



AGENDA
CITY OF MINNETONKA
ECONOMIC DEVELOPMENT ADVISORY COMMISSION
Thursday, Oct 29, 2020
6:00 p.m.

Virtual Meeting

1. Call to Order

2. Roll Call

Charlie Yunker
Maram Falk
Melissa Johnston
Ann Duginske Cibulka

Steven Tyacke
Jay Hromatka
Lee Jacobsohn

3. Approval of Sept 17, 2020 minutes

BUSINESS ITEMS

4. Minnetonka Station (10400, 10500 and 10550 Bren Road East)

Recommendation: Provide feedback to developer

5. Doran Development (5959 Shady Oak Road)

Recommendation: Provide feedback to the developer

6. Community Development Block Grant (CDBG)

Recommendation: Review and make a recommendation to city council

7. Staff Report

8. Other Business

The next regularly scheduled EDAC meeting will be held on November 12.

9. Adjourn

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

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

**Sept. 17, 2020
6 p.m.**

1. Call to Order

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

2. Roll Call

EDAC commissioners Ann Duginski Cibulka, Maram Falk, Jay Hromatka, Lee Jacobsohn, Melissa Johnston, Steven Tyacke and Charlie Yunker were present.

Councilmember Deb Calvert was present.

Staff present: Community Development Director Julie Wischnack, Economic Development and Housing Manager Alisha Gray, Economic Development Coordinator Rob Hanson, Network Administrator Jeff Dulac, and Financial Consultant Keith Dahl of Ehlers and Associates.

3. Approval of EDAC June 25, 2020 Meeting Minutes

Tyacke motioned, Hromatka seconded the motion to approve the June 25, 2020 meeting minutes as submitted with a modification to Page 3 to reflect that Calvert stated that councilmembers were extremely concerned knowing that residents as well as business owners have rent or mortgages to pay and may need assistance. Duginski Cibulka, Falk, Hromatka, Jacobsohn, Johnston, Tyacke, and Yunker voted yes. Motion passed.

4. Wellington Management (10901 Red Circle Drive) Concept Plan Review

Gray gave the staff report.

David Wellington, co-owner of Wellington Management, applicant, stated that:

- He appreciates their time spent on reviewing the request.
- Wellington Management has been the owner and commercial property manager of the Shady Oak Office Building since 2004. The company owns 100 properties in the twin cities and its headquarters is in St. Paul.
- The company has its own affordable housing division and built two affordable-housing projects in south Minneapolis. One is located near the Blue Line Light Rail Station.
- His company provides long-term planning with the community and elected officials.
- The building has vacancies and has been unable to attract new tenants.

Hromatka asked if this would be a new TIF district. Grey answered affirmatively.

In answer to Hromatka's question, Mr. Wellington stated that he received the report from Ehlers yesterday and needs to do more research. He would be fine with the six percent return on cost if his research confirms Ehlers' findings.

Falk questioned how the 20 percent value for the affordable units was chosen. Mr. Wellington would like to have more units of affordability. There is a trade off from public dollars to buy down additional affordable units. The more affordability diminishes some of the ability to obtain capital. The capital environment is very challenging right now. Banks tend to be uncomfortable with mixed-income projects.

Calvert asked if the management fees would be passed on to the renter. Mr. Wellington stated that the \$3,700 per unit would be tied to the owner's liability, not the renter's liability.

Jacobsohn asked what the current property tax is and what the expected property tax after completion of the proposal would be for the property. Dahl explained that a 250-unit apartment building would create a value of \$205,000 per unit for a total \$5 million in taxable market value. That would equal approximately \$817,000. That would be divided between the city, county, and school district. The building with 185 apartments would have the same value per unit with a total taxable market value of \$38,000 million and generate \$605,000 a year in property taxes. Mr. Wellington provided that the Hennepin County website shows the 2020 market value to be \$5.4 million and total tax \$280,515. Wischnack noted that some of the property tax paid on the commercial property would also be paid to fiscal disparity, but as a residential property, it would not have to pay fiscal disparity.

Jacobsohn has confidence in Wellington Management's ability to manage properties.

Hromatka thought the nine-year and 11-year TIF districts seem like short periods of time. Wischnack stated that the short time periods have benefits. Dahl explained that it is typical for a housing TIF district to be open nine to 15 years with 20 percent affordable units at 50 percent AMI or 40 percent affordable units at 60 percent AMI. Six percent cash on cost would be the limit for assistance. The 250-unit building would have a term length of 11 years of TIF assistance and the 185-unit building would have nine years of TIF assistance. Housing TIF districts are unique because they are allowed to stay active for the full 26 years and the additional tax increment could be used by the city for other housing projects. The benefits of limiting the term include helping the developer achieve a respectable rate of return to attract investors and allowing the city to provide potential assistance to other projects.

Tyacke asked when the city would see its property-tax benefit. Dahl answered that would be decided by the city council. Wischnack explained that the city council has utilized both options in the past. In some cases, the city council has decertified the district after the pay-as-you-go notes have expired and, in other cases, the city council has let the TIF district remain open the full 26 years.

In response to Duginski Cibulka's question, Dahl explained that the Ehlers report found that the proposal overstated the property tax amount and undervalued the potential of the tax increment that would be generated.

Duginski Cibulka asked the applicant how the demand for apartments in the area was determined. Mr. Wellington explained that a market study was completed. He did share that with city staff. It is difficult to do a market study now with the impact Covid is having on the economy, but the expectation is to see things return to normal in the near future. Providing units that are more attainable rather than high-end units is the goal. He felt confident that there would be a healthy demand at this location, at this price point, adjacent to the SWLRT in the near future.

Duginski Cibulka asked what feedback was obtained at the neighborhood and planning commission meetings. Wischnack answered that one resident attended the neighborhood meeting. Staff received a letter from the neighbor on the north who felt there would be too much residential housing in the area. Planning commissioners discussed market, design, and place-making in Opus.

Hromatka felt that the request is reasonable. He likes that the pay-as-you-go note would be completed before the length of term. That would provide flexibility for the developer if there would be an increase in construction costs. The proposal fits within the city's affordable housing plan. It is a favorable project.

Tyacke agreed. The development would be a positive for the city. It would provide additional affordable housing which fits with the goals of the comprehensive guide plan. The location next to the SWLRT would be beneficial. He supports providing the \$8 million as detailed in the Ehlers' report.

Johnston appreciated the background and information from staff, Ehlers, and the applicant. She supports the two, separate, \$8 million, pay-as-you-go notes. She has worked for 10 years in a building that is managed by Wellington Management. The applicant does a nice job managing the property.

Chair Yunker agreed. He felt that the financing recommended by Ehlers would be appropriate. The applicant is on board with Ehlers' recommendation.

Calvert encouraged commissioners to provide additional feedback.

Jacobsohn agreed with Hromatka's comments. The \$8 million level of assistance would provide a very reasonable rate of return for the city and the amount of affordable housing that would be created. He knows Wellington Management is a good company for the city to be partnering with.

Duginski Cibulka understood that the focus for the Opus area is on future growth. The developer has completed a market study and is working to fill a need for affordable apartments. The term would allow flexibility for TIF funds to be used to support future uses. The proposal's density and vitality could spur additional developments to be done

in the area. The proposal has a reasonable return for the risk. She wishes the applicant the best of luck.

Gray noted that commissioners would review the proposal's amount of assistance again when the commissioners would review a draft of the contracts if the applicant would move forward with an application.

5. 2021 Preliminary Budget

Gray gave the staff report.

In response to Tyacke's question, Wischnack stated that the Development Fund holds a continual balance.

Hromatka confirmed with Wischnack that the city will receive CARES Act Funding by the end of 2020 which could help some funds.

Hromatka asked if staff want commissioners to consider establishing a permanent, affordable-housing trust. Gray answered in the affirmative. One would be required for the city to provide rent and mortgage assistance. Hromatka would be in favor of establishing a permanent, affordable-housing trust for the purpose of having the flexibility for the city moving forward.

In response to Tyacke's question, Gray explained that the affordable-housing trust could receive funds now or in the future. Tyacke supports establishing a permanent, affordable-housing trust.

Jacobsohn supports creating the tool of a permanent, affordable-housing trust. When to allocate funds and the amount may be discussed at another time.

Falk supports the recommendation of establishing a permanent, affordable-housing trust tool. She supports keeping the funding mechanism flexible with a set minimum balance to keep the tool useful.

Chair Yunker supports establishing a permanent, affordable-housing trust to have the tool available. He concurs with commissioners.

Hromatka supports staff's recommendation for the HRA Levy. It would equal one tenth of the possible amount that could be levied. Of the \$300,000, \$100,000 would be allocated for emergency housing and business assistance. So, even though it would be higher than years past, it would be for a good reason and well within the percentage limit set by the state.

Chair Yunker appreciates the benefits of Homes Within Reach. He supports staff's recommendation.

Calvert noted that councilmembers recently discussed the benefits of Homes Within Reach.

Duginski Cibulka asked if current information was available that compares similar cities' HRA Levy amounts. Gray stated that she will share that information with commissioners.

Calvert stated that councilmembers discussed the potential of the city providing loans to assist a homeowner with repairs in exchange for keeping a house affordable.

Johnston left the virtual meeting.

Chair Yunker confirmed with commissioners that they did not have an item to be added to the budget at this time.

Hromatka motioned, Jacobsohn seconded the motion to recommend that the city council approve the resolution adopting the 2021 preliminary budget that would provide \$75,000 for the SWLRT; \$0 for Homes Within Reach; \$100,000 for Housing Loans; \$25,000 for Business Outreach; \$50,000 for Emergency Business Assistance; and \$50,000 for Emergency Housing Assistance for a total of \$300,000 for the HRA Levy. Duginski Cibulka, Falk, Hromatka, Jacobsohn, Tyacke and Yunker voted yes. Johnston was absent. Motion passed.

Hromatka motioned, Jacobsohn seconded the motion to recommend that the city council approve the resolution establishing a permanent housing trust. Duginski Cibulka, Falk, Hromatka, Jacobsohn, Tyacke and Yunker voted yes. Johnston was absent. Motion passed.

Hromatka welcomed information on what programs other cities are doing that Minnetonka could consider. Wischnack agreed that is a valuable resource.

6. Staff Report

Gray and Wischnack gave the staff report:

- The Green Line Extension received \$920 million to complete construction through opening day. The pedestrian tunnel north of Bren Road and the Opus Station is under construction. Construction updates are available at www.swlrt.org.
- Metro Transit suspended 92 of 217 routes. There has been an 80 percent to 90 percent decline in ridership. Sixty-three percent of Minnetonka's local routes are operational. Only 20 percent of the downtown express routes are still operating.
- Developments in progress include The Pointe, Avidor, The Luxe, Doran (The Burke), Shady Oak Crossing, Legends (Dominium), Shady Oak Office Center, Ridgedale Drive reconstruction, the Minnetonka Police and Fire project, and an environmental assessment of the Opus area.
- Sixty-eight Minnetonka businesses applied for emergency Covid-19 funds provided by Hennepin County and 22 were deemed eligible to move forward with funding.
- The Glen Lake District will receive a Hennepin County grant of \$10,000 to use for advertising businesses.

- Minnetonka utilized \$150,000 of the existing Development Fund balance to provide a one-time payment of up to \$1,500 to assist with rent and utility expenses to residents in need of assistance.
- ICA has spent \$62,400 of the Minnetonka money on assistance for residents which assisted 45 households with an average amount of \$1,356. The fund has \$77,500 remaining for Sept.-Nov.
- The federal administration and CDC put forward an eviction moratorium that would remain in effect through the end of 2020.

7. Other Business

The next EDAC meeting is tentatively scheduled to be held Oct. 29, 2020 at 6 p.m.

8. Adjournment

Jacobsohn moved, Hromatka seconded a motion to adjourn the meeting at 7:55 p.m.
Motion passed unanimously.

**EDAC Agenda Item #4
Meeting of Oct. 29, 2020**

Brief Description Minnetonka Station (10400, 10500, and 10550 Bren Road East)


Recommendation Provide feedback

Site Overview

Linden Street Partners is exploring redevelopment and conversion of the properties at 10400, 10500 and 10550 Bren Road East. The properties currently contain two-story office buildings and associated surface parking. The sites were previously owned by Newport Midwest and had an approved master development plan and final site and building plans for a 249-unit apartment building. That project did not move forward due because the developer was unable to secure financing to move the project forward.

Concept Proposal

Linden Street Partners is now considering a similar redevelopment of the three properties. As contemplated, an approximately 280-unit, six to seven story apartment building would be constructed. In addition to the private units, the conceptual plan includes a resident clubroom, fitness center, bike lounge, and several outdoor amenity areas. The building would be served by 309 enclosed parking stalls and eight surface parking stalls.

 EXTERIOR VISION + DESIGN



MINNETONKA MULTIFAMILY 1, LLC 

Bren Road, E Minnetonka, MN | 2354.01 | 09/11/2020



Concept Image

Financing Request

The developer has requested that the city consider providing tax increment financing up to \$9 million to assist with providing 55 units affordable at 50% of the area median income for a term of 30 years. The affordable rents (ranging from studio to two-bedroom) in the project are proposed to range between \$905 and \$1,163 per month and market rate apartments would range from \$1,103 to \$2,718 per month. The per unit/per year cost of providing the affordable units is \$5,357 (assuming the project receives the requested \$9 million in tax increment financing). For a comparison, the Birke (Doran) received \$4.8 million in TIF to provide 35 affordable units, a cost of \$4,571 per unit/per year.

The city's financial consultant, Ehlers, conducted an initial review of the developer's proforma and provided the attached memo that reviews the points of the developer's request for assistance. Below is a summary of the key points of the memo:

- Ehlers concluded that the project would require \$1.85 million in financial assistance for provision of affordable units.
- A Housing TIF District or TIF Pooling could be a financing source for the project.
 - If structured as a Pay-As-You-Go Note, the proposed term would be 4 years of TIF with an interest rate at lesser of 4.5% or the developers actual financing rate, and would be repayable from 90% of the available tax increment financing; or
 - The assistance could be provided from the City's pooled TIF in the form of an up-front grant, since the project would qualify for the use of TIF pooling.
- Ehlers and will share the results of this analysis with the developer prior to the meeting on Oct. 29.

Policy review

Staff has excerpted Policy 2.14, the council's policy on TIF and Affordable Housing Policy, as a guide for discussing the conceptual assistance request:

Tax Increment Financing Policy 2.14 and Affordable Housing Policy

- The project is compatible with the Comprehensive Guide Plan as a proposed mixed-use development;
 - The project is identified in the 2030 comprehensive guide plan as guided for mixed use.
 - The Opus area was developed as a mixed use area with housing, employment, limited retail and recreational amenities. In recent years, there has been a shift to more residential housing through the conversion of office and industrial sites. This was anticipated in the city's comprehensive plan, largely due to the availability of access to the southwest light rail transit green line which is planned to be operational in 2023.
- Priority will be given to projects which:
 - The project would not occur "but for" the assistance;

- The developer has committed to providing 20% of the units affordable at 50% AMI and has requested tax increment financing in the request amount of \$9 million as the preferred financing tool.
- The project is in a high priority “village area” as identified in the Comprehensive Guide Plan;
 - The project is located near Opus Station Area and was identified in the 2040 Comprehensive Guide Plan as a site for mixed use development.
- The project includes affordable housing units, which meets the city’s affordable housing standards;
 - Project meets affordability guidance in the Affordable Housing Policy by providing 20% of the units at 50% of the area median income.
- The proposed project amenities will benefit a larger area than identified in the development; and
 - The developer would provide affordable housing opportunities.
 - The developer will reference the Opus Area Placemaking + Urban Design Implementation guide as a reference tool when planning the site design and amenities.
- The project will maximize and leverage the use of other financial resources.
 - The developer is seeking grant assistance from other agencies

The city’s financial consultants, Keith Dahl or Stacie Kvilvang of Ehlers, and Minnetonka staff Julie Wischnack and Alisha Gray will be present at the meeting to answer any questions.

Project Schedule

- Sept. 30, 2020 – Neighborhood Meeting (completed)
- Oct. 08, 2020 – Planning Commission review and feedback to city council (completed)
- Oct. 29, 2020 – EDAC provide feedback
- Nov. 9, 2020 – City Council concept plan review

Recommendation

Staff recommends the EDAC provide feedback on the financing request. Any feedback will be shared at the Nov. 9, 2020 City Council Meeting.

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Alisha Gray, EDFP, Economic Development and Housing Manager

Additional Information

Location Map

Letter from Linden Street Partners

Memo from Keith Dahl and Stacie Kvilvang – Ehlers

Draft Concept Plans

Affordable Housing Policy

TIF Policy

2020 Income and Limits

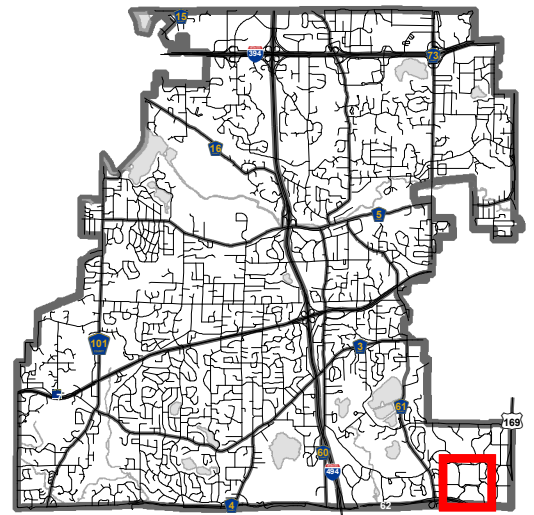
History of Affordable Housing Production and Assistance

[Opus Public Realm Design Guidelines](#)



Location Map

Project: Minnetonka Station
Address: 10400, 10500 & 10550 Bren





501 West Lynnhurst Avenue, Suite 200
Saint Paul, MN 55104
September 10, 2020

Julie Wischnack, Community Development Director
Alisha Gray, Economic Development and Housing Manager
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345

Dear Julie and Alisha:

As a consultant to the team submitting the concept plan today for Minnetonka Station at 10400 Bren Road East, I'm pleased to highlight key attributes of this proposed addition to the Minnetonka community.

- Minnetonka Station represents another robust response to the City's station area planning and comprehensive planning efforts of recent years. The project advances multiple growth strategy themes presented in the land use chapter of the comprehensive plan, by increasing the diversity of household and housing types in the City, increasing vitality in village areas, supporting regional centers, improving multimodal mobility, and incorporating sustainable practices including solar power into the development. The project lends further evidence to the City's planning and policy efforts to leverage the extension of the Green Line into community benefits.
- Minnetonka Station is proposed to deliver additional affordable units in growing demand. While the unit mix is in process, the development team is committed to integrating affordability into the primarily market-rate project. The value of the location in this employment-rich area of the region, and the amenities planned for the project, will support a high quality of life for all residents.
- Minnetonka Station is designed specifically to provide characteristics of demonstration quality. These attributes include clear integration with Opus Station via the Yellow Trail, incorporation of the vegetation direction in the Opus Area Placemaking + Urban Design implementation guide, and forward-looking investments in stormwater (including pervious pavers and a stormwater landscape feature) and potentially, solar power.

The development team is enthusiastic about engaging with the City and the Minnetonka community about the project. We also look forward to continued dialogue about the critical role of City partnership in the incorporation of affordability into the project, which is a regional imperative and priority shared by the developers and the community.

I look forward to joining the discussion about Minnetonka Station, and working together to get this great project under construction.

Sincerely,



Jon Commers
Principal

MEMORANDUM

TO: Alisha Gray, Economic Development and Housing Manager
FROM: Keith Dahl and Stacie Kvilvang, Ehlers
DATE: October 22, 2020
SUBJECT: Minnetonka Station Redevelopment – Analysis of Financial Request

The City of Minnetonka received a request from Linden Street Partners (the “Developer”) seeking financial assistance in the amount of \$9 million of Tax Increment Financing (TIF). The Developer has proposed to construct a 273-unit apartment with studio, 1, and 2-bedroom units. 20% of the units would be affordable at 50% of the area median income (AMI). Construction would begin in the spring of 2021 with an anticipated total development cost of approximately \$65.9 million (an estimated 58.695 million taxable market value).

This memo has been prepared to conduct a review of the project, specifically the Developer’s budget and pro forma based on general industry standards for construction, land acquisition, project costs, and return on investment; as well as to ensure that all development costs, revenues, and expenditures have been appropriately accounted for and considered.

Based on our review, the Developer’s financial request is more than what is necessary for the project to be “financially feasible”. **We’ve concluded that the project would only require \$1.85 million in financial assistance.**

The tables below provide a synopsis of the proposed sources and uses for the projects.

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	49,468,711	75%	181,204
TIF Note	1,850,000	3%	6,777
Equity	12,950,000	20%	47,436
Deferred Developer Fee (67% of Total Fee)	1,615,000	2%	5,916
TOTAL SOURCES	65,883,711	100%	241,332

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	4,950,000	8%	18,132
Construction Costs	54,602,304	83%	200,008
Contractor Fee	500,000	1%	1,832
Environmental Abatement/Soil Correction	50,000	0%	183
Professional Services	1,991,407	3%	7,295
Financing Costs	1,390,000	2%	5,092
Developer Fee	2,400,000	4%	8,791
TOTAL USES	65,883,711	100%	241,332

Pro Forma Analysis

- The Developer proposed to finance the project with a mortgage that was 65% of the total development costs. Based on current underwriting conditions, it appeared the Developer wasn't maximizing their first mortgage debt, so we increased it for analysis purposes to 75% of the total development costs. Moreover, the Developer also proposed to bring roughly 18% of the total development cost as equity; however, similar to the first mortgage, we increased it to 20% of the total development costs.
- The total development cost is \$65,883,711, or \$241,000 per unit. For market rate rental projects like this one, we would anticipate total development costs would range between \$225,000 and \$275,000 per unit. Based on our review, we conclude the projected total development cost for this project is within an acceptable range.
- The developer fee of \$2.4 million is 3.6% of total development costs. For projects requesting City assistance, we would expect to see a developer fee of no more than 3% to 5%. The proposed developer fee is acceptable, and they are proposing to defer \$1.615M of it (67%).
- Proposed market rate rents range between \$1,153 per month for the smallest studio unit, to \$2,768 per month for the largest 2-bedroom unit. On a per square foot basis, rents range between \$2.19 to \$2.56, averaging \$2.30. Projected rents for recent suburban market rate rental projects are ranging between \$1.90 and \$2.50 per square foot depending on location, unit size and amenities. The proposed rents are within the range.
- The affordable rental rates ranged from \$905 per month for a studio unit at 50% AMI to \$1,163 per month for a 2-bedroom unit at 50% AMI. Since these figures didn't account for a utility allowance, per Minnetonka's Inclusionary Housing Policy, we reduced the rental rates accordingly. With the reduction of a utility allowance we would anticipate the rental rates to range from \$839 per month for a studio unit at 50% AMI to \$1,074 per month for a two-bedroom unit at 50% AMI. All affordable rents are at or below the rent and income limits for affordable units as derived by the United States Department of Housing and Urban Development (HUD) on an annual basis. The rents noted in the table below are the 2020 maximum gross rent limits released on April 1, 2020.

Maximum Gross Rents by Bedroom Size	
Bedroom Size	50% AMI
Studio	\$ 905
One Bedroom	\$ 970
Two Bedroom	\$ 1,163

- The Developer's total projected operating expenses (before management fees, property taxes, and replacement reserves) are \$1,310,250 per year. This equates to \$4,800 per housing unit per year. Usually we expect to see operating costs in the range of \$3,000 and \$4,000 per unit per year. The proposed operating costs for the project are higher than the industry standards. However, a management fee was not included in the Developer's numbers provided to us. Usually, it would be between 3% to 5% the effective gross income (EGI). We also didn't see a cost for replacement reserve which is typically between \$300 to \$500 per unit per year. If these costs were included in the operating expenditures noted above, the Developer's operating costs with them removed would be approximately \$3,800.

Projected Return on Investment

As part of this analysis, we want to ensure that any public assistance in the project does not result in a return on investment greater than what is typical within the industry. Return on investment (ROI) is a performance measure used to evaluate development projects. There are a few common measures used, however the Developer is using a Cash-on-Cost (COC) rate of return and its simply the net operating income of the project (before debt service) divided by the total development cost. Since the developer requested public financial assistance, it is necessary to ensure that the project does not result in a greater ROI than what is typically expected within the industry. For this project, we would expect a COC return of 6 – 6.5%.

Based on current estimates, it would take only 4 years for the developer to achieve a COC of 6.5% on a cumulative basis.

Recommendation

Based on our review of the Developer's pro forma and under current market conditions, the proposed developments may not reasonably be expected to occur solely through private investment within the reasonably near future. The cost associated with developing the site as market rate rental housing and the inclusion of affordable units at 50% AMI make the project feasible only through assistance, in part, from City contributions.

Based on our review, we conclude that TIF assistance in the amount of \$1.85 million over an anticipated term of 4 years is supported for this project. We'd recommend providing this assistance in one of two ways:

1. Pay-As-You-Go Note at an interest rate at the lesser of 4.5%, which is the developer's estimated rate of financing, or actual financing rate, repayable from 90% of the available tax increment; or
2. Provide assistance from the City's pooled TIF in the form of an up-front grant since the project would qualify.

It should be noted we have not spoken with the developer regarding our findings as of yet and will do prior to the meeting and will provide any update to the EDAC at that time.

Please contact either of us at 651-697-8500 if you have questions or comments.



10400 BREN ROAD

MINNETONKA, MN

09/08/2020

CONCEPT PLAN SUBMISSION

BKV
GROUP

10400 BREN ROAD EAST

Visioning / Design Concept

Located in the Opus Park in Minnetonka Minnesota, the project's vision and design concept is intended to align with the goals of the Opus Area Placemaking + Urban Design Master Plan.

The Opus area is currently characterized by a one way road network, several miles of off road trails, mid-century design elements, and natural open spaces. The Opus Area Placemaking + Urban Design guides the transformation of the Opus area into a cohesive mixed-use community meeting for future needs while reflecting the history of the area.

The project's intent is to create visual, physical and experiential connections to the Opus LRT Station and bus transit systems, while engaging public realm opportunities on the "Yellow Trail". This project engages the Minnetonka Trail System and creates outdoor spaces for the neighborhood and residents to enjoy. The design approach is based on community needs embracing creative placemaking, environmental awareness, sustainability, quality of life, safety and comfort.

The materials selected for this project seek to refine the mid-century aesthetic of the neighborhood that caters to professionals and people seeking an active lifestyle. Large windows, private and shared outdoor spaces, bicycle and pedestrian paths, pollinator and bird friendly landscaping work together to create healthy and inspiring connections to the outdoors.

The building is oriented to maximize solar exposure, connections to Bren Road East, the Opus LRT Station, trail system and views.

Project Description/Approach

The site currently consists of an existing surface parking lot and group of office buildings on Bren Road East. The proposed project consists of approximately 280 units with approximately 309 structured parking stalls and 8 surface stalls.

The project has been designed to include amenities that are important to today's renters: amenities that will provide opportunities for a live-work-play environment. Amenities will include a lobby at ground level, a second level clubroom that faces Bren Road East and fitness room. The project proposes two outdoor amenity plazas that will include areas for recreation and games, grilling stations, outdoor seating and gathering areas, fire pits, and an outdoor swimming pool. Additional outdoor amenities include green spaces, walkways to sidewalks linking to the Opus light rail stop and the Yellow Trail. A "tertiary node" and trail signs are planned on the north east corner of the site along the Yellow Trail. On the south east corner of the site a bike lounge is planned.

Dependent on final pricing and funding/grant support, the project is considering storm water management elements including a storm water reuse system, pervious pavers and storm water landscape elements. Also under consideration dependent on final pricing and funding/grant support are resident rooftop gardens, roof top solar array and public art.

This project proposes 10% of the units as affordable units.

This project is considering the use of metal, cement board, masonry and stucco pending final pricing.

OPUS AREA PLACEMAKING + URBAN DESIGN

Introduction:

The Opus area is currently characterized by a circuitous road network, 6 miles of off road trails, mid-century design elements, and natural open spaces. This plan guides the transformation of the Opus area into a cohesive mixed-use community positioned for future needs while reflecting the history of the area.

Aspects of the work include:

Working with developers and businesses to create publicly-accessible privately-owned spaces. Successfully connecting the light rail station to the rest of the surrounding community.

Creating a set of public realm design guidelines for the aesthetics within the public right of way.

The study also recommends a series of placemaking efforts within Opus that reflect the area's agriculture and business park history and serve as a catalyst for building community and creating an environment supportive of development opportunities.

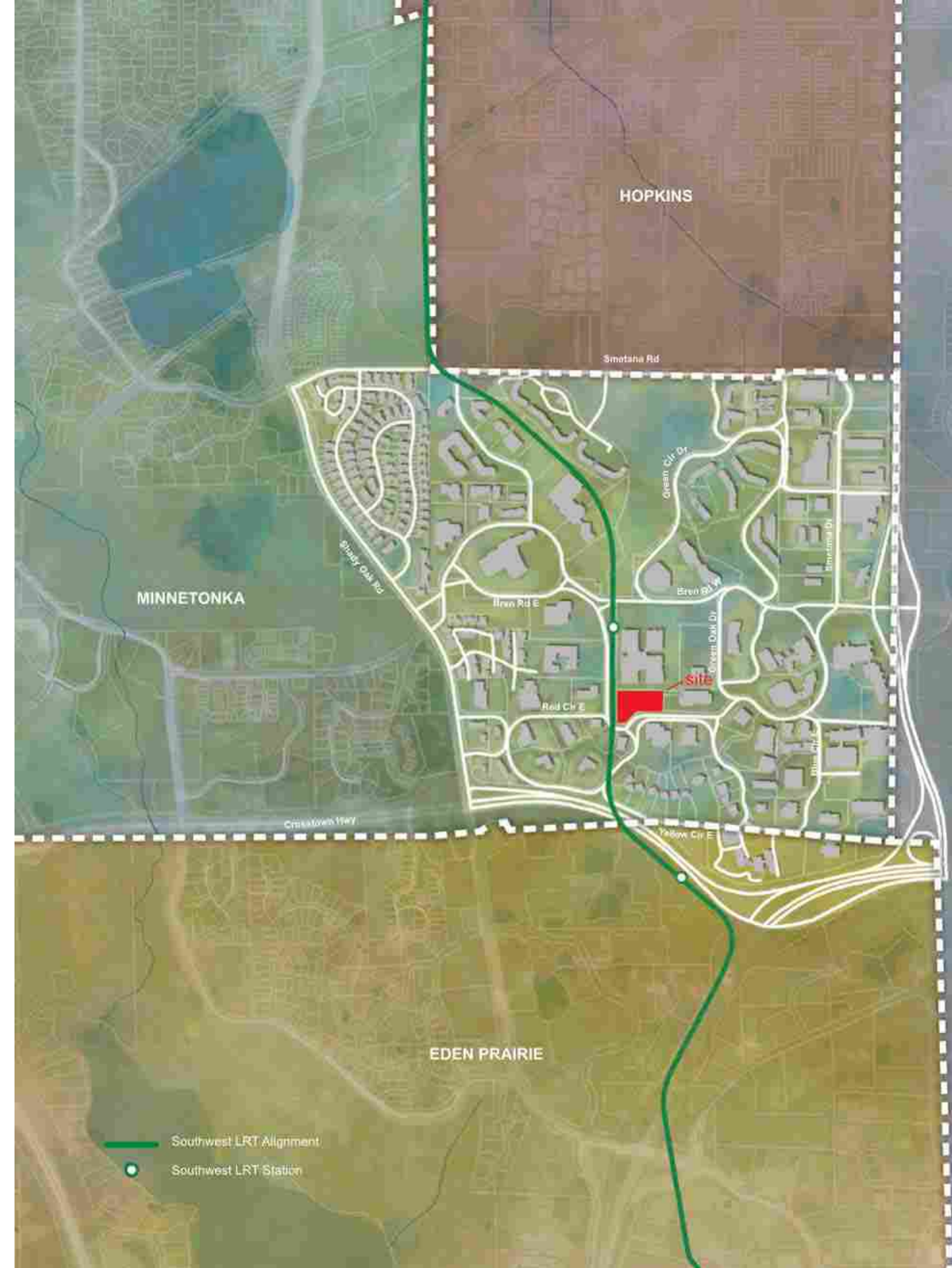
Specifically, the placemaking effort:

Examines the potential to establish permaculture based edible landscaping along the trail network and throughout the area to connect parks and open space to planned and future developments.

Project Goals

Key elements that guide the transformation of this area into a cohesive 'opus' of complementary built forms and development projects include:

- Establishing a mixed-use community.
- Integrating light rail investment into the broader community.
- Enhancing the existing trail network to help create a sense of place.
- Enhancing the district's natural features & functions.
- Developing a scope and program elements for a signature new community level park/plaza space.
- Complementing the area's existing businesses







YELLOW TRAIL: SCENIC LOOP

Yellow Loop (0.9 mile)

This scenic loop cuts between corporate campuses and small businesses. Due to a stormwater pond and a steep wooded slope, the trail environment feels more natural than others in the southern half of Opus. Approximately one-third mile of new trail will be added.

Trail Recommendations

- A** Connect existing trail from Minneapolis Mart site south to cross Bren Road East at-grade and continue east and south to connect with the Blue Circle Drive underpass.
- B** Widen existing trail from Opus Station south to connect with the Red Loop at the METRO Green Line underpass to 16' for separate pedestrian and bicycle trails.
- C** Widen existing trail to 16'.

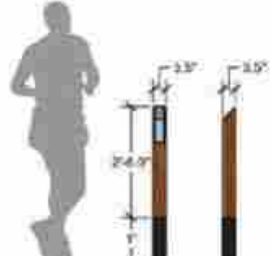
-  Yellow Loop
-  Southwest LRT Alignment
-  Southwest LRT Station
-  Trail Underpass
-  Existing Trail
-  Proposed Off-Street
-  Proposed On-Street
-  Red Loop
-  Bren Loop
-  Green Loop
-  Blue Loop



YELLOW TRAIL: PLACEMAKING + WAYFINDING

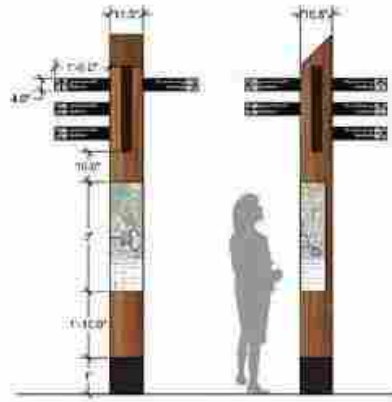
Mile Marker/Trail ID

A small sign indicating the loop color and the number of miles traveled. These are placed approximately every 0.25 miles along a colored loop.



Trail Loop + Directional Map

Provides a map of the specific colored loop in which it is located, and directional arrows pointing to key destinations within the area. These are located in areas within a colored loop where there are two or more directions a user could travel. If a campus map is located within close proximity, a Trail Loop and Directional Map is omitted.



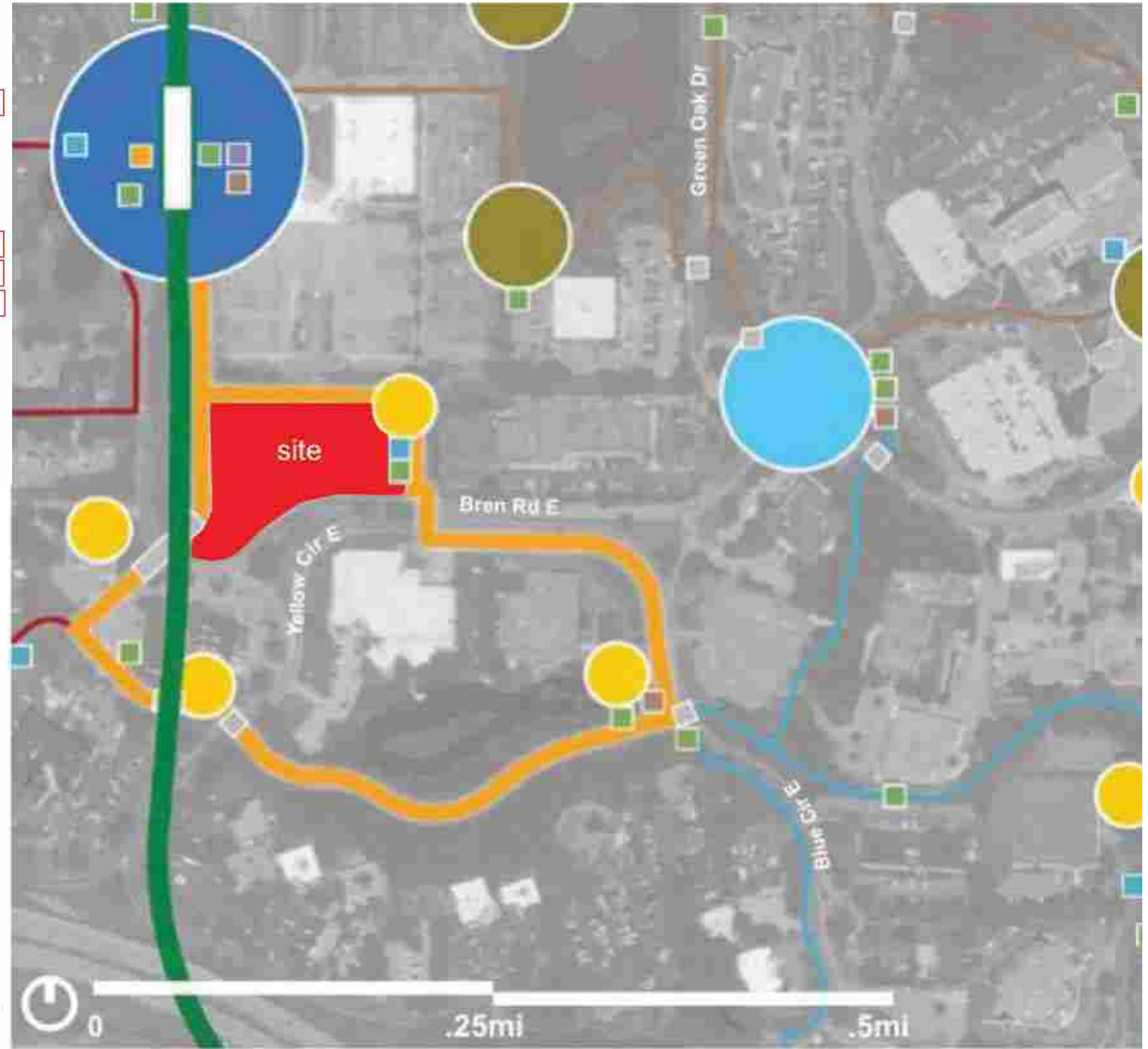
- Opus Node
- Primary Node
- Secondary Node
- Tertiary Node
- Campus Map
- Monument Sign
- Pavement Compass
- Trail ID/Road Name Signs*
- Trail Loop + Directional Map
- Mile Marker/Trail ID
- Yellow Loop
- Southwest LRT Alignment
- Southwest LRT Station
- Red Loop
- Bren Loop
- Green Loop
- Blue Loop

Tertiary Node

The tertiary node off the Opus trail consists of a modified Opus monument sign with lighting. A small shaded seating area within existing vegetation includes a bench, a bike fix-it station, and a drinking fountain. This is a visual node with a place to rest for bicyclists and pedestrians, with a campus map, for wayfinding.




- A** Bench
- B** Interpretive Sign
- C** Retaining Wall
- D** Bike Fix-It Station
- E** Drinking Fountain
- F** Special Pavement
- G** Campus Map
- H** Pedestrian Light
- I** Native Planting
- J** Loop Pavement Marking
- K** Manicured Planting
- L** Modified Existing Monument Sign
- M** Trash Receptacle



YELLOW TRAIL: PLANTING ZONES

Planting Zones by Vegetation Type

-  Manicured Vegetation
-  Native Wooded Vegetation
-  Native Upland Vegetation
-  Native Wetland Vegetation
-  Early Harvest Edible Vegetation
-  Late Harvest Edible Vegetation
-  Yellow Loop
-  Southwest LRT Alignment
-  Southwest LRT Station
-  Red Loop
-  Bren Loop
-  Green Loop
-  Blue Loop

Upland



Upland landscape species include perennials (grasses and wildflowers), shrubs and trees best suited for drier, sunnier sites. These include species such as Bluestem Grass, Coreflower, Chokeberry shrubs and Oak trees.

*One vehicular trail ID sign will be placed at-grade with the roadway and two road name signs will be placed per underpass for trail users traveling in both directions along the trail system.



SITE VISION



STORMWATER LANDSCAPE ELEMENT



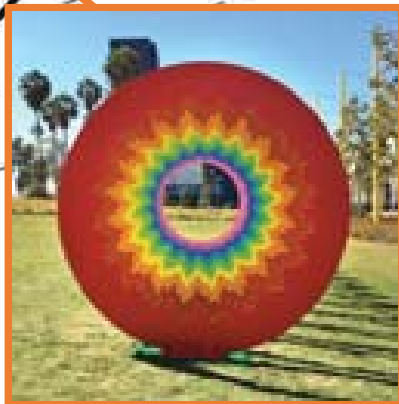
NATIVE UPLAND VEGETATION



TERTIARY NODE WITH BENCH SEATING AND TRAIL/NEIGHBORHOOD WAYFINDING



CREATIVE TREATMENT OF SOUTH AND EAST FACADES WHERE PROJECT MEETS NEIGHBORHOOD



PUBLIC ART



CURBSLESS DRIVABLE ENTRY PLAZA



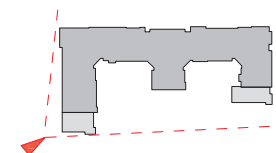
TREATMENT OF GROUND PLANE WITHIN EASEMENT

EXTERIOR VISION + DESIGN



BKV
GROUP

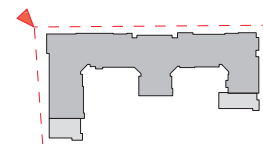
EXTERIOR VISION + DESIGN



EXTERIOR VISION + DESIGN



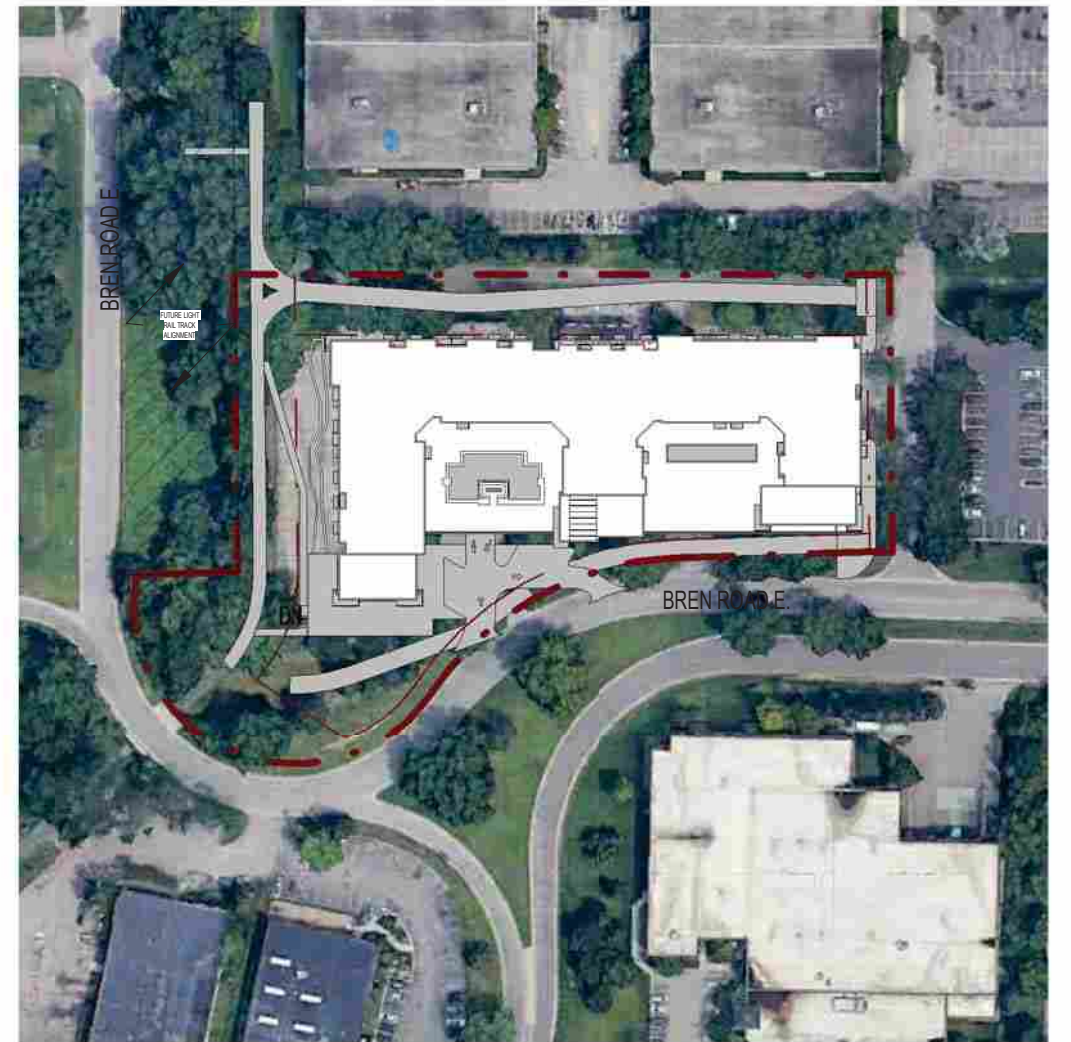
EXTERIOR VISION + DESIGN



COVER

UNIT TYPE	STUDIO 1	STUDIO 2	A1 (1 BD)	A2 (1 BD)	A3 (1 BD)	A4 (1 BD)	A5 (1 BD)	A6 (1 BD+)	B1 (1 BD+DEN)	B2 (1 BD+DEN)	B3 (1 BD+DEN)	C1 (2 BD)	C2 (2 BD)	C3 (2 BD)	TOTAL	LOBBY	AMENITY	CIRCULATION	MEP & SERVICES	TRASH & LOADING	PARKING	PARKING COUNT	GBA	GRSF	NRSF	EFFICIENCY			
AREA BY TYPE	450	589	801	791	928	861	861	1127	944	889	1033	1147	1264	1154															
LEVEL 1	0	0	0	0	0	0	0	22	0	0	0	0	1	0	23	0	1283	5682	2175	1047	93671	156	129870	32741	26012	73%			
LEVEL 2	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	2400	0	5386	2189	341	46135	162	57651	6927	1200	11%			
LEVEL 3	1	12	8	9	1	4	1	0	2	0	2	3	3	1	47	0	4198	7263	536	74	0	0	50785	46051	38715	76%			
LEVEL 4	4	9	8	10	1	6	1	0	2	1	2	3	5	1	53	0	0	6216	522	74	0	0	50797	50275	43986	87%			
LEVEL 5	4	9	8	10	1	6	1	0	2	1	2	3	5	1	53	0	0	6216	639	74	0	0	50785	50146	43857	86%			
LEVEL 6	3	9	8	10	1	6	1	0	2	1	2	3	5	1	52	0	0	6700	639	74	0	0	50806	50167	43393	85%			
LEVEL 7	5	9	8	10	1	6	1	0	2	1	1	3	1	0	48	0	0	11997	1091	147	0	0	80920	79829	67684	85%			
UNIT TOTAL BY TYPE	17	48	40	49	5	28	5	22	10	4	9	15	21	4	277	2400	5481	49460	7791	1829	139806	318	471614	316136	264848	79.77%			
Parking Ratio	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	1	Per Unit	
Total Req'd	17	Stalls	48	Stalls	40	Stalls	49	Stalls	5	Stalls	28	Stalls	5	Stalls	22	Stalls	10	Stalls	4	Stalls	9	Stalls	15	Stalls	21	Stalls	4	Stalls	277
Total Provided																													318
Unit Count	17	48	40	49	5	28	5	22	10	4	9	15	21	4	277														277
Bed Count	17	48	40	49	5	28	5	22	10	4	9	30	42	8	317														317
SF by Type	8642	33573	38460	43478	5662	25668	5392	24812	11684	5019	10500	20491	26912	4556	264848														264848
Average																													
Bed Mix		5.43%				47.60%					7.35%				101.28%														
Actual		23.81%				54.58%					8.43%				101.47%														
Target		25%				50%					10%				100%														

169822 SF	Site Area	3.90	Acres
71.2	Density	= Total Unit / Acreage	
74.13	Lot Coverage	= Site Area / Ground Floor	
331808	Area Toward FAR	= Gross Bldg Area - Parking Area	
2.78	FAR	= Area Toward FAR / Site Area	



**Policy Number 13.2
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 Affordable Dwelling Units (ADUs) 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 by 10 or more units, the number of required ADUs shall be based on the total number of units following completion of expansion.

Affordable Dwelling Unit (ADU)

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% of the units shall 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 for the Twin Cities metropolitan area 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.

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 ADUs shall be thirty (30) years.

Location, Standards, and Integration of ADUs

Distribution of affordable housing units. Unless otherwise specifically authorized by this policy, the ADUs shall be integrated within the development and distributed throughout the building(s). The ADUs 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 ADUs 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 ADUs. The size and design of ADUs shall be consistent and comparable with the market rate units in the rest of the project.

Exterior/Interior Appearance of ADUs. The exterior/interior materials and design of the ADUs 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 ADUs 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 ADUs. The city will review on a case-by-case basis to determine if the waiver is justifiable and granted.

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. The declaration 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.

The documents described above shall be recorded in the Hennepin County 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 2019-060
Council Meeting of July 8, 2019

Policy Number 2.18
Tax Increment Financing and Tax Abatement

Purpose of Policy: This policy establishes criteria which guide the economic development authority and the city council when considering the use of tax increment financing and tax abatement tools in conjunction with proposed development.

Introduction

Under the Minnesota Statutes Sections 469.152 to 469.1799, the city of Minnetonka has the authority to establish tax increment financing districts (TIF districts). Tax increment financing is a funding technique that takes advantage of the increases in tax capacity and property taxes from development or redevelopment to pay public development or redevelopment costs. The difference in the tax capacity and the tax revenues the property generates after new construction has occurred, compared with the tax capacity and tax revenues it generated before the construction, is the captured value, or increments. The increments then go to the economic development authority and are used to repay public indebtedness or current costs the development incurred in acquiring the property, removing existing structures or installing public services. The fundamental principle that makes tax increment financing viable is that it is designed to encourage development that would not otherwise occur.

Under Minnesota Statutes, Sections 469.1812 to 469.1815, the city of Minnetonka has the right to abate property taxes. A city may grant an abatement of some or all of the taxes or the increase in taxes it imposes on a parcel of property if the city expects the benefits of the proposed abatement agreement to at least equal the costs of the proposed agreement. Abatement would be considered a reallocation or rededication of taxes for specific improvements or costs associated with development rather than a “refund” of taxes.

It is the judgment of the city council that TIF and abatement are appropriate tools that may be used when specific criteria are met. The applicant is responsible for demonstrating the benefit of the assistance, particularly addressing the criteria below. The applicant should understand that although approval may have been granted previously by the city for a similar project or a similar mechanism, the council is not bound by that earlier approval. Each application will be judged on the merits of the project as it relates to the public purpose.

TAX INCREMENT FINANCING

The Economic Development Authority (EDA), as authorized by the city, will be responsible to determine that (1) a project would not occur “but for” the assistance provided through tax increment financing; and (2) no other development would occur on the relevant site without tax increment assistance that could create a larger market value increase than the increase expected from the proposed development (after adjusting for

the value of the tax increment). At the time of any application for a Comprehensive Guide Plan amendment, rezoning or site plan approval for a project, whichever occurs first, the applicant must divulge that TIF financing will be requested.

Projects eligible for consideration of tax increment financing include but are not limited to the following:

- Projects must be compatible with the Comprehensive Guide Plan (or acquire an amendment) and the development and redevelopment objectives of the city.
- Priority will be given to those projects which:
 - are within the “village areas” identified in the city’s most recently adopted Comprehensive Guide Plan;
 - are mixed use or residential in nature, and include affordable housing units which meet the city’s affordable housing standards;
 - contain amenities or improvements which benefit a larger area than the identified development;
 - improve blighted or dilapidated properties, provide cohesive development patterns, or improve land use transitions; or
 - maximize and leverage the use of other financial resources.

Costs Eligible for Tax Increment Financing Assistance

The EDA will consider the use of tax increment financing to cover project costs as allowed for under Minnesota Statutes. The types of project costs that are eligible for tax increment financing are as follows:

Utilities design	Site related permits
Architectural and engineering fees directly attributable to site work	Soils correction
Earthwork/excavation	Utilities (sanitary sewer, storm sewer, and water)
Landscaping	Street/parking lot paving
Streets and roads	Curb and gutter
Street/parking lot lighting	Land acquisition
Sidewalks and trails	Legal (acquisition, financing, and closing fees)
Special assessments	Surveys
Soils test and environmental studies	Sewer Access Charges (SAC) and Water Access Charges (WAC)

Title insurance	Landscape design
-----------------	------------------

Forms of Assistance

Tax increment financing will generally be provided on a “pay-as-you-go” basis wherein the EDA compensates the applicant for a predetermined amount for a stated number of years. The EDA will have the option to issue a TIF Note with or without interest, where the principal amount of the TIF Note is equal to the amount of eligible project costs incurred and proven by the developer. In all cases, semi-annual TIF payments will be based on available increment generated from the project. TIF payments will be made after collection of property taxes.

Fiscal Disparities

TIF Districts will generally be exempt from the contribution to fiscal disparities. Tax revenues for fiscal disparities, generated by the TIF project, will be the responsibility of properties inside the district. The exception to this policy is when MN Statutes require that fiscal disparities be paid from within a TIF District, as is the case with Economic Development Districts.

TAX ABATEMENT

The tax abatement tool provides the ability to capture and use all or a portion of the property tax revenues within a defined geographic area for a specific purpose. Unlike TIF, tax abatement must be approved by each major authority under which the area is taxed, and therefore, usually only city property taxes will be abated. In practice, it is a tax “reallocation” rather than an exemption from paying property taxes. Tax abatement is an important economic development tool that, when used appropriately, can be useful to accomplish the city’s development and redevelopment goals and objectives. Requests for tax abatement must serve to accomplish the city’s targeted goals for development and redevelopment, particularly in the designated village center areas. At the time of any application for a Comprehensive Guide Plan amendment, rezoning or site plan approval for a project, whichever occurs first, the applicant must divulge that tax abatements will be requested.

Projects Eligible for Tax Abatement Assistance

Projects eligible for consideration of property tax abatement include but are not limited to the following:

- Projects must be compatible with the Comprehensive Guide Plan (or acquire an amendment) and the development and redevelopment objectives of the city; and
- Priority will be given to those projects which:
 - increase or preserve the tax base
 - provide employment opportunities in the City of Minnetonka;

- provide, help acquire or construct public facilities;
- finance or provide public infrastructure;
- improve blighted or dilapidated properties, provide cohesive development patterns, or improve land use transitions; or
- produce long-term affordable housing opportunities.

Fiscal Disparities

Tax revenues for fiscal disparities, generated by the abatement project, will be the responsibility of properties inside the district.

REVIEW PROCESS

All applications for TIF and tax abatement will be reviewed by city's community development director. After review by the city's financial consultant, the community development director may refer the request to the EDA. The EDA will hold appropriate public hearings and receive public input about the use of the financial tools. The EDA will provide a recommendation regarding the assistance to the city council.

The city council must consider, along with other development decisions, the request for assistance and will make the final decision as to the amount, length, and terms of the agreement.

Adopted by Resolution No. 2014-074
Council Meeting of July 21, 2014

2020 AFFORDABLE HOUSING INCOME LIMITS

FY 2020 Income Limits Summary					
Household Size	30%	50%	60%	80%	120%
1	\$ 21,700.00	\$ 36,190.00	\$ 43,428.00	\$ 54,950.00	\$ 87,040.00
2	\$ 24,800.00	\$ 41,360.00	\$ 49,632.00	\$ 62,800.00	\$ 99,475.00
3	\$ 27,900.00	\$ 46,530.00	\$ 55,836.00	\$ 70,650.00	\$ 111,909.00
4	\$ 31,000.00	\$ 51,700.00	\$ 62,040.00	\$ 78,500.00	\$ 124,344.00
5	\$ 33,480.00	\$ 55,836.00	\$ 67,003.00	\$ 84,780.00	\$ 134,291.00
6	\$ 35,960.00	\$ 59,972.00	\$ 71,966.00	\$ 91,060.00	\$ 144,239.00
7	\$ 39,010.00	\$ 64,108.00	\$ 76,929.00	\$ 97,340.00	\$ 154,186.00
8	\$ 43,430.00	\$ 68,244.00	\$ 81,892.00	\$ 103,620.00	\$ 164,134.00
Median Family Income 2020 = \$103,400					

*Income limits are published on the US Department of Housing and Urban Development user portal:
<https://www.huduser.gov/portal/datasets/il.html>*

How much do people pay for affordable housing?

Affordability based on a family of four

Monthly Rent	AMI	Annual Income
\$775	30%	up to \$31,000
\$775 - \$1,290	30%-50%	\$31,000 - \$51,700
\$1,290 - \$1,550	50%-60%	\$51,700 - \$62,040
\$1,550 - \$1,960	60%-80%	\$62,040 - \$78,500
\$1,960 - \$2,585	80%-100%	\$78,500 - \$103,400

Affordable rents, based on sample occupations and their average salaries

Salary information obtained from glassdoor.com

Occupation	Average Salary	Affordable Rent
Home Health Aide	\$33,000	\$825
Nurse	\$67,873	\$1,696
High School Teacher	\$44,435	\$1,110
Line Cook	\$25,043	\$626

Name of Project	Number of Affordable Units	Number of Market Rate Units	Total Assistance (for affordable units)	Years of Affordability	Assistance per Unit, per Year	Affordability Level
Linden Street (10400 Bren Rd)	56	224	\$9M (requested)	30	\$5,357	50% AMI
Doran (5959 Shady Oak)	38	337	No assistance requested	30	N/A	80% AMI
Wellington Management	87	348	\$8M (recommended)	30	\$3,065	50% AMI
United Properties (The Pointe)	19	167	\$400,000	30	\$701	9@ 50% AMI, 9@ 60% AMI
Dominium	482	0	\$7,809,000	30	\$540	60% AMI
Homes Within Reach (2004-2020 grant years)	59	0	\$2,981,435	99	\$510	80% AMI
The Ridge	52	0	\$1,050,000	30	\$673	60% AMI
Shady Oak Crossing	52	23	\$1,900,000	30	\$2,753	60%AMI
West Ridge Market (Crown Ridge, Boulevard Gardens, Gables, West Ridge)	185	0	\$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
Beacon Hill (apartments)	62	48	\$2,484,000	25	\$1,602	50% AMI
Ridgebury	56	163	\$3,243,000	30	\$1,930	Initially--80% AMI, Now no income limit
Glen Lake (St. Therese, Exchange)	43	119	\$4,800,000	30	\$3,721	60% AMI
Cedar Point Townhomes	9	143	\$512,000	15	\$3,792	50% AMI
Tonka on the Creek (Overlook)	20	80	\$2,283,000	30	\$3,805	50% AMI
At Home - The Chase at 9 Mile	21	106	\$2,500,000	30	\$3,968	50% AMI
Applewood Pointe	9	80	\$1,290,000	Initial Sale/Ongoing maximum %	\$4,777	80% AMI
Doran (Birke)	35 (20% of units)	175	\$4,800,000	30	\$4,571	50% AMI

updated 10/20/2020

**EDAC Agenda Item #5
Meeting of Oct. 29, 2020**

Brief Description Doran Development (5959 Shady Oak Road)

Recommendation Provide feedback

Site Overview

Doran Development is exploring redevelopment of the site located at 5959 Shady Oak Road (currently International Spanish Language Academy). The 5.11 acre site is located immediately east of Shady Oak Road, North of Red Circle Drive. The developer is proposing two site access points, both off Red Circle Drive and pedestrian enhancements to the front of the building and a promenade along the northerly property line for direct access to the future light rail station. Parking would be located under the building with some surface spaces located in the center common area. Project and common resident amenities are yet to be determined. Project and common resident amenities are yet to be determined.

The proposed project would include a 6-story apartment building with 375 to 400 units. The units would be a mix of alcove, one, two, and three-bedroom units. The developer is also proposing to do some direct entry townhomes along the base of the building. The units would contain both market rate and affordable units, details of which are under discussion. The developer's initial proposal is to provide 10% of the units affordable to households earning up to 80% of the area median income (AMI), with a focus on two-to-three bedroom affordable units. At 80% of the AMI, the maximum income for a two-person household would be \$62,800 with a monthly allowable rent of approximately \$1,570 per month. The developer is not seeking city assistance at this time.

The city council recently had a briefing about the development proposals within Opus and the following summarizes the findings of the current and proposed housing in Opus:

- There are roughly 888 existing ownership (40%) units in Opus and 1295 existing rental units (60%), with an additional 1400 rental units under consideration, including this project.
- If all four projects under consideration moved forward, that would change the number of rental units from 1295 to 2695 and the housing mix would become 75% rental, 25% ownership.
- Roughly 40% of the existing rental units (561) in Opus are contractually affordable.
- The existing 561 contractually affordable units range from 30% AMI to 80% AMI and 744 market rate units.
- As proposed, the four new proposals would add approximately 1800 new market rate units and 800 contractually affordable units (ranging from 30% AMI to 80% AMI).
 - If the four proposals moved forward, the mix of rental affordability would change to roughly 50% affordable and 50% market rate. The mix of unit type would be 75% rental; 25% ownership.

Staff anticipates that additional housing units will increase the daytime population in Opus and will attract more real estate investment in the area, including retail, commercial, and office uses. However, there are no current proposals for these uses in Opus.

Concept Proposal



Policy review

Staff has reviewed the council's Affordable Housing Policy, as a guide for discussing the affordability component of the project.

2030 Comprehensive Plan

- The project is compatible with the Comprehensive Guide Plan as a proposed mixed-use development;
 - The project is identified in the 2030 comprehensive guide plan as guided for mixed use.
 - The Opus area was developed as a mixed use area with housing, employment, limited retail and recreational amenities. In recent years, there has been a shift to more residential housing through the conversion of office and industrial sites. This was anticipated in the city's comprehensive plan, largely due to the availability of access to the southwest light rail transit green line which is planned to be operational in 2023.

Affordable Housing Policy 13.2

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

- In multi-family rental developments, at least 10% of the units shall be affordable to and occupied by households with incomes at or below 60% AMI, with a minimum of 5% at 50% AMI.
 - The developer is proposing to provide 10% of the units affordable at 80% AMI with a focus on the larger two-to-three bedroom units.
 - The developer will be available at the meeting to discuss the proposed mix of affordable units.

Project Schedule

- Oct. 13, 2020 – Neighborhood meeting (completed)
- Oct. 22, 2020 – Planning commission review and recommendation to city council (completed)
- Oct. 29, 2020 – EDAC provide a feedback to city council
- Nov. 9, 2020 – City Council review of concept

Recommendation

Staff recommends the EDAC provide feedback on the financing request. EDAC feedback will be shared at the Nov. 9, 2020 city council meeting.

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Alisha Gray, EDFP, Economic Development and Housing Manager

Additional Information

[Oct. 12, 2020 City Council – Opus Housing Brief](#)

Location Map

Memo from Doran Development

Draft Concept Plans

Affordable Housing Policy

2020 Affordable Housing Limits

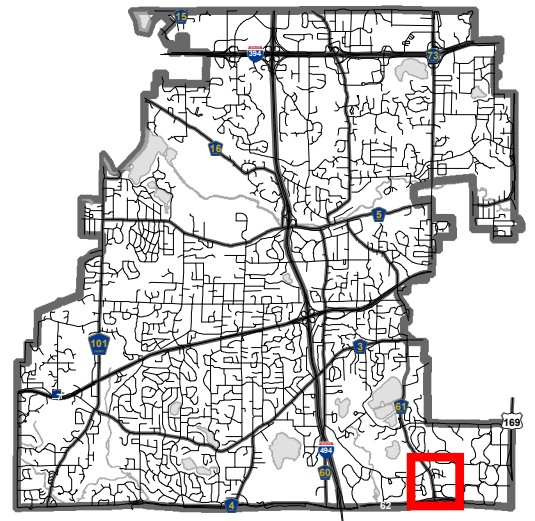
History of Affordable Housing Production and Assistance

[Opus Public Realm Design Guidelines](#)



Location Map

Project: Doran Development
Address: 5959 Shady Oak Rd





Proposed Development

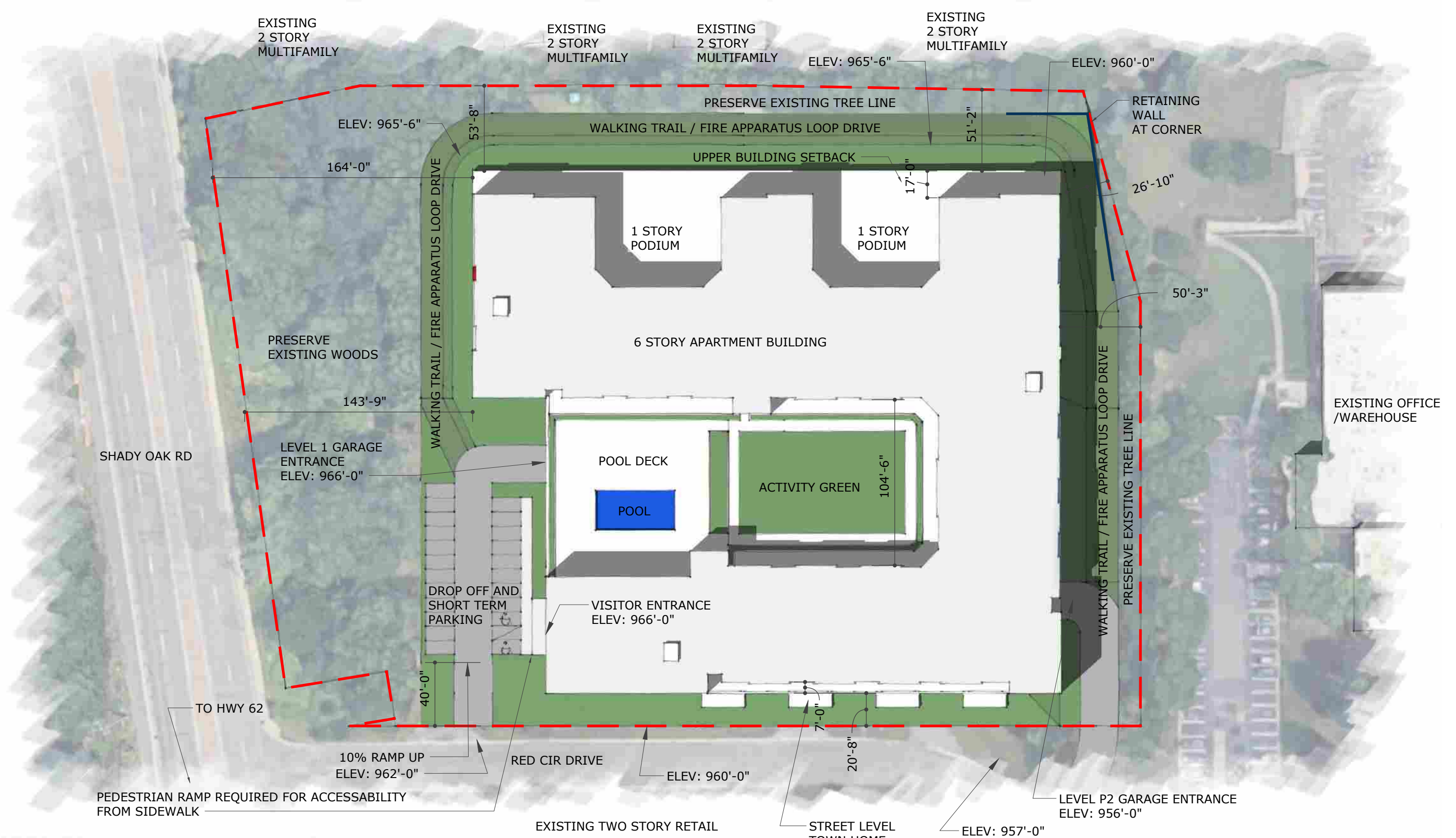
Doran Development is proposing to redevelop the International Spanish Language Academy located at 5959 Shady Oak Rd. The 5.11-acre site is currently improved with a functionally obsolescent industrial building being used as a charter school.

The proposed project is approximately 375 units and will consist of a mixture of both market and affordable dwelling units. We are proposing ten percent of the units being affordable to families earning eighty percent of the area medium income. We are not seeking City subsidy for this project. The units would be a mix of alcove, one, two, and three-bedroom units. We are also proposing to do some direct entry townhomes along the base of the building. There are 22 short term outside parking space and 556 internal parking spaces on 2 levels. We are currently planning approximately 15,000 square feet of indoor amenity spaces such as business center, entertainment suites, club room, lobbies, coffee bar, game room, fitness center, group fitness center and pet spa. Outdoor amenity spaces will include outdoor pool and spa, firepits, green area, and multiple grilling stations.

We are proposing 2 site access points, both off Red Circle Drive. We are also proposing some pedestrian enhancements to the front of the building and a promenade along the northly property line for direct access to the future light rail station.

We like the site because of its location, site characteristics, and strong transit-oriented development opportunities. In addition to light rail and bus access, there is a great pedestrian connection via sidewalks and trails in and around the Opus Park. This site is very walkable to the retail nodes to the north and the south. It also has easy and convenient access off Red Circle Drive without going into the one-way system within Opus Park. The site is generally level, existing storm water ponding and natural treed buffers to the north and the west.

We see strong demand for multifamily at this site. Pre-Covid the Twin Cities market was at a 3.2% vacancy rate and much lower in the Minnetonka market. A 5% vacancy rate is considered a market in equilibrium. That means you could build 9,000 more apartment units without growth to get to a 5% vacancy rate. Pre – Covid we had job growth and higher demand from empty nesters leaving their homes. We anticipate being at pre -Covid levels when a project like this is completed.



SCALE: 1" = 60'





EXISTING
2 STORY
MULTIFAMILY

EXISTING
2 STORY
MULTIFAMILY

EXISTING OFFICE
/WAREHOUSE

ACTIVITY LAWN

POOL DECK

PRESERVE EXISTING
TREE LINE BETWEEN
EXISTING MULTI-
FAMILY AND NEW
MULTI-FAMILY

PRESERVE
EXISTING
WOOD LAND

LEVEL 1 GARAGE
ENTRANCE

LEVEL P2 GARAGE ENTRANCE

DROP OFF AND SHORT
TERM PARKING

VISITOR ENTRANCE

SHADY OAK RD

10% RAMP UP

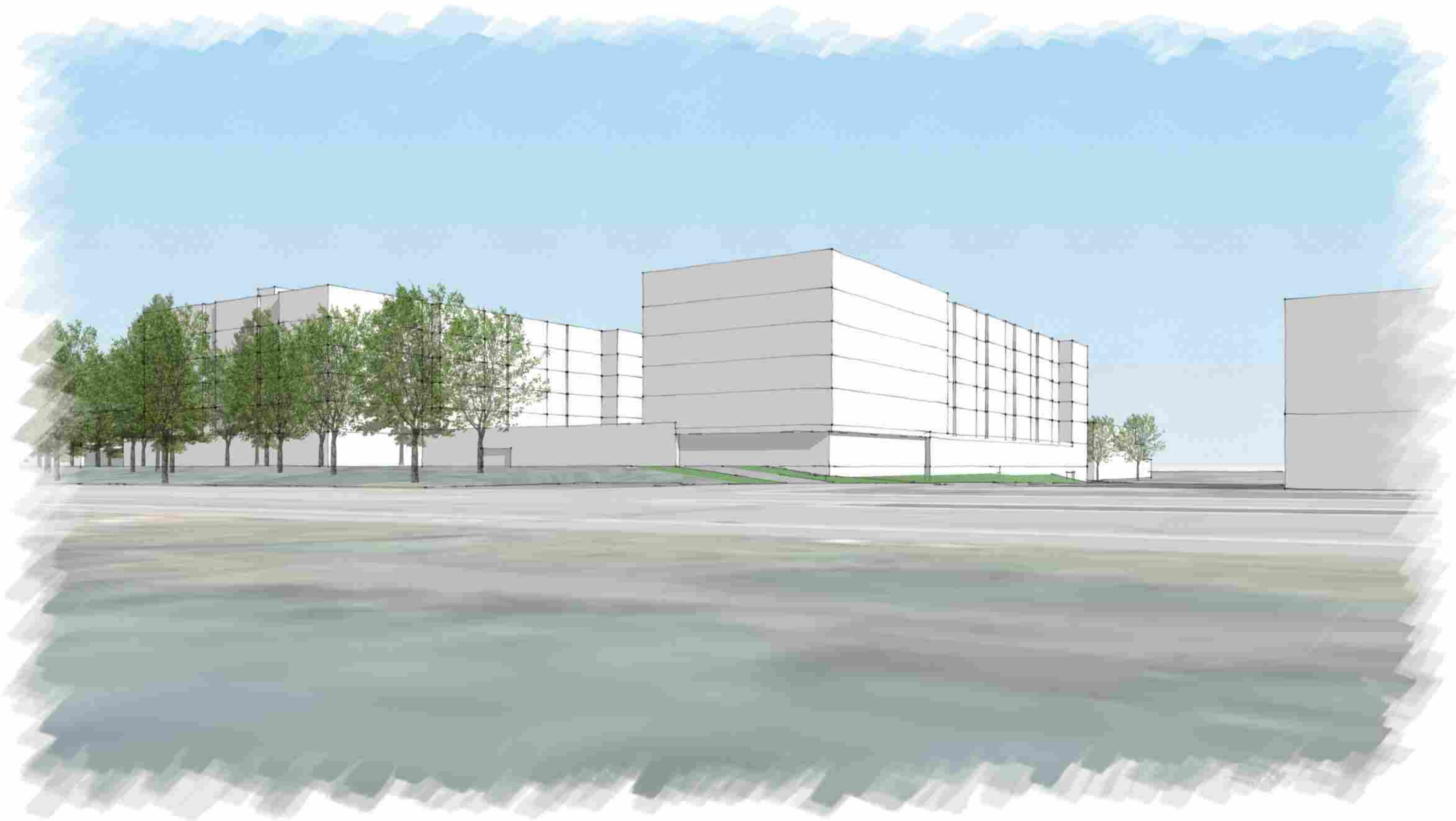
TO HWY 62

RED CIR DRIVE

EXISTING TWO STORY RETAIL

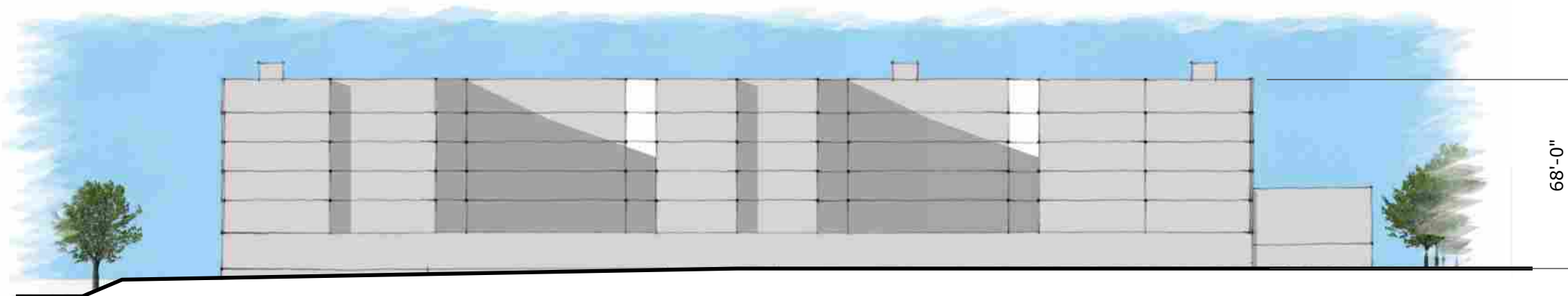
EXISTING TWO STORY RETAIL



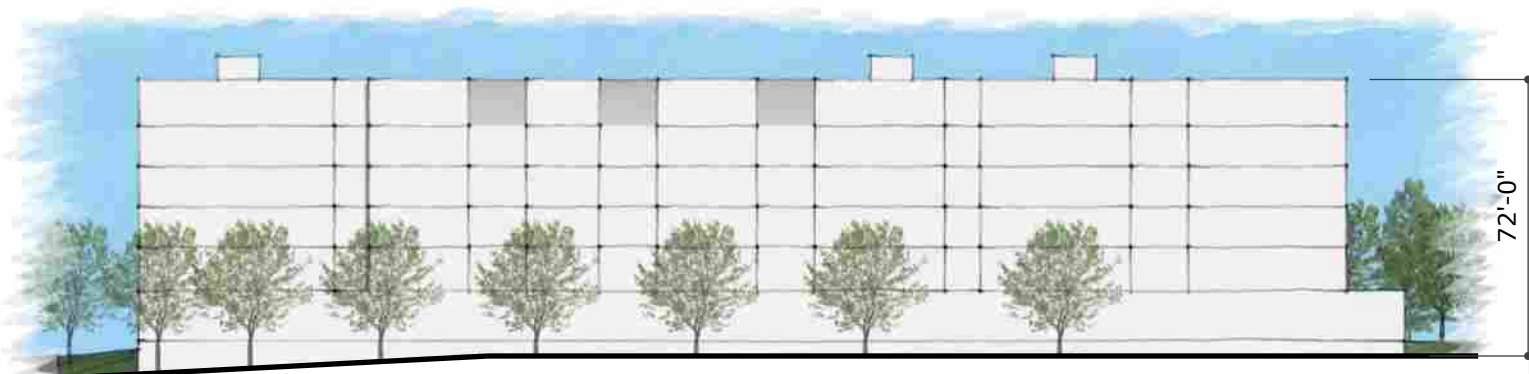




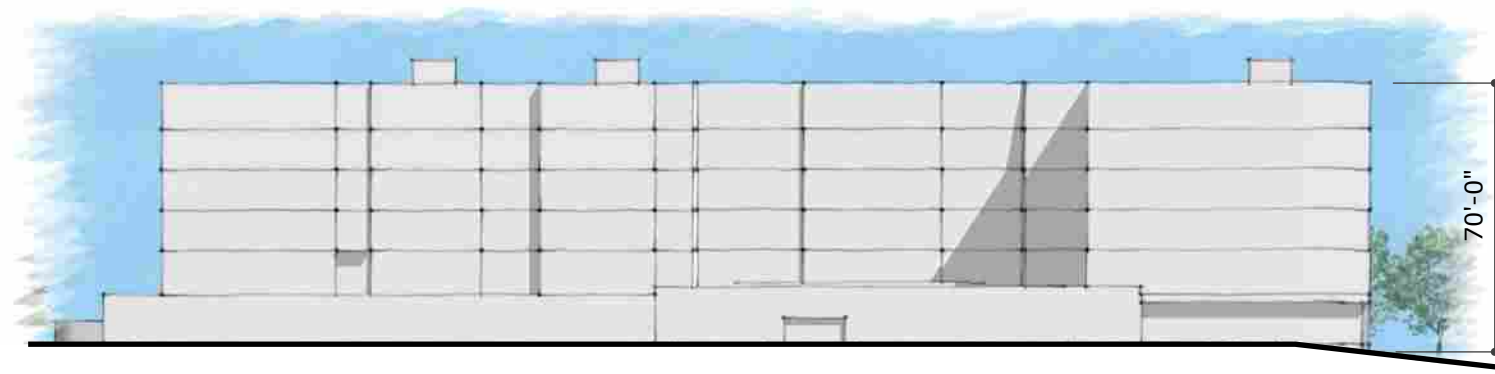
SOUTH EXTERIOR ELEVATION



NORTH EXTERIOR ELEVATION



EAST EXTERIOR ELEVATION



WEST EXTERIOR ELEVATION

**Policy Number 13.2
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 Affordable Dwelling Units (ADUs) 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 by 10 or more units, the number of required ADUs shall be based on the total number of units following completion of expansion.

Affordable Dwelling Unit (ADU)

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% of the units shall 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 for the Twin Cities metropolitan area 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.

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 ADUs shall be thirty (30) years.

Location, Standards, and Integration of ADUs

Distribution of affordable housing units. Unless otherwise specifically authorized by this policy, the ADUs shall be integrated within the development and distributed throughout the building(s). The ADUs 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 ADUs 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 ADUs. The size and design of ADUs shall be consistent and comparable with the market rate units in the rest of the project.

Exterior/Interior Appearance of ADUs. The exterior/interior materials and design of the ADUs 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 ADUs 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 ADUs. The city will review on a case-by-case basis to determine if the waiver is justifiable and granted.

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. The declaration 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.

The documents described above shall be recorded in the Hennepin County 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 2019-060
Council Meeting of July 8, 2019

2020 AFFORDABLE HOUSING INCOME LIMITS

FY 2020 Income Limits Summary					
Household Size	30%	50%	60%	80%	120%
1	\$ 21,700.00	\$ 36,190.00	\$ 43,428.00	\$ 54,950.00	\$ 87,040.00
2	\$ 24,800.00	\$ 41,360.00	\$ 49,632.00	\$ 62,800.00	\$ 99,475.00
3	\$ 27,900.00	\$ 46,530.00	\$ 55,836.00	\$ 70,650.00	\$ 111,909.00
4	\$ 31,000.00	\$ 51,700.00	\$ 62,040.00	\$ 78,500.00	\$ 124,344.00
5	\$ 33,480.00	\$ 55,836.00	\$ 67,003.00	\$ 84,780.00	\$ 134,291.00
6	\$ 35,960.00	\$ 59,972.00	\$ 71,966.00	\$ 91,060.00	\$ 144,239.00
7	\$ 39,010.00	\$ 64,108.00	\$ 76,929.00	\$ 97,340.00	\$ 154,186.00
8	\$ 43,430.00	\$ 68,244.00	\$ 81,892.00	\$ 103,620.00	\$ 164,134.00
Median Family Income 2020 = \$103,400					

*Income limits are published on the US Department of Housing and Urban Development user portal:
<https://www.huduser.gov/portal/datasets/il.html>*

How much do people pay for affordable housing?

Affordability based on a family of four

Monthly Rent	AMI	Annual Income
\$775	30%	up to \$31,000
\$775 - \$1,290	30%-50%	\$31,000 - \$51,700
\$1,290 - \$1,550	50%-60%	\$51,700 - \$62,040
\$1,550 - \$1,960	60%-80%	\$62,040 - \$78,500
\$1,960 - \$2,585	80%-100%	\$78,500 - \$103,400

Affordable rents, based on sample occupations and their average salaries

Salary information obtained from glassdoor.com

Occupation	Average Salary	Affordable Rent
Home Health Aide	\$33,000	\$825
Nurse	\$67,873	\$1,696
High School Teacher	\$44,435	\$1,110
Line Cook	\$25,043	\$626

Affordable Housing Production in Minnetonka

Name of Project	Number of Affordable Units	Number of Market Rate Units	Total Assistance (for affordable units)	Years of Affordability	Assistance per Unit, per Year	Affordability Level
Linden Street (10400 Bren Rd)	56	224	\$9M (requested)	30	\$5,357	50% AMI
Doran (5959 Shady Oak)	38	337	No assistance requested	30	N/A	80% AMI
Wellington Management	87	348	\$8M (recommended)	30	\$3,065	50% AMI
United Properties (The Pointe)	19	167	\$400,000	30	\$701	9@ 50% AMI, 9@ 60% AMI
Dominium	482	0	\$7,809,000	30	\$540	60% AMI
Homes Within Reach (2004-2020 grant years)	59	0	\$2,981,435	99	\$510	80% AMI
The Ridge	52	0	\$1,050,000	30	\$673	60% AMI
Shady Oak Crossing	52	23	\$1,900,000	30	\$2,753	60%AMI
West Ridge Market (Crown Ridge, Boulevard Gardens, Gables, West Ridge)	185	0	\$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
Beacon Hill (apartments)	62	48	\$2,484,000	25	\$1,602	50% AMI
Ridgebury	56	163	\$3,243,000	30	\$1,930	Initially--80% AMI, Now no income limit
Glen Lake (St. Therese, Exchange)	43	119	\$4,800,000	30	\$3,721	60% AMI
Cedar Point Townhomes	9	143	\$512,000	15	\$3,792	50% AMI
Tonka on the Creek (Overlook)	20	80	\$2,283,000	30	\$3,805	50% AMI
At Home - The Chase at 9 Mile	21	106	\$2,500,000	30	\$3,968	50% AMI
Applewood Pointe	9	80	\$1,290,000	Initial Sale/Ongoing maximum %	\$4,777	80% AMI
Doran (Birke)	35 (20% of units)	175	\$4,800,000	30	\$4,571	50% AMI

updated 10/20/2020

EDAC Agenda Item #6
Meeting of Oct. 29, 2020

Brief Description: Substantial Amendment to the 2019-2020 Community Development Block Grant (CDBG) Action Plan

Recommended Action: Review and provide a recommendation on the proposed amendment to the 2019-2020 Action Plan

Background

The Community Development Block Grant (CDBG) program, overseen by the U.S. Department of Housing and Urban Development (HUD), provides federal funds to implement a range of economic and community development activities. Those activities are based upon the needs, priorities, and benefits to the community. CDBG activities are developed and the division of funding is determined at the local level. All funded activities must meet at least one of the three national objectives:

- Benefit low-and-moderate income persons
- Help prevent or eliminate slum and blight
- Meet other community development needs of particular urgency

History of Minnetonka Participation in CDBG

In 2018, The City of Minnetonka elected to join the Hennepin Urban County CDBG program. Under this program, Hennepin County coordinates CDBG programming and administration activities on behalf of the city. CDBG grants allocated to the city flow directly to Hennepin County for public service agency funding and rehabilitation grant programming in Minnetonka.

Prior to 2018, Minnetonka was an Entitlement City and received CDBG grants directly. For many years the city spent these grant funds to support home rehabilitation loans and to support public services. The city continues to receive repayments of CDBG home rehabilitation loans (from when the city was an entitlement community) as homes are sold or refinanced. The city can then use the returned funds for eligible CDBG purposes. The city has accumulated a balance of approximately \$219,000, due to repayments of outstanding loans.

In 2018, the city council made the recommendation to spend this money to support the relocation of businesses from the Shady Oak Road Shopping Center (4312 Shady Oak Road). However, the resulting apartment development's affordability makeup changed and made the 2018 recommendation an ineligible expenditure.

In early 2020, staff had anticipated that this funding could be used to mitigate impacts related to COVID-19. In August, HUD released guidance stating that only CDBG grants from 2019-2020 would receive a waiver of certain restrictions for COVID-19 support. The \$219,000 balance would not qualify for that waiver due to the age of the funds and its ability to support COVID-19 response is limited.

Proposed Use of CDBG Funding

Staff has researched alternative activities and received feedback from residents and city council members on the use of the unspent balance of CDBG grant funds. On, [Sept. 14](#), the city council discussed ongoing funding for Homes Within Reach and concerns about ongoing maintenance and emergency costs encountered by Homes Within Reach residents.

At acquisition, Homes Within Reach performs rehabilitation on homes before selling them to individuals. However, as many of these land trust homes are over 60 years old and continue to age, new maintenance issues may arise. Minnetonka currently operates two home rehabilitation loan programs to assist all homeowners (with incomes up to 120% of Area Median Income), including HWR participants. However, demand for these programs is high, and with limited funds, these programs often experience extensive waitlists.

Staff proposes the development of a home rehabilitation grant program that assists homeowners within the Home Within Reach program. Staff recommends allocating \$207,500 of the unspent CDBG fund balance for one-time rehabilitation grants to Minnetonka homeowners within HWR. The program would allow a maximum of \$7,500 per home in funds for repairs. The \$207,500 recommended amount would enable approximately 27 (44%) of HWR homeowners to make a critical repair. Each home would be eligible for one grant.

Except for being required to own a home within the land trust, the eligibility criteria would mirror the criteria of the [Minnetonka Housing Rehabilitation Program loans](#) currently being offered. To qualify, applicants must have an income at or below 80% of the area median income (\$78,500 for a family of four). Additionally, residents will be required to have an inspection done by the Home Energy Squad before a project is approved.

This program would not affect the already existing CDBG Home Rehabilitation Program; that program would continue to be available to all Minnetonka residents meeting the eligibility criteria, including HWR homeowners.

Administration

Rather than work with an outside entity such as Hennepin County or the Center for Energy and Environment, as the city does with other loan programs, staff proposes that this program be administered internally. Staff administration will allow the program to be rolled out quickly and save on administrative costs, allowing for more grants. Applications will be accepted on a first-come, first served basis until funds are fully exhausted.

Under CDBG Guidelines, cities are allowed to allocate a percentage of their grant funds to program administration. Staff is proposing that \$11,917.56 of the unspent balance is used for program administration.

Next Steps

- City Council to discuss substantial amendment at Nov. 9 meeting
- Staff sets up administrative procedures, amend CDBG action plan
- Coordinate with HWR on marketing the program

- Funds available for grants in late November or early December

Summary

The proposed allocation of the unspent CDBG balance is outlined below:

Rehabilitation Grant Program (HWR Residents)	\$207,500.00
Administration	\$11,917.56
Total	\$219,417.56

Recommendation

Review and provide a recommendation to council on the proposed amendment to the 2019-2020 Action Plan.

Submitted through:

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

Originated by:

Rob Hanson, EDFP, Economic Development Coordinator

Supplemental information

[Minnetonka Housing Rehabilitation Program \(CDBG\) Guidelines](#)

[Sept. 14, 2020 City Council Study Session](#)

[March 18, 2019 City Council Meeting Item 13D](#)

[Aug. 6, 2018 City Council Meeting Item 13A](#)

EDAC Agenda Item #7
Meeting of Oct. 29, 2020

Brief Description

Staff Report

Transit Updates

Green Line Extension (Southwest LRT)

Construction updates for Minnetonka:

Most construction areas will remain active through November. As fall moves on, some areas of the project will get scaled back for winter. Activities that are preferable in warmer months like asphalt, backfill, or painting will resume in the spring. Heavy construction will continue throughout winter, such as station platform construction, and the Hwy 62 LRT tunnel.

Ongoing construction projects within Minnetonka include:

- Construction of Opus Station Platform
- Construction of Shady Oak Station Platform
- Excavation and construction of the Hwy 62 LRT Tunnel
- Construction of Smetana/Feltl Roadway Bridges

Construction updates from the Metro Transit project office are available [online](#) or to sign up to receive construction updates every Friday, please visit www.swlrt.org

Metro Transit Service Update

Metro Transit has gradually returned service to Minnetonka this summer. Weekday service has seen a modest increase with 175 trips carrying 312 passengers per day up from 169 trips carrying 238 passengers per day in spring. However this is still an 83% decrease in ridership from the same period in 2019. Weekend service does fare much better, with 100 trips carrying 163 passengers up from 99 trips carrying 105 passengers per day this spring. Current weekend service is experiencing a ridership decline of 16% from the same period in 2019.

Metro Transit Budget Update

Metro Transit has faced significant challenges related to COVID-19. In late August, Metro Transit presented its 2021 operating budget. It outlined significant challenges to the transit service including:

- Expected drop in fare revenue – 2020 and 2021 ridership to fall below half of the annual totals seen in recent years;
- Increased costs related to cleaning
- Proceeds from the state Motor Vehicle Sales Tax are well short of earlier expectations.

In total, projections indicate that fare and tax revenue will decline by more than \$240 million across Metro Transit, Metro Mobility, and Transit Link. CARES Act stimulus will cover \$214 million of the gap, but concessions will need to be made to close the remaining gap.

Development Updates

Projects	Location	Status
Housing		
The Pointe	801 Carlson	waiting for site development applications
Minnetonka Station	Opus (Mariner Site)	Concept Plan Review
The Luxe	Ridgedale	Now leasing
Doran (Shady Oak)	5959 Shady Oak Road	Concept Plan Review
Shady Oak Crossing	Shady Oak Road / Mainstreet	Reviewing Site Permit Application
Legends (Dominium)	Bren Road	All phases under construction, completion on first phase by end of 2020.
Shady Oak Office Center	10901 Red Circle Drive	Concept plan for apartments
Misc Projects		
Ridgedale Area Park Project	Ridgedale Drive	Permit Applications Park Structures
Minnetonka Police/Fire Project	Minnetonka Civic Center Campus	Under Construction
Opus AUAR Study	Opus	Draft received, staff review underway

Business Updates

Hennepin County COVID Response

In August, Hennepin County made available additional money for businesses affected by COVID-19. Businesses who had not previously received assistance from local, state, and federal programs received priority for grants of up to \$15,000.

In total, over 2,300 businesses had applied. 800 businesses had not previously received assistance and were selected to move forward. Minnetonka businesses made up 68 of the applications, 22 were deemed eligible to move forward with funding.

The Hennepin County Board later made the decision to fund all of the eligible applicants to the program. This makes a total of 68 Minnetonka businesses eligible to receive assistance through this program.

Between the city and county assistance programs, Minnetonka businesses have received over \$760,000 in assistance.

Data is available on which businesses in Minnetonka had received assistance on the [Small Business Relief Fund](#) page.

Business District Recovery Initiative

In August, City staff with support from Hennepin County selected the Glen Lake Business District to participate in the COVID Business District Recovery marketing program. The consulting firm Mod & Company Advertising is leading the development of the work with input from staff. The goal of the initiative is to develop a marketing and branding plan for the Glen Lake Business District.

In early October, staff was presented with 5 concept marketing themes to choose from to move forward with. A “Love Local” concept was selected to move forward. Between now and month-end October, Mod and Creative will refine the advertising campaign depending on how and where it will be used. It will be tailored to specific districts and businesses. Overall the campaign will include:

- Print Inserts
- Print Ads
- Billboards
- District Tailored Campaigns
- Social Media

Housing Updates

Emergency Rental Assistance Program

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 a housing trust fund 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 city collected by the city, which are available for this purpose and not committed to other programming.

Minnetonka residents earning up to 120 percent of the area median income may apply for assistance.

- Qualified households may receive a one-time payment of up to \$1,500 to assist with rent and utility expenses.
- Eligible household income limits include:
 - One person: up to \$84,000
 - Two people: up to \$96,000
 - Three people: up to \$108,000
 - Four people: up to \$120,000

As of Oct. 1, 2020, ICA spent \$70,204 of the Minnetonka money on assistance for residents. This equates to:

- 50 households assisted
- Average assistance is \$1,400 for rent/utilities
- \$70,000 in funding remaining for Sept-Nov

Applications continue to be accepted through ICA by calling 952-938-0729.

Eviction Freeze

Federal Eviction Freeze

On Sept. 1, 2020, the Federal administration and the CDC put forward an eviction moratorium that would remain in effect through the end of 2020.

Under the rules, renters have to sign a declaration stating: their income is not higher than \$99,000 a year, or twice that if filing a joint return, and that they have no other option if evicted other than homelessness or living with more people in close proximity.

Evictions for reasons other than nonpayment of rent will still be allowed.

State Eviction Freeze

On July 14, 2020, Governor Walz signed Executive Order 20-79, which modified the existing evictions moratorium. This order went into effect Aug. 4, 2020. This order shall remain in effect until the declared peacetime state of emergency ends. On Oct. 12, 2020, Governor Walz issued Executive Order 20-92 which extends the Peacetime Emergency Declaration until Nov. 12, 2020.

It is expected that Governor Walz will continue to extend the Peacetime Emergency Declaration as the COVID-19 pandemic persists, extending the eviction moratorium for the foreseeable future. Staff is monitoring the status of the eviction moratorium, and is researching the possibility of enacting a city ordinance should the governor remove this protection.

City Council Activities

Community diversity and inclusion conversations continue at the city council level. The latest discussion occurred at their [October 19 study session](#).

The council has been working on their Strategic Plan. The strategic plan is annually reviewed and amended to reflect the city's strategic priorities. The last discussion of this plan occurred at the [October 12 meeting](#).

Upcoming Events

Nov. 12, 2020 - EDAC Meeting

Originated by:

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