



Agenda
Minnetonka Economic Development Authority
Monday, September 21, 2020
Following the regular meeting
WebEx

1. Call to Order
2. Roll Call: Carter-Calvert-Schaeppi-Coakley-Kirk-Schack-Wiersum
3. Approval of Agenda
4. Approval of Minutes:
 - A. August 10, 2020 EDA Meeting
5. Business Items:
 - A. 2021 Preliminary HRA Levy
Recommendation: Adopt the resolution setting a preliminary HRA levy (4 votes)
6. Adjourn

Minutes
Minnetonka Economic Development Authority
Monday, August 10, 2020

1. Call to Order

Wiersum called the meeting to order at 9:51 p.m.

2. Roll Call

Council Members Brian Kirk, Rebecca Schack, Susan Carter, Deb Calvert, Bradley Schaeppi, Kissy Coakley and Brad Wiersum.

3. Approval of Agenda

Calvert moved, Schack seconded a motion to accept the agenda, as presented. All voted "yes." Motion carried.

4. Approval of Minutes:

A. June 8, 2020 EDA meeting

Schack moved, Kirk seconded a motion to accept the minutes, as presented. All voted "yes." Motion carried.

5. Business Items:

A. Shady Oak Crossing

Schack moved, Carter seconded a motion to adopt EDA Res. 2020-005. All voted "yes." Motion carried.

6. Adjournment

Carter moved, Calvert seconded a motion to adjourn the meeting at 9:55 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk

**Economic Development Authority Agenda Item #5A
Meeting of Sept. 21, 2020**

Brief Description 2021 Preliminary HRA Levy

Recommendation Adopt the resolution setting a preliminary HRA levy

Background

The city’s first levy for housing and redevelopment began in 2009. State law limits levies, and the maximum rate is 0.0185 percent of a city’s taxable market value. This equals approximately \$1.8 million in Minnetonka. For 2020, the annual Housing and Redevelopment Authority (HRA) was \$225,000 to accommodate housing programs, business outreach, and Southwest Light Rail Transit (SWLRT). For 2021, the proposed HRA levy is increased to \$300,000 and again includes housing programs, SWLRT, business outreach, and emergency housing and business assistance programs related to the impacts from the COVID-19 pandemic.

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

Year	Amount/Rate	Use
2009	\$100,000 .001171%	Homes Within Reach
2010	\$175,000 .002121%	•Village Center Master Planning (\$75,000) •Housing programs (\$100,000)
2011	\$175,000 .002233%	•Village Center Master Planning (\$85,000) •Housing programs (\$90,000)
2012	\$175,000 .002233%	•Village Center Master Planning (\$75,000) •Housing programs (\$100,000)
2013	\$175,000 .002324%	•Village Center Master Planning (\$75,000) •Housing programs (\$100,000)
2014	\$175,000 .002330%	•Marketing (\$75,000) •Livable Communities Fund (\$100,000)
2015	\$175,000 .002196%	•Marketing (\$75,000) •Village Center Master Planning (\$100,000)
2016	\$175,000 .002126%	•SWLRT (\$75,000) •Housing Programs (\$75,000) •Business Outreach (\$25,000)
2017	\$175,000 .002187%	•SWLRT (\$75,000) •Housing Programs (\$100,000)
2018	\$250,000 .00251%	•SWLRT (\$75,000) •Housing Programs (\$75,000) •Homes Within Reach (\$100,000)
2019	\$300,000 .00309%	•SWLRT (\$75,000) •Housing Programs (\$100,000) •Homes Within Reach (\$100,000) •Business Outreach (\$25,000)
2020	\$225,000 .00125%	•SWLRT (\$75,000) •Homes Within Reach (\$25,000) •Housing Loans (\$100,000) •Business Outreach (25,000)

HRA Levy Funded Programs

Housing Loan Programs

There continues to be a steady amount of interest in the city's housing loan programs over the past year. As of Aug. 1, 2020, approximately \$440,298 remained available for Minnetonka Home Enhancement and Welcome to Minnetonka loan programs out of a total of \$1,129,492 committed to the programs through the HRA levy and loan repayments. With the balance available on Aug. 1, 2020, there is enough funding for approximately 29 new loans. Based upon current interest in the two programs, staff anticipates that the funds will be exhausted by 2025. Staff is recommending adding additional funding for the program in 2021.

Annually, loan repayments based upon the current outstanding loans total approximately \$40,000, which is enough for an additional two to three loans per year. In a self-sustaining analysis, if \$100,000 is loaned annually, it will take approximately five more years before programs are self-sustaining. Staff conducts this self-sustaining analysis on an annual basis during the budget review; it varies each year based upon the number of loan repayments and HRA levy contribution to the programs. The adopted Economic Improvement Program (EIP) for 2021- 2030 recommends \$100,000 annually for these programs in 2021.

Homes within Reach/West Hennepin Affordable Housing Land Trust (HWR/WHAHLT)

- The 2021-2025 EIP does not contemplate additional funding for HWR in 2021, given that HWR received two years' worth of program administration allocation in the 2020 budget. It does recommend funding of \$125,000 per year in 2022-2025 through the HRA Levy.
- During the Sept 14, 2020, city council study session, the city council discussed revisiting the discussion to fund Homes Within Reach during the 2022-2026 EIP review. The council requested to receive additional information from Homes Within Reach prior to committing to future funding.

Emergency Housing Assistance

On April 20, the city council approved funding for an emergency rental assistance program to assist Minnetonka residents impacted by COVID-19. To establish the program, the city approved a temporary ordinance that allows the city to set up an affordable housing trust fund (AHTF) for this purpose. The city dedicated \$150,000 of the existing fund balance from the Development Fund. This amount represented the balance of conduit bond administrative fees collected by the city, which are available for this purpose and not committed to other programming.

- The 2021-2025 EIP recommends that the council consider establishing a permanent AHTF to allow the city to continue these efforts.
- Additionally, the 2021-2025 EIP recommends a contribution of \$50,000 through the HRA levy to continue housing assistance in 2021.

Business

Business Outreach

There is a fund balance of \$64,445 to assist with business outreach. Staff dedicated a portion of these funds to distribute a bi-annual business newsletter to engage the business community. This effort supports business retention and expansion in the community. The inaugural edition of the Thrive Newsletter was distributed in July 2018, and staff anticipates two to three publications a year in future years. Online subscribers to business-related content through the city has grown to 680 recipients since January 2019.

In 2019, staff began in-person business retention visits with business owners. Prior to COVID-19, staff was able to make it out and conduct eight site visits. Outreach work continues primarily through virtual means, and staff has been vigilant in keeping businesses informed on COVID related issues.

Additionally, staff is developing a business resource brochure to be used when meeting with businesses and developers. The adopted EIP for 2021-2025 recommends funding of \$25,000 to continue expanding business outreach efforts.

Emergency Business Assistance

On April 6, the city council approved funding for an emergency forgivable loan program to assist eligible small businesses impacted by the COVID-19 pandemic. The city utilized \$225,000 of the HRA levy's existing fund balance to provide up to \$7,500 for eligible expenses.

- The federal CARES funding will reimburse the city for the initial \$225,000 that was committed to this effort in 2020.
- The 2021-2025 EIP recommends a one-time contribution of \$50,000 in 2021, through the HRA levy, to provide continued business support for those impacted by COVID-19.

Southwest Light Rail Transit (SWLRT)

In July 2015, the city council committed \$2 million towards the SWLRT Green Line Extension project. Initially funded through the Special Assessment Construction Fund, partial payback will occur from the HRA levy funds over a 10-year period for a total of \$750,000. The adopted EIP for 2021-2030 indicated a cost of \$75,000 per year funded through the HRA levy for 2021-2025.

Recommendation

On July 27, 2020, the city council adopted the 2021-2025 EIP, which recommended the 2021 HRA levy to be set at \$300,000 (up from its 2020 level of \$225,000). The indicated uses of the funds are Southwest LRT (\$75,000); Housing Loan Programs (\$100,000), Business Outreach (\$25,000), Emergency Housing and Business Assistance (100,000).

The EDAC will review the HRA budget at its Sept. 17, 2020, meeting. The discussion and any further input on the 2021 budget will be provided at the economic development authority and council meeting on Sept. 21, 2020. The discussion with the EDAC at its June 24, 2020, meeting resulted in the recommendation of a preliminary HRA levy of \$300,000, which is the same recommendation as the adopted 2021-2025 EIP.

During the Aug. 24, 2020, city council budget study session, the city council discussed the preliminary HRA levy consistent with the 2021-2025 EIP recommendation. Per the discussion, a 2021 preliminary HRA levy of \$300,000 and a 2021 HRA budget is illustrated below:

(\$ thousands)	EIP	EDAC	Proposed
SW Light Rail	\$75	\$75	\$75
Homes within Reach	0	0	0
Housing Loans	100	100	100
Business Outreach	25	25	25
Emer. Business	50	50	50
Emer. Housing	50	50	50
Total HRA Levy	\$300	\$300	\$300

Staff recommends adoption of the resolution approving the 2021 Preliminary HRA Levy.

Submitted through:

Geralyn Barone, City Manager
Darin Nelson, Finance Director

Originated by:

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

Supplemental information

[EDAC Meeting – June 25, 2020 \(2021-2025 EIP\)](#)

- [Unofficial Minutes](#)

[City Council Meeting – July 27, 2020 \(2021-2025 EIP\)](#)

- [Minutes](#)

EDA Resolution No. 2020

Resolution setting a preliminary 2021 HRA tax levy and budget

Be it resolved by the Economic Development Authority of the city of Minnetonka, Minnesota, as follows:

Section 1. Background.

- 1.01. On May 2, 1988, by Resolution 88-8637 and amended on May 9, 1994, by Resolution 94-9715, the city council established the Economic Development Authority (EDA) of the City of Minnetonka, and effective June 15, 1988, transferred to the EDA the control, authority, and operation of all projects and programs of the city's Housing and Redevelopment Authority (HRA). On Mar. 8, 2010, the city council became the appointed EDA.
- 1.02. Minnesota Statutes 469.033, Subdivision 6 authorizes housing and redevelopment authorities the power to levy a tax upon all taxable property within its district to finance housing and redevelopment programs subject to the consent of the city council.
- 1.03. The law and council resolutions further require the EDA to file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city and all actions of the authority to be approved by the city council.
- 1.04. State law requires the city to certify to the county a preliminary HRA tax levy by Sept. 30, 2020, and a final HRA budget and levy to be adopted, approved, and certified to the county by Dec. 28, 2020.

Section 2. Findings.

- 2.01. The EDA finds that an annual budget and tax levy of \$300,000 for levy in 2020, collectible in 2021, will fund housing and redevelopment activities of the authority in 2021.

Section 3. Authorization.

- 3.01. The preliminary 2021 HRA budget and tax levy are hereby approved.
- 3.02. The City Clerk is hereby directed and ordered to transmit a certified copy of the resolution to the Hennepin County Director of Property Tax and Public Records.

Adopted by the Economic Development Authority of the City of Minnetonka, Minnesota, on this 21st day of Sept. 2020.

Brad Wiersum, President

Attest:

Becky Koosman, Secretary

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the EDA of the City of Minnetonka, Minnesota, at a duly authorized meeting held on Sept. 21, 2020.

Becky Koosman, Secretary