS ASSISTED	PROPERTY PURCHASE PRICE	2019 PROPERTY VALUE	CHANGE IN VALUE	MEDIAN HOME SALE PRICE FOR YEAR
16400 Minnetonka Blvd	2002	$17,830	10%	$174,900	$229,400	31%	
4129 Victoria Street	2002	$18,458	10%	$188,000	$281,700	50%	
4917 Baker Road	2002	$24,052	13%	$190,000	$263,300	39%	$240,000
4236 County Road No 101	2002	$26,000	14%	$190,000	$248,400	31%	
11812 Bradford Road	2002	$668	1%	$120,000	$245,100	104%	
4150 Tonkawood Road	2002	$15,007	13%	$119,500	$251,500	110%	
11303 Royzelle Lane	2003	$18,000	10%	$185,000	$281,600	52%	
4901 Acorn Ridge Drive	2003	$57,301	31%	$187,000	$344,900	84%	$241,750
10024 Cedar Lake Road	2003	$12,145	7%	$180,000	$231,200	28%	
2533 Westview Terrace	2003	$21,500	10%	$206,000	$221,400	7%	
16108 Excelsior Blvd	2004	$30,830	16%	$195,000	$250,500	28%	
5130 Kimberly Lane	2004	$43,000	19%	$230,000	$275,000	20%	$280,000
4511 Crawford Road	2004	$4,830	3%	$182,000	$237,400	30%	
2638 Cedar Crest East	2004	$25,429	12%	$215,400	$272,700	27%	
17420 Sanctuary Drive	2005	$2,221	1%	$178,000	$205,500	15%	
17424 Sanctuary Drive	2005	$2,606	1%	$178,000	$201,700	13%	
16804 Minnetonka Blvd	2005	$47,747	21%	$230,000	$247,900	8%	$290,000
12808 Linde Lane	2005	$38,986	18%	$219,000	$243,800	11%	
16213 Tonkaway Road	2005	$54,566	24%	$226,000	$260,300	15%	
14201 Glen Lake Drive	2006	$31,194	18%	$177,435	$286,800	62%	
5631 Scenic Drive	2006	$58,993	24%	$250,000	$303,800	22%	$271,768
11941 Bradford Road	2006	$46,513	20%	$229,900	$244,300	6%	
17407 Sanctuary Drive	2007	$0	0%	$178,000	$205,600	16%	
17745 Valley Cove Court	2007	$0	0%	$120,000	$294,400	145%	
14711 Minnetonka Drive	2007	$18,550	10%	$193,700	$237,100	22%	
14717 Minnetonka Drive	2007	$49,491	21%	$240,000	$237,000	-1%	$285,000
5713 Holiday Road	2007	$52,223	25%	$210,000	$290,700	38%	
5248 Kimberly Road	2007	$98,487	42%	$237,000	$274,900	16%	
5001 Holiday Road	2008	$47,275	20%	$241,900	$279,500	16%	
4289 Lindsey Lane	2008	$46,611	28%	$169,275	$222,900	32%	
4285 Lindsey Lane	2008	$48,334	29%	$169,215	$222,900	32%	$263,250
16417 Hilltop Terrace	2008	$60,166	27%	$225,000	$243,800	8%	
3403 The Mall	2008	$57,099	23%	$248,500	$232,200	-7%	

16608 Elm Drive	2009	$64,242	31%	$204,000	$256,400	26%	
11212 Oakvale Road N.	2009	$66,469	29%	$229,000	$301,400	32%	
13019 Stanton Drive	2009	$60,000	29%	$209,000	$271,400	30%	$242,000
15205 Court Road	2009	$72,904	32%	$229,000	$255,500	12%	
5242 Crestwood Drive	2009	$66,948	31%	$219,000	$284,200	30%	
14713 High Point Court	2010	$57,936	30%	$190,000	$309,900	63%	
11118 Oak Knoll Ter N	2010	$110,768	55%	$200,000	$232,300	16%	$265,713
2338 Cedarwood Ridge	2010	$70,564	42%	$170,000	$292,800	72%	
16208 Birch Lane	2011	$66,206	32%	$206,900	$279,800	35%	
4729 Winterset Drive	2011	$73,402	37%	$198,000	$257,800	30%	$233,000
12950 Rutledge Circle	2011	$58,161	31%	$190,000	$297,600	57%	
3618 Druid Lane	2012	$72,351	31%	$230,000	$279,200	21%	
14806 Walker Place	2012	$70,010	31%	$225,000	$299,600	33%	$255,000
16332 Temple Terrace	2012	$83,727	39%	$214,000	$297,600	39%	
12100 Robin Circle	2013	$92,610	43%	$217,500	$290,100	33%	$278,950
5013 Woodridge Road	2013	$83,693	38%	$218,000	$241,000	11%	
3669 Shady Oak Road	2014	$83,164	38%	$218,150	$285,000	31%	$270,000
5013 Prescott Drive	2014	$85,022	36%	$233,200	$272,000	17%	
3000 Chase Drive	2015	$71,308	32%	$225,000	$285,300	27%	$300,000
5701 Glen Moor Rd	2016	$64,090	26%	$242,500	$287,100	18%	
2402 Ford Rd	2016	$69,356	27%	$257,000	$294,400	15%	$307,350
13823 Knollway Dr	2016	$84,140	31%	$268,800	$289,700	8%	
13521 North Street	2017	$98,000	42%	$235,000	$271,100	15%	$335,000
11307 Friar Lane	2018	$81,974	32%	$256,900	$305,500	19%	$348,000
5116 Holiday Road	2018	N/A		$291,000	$256,200	-12%	
Total		$2,883,157			$15,362,100		

Project Name (For Sale Product)	Number of Affordable Units	Total Assistance for affordable units	Years of Affordability	Assistance per unit, per year	Affordability Level
Homes Within Reach	58	$ 2,883,157.00	99	$ 502	80% AMI
Ridgebury	56	$ 3,243,000.00	30	$ 1,930	80% AMI Initially
Cedar Pointe Townhomes	9	$ 512,000.00	15	$ 3,760	50% AMI
Applewood Pointe	9	$ 1,290,000.00	Initial Sale	$ 4,777	80% AMI

Updated 4/15/2019

EDAC Agenda Item #5
Meeting of May 8, 2019

Brief Description: Draft Affordable Housing Policy

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. In response, staff drafted an affordable housing work plan for the EDAC to review at its March 14, 2019 meeting. The housing work plan identified drafting an affordable housing policy as the priority action in 2019. The staff report outlines the background on the inclusion of affordable housing in multifamily and for sale housing and key components of the draft affordable housing policy (attached).

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. More recently, the draft 2040 comprehensive plan identified the development of an affordable housing policy as a strategy to create a variety of housing products at varying levels of affordability.

The draft affordable housing policy is consistent with the city council's desire to continue to promote the inclusion of affordable housing in all new multifamily development projects and for-sale attached projects. At the Feb. 4, 2019 city council study session the council directed staff to draft an affordable housing policy for EDAC to review to renew the city's affordable housing commitment.

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.

Because of the city's prior efforts, Minnetonka has approximately 7,120 units of multifamily rental housing units (6+ units) that were built or approved for construction between 1969 and 2019. Of these units, 2,131 are naturally occurring affordable housing (NOAH) units and an additional 1,901 received city assistance in exchange for continued affordability. The policy was drafted to encourage the inclusion of a minimum of 5% of new multi-family rental units at 50% of the Area Median Income (AMI) as those units are most difficult to produce. Units at 30% AMI typically require partnerships with non-profit organizations as these units require support services. Therefore, the policy does not contemplate requiring developers to include units at 30% AMI. The chart below depicts the existing number of multifamily rental units and affordability range.

	# of Units	Total Aff. Units	# @ 30%	# @ 50%	# @ 60%	Mixed in Market Rate
# of NOAH Units	**2,131**	**1,028**	**0**	**288**	**740**	**1,103**
% of NOAH Units		**48.24%**	**0.00%**	**13.51%**	**34.73%**	**51.76%**
% of Overall Aff. Units		**46.62%**	**0.00%**	**49.48%**	**55.56%**	**22.44%**
# of City Assistance Units	**1,901**	**1,177**	**291**	**294**	**592**	**724**
% of City Assistance Units		**61.91%**	**15.31%**	**15.47%**	**31.14%**	**38.09%**
% of Overall Aff. Units		**53.38%**	**100.00%**	**50.52%**	**44.44%**	**14.73%**
Total	**4,032**	**2,205**	**291**	**582**	**1,332**	**1,872**

For example, if a developer were to construct a 175-unit multi-family rental project without city assistance or zoning amendment. The city would require a minimum of 5% of the units (9 units) affordable at 50% AMI. The estimated cost to the developer to provide the affordable units would be $1,540,472 over the term of 30 years ($5,363 per unit/per year). It is anticipated that the developer would receive a slightly lower return on the investment in order to accommodate the affordable units without city assistance. As the affordability percentage increases, it becomes more difficult for the developer to include affordable units while maintaining a reasonable return. Many factors impact this assumption such as soft cost, land costs, development costs, and labor. The attached Mixed-Income Housing Policy Analysis Chart illustrates the “gap” at differing levels of affordability.

Additionally, there are an estimated 188 contract based for-sale affordable housing units. The policy encourages the inclusion of at least 10% of the units affordable to households at or below 80% AMI.

The attached draft Affordable Housing Policy further defines the applicability and city requirements for new developments with at least 10 dwelling units. The goal of the policy is to encourage the inclusion of affordable housing in all new developments by providing developers with clear and consistent expectations of development in the community.

Key components of the Draft Affordable Housing Policy

Applicability and Minimum Project Size

This policy applies to all new multifamily rental developments with 10 or more dwelling units and all new for-sale common interest or attached community developments, (condominiums townhomes, co-ops) with at least 10 dwelling units. This includes existing properties or mixed-use developments that add 10 or more units. The requirements also have a stepped approach, if there is no assistance requested, the less percentage of units that are required - the more change to city policy or regulation; the more requirements.

Affordability Requirements for Developers

General Requirements.

For projects not requesting a zoning change and/or comprehensive plan amendment and not receiving City assistance.

- In multi-family rental developments, at least 5% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI.
- In attached for-sale common interest or attached community developments (condominiums townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects requesting a zoning change or comprehensive plan amendment without City assistance.

- In multi-family rental developments, at least 10% shall be affordable to and occupied by households with incomes at or below 60% AMI, with a minimum of 5% of the units at 50% AMI.
- In attached for-sale common interest or attached community developments (condominiums townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects receiving City assistance.

- For multi-family rental developments, at least 20% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI; or at least 40% of the units shall be affordable to and occupied by households with an income at or below 60% AMI.
- In attached for-sale common interest or attached community developments (condominiums townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

Period of Affordability

In developments subject to the Policy, the period of affordability for the affordable dwelling units shall be thirty (30) years. The city currently encourages 30 years of affordability.

Distribution of Affordable Dwelling Units

The affordable dwelling units shall be consistent with the market rate units in quality of construction of finish and intermixed within the same development.

Recorded Agreements, Conditions and Restrictions

A Declaration of Restrictive Covenants shall be executed between the City/EDA and Developer, in a form approved by the City's EDA attorney, which formally sets forth development approval and requirements to achieve affordable housing in accordance with this Policy and other city requirements.

Recommendation

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

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

Attachments:

Draft Affordable Housing Policy

Mixed-Income Housing Policy Analysis

Affordable Housing Work Plan

Affordable Housing/Mixed Income Housing Policies Among Other Cities

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

March 14, 2019 – EDAC Meeting

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

Policy Number 0.0
Affordable Housing Policy

Purpose of Policy: This policy establishes general procedures and requirements to govern the City's commitment to affordable housing.

Introduction

The City of Minnetonka has a long history of promoting diversity in the type and size of housing units in Minnetonka, including the production of new affordable rental and ownership opportunities.

This Policy recognizes the City's commitment to provide affordable housing to households of a broad range of income levels in order to appeal to a diverse population and provide housing opportunities to those who live or work in the City. The goal of this policy is to ensure the continued commitment to a range of housing choices by requiring the inclusion of affordable housing for low and moderate-income households in new multifamily or for-sale developments.

The requirements in this policy further the Minnetonka Housing Action Plan and City's Housing Goals and Strategies identified in the 2040 Comprehensive Plan.

Applicability and Minimum Project Size

This policy applies to all new multifamily rental developments with 10 or more dwelling units and all new for-sale common interest or attached community developments, (condominiums townhomes, co-ops) with at least 10 dwelling units. This includes existing properties or mixed-use developments that add 10 or more units.

Calculation of Units

The number of ADU's required shall be based on the total number of dwelling units approved by the City. If the final calculation includes a fraction, the fraction of a unit shall be rounded up to the nearest whole number.

If an occupied property with existing dwelling units is expanded, the number of required ADU's shall be based on the total number of units following completion of expansion.

Affordable Dwelling Unit (ADU)

General Requirements.

<u>For projects not requesting a zoning change and/or comprehensive plan amendment and not receiving City assistance.</u>

- In multi-family rental developments, at least 5% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI.

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- In attached for-sale common interest or attached community developments (condominiums townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects requesting a zoning change or comprehensive plan amendment without City assistance.

- In multi-family rental developments, at least 10shall be affordable to and occupied by households with incomes at or below 60% AMI, with a minimum of 5% at 50% AMI.

- In attached for-sale common interest or attached community developments (condominiums townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects receiving City assistance.

- For multi-family rental developments, at least 20% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI; or at least 40% of the units shall be affordable to and occupied by households with an income at or below 60% AMI.

- In attached for-sale common interest or attached community developments (condominiums townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

Calculation of AMI

For purposes of this Policy, Area Median Income means the Area Median Income calculated annually by the Minnesota Housing Finance Agency for establishing rent limits for the Housing Tax Credit Program (multi-family ADU) and the Department of Housing and Urban Development (attached for-sale common interest or attached community developments, including: condominiums, townhomes, co-ops).

Rent Level Calculation (Multi- Family Rental Developments)

The monthly rental price for an ADU receiving City assistance shall include rent and utility costs and shall be based on fifty percent (50%) or sixty percent (60%) for the metropolitan area that includes Minnetonka adjusted for bedroom size and calculated annually by Minnesota Housing Financing Agency for establishing rent limits for the Housing Tax Credit Program. This does not apply to units not receiving City assistance.

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For Sale Projects

The qualifying sale price for an owner-occupied dwelling unit shall include property taxes, homeowner's insurance, principal payment and interest, private mortgage insurance, monthly ground lease, association dues, and shall be based upon eighty (80%) AMI for the metropolitan area that includes Minnetonka adjusted for bedroom size and calculated annually by the Department of Housing and Urban Development.

Period of Affordability

In developments subject to this Policy, the period of affordability for the ADU's shall be thirty (30) years.

Location, Standards, and Integration of ADU's

Distribution of affordable housing units. Unless otherwise specifically authorized by this Policy, the ADU's shall be integrated within the development and distributed throughout the building. The ADU's shall be incorporated into the overall project unless expressly allowed to be located in a separate building or a different location approved by the City Council.

Number of bedrooms in the affordable units. The ADU's shall have a number of bedrooms proportional to the market rate units. The mix of unit types shall be approved by the City.

Size and Design of ADU's. The size and design of ADU's shall be consistent and comparable with the market rate units in the rest of the project.

Exterior/Interior Appearance of ADU's. The exterior/interior materials and design of the ADU's in any development subject to these regulations shall be indistinguishable in style and quality with the market rate units in the development.

Non-Discrimination Based on Rent Subsidies

Developments covered by this Policy must not discriminate against tenants who would pay their rent with federal, state or local public assistance, including tenant based federal, state or local subsidies, but not limited to rental assistance, rent supplements, and Housing Choice Vouchers.

Alternatives to On-Site Development of an ADU

The City recognizes that it may not be economically feasible or practical in all circumstances to provide ADU's in all development projects due to site constraints resulting in extraordinary costs of development. The City reserves the right to waive this Policy if the developer requests a waiver and can provide evidence of extraordinary costs prohibiting the inclusion of a ADU's. The City will review on a case-by-case basis to determine if the waiver is justifiable and granted.

Recorded Agreements, Conditions and Restrictions

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A Declaration of Restrictive Covenants shall be executed between the City/EDA and Developer, in a form approved by the City's EDA attorney, which formally sets forth development approval and requirements to achieve affordable housing in accordance with this Policy. The Agreement shall identify:

- The location, number, type, and size of affordable units to be constructed;
- Sales and/or rental terms; occupancy requirements;
- A timetable for completion of the units; and
- Annual Tenant income and rent reporting requirements; and
- Restrictions to be placed on the units to ensure their affordability and any terms contained in the approval resolution by the City/EDA.

The applicant or owner shall execute all documents deemed necessary by the City Manager, including, without limitation, restrictive covenants and other related instruments, to ensure affordability of the affordable housing unit within this policy.

Documents describe above shall be recorded in the Hennepin County Registry of Deeds as appropriate.

Definitions

Affordable Dwelling Unit: A unit within a residential project subject to this Policy that shall meet the income eligibility and rent affordability standards outlined in this Policy.

Financial Assistance: Funds derived from the City or EDA, including but is not limited to fund from the following sources:

- City of Minnetonka
- Housing Redevelopment Authority (HRA) Funds
- Economic Development Authority (EDA) Funds
- Community Development Block Grant (CDBG)
- Reinvestment Assistant Program
- Revenue Bonds and/or Conduit Bonds
- Tax Increment Financing (TIF), TIF Pooling, or Tax Abatement
- Land Write Downs
- Other Government Housing Development Sources

Adopted by Resolution
Council Meeting of ,

DRAFT

City of Minnetonka

Mixed-Income Housing Policy Analysis
175 Unit Market Rate Rental Project
3-May-19

			Total Present Value Affordability Cost Estimate						
			15 Years			26 Years		30 Years	
% of Units	**Affordability Percentage**	**No. of Aff. Units**	**Present Value Total**	**Per Unit**	**Per Year**	**Total**	**Per Unit**	**Total**	**Per Unit**
5%		9	1,063,911	118,212	105,993	1,448,126	160,903	1,540,472	171,164
10%	50%	17	1,980,263	116,486	197,285	2,695,404	158,553	2,867,288	168,664
20%		35	4,108,085	117,374	409,270	5,591,655	159,762	5,948,232	169,949
5%		9	866,492	96,277	86,325	1,179,412	131,046	1,254,622	139,402
10%	60%	17	1,609,515	94,677	160,349	2,190,766	128,869	2,330,470	137,086
20%		35	3,342,499	95,500	332,998	4,549,589	129,988	4,839,714	138,278
40%	60%	70	6,706,891	95,813	668,178	9,128,979	130,414	9,711,129	138,730

Assumptions:

1. *Annualized rental income loss per applicable affordability requirement is discounted to present value based on affordability duration*
2. *Affordable rental rates sare based upon 2018 max rents*
3. *Annual rental income reduction discounted at 5.5% for present value*
4. *Actual gap for proposed projects will vary depending on specifics*

Prepared by Ehlers 5/3/2019

Affordable Housing Work Plan

Topic	Type	EDAC	Council
Intro Mixed income policy	Policy	May 8, 2019	May/June 2019
2020-2024 EIP Review **Intro Noah Strategies** • 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 • Notice of Sale • 90 Day Protection • Relocation	Ordinance	June/Aug. 2019	Aug./Sept. 2019
Other • Senior Affordable Housing Exploration • Affordable Housing for Public Service • 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.

Affordable Housing/Mixed Income Housing Among Other Cities

City	Type of Program	Percentage of Affordable Units	Affordability Level	Additional Information and Enforcement Mechanism
Minnetonka	EDA Resolution supporting 10%-20% affordable housing	10%-20% of units affordable No city assistance for 10%, TIF assistance if 20% or more units affordable at 50% AMI	Project-by-project decision	2005 EDA Resolution (attached)
Bloomington	Opportunity Housing Ordinance	9% of units affordable at 60% AMI or below; or Build required units off site; or Payment in lieu into housing trust fund, $9.60 per leasable square foot Additional incentives such as density bonus and parking flexibility	All new multifamily with 20+ units require 9% of units at 50% AMI or below All new single-family with 20+ units affordable at 110% AMI or below NOAH properties-20+ unit properties with substantial rehabilitation must preserve 20% of units at 60% AMI and below	Draft Ordinance 1.24.2019 Link to draft ordinance

Updated 5/2/2019

Golden Valley	Mixed income Policy	At least 15% of total multi-family project units at 60% AMI, or At Least 10% of total multi-family project units at 50% AMI, or 10% of for-sale units at 80% AMI	All market rate and for sale housing with 10 or more units requiring land use approval or requesting city assistance	Mixed Income Policy Link to Policy
Eden Prairie	Policy in draft	Former practice - 20% of units at 50% AMI when receiving assistance	20% of units at 50% AMI when receiving assistance	Policy in draft form to council at Feb. 19, 2019 meeting. Housing Task Force will review in 2019.
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 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]
Richfield	Inclusionary Affordable Housing Policy	Housing development that receives city assistance: 20% of units affordable at 60% AMI, or 20% of units in ownership project affordable at 115%, or 15% of net present value of tax increment generated pledged to development fund over 10 years Affordability term 10 years	20% of units affordable at 60% AMI, or 20% of units in ownership project affordable at 115%, or	[Link to Policy]
Minneapolis	Housing Policy	For residential projects with		[Link to Housing Policy]

		more than 10 units: 20% of multifamily affordable at 50 % or 60% AMI 10% of ownership products available at 80% AMI 30-year affordability term.		

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.

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.

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.

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 WHALT 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 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 conducing 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

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:

Continue to next page →

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 assumptions[3] 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.

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METROPOLITAN COUNCIL

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.

<u>Section 8 Voucher Program</u>
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.

<u>Shelter Plus Care</u>
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.

<u>Minnesota Housing Finance Agency Programs</u>
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	161	65%
New Lifecycle Units	375 to 800	1,192	318%

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
The RiZe	2019	32	N/A
Shady Oak Crossings	2021*	49	TIF Pooling
The Mariner	2020*	55	TIF Pooling
Preserve at Shady Oak/ Legends of Minnetonka	2022*	482	TIF Housing
Marsh Run	2020*	35	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	290	N/A
Cherrywood Pointe	2017	92	N/A
Zvago	2017	54	Glenhaven TIF
Orchards of Minnetonka	2019	147	N/A
Havenwood	2019	100	N/A
Minnetonka Hills*	2019	78	N/A
Ridgedale Executive Apts*	2020*	77	N/A
Avador*	2020*	168	N/A
Marsh Run*	2020*	140	TIF Housing

*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

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.

Ronald Rankin, Secretary

Mixed Income Housing –

An Introduction for the Minneapolis/St. Paul Region

GROUNDED SOLUTIONS NETWORK
strong communities from the ground up

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 afford[1]. 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.

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.

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

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:

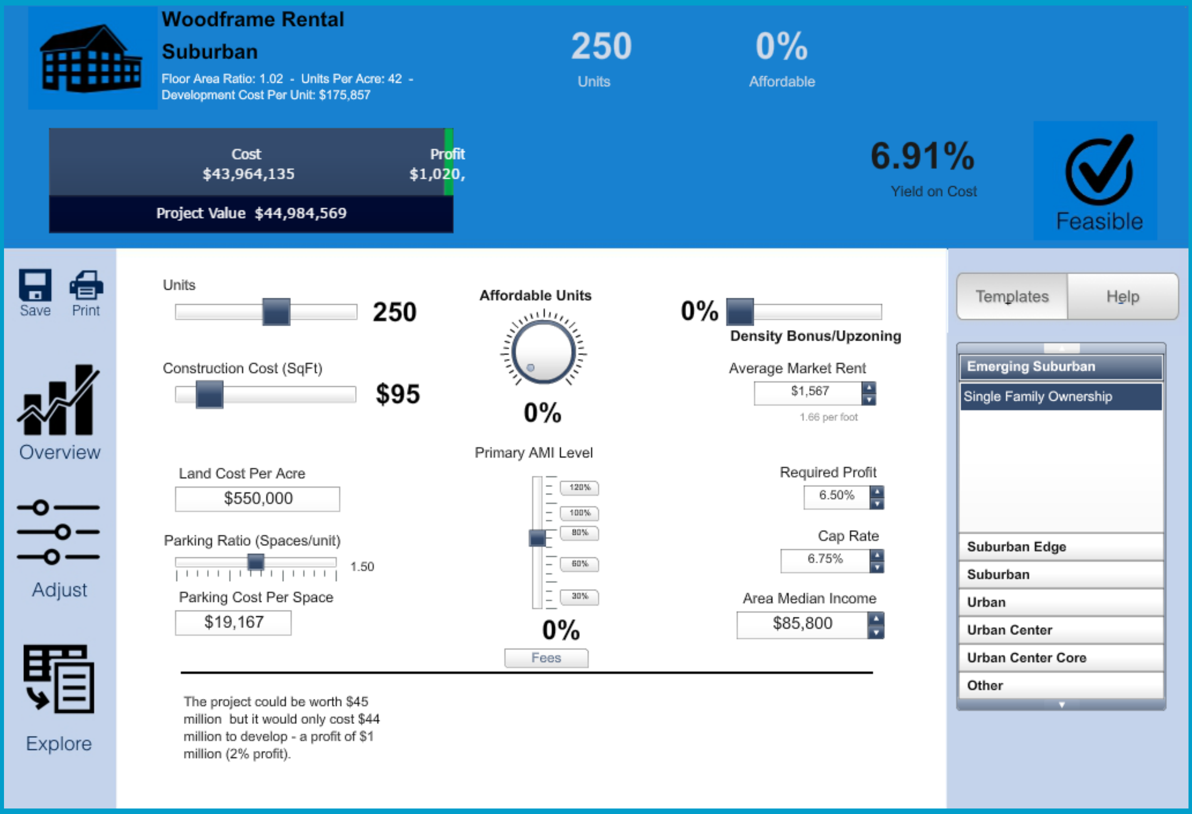
- Mandatory mixed income housing policies (inclusionary housing): Requires all new housing to include a portion of the units reserved for lower-income households.
- Planning and zoning policies: Requires a mix of incomes to be included in new housing if developers request or receive a land-use modification, 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/**



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 job[2].

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

What is Affordable Housing?

Generally, proving 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.

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

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.

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

This development in Edina will contain 11 affordable homes.

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.

Schnikter 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 #6
Meeting of May 8, 2019

Brief Description Staff Report

Transit Updates

Green Line Extension (Southwest LRT)

Southwest LRT construction activities are scheduled to begin throughout the corridor over the next few weeks including the partial closure of the Cedar Lake and Kenilworth Trails by May 13.

The trail closures will range approximately 2 to 3 years.

Once trails are closed, the civil contractor will start the following construction activities

- Field surveying
- Installation of construction site fencing
- Erosion control
- Utility relocations
- Clearing and grubbing, including tree removal

Construction updates are now available online at https://metrocouncil.org/Transportation/Projects/Light-Rail-Projects/Southwest-LRT/Construction.aspx or to sign up to receive construction updates every Friday, please visit www.swlrt.org

Metro Transit

- Community Development staff continue to meet with Metro Transit quarterly. Most of the time has been devoted to new development connections and preparing for the LRT opening.

- Metro Transit held a public hearing on April 15 at the Ridgedale Library regarding the proposed cancellation of Route 614.

Development Updates

Project	Description	Location	Plans
Highcroft Meadows	15-unit detached townhome development	14410 Orchard Rd	Highcroft Meadows
Walser Nissan	MDP, SBP for replacement auto dealership	15906 Wayzata Blvd	http://tinyurl.com/15906Wayzata

Revised Concept Plan Shady Oak Rd Redevelopment	Apartment Building	4312 Shady Oak Rd	http://tinyurl.com/4312ShadyOakRd
Oakland Estates	Final Plat, 4-lot subdivision	1922 Oakland Rd	https://tinyurl.com/1922OaklandRd
Solbekken	Minor amendment to existing MDP and replat	5740/5750 Shady Oak Rd	not yet posted
Chase Bank	CUP for new bank	4795 Co Rd 101	not yet posted
Pollinator Ordinance	amendment to landscape sections to require pollinator-friendly plantings	city wide	NA
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
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

Redevelopment Updates

Opus Area Placemaking and Design Guidelines

https://eminnetonka.com/current-projects/planning-projects/2136-opus-public-space-study

The Opus placemaking & urban design study will guide the transformation of the Opus area public into a cohesive mixed-use community positioned for future needs and enhance the area's identity. This effort will also reflect the areas agriculture & business park history to serve as a catalyst for building community and creating an environment supportive of development opportunities.

The consultant team is currently reviewing several existing studies and background material related to the Opus area including transportation, SWLRT, development projects, sustainability, existing utilities, and other relevant documents. They are also collecting on the ground assessments including desire paths, building front door locations, plant communities, and additional important project information. City staff is working with the consultants to determine dates, times and types of public outreach & engagement opportunities. These opportunities may include in-person interviews, a survey, temporary pilot installations, and site activations. The purpose of the outreach & engagement effort is to determine how people currently use the space, how they want to be able to use the space and their values and preferences for a future community park within the area.

Business Development Updates

PeopleNet

PeopleNet received awards through DEED's Job Creation Fund and Minnesota Investment Fund. The company will receive an award of $600,000 from the Job Creation Fund, $1,000,000 from the Minnesota Investment Fund. The funds will assist in 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.

Glen Lake Parking

The city is hosting a meeting on May 3 to discuss parking opportunities in and around the Glen Lake area. The purpose of the discussion is to share information with business and property owners related to available on-street and public parking sites as well as a conversation about business parking.

Boom Island

Boom Island Brewing has submitted plans to relocate from Minneapolis to 5959 Baker Rd in Minnetonka. Additionally, the brewery has applied to participate in the SAC/REC Deferral program.

Business Marketing Materials

Staff is preparing information for the summer issue of Thrive Minnetonka that is expected to be published in July. There are currently 238 businesses that have signed up through the online portal to receive updates and issues.

Staff is currently working with communications on a business focused brochure of the city. The brochures will be used for business attraction and retention efforts and promoting city business resources.

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.

There are currently two Minnetonka Home Enhancement loans in process and one Downpayment Assistance loan in process.

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 one loan has been approved, and two applications are in process. There are currently 78 residents on the waitlist.

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.

Homes Within Reach

Homes Within Reach was recently awarded a Metropolitan Livable Communities Grant for $110,000 to acquire, rehab, and resell two single family units in Western Hennepin County, including Minnetonka. The City of Minnetonka acts as the grant recipient on behalf of HWR and will manage the funds for the Metropolitan Council.

Upcoming Meetings/Events

Tuesday, May 14	Launch Development Meeting #3 City Council Chambers 5:30 p.m. – 7:30 p.m.
Wednesday, May 22	SLUC- Manage Your Message Through Social Media - 11:30am 316 Brookview Parkway Golden Valley, MN 55246

Originated by:

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