



AGENDA
CITY OF MINNETONKA
ECONOMIC DEVELOPMENT ADVISORY COMMISSION
August 23, 2023
6:00 p.m.

City Council Chambers – Minnetonka Community Center

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 Minutes:
a. April 27, 2023
b. May 11, 2023

BUSINESS ITEMS

4. Greystar Financing Request

Review and provide a recommendation.

5. 2024-2028 Economic Improvement Program

Review and provide a recommendation.

6. Staff Report

7. Other Business

The next scheduled EDAC meeting is **Aug. 31, 2023 at 4:30 p.m (Tour)**

8. Adjourn

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

**Unapproved
Minnetonka
Economic Development Advisory Commission
Minutes**

April 27, 2023

1. Call to Order

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

2. Roll Call

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

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

Consultants present: Attorney Julie Eddington of Kennedy and Graven and financial consultant Keith Dahl of Ehlers and Associates.

Councilmember Deb Calvert was present.

3. Approval of the EDAC Jan. 26, 2023 Meeting Minutes

Tyacke moved, Falk seconded, a motion to approve the Sept. 8, 2022 meeting minutes as submitted. Falk, Tyacke and Yunker voted in favor of passing the motion. Jacobsohn and Johnstohn abstained. Duginske Cibulka and Hromatka were absent. Motion carried.

4. Marsh II - Doran Financing Request

Chair Yunker introduced the item and called for the staff report.

Gray provided the staff report. Staff recommends commissioners review the contract for private development and make a recommendation.

Attorney Julie Eddington of Kennedy and Graven was available by phone.

Jacobsohn thought that a little more control on the cost of a parking stall for a resident of an affordable unit would be good to prevent the cost of parking from being a significant part of their budget.

In response to Tyacke's question, Ryan Johnson of Doran Companies explained that the members of the special purpose entity that would be named in the contract would be Anne Behrendt, Tony Kuechle and Ryan Johnson.

In response to Tyacke's question, Wischnack confirmed that the maximum amount of financial assistance from the city would be capped at \$4.6 million.

Jacobsohn moved, seconded by Johnston, to recommend that the city council approve the financial assistance request for the Marsh II as provided in the staff report with a modification to tighten up the cost charged to affordable housing residents for a parking stall.

Falk, Jacobsohn, Johnston, Tyacke and Yunker voted in favor of passing the motion. Duginske Cibulka and Hromatka were absent. Motion carried.

This item is scheduled to be reviewed by the city council at its meeting on May 22, 2023.

5. 2024-2028 Economic Improvement Program (EIP)

Gray provided the staff report. Staff recommended commissioners review and make comments on the draft of the 2024-2028 EIP.

Jacobsohn likes how the EIP gets easier to understand each year. He suggested identifying the items that do not have funds allocated to them from items that have allocated money to cover their cost from a specific fund.

Jacobsohn confirmed with Gray that Homes Within Reach typically purchases one to two houses a year. There have also been years when no house was purchased. It depends on the housing market.

Jacobsohn asked if it would be possible to allow public employees such as teachers and first responders who work in Minnetonka and meet income restrictions to be given a better chance at securing an affordable-housing unit. Wischnack explained that the Fair Housing Act prohibits preferential treatment to a group of people. Marketing the units locally could be done.

Jacobsohn asked about the vacancy rate in Minnetonka. Wischnack answered that the vacancy rate is very low and underserved in rental units in Minnetonka and the surrounding southwest area even with the inclusion of apartments currently being constructed.

Gray continued the staff report.

Falk asked for more information on workforce collaboration. Gray explained that the initiative aims to provide better communication with the business community regarding opportunities on how to attract a work force including access to portals for employers trying to attract employees and utilizing partnerships between schools and communities. A new staff person at Hennepin County is working to implement these techniques.

Gray continued the staff report.

Tyacke asked for the city's purpose for purchasing The Marsh. Wischnack answered that councilmembers expressed a commitment to the preservation of land that would expand the city campus' natural footprint and the need for recreational uses for the community.

Calvert agreed and explained that studies have been done to find out the recreational needs of the community. A new swimming pool would cost \$25 million. The Marsh has two pools and was purchased for \$4.275 million. It was an unexpected expenditure, but the city was able to purchase the facility for pennies on the dollar. Plans to remodel the community center were being discussed due to a shortage of meeting spaces and office spaces for the recreation department. The Marsh building has a lot of well-appointed-office spaces. The option to purchase the site before it went on the market allows the city to control the site now and in the future. Memberships for The Marsh are on sale now.

Jacobsohn saw the purchase of The Marsh as an unexpected opportunity. Calvert agreed. The Marsh expands the opportunity of the city to reconfigure space and expand the recreational activities that engage residents.

Jacobsohn acknowledged that the geographic location of The Marsh property being adjacent to the city hall campus makes the purchase a unique opportunity.

Chair Yunker looks forward to learning the results of the business survey which may provide some good ideas.

Yacke was impressed by the number of senior residential facilities that have been built throughout the city. Senior residents are looking for that type of housing. He supports TIF and other funding options being utilized for senior-housing opportunities.

Johnston likes the current draft of the EIP as presented.

6. Staff Report

Hanson and Wischnack provided the staff report:

- Construction on the SWLRT is set to begin. Bren Road East is expected to close for two to three months. Yellow Circle Drive will be closed for eight weeks.
- Metro Transit is collecting feedback on the near-term future of the regional-transit system.
- Development updates on The Pointe, Minnetonka Station, Doran, The Townline Apartments (Wellington), Greystar Development, Ridgedale Park project and The Marsh.
- The city recently formalized an agreement with Hennepin County to enact Elevate Hennepin as the business consulting provider for the city. Open to Business serves as a navigator of Minnetonka business consulting services. The demand for the consulting service remains high.

- The winter issue of Thrive was issued in February.
- Staff is partnering with the Minneapolis Regional Chamber and will participate on the workplace advisory board.
- Provided an update on the business-work plan. Creating an emergency-assistance fund is being worked on.
- The His House Foundation used approximately \$19,780 to support four families experiencing an emergency homeless situation in Minnetonka. There is \$180,220 left to be used.
- There is still mortgage assistance available at HomeHelpMN. Ten thousand six hundred applications have been received. Seventy-one percent of the funds have been disbursed.
- Rental assistance has been provided to 205 households and funds are still available.
- The city council will host a study session on Feb. 6, 2023 to receive an update on the pathways and housing programs.

7. Other Business

An affordable housing summit is scheduled to take place on May 9, 2023 from 7:30 a.m. to 6 p.m. at the Minneapolis Marriott City Center.

The next EDAC meeting is scheduled to be held on May 11, 2023.

8. Adjournment

The meeting was adjourned at 7:14 p.m.

**Unapproved
Minnetonka
Economic Development Advisory Commission
Minutes**

May 11, 2023

1. Call to Order

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

2. Roll Call

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

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

Consultants available by phone: Financial consultant Sean Lentz of Ehlers and Associates.

Councilmember Deb Calvert was present.

3. Greystar Financing Request

Chair Yunker introduced the item and called for the staff report.

Gray provided the staff report. Staff recommends commissioners review the contract for private development and make a recommendation.

Tyacke asked why the financial assistance source being considered changed from tax increment to the affordable-housing-trust fund. Grey explained that the affordable-housing-trust fund is utilized for smaller requests for assistance because it is easier to administer and to show the legislature that progress is being made to utilize the funds the city received from the legislature.

In response to Tyacke's question, Gray explained that the staff is recommending approval of assistance because the developer agreed to provide more affordability than what is required in the policy.

Jacobsohn asked how the assistance request amount was able to be decreased from \$5 million to \$500,000. Lentz explained that Ehlers staff reviewed the proposal and found that the appropriate amount of assistance would be \$500,000.

Duginske Cibulka would like specific numbers to explain how \$500,000 would be the appropriate amount of assistance. She was concerned that the project costs have not been reduced and the proposal would not be feasible from a cost perspective.

Lentz explained that \$500,000 would assist the first couple of years with the yield on cost to get it over the initial hump and establish the profit above the metric the applicant requested. After the first couple of years, the yield on cost would be fine.

Ned Dodington, representing Greystar, Inc., the applicant, stated that:

- The applicant's financial analysis shows a \$5 million financial gap.
- He "did not disagree" with Lentz's analysis, except that it assumes that the building would be up and operating in two years. That is the challenge with higher interest rates and the cost of providing affordable-housing units.
- The \$500,000 is appreciated, but it would not allow the project to be financeable in today's market.

Jacobsohn asked if the applicant would still request assistance from the city if the proposal did not include affordable-housing units. Mr. Dodington answered that the applicant would still open the conversation to see if assistance would be available. The proposal has equity and a bank loan in place.

Jacobsohn asked if the project would go forward with \$500,000 of assistance from the city. Mr. Dodington said that the applicant was not in a position to turn down any assistance. There is an equity partner and a lender the applicant is starting to work with. He thinks there is a fair chance that the proposal would go forward with \$500,000 of assistance from the city.

Falk asked if the proposal would reduce the number or type of affordable units if the city's financial assistance would be \$500,000. Mr. Dodington stated that he is not recommending any kind of reduction in the number or type of affordable units. The gap in the net operating income (NOI) is not the issue for the applicant; the issue is getting in the ground.

Duginske Cibulka confirmed with Mr. Dodington that the bank loans and equity would need to be renegotiated.

Duginske Cibulka asked if the market-rate apartments would have to absorb a higher rent to make up for the loss of assistance. Mr. Dodington said that those levers probably would be pulled at least initially to stretch the pro forma to overcome this challenge. Duginske Cibulka was concerned with creating unaffordability at a higher level which could ultimately leave some units empty and create an unsuccessful project.

Hromatka asked how the proposal's market-rate-unit rents compare to what is currently offered in Opus. Mr. Dodington answered that the starting rents at Allcott, the Doran project, and Wellington are where the applicant thought they would be. There is still a

fairly robust market in Opus. The applicant's proposed market-rate rents still feel very comfortable.

Jacobsohn noted that the market-rate rents would be set to achieve absorption at a certain rate. The market-rate rents would be determined more by the market than the amount of assistance. Mr. Dodington agreed.

Duginske Cibulka confirmed with Mr. Dodington that the overall cost of the project is estimated at \$94, and the actual construction costs are estimated at \$66 million to \$70 million.

Duginske Cibulka requested staff provide an analysis of the cost of projects completed in Opus and the percentage of the amount of public assistance provided for each.

Tyacke supports reviewing a comparable analysis, the city being consistent with providing assistance, and following the financial analysis completed by Ehlers and Associates as has been done for numerous other projects.

Hromatka reviewed the affordable-housing-production summary included in the staff report. When comparing assistance per unit per year, \$500,000 for the current proposal would be on the low end of what has been done recently. Wischnack explained that the summary was one of many things used to determine if a request for financial assistance is appropriate. Each proposal's project pro forma, input sources and uses of funds are different. The financial consultants at Ehlers do a deep dive to provide an objective opinion regarding whether the assistance is needed and what amount would be reasonable.

Calvert noted that the affordable housing policy went into effect in 2014, and councilmembers strive to apply it consistently, but every project is different. The price per unit is hard to compare without considering other factors. She appreciates the commission's discussion, which will be extremely helpful to councilmembers.

Hromatka felt that, in order to promote and have more affordable housing stock, the city may have to provide more assistance to make a project work in a challenging market.

Jacobsohn noted that the proposal would provide five percent of the units at 40 percent area median income (AMI) and five percent of the units at 80 percent AMI which is less costly for the developer than the policy standard of five percent of the units at 50 percent AMI and five percent of the units at 60 percent AMI. The math would come out even if the proposal offered five percent of the units at 40 percent AMI and five percent of the units at 70 percent AMI.

In response to Duginske Cibulka's question, Lentz explained that the value of the TIF assistance would go up if the funds would be used as a capital cost reduction, but determining if the assistance would get outsized in later years due to inflation would need to be calculated. There is a significant difference between Greystar's property-tax estimate and Ehlers' staff's property-tax estimate, which is another significant

determining factor when calculating the appropriate amount of assistance that are significantly different. Lentz discussed the discrepancy with Mr. Dodington previously, but Greystar's property-tax estimate did not change.

Duginske Cibulka asked what would change about the proposal if no more than \$500,000 of assistance would be approved by the city council. Mr. Dodington answered that he would discuss the situation with the equity partner and go from there.

Hromatka did not see a downside to recommending that the city council approve the staff's recommendation to provide assistance at the \$500,000 level. The worst thing that could happen would be that Greystar would submit a new proposal if this one does not work out.

Duginske Cibulka was concerned with the feasibility of the project at the \$500,000 level of public assistance.

Jacobsohn moved, Tyacke seconded, a motion to approve the financial assistance request of \$500,000 for Greystar Development, Inc. as provided in the staff report. Duginske Cibulka, Falk, Hromatka, Jacobsohn, Tyacke and Yunker voted yes. Johnston was absent. Motion carried.

4. Emergency-Business-Loan Fund

Chair Yunker introduced the item and called for the staff report.

Hanson provided the staff report. Staff recommends commissioners review the emergency-business-loan fund and provide feedback.

Jacobsohn suggested adding "unforeseen circumstance(s)" as a requirement to qualify for an emergency-business loan and giving preference to an unforeseen circumstance that was caused by a city or county improvement project.

Chair Yunker clarified with Jacobsohn that he would choose to support an application that requested a loan caused by an unforeseeable event over one that was due to a change in the market.

Jacobsohn suggested adding businesses that sell firearms to the list of ineligible applicants.

In response to Hromatka's question, Hanson explained that the code-compliance loan program does not have ineligibility restrictions on legally operating businesses in Minnetonka. Calvert explained that councilmembers identified that code compliance is a safety issue for all businesses and patrons, but providing assistance to keep a business viable is a separate issue.

Hromatka agreed that the emergency-business loan is a different animal than the code-compliance loan. Commissioners nodded in agreement.

Jacobsohn supports fairness but was inclined to stick with the applicant-eligibility restrictions since the emergency-business loan program does not have a lot of funds available.

Hromatka supports including eligibility restrictions for the emergency-loan program.

Chair Yunker confirmed with commissioners' unanimous support to add businesses that sell firearms to the list of ineligible businesses to receive an emergency-business loan.

Commissioners discussed including businesses that primarily generate their income from the sale of THC products as ineligible for an emergency-business loan.

Falk asked if there would be an option for a business to apply a second time. Hanson explained that would not be an option in the current draft, but a commissioner could recommend that change. The decision to limit the number of applications to one per business was made to prevent favoring one business over another and to provide assistance to as many businesses as possible.

Hromatka moved, Falk seconded, a motion to recommend that the city council approve the emergency-business-loan fund as presented in the staff report with the inclusion of businesses that primarily generate their income from firearms and THC sales as ineligible. Duginske Cibulka, Falk, Hromatka, Jacobsohn, Tyacke and Yunker voted yes. Johnston was absent. Motion carried.

5. Other Business

The next EDAC meeting is scheduled to be held on June 22, 2023.

6. Adjournment

The meeting was adjourned at 7:30 p.m.



**Economic Development Advisory Commission
Agenda Item #4
Meeting of Aug. 23, 2023**

Title: Greystar (10701 Bren Road East) Financing Request
Report From: Alisha Gray, EDFP, Economic Development and Housing Manager
Submitted through: Julie Wischnack, AICP, Community Development Director

Action Requested: Motion Informational Recommendation
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed: 4 votes 5 votes N/A Other

Summary Statement

Greystar is seeking financing assistance to provide affordable housing units at 10701 Bren Road East.

Recommended Action

Review the request for financing and provide a recommendation.

Strategic Profile Relatability

- | | |
|--|--|
| <input type="checkbox"/> Financial Strength & Operational Excellence | <input checked="" type="checkbox"/> Safe & Healthy Community |
| <input type="checkbox"/> Sustainability & Natural Resources | <input checked="" type="checkbox"/> Livable & Well-Planned Development |
| <input type="checkbox"/> Infrastructure & Asset Management | <input checked="" type="checkbox"/> Community Inclusiveness |
| <input type="checkbox"/> N/A | |

Statement: This item supports the production of affordable housing.

Financial Consideration

- Is there a financial consideration? No Yes \$3.3M
Financing sources: Budgeted Budget Modification New Revenue Source
 Use of Reserves Tax Increment Financing

Statement: The proposed funding source is tax increment financing through a pay-as-you-go note.

Background

In May, the EDAC reviewed Greystar's financing request to construct a 275-unit apartment building at 10701 Bren Road East. Following the EDAC's and Planning Commission's reviews, Greystar made several changes to the building design, including modifications that reduced the total unit count to 269 units. Greystar is now requesting the EDAC review a revised financing request, considering the increased project costs due to the reduction of units, rising construction costs, and increasing financing costs.



Revised Plan Rendering

Current Proposal

The city's Affordable Housing Policy requires the developer to provide a minimum of 5% of the units at 50% of the Area Median Income (AMI) and a minimum of 5% at 60% AMI. Greystar proposes to provide a deeper level of affordability to 40% AMI (5%) on the lower end of the affordability spectrum and 80% AMI (5%) for a portion of the other affordable units. If approved, the 40% AMI units would provide the deepest level of affordability of the newer multi-family housing developments in Opus.

The proposed project would include a six-story apartment building with 269 units (27 affordable units). The units would be a mix of studio, one, two, and three-bedroom units. The developer is proposing to provide 14 affordable units at 80% AM and 13 affordable units at 40% AMI, with the following unit mix:

Unit Types				
	40% AMI	80% AMI	Market Rate	Total
Studio	2	2	19	23
Alcove			22	22
1BR	6	7	117	130
2BR	4	4	72	80
3BR	1	1	12	14
Total	13	14	242	269

Financing Request

Greystar provided a final request for assistance of approximately \$7 million to meet the financial gap created by this project. Ehlers thoroughly reviewed the project's financials and concluded that the need for assistance meets the gap is \$3.3M to provide the 40% AMI affordable units and extraordinary site costs. Staff is recommending \$3.3M in assistance in the form of a pay-as-you-go note. Staff also recommends look back provisions negotiated into the development agreement that include reviewing the total development costs upon the certificate of occupancy, stabilized yield on cost returns and investment returns in the event of a sale. A representative from Ehlers will be available at the meeting to discuss the financing request.

The Greystar project resides within the Opus Business Park Renewal and Renovation TIF district, certified in 2021. The TIF district includes multiple development sites that generate TIF to fund planned road and utility improvements that benefit the district and provide assistance to the development projects directly. As part of the analysis of the Greystar request in 2023, Ehlers reviewed the projected TIF from all of the sites and compared that amount against the estimated road and utility expenses and the amounts projected during the creation of the TIF district in 2021. Market values for the apartment units have increased, which in turn is generating more TIF than initially projected. As such, more TIF will be available in the district to fund improvements after considering the amounts pledged to other developments and may be pledged to Greystar.

Following the EDAC meeting, the city council will review the EDAC's recommendation at the Aug. 28, 2023, city council meeting. More detailed TIF contracts will follow if the financing receives positive feedback.

Additional Information

Location Map

Greystar Narrative

Memo from Schane Rudlang - Ehlers

Affordable Housing Policy

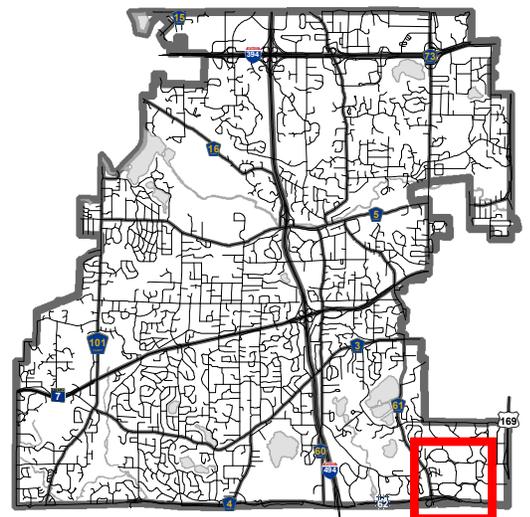
Minnetonka Affordable Housing Production Summary

[Opus Public Realm Design Guidelines](#)



Location Map

Project: Greystar Development
 Address: 10701 Bren Road



Greystar Marlowe Opus Station

July 26th, 2023

City of Minnetonka
Planning Department
Attention: Alisha Gray
14600 Minnetonka Blvd
Minnetonka, MN 55435

CC: Schane Rudlang, Senior Financial Specialist
Ehlers
3060 Centre Pointe Dr, Roseville, MN 55113
O: (651) 697-8527

Dear Ms. Gray,

Greystar Development Central, LLC is pleased to present to you our revised TIF request and corresponding materials for a modified development scheme for Marlowe Opus Station. Over the course of the last several months we have worked closely with City of Minnetonka Staff to align the development with the City's vision. The project now features an enlarged breezeway opening on Bren Road that achieves several of the City's key requests. The enlarged breezeway reduces ground-plane impact to the site, creates more green space, and opens the courtyard to more air, light and views. Additionally, the project team has revised the location of our stormwater system into the courtyard which again reduces the impact of built structures on the ground plane and creates more space for landscaping. Together these modifications have resolved the city's concerns about tree preservation on the site and we are in near alignment on the landscaping valuation.

However, due to direct and indirect costs to the project from these changes (either in the form of reduced NOI or imposed hardship) we have a revised request of \$7.1MM from the City of Minnetonka. The details of these costs and mitigating factors in consideration of this request are described below and in the corresponding back-up.

We understand that this is not a small request, and we deeply appreciate your understanding of the hardship in the marketplace today. We are committed to creating a successful development within Opus. We know that you and the City of Minnetonka are too. We hope that with City assistance we will be able to collectively create the TOD focused, best in class apartment community with 10% affordable units that the city, community and development team can champion. We are open and available at your convenience to discuss in further detail and eagerly await your review.

We look forward to continuing to work on this project with your support. Please feel free to reach out directly if you have any further questions.



Ned Dodington, AIA
Director, Greystar Development
832.269.0535

Greystar Marlowe Opus Station

Direct Impact to Development:

Direct Impacts - Municipally Requested Improvements and Extraordinary Costs		
Item	Cost	TIF Impact
Reduced Project Size - 7 Fewer Units	-\$190K Annual NOI	\$3,619,048
27 Affordable Units	-\$160K Annual NOI	\$3,047,619
Extraordinary Redev. / Clean-up Expenditures (soil improvements, trail connection, etc.)	\$1,315,000	\$1,315,000
Construction Cost Savings for Fewer Units	-\$850,000	-\$850,000
Total		\$7,131,667

Other Factors and Mitigating Details

Plan Modifications (Exhibits)

The revised scheme for Marlowe Opus station includes a relocated stormwater facility and enlarged opening in the Eastern Facade along Bren Road. These modifications result in a net loss of 7 units or 7,697 rentable square feet. The lost NOI results in a net impact to the project of \$3.6MM.

Continued Cost Escalation

Despite a total project cost reduction of \$850K, (due to the smaller project size), construction costs continue to escalate in the Twin Cities at a rate of 4% per year. The potential construction savings of the design modification are diluted by a protracted closing date, now anticipated for December 2023.

Municipally Requested Improvements

The project construction budget still anticipates and accounts for \$1.3MM of extraordinary redevelopment costs:

- Soil Improvement dollars: \$1,125,000
 - for aggregate piers, soils corrections, and temporary access needs
- City requested improvement of water line on the western property line: \$125,000
 - assumes replacement in place and without temporary water supply
- City required pathway on north property line: \$20,000
- Fencing required by adjacent property owner for pathway: \$45,000

Greystar Marlowe Opus Station

Demonstrated Tax Increment.

The requested financing amount (\$7.1MM) reflects merely 30% of the tax increment created by the proposed development. Over a 15 year period the proposed development will produce over \$20MM in tax increment to the City of Minnetonka. Over that same period the City of Minnetonka stands to receive \$13MM in taxes due to the proposed development alone. If extended over a 20 or 30 year horizon that figure only continues to increase.

Increasing Cap Rates and Relative Yields (Exhibits G)

Based on both guidance from Greystar's capital market's team and broker feed-back, today's target investment yields for Multifamily assets are between 6.25 and 6.5%. Recent sales in the market have traded on average north of a 5 cap. As a general rule, institutional investors seek 100 – 125 bps of spread from spot cap to yield, suggesting that a marketable return today for institutional grade investments is north of 6.25% YOC.

Increasing cost of Capital (Exhibit H)

The attached depiction of rate increased from the FED illustrates the dramatically increasing cost of capital that is affecting real estate investment. As you can see, the interest rate environment today is markedly more expensive than the time in which the previous Multifamily deals in Opus were financed and approved.

Market-wide headwinds (Exhibit I)

The valuation of multifamily real estate - locally and nationally - has decreased by some estimations, by almost 24% over the last 12 – 18 months (attachment). The reduction in asset values creates additional pressure on pricing to continue to support the project and keep financing in place. These headwinds are being felt first-hand in the Twin Cities. According to the Financial times article of in June of 2023 MF starts are down 90% from where they were this time last year. A presumption of resiliency in the market today is simply not based on fact.

Exhibits and Attachments:

- Detailed Sources and Uses of funds (Exhibit A)
- Revenue/Income Projections (Exhibit B)
- Detailed Operating Costs (Exhibit C)
- 15-Year Operating Proforma – (Exhibit D)
- Revised Plan Renderings and Elevations (Exhibit E)
- Comparative Landscaping plan (Exhibit F)
- Cap Rate Update (Exhibit G)
- FRED graph (Exhibit H)
- Market Headwinds (Exhibit I)

Greystar Marlowe Opus Station

Exhibit A Sources and Uses

SOURCES AND USES

Opus Station

Project Costs

<u>Cost Item</u>	<u>Amt.</u>	<u>% of Total Cost</u>	<u>Per Unit</u>
Acquisition Costs	\$5,935,000	6.29%	\$21,582
Construction Costs	\$69,937,903	74.15%	\$254,320
Professional Services	\$7,197,560	7.63%	\$26,173
Municipal Fees	\$3,354,571	3.56%	\$12,198
FF&E	\$550,000	0.58%	\$2,000
Construction Management Fee	\$1,332,151	1.41%	\$4,844
Developer Fee	\$2,829,690	3.00%	\$10,290
Total Soft Costs	\$15,263,972	16.18%	\$55,505
Financing Costs	\$3,186,117	3.38%	\$11,586
Total Project Cost	\$94,322,992	100.00%	\$342,993

Capitalization

<u>Category</u>	<u>Dollar Amount</u>	<u>% of Total Cost</u>	<u>Per Unit</u>
Senior Construction Loan	\$ 56,593,795	60.00%	\$ 205,796
TIF	\$7,131,667	7.56%	\$ 25,933
Equity	\$ 30,597,530	32.44%	\$ 111,264
Total Capitalization	\$ 94,322,992	100.00%	\$ 342,993

Greystar Marlowe Opus Station

Exhibit B Revenue/Income Projections

Residential:							Annual Income	
Description	Unit Type	Size	Units	Unit Mix	Rent/Month	Rent/SF	Untrended	
S1	0 x 1	434	2	1%	\$1,401	\$3.23	\$33,630	
S2	0 x 1	459	7	3%	\$1,439	\$3.14	\$120,897	
S3	0 x 1	463	7	3%	\$1,439	\$3.11	\$120,897	
S4	0 x 1	580	3	1%	\$1,439	\$2.48	\$51,813	
A1 (Alcove)	1 x 1	596	6	2%	\$1,663	\$2.79	\$119,700	
A2 (Alcove)	1 x 1	620	4	1%	\$1,734	\$2.80	\$83,220	
A3 (Alcove)	1 x 1	629	12	4%	\$1,734	\$2.76	\$249,660	
B1	1 x 1	613			\$1,876	\$3.06	\$0	
B2	1 x 1	689	10	4%	\$1,876	\$2.72	\$225,150	
B3	1 x 1	688	5	2%	\$1,876	\$2.73	\$112,575	
B4	1 x 1	724	5	2%	\$1,995	\$2.76	\$119,700	
B5	1 x 1	759	20	7%	\$1,995	\$2.63	\$478,800	
B6	1 x 1	816	17	6%	\$2,090	\$2.56	\$426,360	
BB1	1 x 1	846	5	2%	\$2,185	\$2.58	\$131,100	
BB2	1 x 1	889	5	2%	\$2,199	\$2.47	\$131,955	
BB3	1 x 1	891	5	2%	\$2,199	\$2.47	\$131,955	
BB4	1 x 1	888	17	6%	\$2,199	\$2.48	\$448,647	
BB5	1 x 1	898	12	4%	\$2,199	\$2.45	\$316,692	
BB6	1 x 1	926	4	1%	\$2,233	\$2.41	\$107,160	
BB7	1 x 1	948	6	2%	\$2,233	\$2.36	\$160,740	
BB8	1 x 1	946	5	2%	\$2,233	\$2.36	\$133,950	
BB9	1 x 1	1,066	1	0%	\$2,280	\$2.14	\$27,360	
C1	2 x 2	992	1	0%	\$2,375	\$2.39	\$28,500	
C2	2 x 2	1,009	1	0%	\$2,375	\$2.35	\$28,500	
C3	2 x 2	1,100	4	1%	\$2,470	\$2.25	\$118,560	
C4	2 x 2	1,159	12	4%	\$2,518	\$2.17	\$362,520	
C5	2 x 2	1,165	12	4%	\$2,518	\$2.16	\$362,520	
C6	2 x 2	1,074	4	1%	\$2,375	\$2.21	\$114,000	
C7	2 x 2	1,182	3	1%	\$2,518	\$2.13	\$90,630	
CC1	2 x 2	1,353	16	6%	\$2,945	\$2.18	\$565,440	
CC2	2 x 2	1,352	6	2%	\$2,945	\$2.18	\$212,040	
CC3	2 x 2	1,366	3	1%	\$2,945	\$2.16	\$106,020	
CC4	2 x 2	1,374	6	2%	\$3,278	\$2.39	\$235,980	
CC5	2 x 2	1,372	4	1%	\$3,278	\$2.39	\$157,320	
D1	3 x 2	1,459	2	1%	\$3,895	\$2.67	\$93,480	
D2	3 x 2	1,473	4	1%	\$3,895	\$2.64	\$186,960	
D3	3 x 2	1,458	6	2%	\$3,895	\$2.67	\$280,440	
Affordable Studio - 40% AMI	0 x 1	459	2	1%	\$870	\$1.90	\$20,880	
Affordable 1 BR - 40% AMI	1 x 1	613	3	1%	\$932	\$1.52	\$33,552	
Affordable 1 BR - 40% AMI	1 x 1	689	3	1%	\$932	\$1.35	\$33,552	
Affordable 2 BR - 40% AMI	2 x 2	992	4	1%	\$1,118	\$1.13	\$53,664	
Affordable 3 BR - 40% AMI	3 x 2	1,459	1	0%	\$1,292	\$0.89	\$15,504	
Affordable Studio - 80% AMI	0 x 1	459	2	1%	\$1,439	\$3.14	\$34,542	
Affordable 1 BR - 80% AMI	1 x 1	689	7	3%	\$1,864	\$2.71	\$156,576	
Affordable 2 BR - 80% AMI	2 x 2	1,009	4	1%	\$2,236	\$2.22	\$107,328	
Affordable 3 BR - 80% AMI	3 x 2	1,459	1	0%	\$2,584	\$1.77	\$31,008	
Total Unit Income		248,610	269	100%			\$7,161,477	
Averages:		924			\$2,219	\$2.40		
Avg. Loaded Rent (Including Unit Premiums):					\$2,239	\$2.42		
Market Rate			242	90.0%	\$2,299	\$2.45		
Affordable			27	10.0%	\$1,502	\$1.89		
Amenity & Other Income			%Total Units	# Units	Rent/Month			
Unit Premiums								
Guest Suite			0%	1	\$1,500		\$18,000	
Corporate Units			7%	20	\$200		\$48,000	
Parking & Storage Income								
Reserved Structured Parking			46%	125	\$90		\$135,000	
Storage			25%	67	\$60		\$48,420	
EV Parking			10%	28	\$75		\$25,200	
Other Income								
Smart Home Amenity Fee			100%	269	\$65		\$209,820	
RUBS			75%	269	\$75		\$243,512	
Pet Fee, Lockout Fee, etc.			100%	269	\$50		\$161,400	
Total Amenity and Other Income							\$889,352	
Gross Potential Income							\$8,050,829	
LESS: Vacancy @	5.00%						of Gross Potential Income	-\$402,541
Effective Gross Income								\$7,648,288

Greystar Marlowe Opus Station

Exhibit C Expense Items

Expense Item	Per Unit	Per NRSF	As % of EGI	
Payroll and Related	\$1,834	\$1.98	6.45%	\$493,346
Utilities	\$1,207	\$1.31	4.25%	\$324,683
Redecorating / Make-Ready	\$223	\$0.24	0.78%	\$59,987
Contract Services	\$790	\$0.85	2.78%	\$212,510
Repairs and Maintenance	\$200	\$0.22	0.70%	\$53,800
Leasing & Marketing	\$328	\$0.35	1.15%	\$88,232
General & Administrative	\$298	\$0.32	1.05%	\$80,162
Additional Controllable 1	\$15	\$0.02	0.05%	\$4,035
Total Controllable	\$4,895	\$5.30	17.22%	\$1,316,755
Management Fee	\$853	\$0.92	3.00%	\$229,449
Insurance	\$607	\$0.66	2.13%	\$163,283
Real Estate Taxes	\$4,490	\$4.86	15.79%	\$1,207,808
Total Non-Controllable	\$5,950	\$6.44	20.93%	\$1,600,540
Total Expenses Excl Capital Reserves	\$10,845	\$11.73	38.14%	\$2,917,295
ADD: Capital Reserves	\$150	\$0.16	0.53%	\$40,350
Total Expenses Incl Cap Res & AM Fees	\$10,995	\$11.90	38.7%	\$2,957,645
Residential Net Operating Income	\$17,437	\$18.87	61.3%	\$4,690,643

Greystar Marlowe Opus Station

Exhibit D 15-year operating NOI Projections

Opus Station Minnetonka, MN		GREYSTAR®																	
Cash Flow Summary																			
Overall Cash Flow	Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Gross Rent	-	-	1,945,361	7,023,886	7,571,679	7,781,539	8,014,986	8,255,435	8,503,098	8,758,191	9,020,937	9,291,565	9,570,312	9,857,421	10,153,144	10,457,738	10,771,470	11,094,615	
Other Income	-	-	220,240	795,194	857,211	880,970	907,399	934,621	962,660	991,540	1,021,286	1,051,925	1,083,462	1,115,987	1,149,466	1,183,950	1,219,469	1,256,053	
Concessions	-	-	(467,475)	(206,443)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue	-	-	1,698,125	7,612,637	8,428,890	8,662,510	8,922,385	9,190,057	9,465,758	9,749,731	10,042,223	10,343,490	10,653,794	10,973,408	11,302,610	11,641,689	11,990,939	12,350,668	
Payroll	-	-	258,896	527,480	540,667	554,184	568,039	582,240	596,796	611,716	627,008	642,684	658,751	675,220	692,100	709,403	727,138	745,316	
Utilities	-	-	170,386	347,148	355,826	364,722	373,840	383,186	392,766	402,585	412,650	422,966	433,540	444,378	455,488	466,875	478,547	490,511	
Redecorating / Make-Ready	-	-	31,480	64,137	65,741	67,384	69,069	70,796	72,566	74,380	76,239	78,145	80,099	82,101	84,154	86,258	88,414	90,625	
Contract Services	-	-	111,520	227,213	232,894	238,716	244,684	250,801	257,071	263,498	270,085	276,838	283,759	290,852	298,124	305,577	313,216	321,047	
Repairs and Maintenance	-	-	28,233	57,522	58,960	60,434	61,945	63,494	65,081	66,708	68,376	70,085	71,838	73,634	75,474	77,361	79,295	81,278	
Leasing & Marketing	-	-	46,302	94,337	96,695	99,113	101,590	104,130	106,733	109,402	112,137	114,940	117,814	120,759	123,778	126,872	130,044	133,295	
General & Administrative	-	-	42,067	85,708	87,851	90,047	92,299	94,606	96,971	99,395	101,880	104,427	107,038	109,714	112,457	115,268	118,150	121,104	
Misc	-	-	2,117	4,314	4,422	4,533	4,646	4,762	4,881	5,003	5,128	5,256	5,388	5,523	5,661	5,802	5,947	6,096	
Management Fee	-	-	125,835	228,379	194,859	194,906	200,754	206,776	212,980	219,369	225,950	232,729	239,710	246,902	254,309	261,938	269,796	277,890	
Insurance	-	-	85,687	174,580	178,945	183,419	188,004	192,704	197,522	202,460	207,521	212,709	218,027	223,478	229,065	234,791	240,661	246,678	
Real Estate Taxes	-	-	633,828	1,291,376	1,323,660	1,356,752	1,390,671	1,425,437	1,461,073	1,497,600	1,535,040	1,573,416	1,612,751	1,653,070	1,694,397	1,736,757	1,780,176	1,824,680	
Replacement Reserves	-	-	21,175	43,142	44,220	45,326	46,459	47,620	48,811	50,031	51,282	52,564	53,878	55,225	56,606	58,021	59,471	60,958	
Start-up Costs	-	-	400,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Expenses	-	-	(1,957,526)	(3,145,338)	(3,164,742)	(3,259,537)	(3,341,999)	(3,426,553)	(3,513,251)	(3,602,147)	(3,693,298)	(3,786,760)	(3,882,592)	(3,980,856)	(4,081,612)	(4,184,924)	(4,290,856)	(4,399,477)	
Residential NOI	-	-	(259,401)	4,467,298	5,244,148	5,402,973	5,580,386	5,763,503	5,952,507	6,147,584	6,348,925	6,556,730	6,771,202	6,992,552	7,220,999	7,456,765	7,700,083	7,951,191	

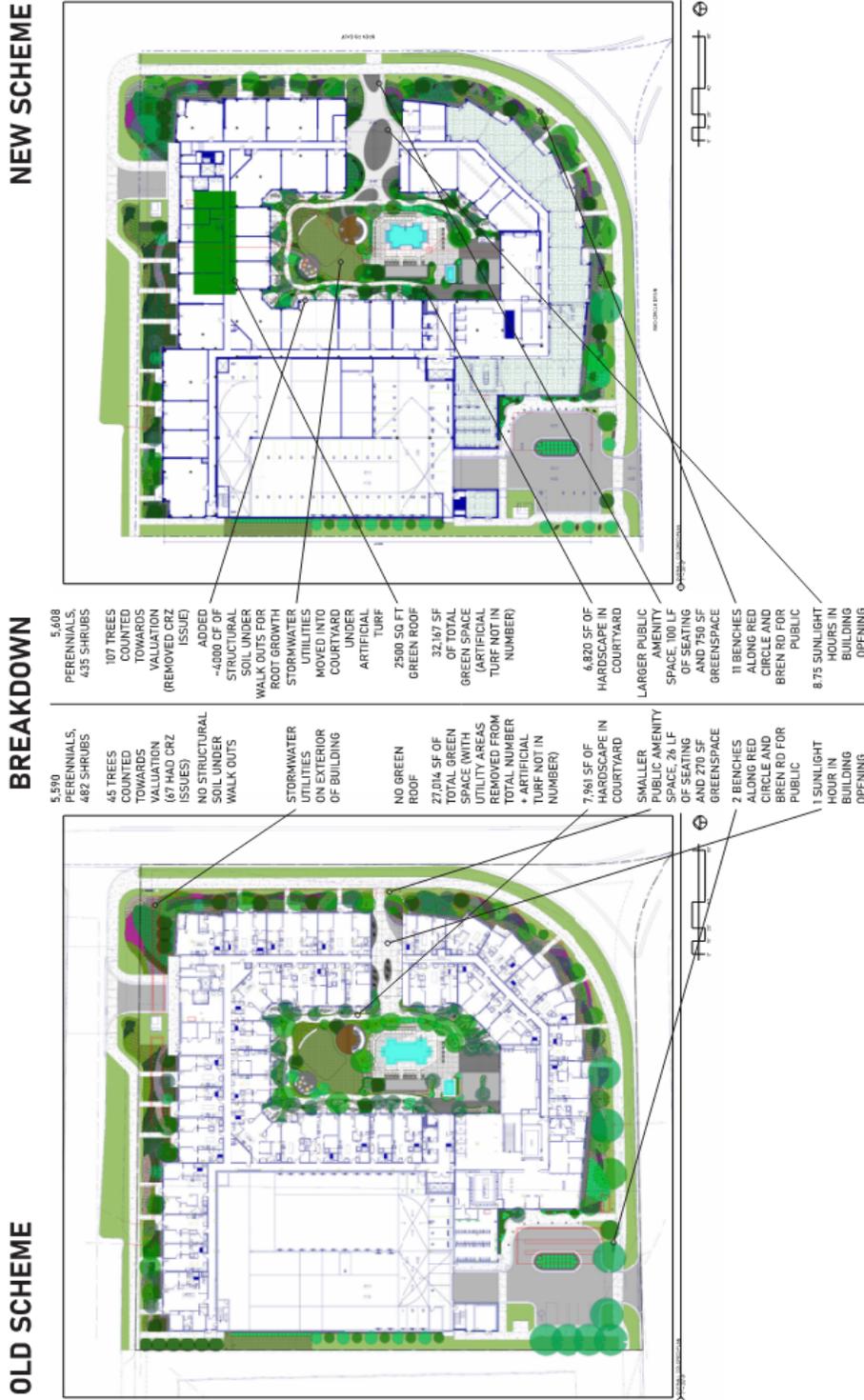
Greystar Marlowe Opus Station

Exhibit E
Revised Plan and Renderings



Greystar Marlowe Opus Station

Exhibit F
Comparative Landscape Plan



Greystar Marlowe Opus Station

Exhibit G
2023 Sales

2023 Sales

100+ UNIT PROPERTIES



**LPM
APARTMENTS**

URBANA COURT

WINDSOR GATES

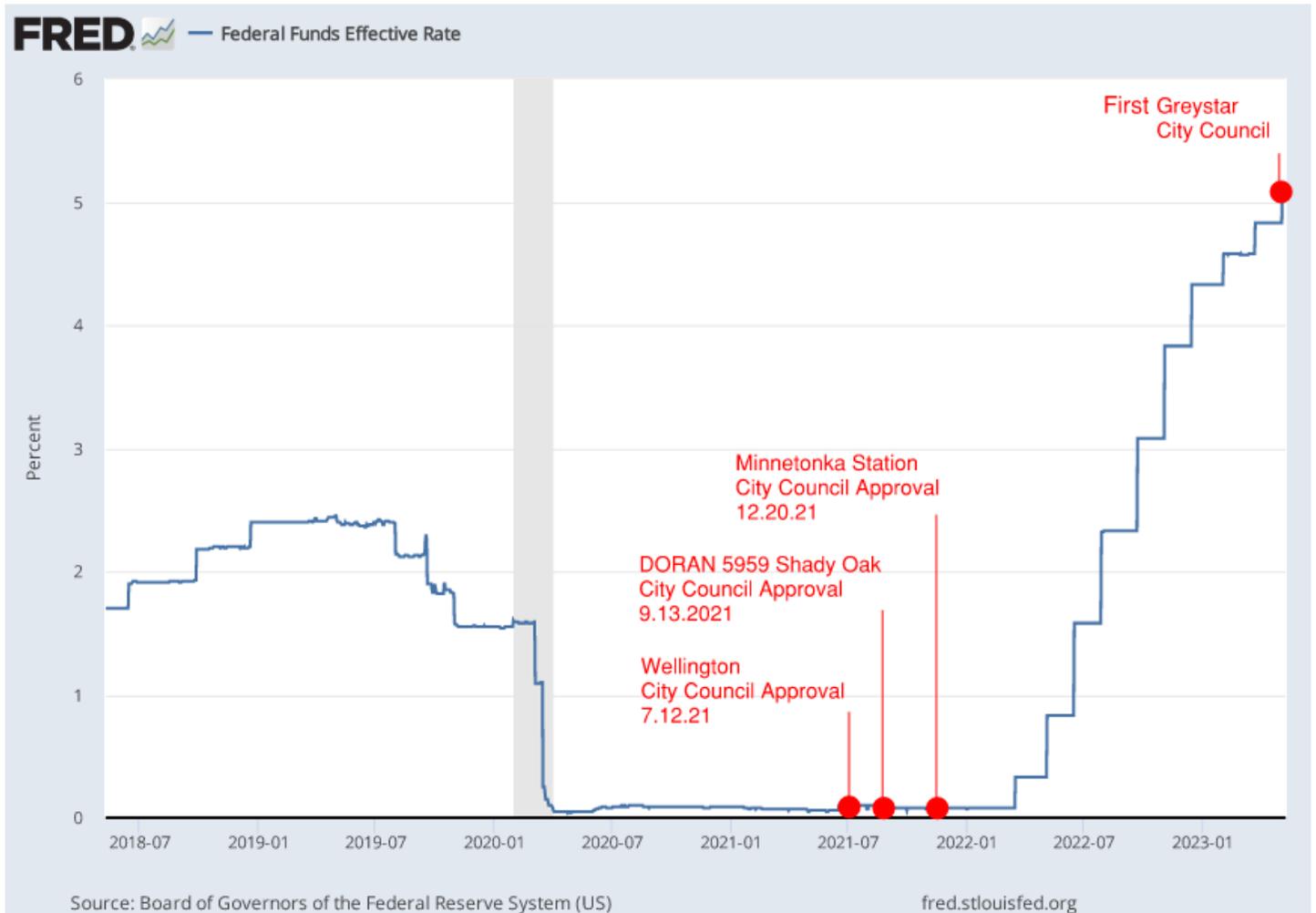
BOULDER COURT

	LPM APARTMENTS	URBANA COURT	WINDSOR GATES	BOULDER COURT
LOCATION	Minneapolis	Brooklyn Park	Brooklyn Park	Eagan
YEAR BUILT	2014	2021	1970	1970
UNITS	354	207	200	115
SIZE (SF)	329,148 (19,478 retail)	181,527	154,374	98,250
SALES PRICE	\$74,000,000	\$47,000,000	\$15,500,000	\$14,605,000
PRICE/UNIT	\$203,390*	\$227,053	\$77,500	\$127,000
PRICE/SF	\$224.82	\$258.91	\$95.05	\$148.65
SELLER	Institutional	Developer	Public REIT	Public REIT
BUYER	Private Capital	Institutional	Syndicated Equity	Private Capital
CAP RATE	4.25%	5.21%	5.31%	6.00%
SALE DATE	June 2023	April 2023	March 2023	March 2023

*Apartments Only

Greystar Marlowe Opus Station

Exhibit H
FRED Graph



Greystar Marlowe Opus Station

Exhibit I Market Headwinds

Home > Business & Economy > Multifamily permits crater in mixed homebuilding report



Multifamily construction slowed to a trickle in June, with a mere 201 new units permitted, which is 165% below June 2022, according to Keystone. (Depositphotos.com image)

Multifamily permits crater in mixed homebuilding report

Brian Johnson // June 30, 2023



Residential construction activity in the Twin Cities was mixed in June, with single-family homebuilding trending in the right direction – though still in negative territory year-over-year – and apartment construction falling further behind last year’s numbers.

Cities in the 13-county metro area permitted 524 new single-family homes in June, down 9% from June 2022, according to the Keystone Report. Even so, the percentage decrease narrowed for the second month in a row.

For the year through June, single-family housing starts are 33% behind last year’s pace, but the gap between 2022 and 2023 is getting smaller. As of April, for example, single-family permits were off 44% year-to-date.

Multifamily construction slowed to a trickle in June, with a mere 201 new units permitted, which is 90.4% below June 2022, according to Keystone. Year-to-date through June, metro area cities have permitted 2,391 new multifamily units, down 66.2% year-over-year.

Andrew Babula, director of the real estate program and the Shenehon Center for Real Estate at the University of St. Thomas, said rising interest rates, tighter lending requirements, and higher construction costs are taking a toll on multifamily development.

Banks are requiring more equity and higher down payments from developers. Meanwhile, Babula said, rental rates aren’t keeping up with the cost of new development.

“That’s the main driver causing pullback,” he said.

Greystar Marlowe Opus Station

Exhibit I Market Headwinds cont.



Depositphotos.com image

Banking turmoil hits home for local developers

Brian Johnson (<https://finance-commerce.com/author/brianjohnson/>) // April 5, 2023

Andrew Babula, director of real estate programs at the University of St. Thomas, said in an email that developers "might be more cautious about the banks they're doing business with, but any pullback is likely to be more on the lender side versus hesitation from the developer."

"I expect that lenders are watching their balance sheets carefully and are going to be cautious about ensuring their risk is mitigated," Babula added. "That could cause some lenders to hold off on lending until they are certain that they can proceed."

"However, lenders make their money from lending, so they will want to proceed where they can as long as the deals make sense and fit their portfolio profile."

As traditional banks become more conservative, Dovolis expects to see non-bank lending sources, such as private investors not regulated by the FDIC, to play a bigger role in doling out money.

Some manufacturers with ties to modular construction, for example, are willing to support development projects to keep their factories going, Dovolis said.

"Obviously, cost is a factor when you go modular. You're able to control costs better and the manufacturer can even help carry your project, so it becomes another resource that's a non-bank solution," Dovolis said.

On a macro level, the regional banking situation ties in with another hot topic: the cost of money. In other words, if banks retrench and the economy goes flat, more interest rate hikes might not be necessary to cool the economy and tame inflation.

"If banks and other institutions start lending less, then that means that we need to do less because that retrenchment is doing some of the work that we were trying to do," Feldman said.

MEMORANDUM

TO: Julie Wischnack – Community Development Director
 Alisha Gray – Economic Development and Housing Manager

FROM: Schane Rudlang & Stacie Kvilvang - Ehlers

DATE: August 17, 2023

SUBJECT: Greystar Marlowe Opus Station – Analysis of Financial Request

The City of Minnetonka (the “City”) received a financial assistance request from Greystar Worldwide LLC (the “Developer”) seeking tax increment financing (TIF) for their proposed redevelopment of 10701 Bren Rd E. The Developer originally proposed to construct a 275-unit, mixed-income, multi-family apartment project in May 2023, and has since modified the plan to be 269 units as shown below.

Unit Types				
	40% AMI	80% AMI	Market Rate	Total
Studio	2	2	19	23
Alcove			22	22
1BR	6	7	117	130
2BR	4	4	72	80
3BR	1	1	12	14
Total	13	14	242	269

Construction would commence in late 2023 or early 2024 and is anticipated to cost approximately \$94 million or \$349,555 per unit, as detailed in the table below.

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	56,418,210	60%	209,733
Equity	37,612,140	40%	139,822
TOTAL SOURCES	94,030,350	100%	349,555

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	5,934,999	6%	22,063
Construction Costs	72,154,474	77%	268,232
Environmental Abatement/Soil Correction	1,138,000	1%	4,230
Professional Services	7,505,262	8%	27,901
Financing Costs	3,742,415	4%	13,912
Developer Fee	2,820,911	3%	10,487
Cash Accounts/Escrows/Reserves	734,289	1%	2,730
TOTAL USES	94,030,350	100%	349,555

Financial Analysis

The Developer cited a financial gap in their financial projections for the project (“proforma”) and requested TIF in the amount of \$7.1 million, calculated as a TIF Grant. Ehlers conducted a review of the financials for the project. The analysis included a review of the development costs of the project including developer fees, operating parameters including rents and operating expenses,

costs of providing the 40% AMI affordable units, and extraordinary costs of site development. The recommended assistance methodology utilizes and considers the information provided by the developer, combined with what we see in the market as reasonable/typical investment returns, and what investment returns the developer says they need to make the project feasible.

Recommendation

Based on the information provided and current market conditions, we recommend financial assistance of \$3.3 million in the form of a pay-as-you-go TIF Note. We also recommend that the standard lookback provisions be included in the development agreement that include reviews of: (1) total development costs upon certificate of occupancy, (2) stabilized Yield on Cost returns, and (3) investment returns in the Event of Sale.

Please contact either of us at 651-697-8500 with any questions.

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

Minnetonka Affordable Housing Production Summary

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
Greystar	28	247	\$3,300,000	30	\$3,928	5%@40%AMI, 5%@80% AMI
Doran (Marsh II)	40	157	\$4,600,000	30	\$3,833	20@60%AMI, 20@80% AMI
Linden Street (Minnetonka Station)	28	247	\$553,000	30	\$1,315	10% at 50% AMI
Doran (Allcott)	54	302	\$280,000	30	\$491	5%@50%, 5%@60%, 5%@80%
Wellington (Townline)	68	155	\$2,400,000	30	\$1,716	10%@50% AMI, 20% @80% AMI
United Properties (The Pointe)	19	167	\$400,000	30	\$701	9@ 50% AMI, 9@ 60% AMI
Dominium (Preserve/Bred Rd Station)	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 05/04/2023



**Economic Development Advisory Commission
Item #5
Meeting of August 23, 2023**

Title: 2024-2028 EIP
Report From: Alisha Gray, Economic Development and Housing Manager
Submitted through: Julie Wischnack, AICP, Community Development Director

Action Requested: Motion Informational Recommendation Vote
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed 4 votes 5 votes N/A Other

Summary Statement

Staff present recommendations on updates to program and economic development strategies each year ahead of the city's budget discussions.

Recommended Action

Review and provide a recommendation for the 2024-2028 Economic Improvement Program (EIP).

The schedule for approval is as follows:

- Aug. 23 EDAC — Finalize the full EIP document and make a recommendation to the city council.
- Sept. 18 city council meeting — Review and approve EIP.

Strategic Profile Relatability

Financial Strength & Operational Excellence Safe & Healthy Community
 Sustainability & Natural Resources Livable & Well-Planned Development
 Infrastructure & Asset Management Community Inclusiveness N/A

Financial Consideration

Is there a financial consideration? No Yes
Financing sources: Budgeted Budget Modification New Revenue Source
 Use of Reserves Other [Enter]

Background

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

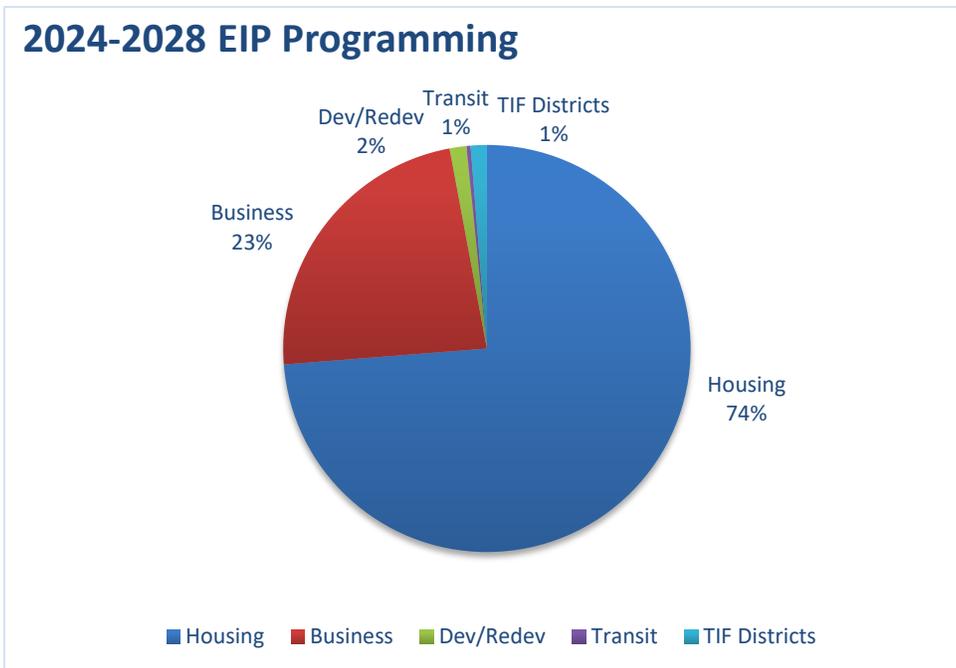
2024-2028 Economic Improvement Program

The draft EIP has been prepared based on the comments the city council received during previous EIP reviews and the Economic Development Advisory Commission's (EDAC's) feedback from the [April 27, 2023](#) meeting.

- **Chapter 1 Policy** — defines what funding categories programs will fall under and details the funding principles.
- **Chapters 2 through 7** — provides program pages for the city's existing and potential future economic development efforts. The program page details the description, purpose, goals, budget impacts, schedule, and key measures. Additionally, it outlines the funds needed to develop or sustain the program over a period of years.
- **Chapter 8 Funding Sources and Expenditure Projections** — provides summary tables, including the first table, a one-year (2023) summary of total expenditures by category and fund. The second set of tables presents 10-year funding sources and expenditure projections. The final table summarizes the 10-year projection of all funds.
- **Chapter 9 Affordable Housing Goals** — itemizes how the city has and will meet its 1995-2010, 2011-2020, and 2021-2030 affordable housing goals, including any EIP programs used to assist the project and the affordable housing income limits.
- **Glossary** — Glossary of programs, terms, and acronyms.

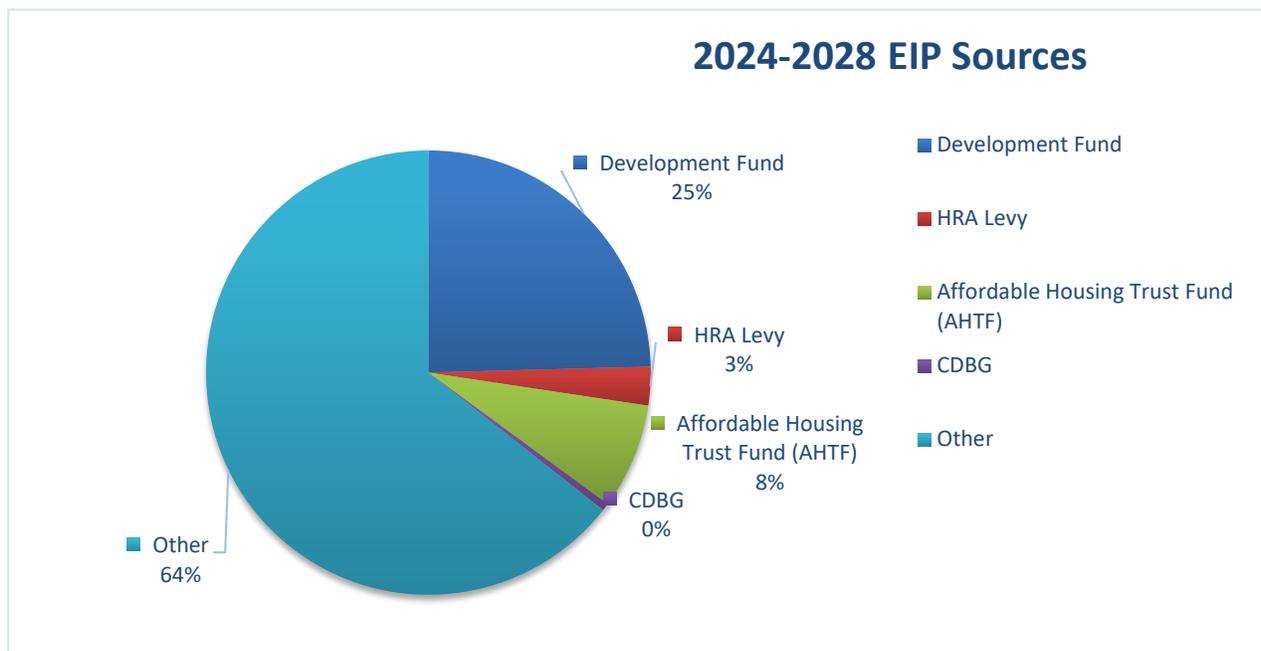
Uses of EIP Funds

Housing programming is the city's highest priority in the recommended EIP this year. Nearly \$41.4 million is projected to be allocated for housing programs, in contrast to roughly \$13.1 million for business programs. The funding allocated to housing programming increased due to an uptick in interest in the Housing Improvement Area program and the addition of the Affordable Housing Trust Fund. Other uses include grants for housing redevelopment projects, environmental cleanup, and business development. Generally, those funds are not city dollars but pass-through grants or loan programs.



Business programming is the second-highest priority category in the 2024-2028 EIP. The lowest priority investment categories are development/redevelopment and transit program areas.

Accounting for the largest single resource for EIP implementation at 64 percent of all funding (approximately \$35 million) is other sources of funding. This funding source represents primarily pass-through funds from other agencies. The Development Fund and Affordable Housing Trust Fund are anticipated to generate the next largest funding sources for programming.



2024-2028 EIP Updates

Housing Chapter Summary

CDBG Program

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

- Entitlement Funds (Prior to July 1, 2018)
 - The sources/uses for this year assume program income from loan repayment following the end of the federal funding. There is an increase in loan repayment (there are 111 outstanding loans) due to increased home sales and the number of outstanding loans.
 - Program income of approximately \$35,000 per year is generated from loan repayments. Program income passes through to Hennepin County to provide additional rehab loans in Minnetonka through their rehab program.
 - In 2020, the council directed staff to create a home rehab program exclusively for Homes Within Reach (HWR) residents with the remaining fund balance. The maximum grant amount was set at \$7,500. Current program statistics for the 62 HWR homes in Minnetonka are as follows:
 - Sixteen projects are completed.
 - \$96,248 remaining in funding.
 - More marketing will occur to expend these funds.
- CDBG Consortium (July 1, 2018, to present)
 - CDBG funds no longer flow through the city and are not included in the page sources/expenditures section. The award for 2023 is \$132,024.
 - Administration
 - The county receives 13%-15% to administer the CDBG portfolio (reporting, intake of Small Projects Program (SPP) clients, fair housing, monitoring, environmental review, processing applications, processing subordination and payoff requests, submitting annual Consolidated Annual Performance Evaluation Report (CAPER), and other reports to the Department of Housing and Urban Development (HUD).
 - Home Rehabilitation Program
 - The county started administering the program in July 2018.
 - There is a maximum loan amount of \$15,000.
 - Five loans disbursed in 2021
 - Eight loans disbursed in 2022
 - Eight loans are in the application process
 - Fair Housing
 - The city is involved in Fair Housing activities; however, the county is responsible for coordinating these efforts on behalf of the city.
 - In 2022, staff participated in fair housing training over two workshops.
 - The city adopted its own [Fair Housing Policy](#) in November 2018.

- Public Services
 - Agencies now apply for funding through the county's coordinated Request for Proposal (RFP) process.
 - In 2022, ICA, HomeLine, Senior Community Services, and the Sojourner Project received funding.

Homes Within Reach (HWR)

- In 2021, for program years 2022-2026, \$125,000 in funding was designated in the plan, as discussed during the previous discussion.
- The budget for 2023, specifying the uses of the HRA Levy, was adopted on [Dec. 5, 2022](#), and included \$125,000 in funding for Homes Within Reach.

Welcome to Minnetonka and Minnetonka Home Enhancement

- The Center for Energy and Environment manages these programs for the city.
- There is a current fund balance of approximately \$637,504 for these programs, with 23 loans outstanding.
- The average loan amount for the Welcome to Minnetonka Program is \$10,936; the Minnetonka Home Enhancement average loan amount is \$10,849.
-

Housing Improvement Areas

- The city issued bonds in 2019 to repay the Cloud 9 association's construction loan. The loan is repaid through the housing fee collected on the annual property tax statements.
- Cedar Ridge also participated in the HIA program in 2012. Cedar Ridge received a loan and is repaying the housing fee through annual property tax collection.
- Staff continues to receive two to three inquiries a year for this program.

Affordable Housing Trust Fund (AHTF)

- Council approved a temporary AHTF in 2020 to provide emergency rental assistance to households impacted by COVID-19 and established a permanent AHTF in 2021.
 - \$4,961,680 in pooled tax increment was transferred to the fund in 2021 to support affordable housing efforts, and in 2021, a loan repayment from the Cliffs apartments added \$2,100,000 to the fund. Accounting for recent transactions, the fund now has a remaining balance of approximately \$4.1 million.
 - In 2024, the city will receive \$626,311 from the \$0.25 Metro Sales Tax approved by the legislature in 2023 for affordable housing initiatives.
 - To date, the fund has contributed to the following initiatives:
 - \$350,000 in emergency rental assistance through ICA
 - \$553,000 Minnetonka Station affordable housing
 - \$280,000 Doran Apartments affordable housing
 - \$400,000 The Pointe (Amira Minnetonka) affordable housing
 - \$200,000 Homelessness Program
 - \$300,000 Pathways to Homeownership
 - \$1,000,000 Cedar Hills Townhomes Improvements

- Staff recommends that the AHTF continue to support additional affordable housing initiatives in the 2024-2028 EIP, including single-family and affordable rental housing opportunities.
- The city council packet information from [Nov. 23, 2020](#), outlines the eligible sources and uses of the AHTF.

City-owned properties

- Staff completed due diligence on 5501 Baker Road and 5432 Rowland Road (residential) to sell for affordable housing in 2023/2024 and advertised to attract contractors and builders to submit proposals for the sites.
 - Staff is in negotiations with Amani construction to construct new affordable housing at the Rowland Rd. site.
- The city purchased two additional single-household properties in 2022. Throughout 2023-2024 staff will study potential affordable housing opportunities for those sites.

Pathways to Homeownership

- On May 1, 2023, the city council approved \$300,000 for the Pathways to Homeownership Program Pilot Program.
 - The program will launch in Summer 2023.

Emergency Rental Assistance

- ICA and Minnetonka continue to offer emergency rental assistance for Minnetonka residents financially impacted by the COVID-19 pandemic in 2020. The city council approved \$300,000 in funding for the program. As of January 2023, 205 households received \$273,769.63 in direct rental assistance through the city's emergency rental assistance program. The average assistance per household was \$1,329. There is a balance of \$27,595 of assistance remaining, and the city approved and has allocated an additional \$50,000 for 2023.

Homelessness Response

- On July 27, 2022, an agreement between His House Foundation and the City of Minnetonka was signed to establish a two-year pilot program to help 24 homeless Minnetonka households. The Emergency Homelessness Response Assistance Program provides temporary relief for households experiencing a housing emergency and experiencing homelessness. The program finances casework, temporary housing, and first-month rent deposits. His House Foundation will help local homeless residents with intensive case management, temporary housing in extended-stay hotels, and assistance with long-term housing solutions.
 - The program officially started in September 2022, and His House Foundation has assisted 15 Minnetonka households experiencing an emergency homeless situation. There is approximately \$141,168 in funding remaining in the program.
- In 2023, the police department and community development departments developed a map-based, shared reporting system to identify and respond to homeless issues in the community. Staff or members of the public report incidents of homelessness, encampments or difficult living situations and are directed to city departments and non-profit partners to address homeless issues without a police response as the only option.

Business Chapter Summary

Sprinkler Retrofit

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

Housing/Redevelopment Grants

- On June 27, 2022, the city was awarded up to \$50,000 to assist with hiring a consultant to study the city's zoning districts to review barriers to compact, connected, sustainable and equitable development. The grant provides half of the cost upfront and the second half upon adoption of the policy. The city has engaged a consultant, and they will provide an overview of their work at the July 2023 study session.

Business Outreach

- \$25,000 was budgeted for 2025 and 2026 to assist with ongoing costs to implement the Business Development strategy. Project costs include a business newsletter, business outreach and marketing, and potential for future business-related events.
 - The city distributed the first edition of the business newsletter in the summer of 2018 including.
 - 2,400 copies per distribution. In 2021, staff increased production to three issues per year.
 - 1,515 online subscribers on the business email list.
- Staff is proposing to conduct a follow-up business survey in 2024.

Minneapolis Regional Chamber

- \$600 was included to accommodate dues to participate in the Minneapolis Regional Chamber.

Newly created business pages 2023/2024

- \$50,000 – Business Technical Assistance program (existing emergency assistance funds balance from 2022) – one-time funding for businesses to assist with technical needs (marketing, legal, technology, etc.)
- \$100,000 - Code Compliance Program (Indirect ARPA funding) – a new program to assist businesses with required building improvements.

Transit Chapter Summary

- No changes to this chapter.

Development and Redevelopment Chapter Summary

Predevelopment

- Requested \$75,000 in funding to continue support for studies and consultants.

Tax Increment Financing (TIF) Chapter Summary

- Added a placeholder for the Marsh II District
- Added excerpts from TIF Management Report

Affordable Housing Goals Summary

- Updated Metropolitan Council Livable Communities Housing Goals.
- Added information on Metropolitan Council projected needs, goals, and housing scores.

- Added future housing needs implementation tools from the 2040 Comprehensive Plan.

EDAC feedback from the [April 27, 2023](#) meeting (minutes attached):

- The commission generally agreed with the staff's recommended 2024-2028 EIP edits. The following feedback was provided for council consideration:
 - Commissioners suggested noting which programs are funded through the city and which programs are pass-through funding.
 - Staff updated the chapter summary pages to reflect this change.
 - Commissioners asked if there could be a priority for public employees to access affordable housing units to increase awareness.
 - Staff indicated that this would violate the Fair Housing Act. However, staff can market the affordable units to public employees.
 - Commissioners inquired about the current apartment vacancy rate.
 - Staff provided feedback that the vacancy rate remains low.
 - Additionally, the newly constructed buildings are currently leasing, and many have signed leases before the building is opened.

City Council Feedback from the [June 12, 2023](#) Study Session

- Council member Coakley inquired about the 5-year commitment to HWR.
 - Staff confirmed that the EDAC is a 5-year projection; the city council will consider the recommended \$125,000 for HWR during the budget discussion.
- Councilmember Calvert asked if Employer Funded Housing is still an opportunity to consider attracting workers to the city.
 - Staff recalled the previous conversation that staff could take additional steps to market the city's affordable housing opportunities to potential employees and current staff.
- Councilmember Wilburn stated that tenant protections should be a priority for the city.
 - Staff informed the council that tenant protections would be a topic at the housing study session on July 24.
- Council member Wiersum asked if the city is seeing an increase in requests for conversion of office buildings to housing.
 - Staff confirmed that a few property owners/brokers approached the city in 2023 to inquire about building conversions.
- Councilmembers Calvert, Wiersum, and Wilburn inquired about the possibility of a rental licensing program.
 - Staff recalled that there was not a majority of the council in the past interested in pursuing a licensing program.
 - Staff informed the council that it plans to share the idea of a rental registry program at the July 24 city council study session.
- Councilmember Schack noted that the city started several new housing programs and initiatives last year and recommended that staff focus on the implementation of current programs.
- Councilmembers encouraged staff to research opportunities for transit funding and connections ahead of the opening day of Southwest LRT.
 - Staff confirmed that efforts are underway to improve transit services.

Next Steps

The schedule for approval is as follows:

- August 23, 2023, EDAC meeting — finalize the full EIP document, and EDAC makes recommendations to the city council.
- Sept. 18, 2023, city council meeting — review and approve EIP.

Summary

The EIP includes a forecast for the 2024 HRA Levy to be \$300,000, which continues to fund Minnetonka Home Enhancement/Welcome to Minnetonka (\$100,000), SWLRT (\$75,000), and Homes Within Reach (\$125,000). Adopting the EIP does not legally set the HRA levy; the council will discuss the preliminary HRA levy for 2023 at the Sept. 18, 2023, regular meeting and adopt the final HRA levy in Dec. 2023.

Supplemental Information

[2023-2027 EIP \(current\)](#)

[Minnetonka Strategic Profile and Dashboard](#)

Legislative Summaries

- [Omnibus housing bills summary](#)
- [League of MN Cities legislative updates](#)



2024-2028

ECONOMIC IMPROVEMENT PROGRAM



**2024-2028
ECONOMIC IMPROVEMENT PROGRAM**

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Economic Improvement Program Policy

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

Funding Categories

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

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

Planning Principles

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



HOUSING



**MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM**

HOUSING CHAPTER SUMMARY

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

The city currently has six programs in place to assist in the construction, maintenance, and renewal of housing in the city. One additional page contains conceptual programming for future consideration.

- The total five-year estimated cost of the programs is \$41,446,000.

Program	2024	2025	2026	2027	2028	5-Year Total
CDBG Entitlement	32,000	34,000	35,000	35,000	35,000	\$171,000
Homes Within Reach	125,000	125,000	125,000	125,000	25,000	\$525,000
Housing Improvement Areas	10,000,000	10,000,000	5,000,000	5,000,000	5,000,000	\$35,000,000
Minnetonka Home Enhancement	50,000	50,000	50,000	50,000	50,000	\$250,000
Welcome to Minnetonka	50,000	50,000	50,000	50,000	50,000	\$250,000
Housing Trust Fund	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	\$5,250,000
Total	\$11,307,000	\$11,309,000	\$6,310,000	\$6,310,000	\$6,210,000	\$41,446,000

Conceptual Programs

Housing Program Research

Programs in blue indicate city funded programs/initiatives
Programs in green indicate pass-through funding

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

Project # Housing-03
Project Name CDBG Consortium (2018-Present)

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

Description

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

For 2023, the estimated CDBG allocation for Minnetonka is \$132,024.

SCHEDULING AND PROJECT STATUS:
 This is an ongoing program. The CDBG program year is July 1 to June 30. In 2023, the city elected to continue to defer the metropolitan city status and continue in the consortium until 2026.

Justification

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

The Home Rehabilitation Loan Program offers ten-year, no interest deferred loans up to \$15,000. The loan amount was increased in 2018 to respond to increased cost of repairs. Households up to 80% of area median income qualify for the \$15,000 Small Projects Program, which allows for housing repairs and maintenance.

Up to 15 percent of the city’s Community Development Block Grant funds can be used to fund public services (non-profits). Organizations that have traditionally served Minnetonka residents include: ICA, HomeLine, Senior Community Services, and the Sojourner Project.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS:
 Comprehensive Plan- Continue to promote and market the city’s Housing Rehabilitation Programs.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES
 Households Assisted

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
8	9	8	5	8	8	8	8	8	8	8

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

- As part of the Urban County Consortium, no CDBG funds flow through the city.
- One percent of the city’s CDBG annual allocation is contributed to the Hennepin County Consortium to support fair housing activities.
- The administrative costs associated with the program are 15% of the city's total allocation each year.

Economic Improvement Program

2024 thru 2028

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

City of Minnetonka, Minnesota

Project #	Housing-05
Project Name	Homes Within Reach

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

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

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

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

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
Comprehensive Plan- Work with affordable housing agencies and developers to add more affordable housing units in the city.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES
Total HWR units in Minnetonka

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
56	58	59	60	62	63	64	65	66	67	68

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	125,000	125,000	125,000	125,000	25,000	525,000
Total	125,000	125,000	125,000	125,000	25,000	525,000

Funding Sources	2024	2025	2026	2027	2028	Total
HRA Levy	125,000	125,000	125,000	125,000	125,000	625,000
Other	0	0	0	0	0	0
Total	125,000	125,000	125,000	125,000	125,000	625,000

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

HWR has a current funding commitment of approximately \$473,000 in available funding to complete three more projects between 2024-2028. In 2023, the EIP allocated an HRA levy of \$125,000 to assist with ongoing administrative expenses and for the purchase of homes.

In 2020, an annual fee of \$25,000 was added to assist with ongoing operations. The proposed funding source for ongoing maintenance is the HRA levy.

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

Project # Housing-06
Project Name Housing Improvement Areas

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

Description
 Minnesota law provides a mechanism termed Housing Improvement Area (HIA) which allows cities to help arrange and finance rehabilitation on owner-occupied residential buildings, such as condominiums or townhouses.
 SCHEDULING AND PROJECT STATUS
 The council adopted an HIA policy in November 2011. It is expected that interest in this program will grow as condo and townhouse developments age. State legislation for HIA's sunsets on June 30, 2028.

Justification
 The program is intended to serve aging multi-family housing by providing a financing structure to address major building investments. The program would also ensure, going forward, that the association is able to correct the financing of long-term capital expenditures.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Continue to promote and market the city's Housing Rehabilitation Programs.
 Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.
 KEY MEASURES
 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028
 Units Assisted
 0 164 100 100 100 100 188 100 100 100 100

Expenditures	2024	2025	2026	2027	2028	Total
Construction/Maintenance	10,000,000	10,000,000	5,000,000	5,000,000	5,000,000	35,000,000
Total	10,000,000	10,000,000	5,000,000	5,000,000	5,000,000	35,000,000
Funding Sources	2024	2025	2026	2027	2028	Total
Other	10,000,000	10,000,000	5,000,000	5,000,000	5,000,000	35,000,000
Total	10,000,000	10,000,000	5,000,000	5,000,000	5,000,000	35,000,000

Budget Impact/Other
 The HIA program is administered by staff who work on various parts of the project ranging from program information to HIA requests. Once an HIA request is received, staff time is committed to preparing a resolution, ordinance, development agreement, and determining fees. Costs to cover staff time for the HIA application are covered through an application fee and through a per unit administrative fee for time in administering the assessment.
 A risk of the HIA program is pay-back of the assessment. However, because it is assessed on the property taxes, it will be paid back even if there is foreclosure of the property.
 Cedar Ridge was the first HIA in city and was established in early 2012. The total project costs were \$674,000
 In August 2017, the city council approved a Housing Improvement Area for Cloud 9 for up to \$3.93 million to repair the curtain wall and make upgrades to the elevators and the HVAC system. The city issued bonds rather than the utilizing the development fund to finance the project. The project was completed in 2019.
 Villas at Chasewood is meeting with the city to discuss an application in late 2023/2024.

Economic Improvement Program

2024 *thru* 2028

Department 1-Housing

City of Minnetonka, Minnesota

Contact Community Development

Project #	Housing-08
Project Name	Minnetonka Home Enhancement

Type Program
Useful Life N/A
Category Housing

Key Measures Loans Made

Key Measures

Key Measures

Key Measures

Description

The Minnetonka Home Enhancement program (MHEP) offers up to \$15,000 through a low-interest loan for housing maintenance, repair, green investments, and some additions. The interest rate in 2022 is 3.225% (Annual Percentage Rate based on \$15,000 for 10 years).

SCHEDULING AND PROJECT STATUS

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

Justification

Minnetonka’s housing stock is aging. Nearly two-thirds of the city’s homes were built between 1950 and 1970, and over 75% of the housing stock is 30 years or older. Many of these homes now need repairs for windows, roofs, and heating systems. The MHEP targets households up to 120% area median income with loans for rehabilitation and other housing maintenance activities for housing valued at \$352,300 or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Continue to promote and market the city’s Housing Rehabilitation Programs.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028

Loans Made

3 3 0 1 0 2 2 3 4 4 4

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Funding Sources	2024	2025	2026	2027	2028	Total
HRA Levy	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other

In January 2018, the city entered into a new contract with the Center for Energy and Environment to continue administration of the HRA Levy funded loan programs.

There is a current fund balance of approximately \$637,504. The city receives monthly loan repayments of \$1,000-\$1,500 on average and in 2021 the city received \$16,894 in program income. There are currently 12 outstanding loans.

The guidelines are reviewed on an annual basis to ensure the program meets the needs of the target population.

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

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

Key Measures Loans Made
Key Measures

Key Measures
Key Measures

Description

The Welcome to Minnetonka program has traditionally provided up to \$10,000 in low-interest loans for down payment and closing cost assistance. In 2023, the guidelines were adjusted to provide up to \$50,000 in assistance to address the increasing housing prices in Minnetonka. The Center for Energy and Environment administers the program. This is a deferred loan program which is repaid at the time of sale or at the end of the 30-year term. The interest rate is currently 1%.

SCHEDULING AND PROJECT STATUS

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

Justification

The Welcome to Minnetonka program is marketed to first-time homebuyer households earning up to 120% area median income with down payment and closing cost assistance. Those participating in the program provide at least 25% of the required down payment or closing costs. There are currently 12 active loans in this program.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Continue to promote and market the city's Housing Rehabilitation Programs.
 Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Loans Made	1	4	5	1	2	3	5	5	5	5

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Funding Sources	2024	2025	2026	2027	2028	Total
HRA Levy	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other

In January 2018, the city entered into a new contract with the Center for Energy and Environment to continue administration of the HRA Levy funded loan programs.

There is a current fund balance of approximately \$637,504 for the Welcome to Minnetonka and Minnetonka Home Enhancement programs. On an annual basis the guidelines are reviewed to ensure the program meets the needs of the target population.

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

Project # Housing-23
Project Name Pathways to Homeownership

Key Measures Loans Made
Key Measures

Key Measures
Key Measures

Description

In 2023, City Council approved the creation of the Pathways to Homeownership down-payment assistance program. This program provides assistance to first generation households earning up to 120% AMI. The amount of assistance is tiered to provide the most assistance to the lowest-income borrower and is adjusted on the purchase price. Loans are forgiven at 5% annually. The funding sources for this program is \$300,000 from the affordable housing trust fund.

SCHEDULING AND PROJECT STATUS
 The program is scheduled to begin in 2023. This is an ongoing program.

Justification

The newly proposed Pathways to Homeownership Program expands assistance to first-generation households earning up to 120% AMI based on annual income limits for a family of four. The amount of assistance is tiered to provide the most assistance to the lowest-income borrower and is adjusted based on the purchase price. The amount of assistance adjusts based on the actual purchase price of the property. Both the maximum purchase price and the income limits will be adjusted annually.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan- Continue to promote and market the city’s Housing Rehabilitation Programs.
 Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Loans Made	N/A	N/A	N/A	N/A	N/A	1	2	2	2	2	2

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Funding Sources	2024	2025	2026	2027	2028	Total
Affordable Housing Trust Fund	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other

The Center for Energy will manage the program on behalf of the city.

The funding source for the new Pathways to Homeownership program is \$300,000 in indirect ARPA funding, which is now in the Affordable Housing Trust Fund and was budgeted for use beginning in 2023.

On an annual basis the guidelines are reviewed to ensure the program meets the needs of the target population.

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

Project # Housing-22
Project Name Affordable Housing Trust Fund

Key Measures Households Assisted **Key Measures** Housing Projects Assisted
Key Measures **Key Measures**

Description

On April 20, 2020 the city council approved an emergency ordinance to create a Housing Trust Fund. Under the temporary 60-day ordinance, the council authorized designating \$150,000 of the existing fund balance from the development fund to provide emergency rental assistance to households experiencing financial hardship due to COVID-19. A Housing Trust Fund is the only fund by state statute that can be used to provide rental assistance, but also has many other eligible activities.

The temporary ordinance expired on June 20, 2020. On Nov. 9, 2020 the city council approved a permanent Affordable Housing Trust Fund. In 2021, the city council allocated \$4,961,680 of the existing tax increment pooling dollars to the fund. Additionally, the fund received a contribution of \$2,100,000 through the repayment of a loan to the Cliffs.

There is a fund balance of approximately \$4.1 million remaining.

Justification

State Statute 462C.16 allows local governments to establish a Housing Trust Fund for local housing development. Authorized uses of these funds include:

- Administrative Expenses
- Loans, grants, and loan guarantees for the development, rehab, or financing of housing
- Match other funds from federal, state, or private resources for housing projects
- Provide down payment assistance, rental assistance, and homebuyer services.

This fund could be utilized to provide additional rental assistance, or other uses, if more state, federal, or local funds become available for the eligible uses of funds.

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	1,000,000	1,000,000	1,000,000	1,000,000	0	4,000,000
Total	1,000,000	1,000,000	1,000,000	1,000,000	0	4,000,000

Funding Sources	2024	2025	2026	2027	2028	Total
Affordable Housing Trust Fund	1,000,000	1,000,000	1,000,000	1,000,000	0	4,000,000
Other	0	0	0	0	0	0
Total	1,000,000	1,000,000	1,000,000	1,000,000	0	4,000,000

Budget Impact/Other

A local government may finance its local or regional housing trust fund with any money available to the local government, unless prohibited by state law. Sources may include:

- Donations
- Bond Proceeds
- Grants and loans from state, federal, or private sources
- Appropriations by a local government to the fund
- Investment earnings of the fund
- Housing and redevelopment authority levies

Funded projects include:

- \$350,000 in rent assistance, \$280,000 to Doran for 53 affordable units, \$553,000 to Minnetonka Station for 28 affordable units, \$400,000 to Amira Minnetonka for 19 affordable units, \$280,00 for Doran Apartments for 53 affordable units, \$200,000 for households experiencing homelessness, \$300,000 for Pathways to Homeownership Program, and a \$1,000,000 to Cedar Hills Townhomes.

Future uses may include:

- Rent Assistance
- Homelessness Response

Economic Improvement Program

2024 *thru* 2028

Department 1-Housing

City of Minnetonka, Minnesota

Contact

Project #	Housing-21
Project Name	Housing Program Research

Type Conceptual
Useful Life N/A
Category Housing

Key Measures

Key Measures

Key Measures

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS

This is a new concept that has not yet been explored or developed.

Justification

Future Housing Program/Policy Research:

- Senior Affordable Housing
- Affordable Housing for Public Service
- Research General Funding for Affordable Housing
- Rental registration - in development
- Payment-in-lieu for affordability requirements
- Employer Assisted Housing
- NOAH Legacy Education Program
- Multifamily Housing Rental Rehabilitation Loan
- \$50,000 (multi-year) Rental Assistance - in progress
- \$200,000 (multi-year) Homelessness Prevention Program - in progress
- \$300,000 (multi-year) Pathways to Homeownership Program - in progress

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Pursue policies, tools and programs to ensure long-term housing affordability for households at or below 30, 50, 60 and 80% of AMI and explore additional mixed income best practices.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Unfunded	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

There will need to be staff time committed to researching budget impacts of this program.



BUSINESS



**MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM**

BUSINESS CHAPTER SUMMARY

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

For the 2024-2028 Economic Improvement Program, there are ten business programs.

- The total five-year estimated cost of the programs is \$13,103,000.

Program	2024	2025	2026	2027	2028	5-Year Total
Fire Sprinkler Retrofit	50,000	50,000	50,000	50,000	50,000	\$250,000
Housing/Redev. Grants	2,000,000	2,000,000	1,000,000	500,000	500,000	\$6,000,000
GreaterMSP	25,000	25,000	25,000	25,000	25,000	\$125,000
MIF/JCF	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	\$6,000,000
Business Advisory Services	20,000	20,000	20,000	20,000	20,000	\$100,000
Outreach	0	25,000	25,000	25,000	0	\$75,000
MPLS Regional Chamber	600	600	600	600	600	\$3,000
SAC/REC Program	50,000	50,000	50,000	50,000	50,000	\$250,000
Commercial Code Compliance	50,000	50,000	50,000	50,000	50,000	\$250,000
Emergency Business Assistance	10,000	10,000	10,000	10,000	10,000	\$50,000
Total	\$4,205,600	\$3,230,600	\$2,230,600	\$1,730,600	\$1,705,600	\$13,103,000
Conceptual Programs						
Special Service Districts						\$0

Programs in blue indicate city funded programs/initiatives
Programs in green indicate pass-through funding

- Several programs, such as the Pass-Through Grants, Common Bond fund, and Minnesota Investment Fund are inter-agency/consortium efforts that have funding sources that originate from other agencies, flow through the city, and then go to the business.
- The city's role in business development in the past was more reactive, typically responding only when requested to do so. In more recent years, the city has been slowly investing in more programs for businesses, such as the Open to Business programs, business retention visits, and the production of the Thrive newsletter, and a business survey in 2021.

Economic Improvement Program

2024 thru 2028

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

City of Minnetonka, Minnesota

Project # Business-01
Project Name Fire Sprinkler Retrofit

Key Measures Buildings Assisted

Key Measures

Key Measures

Key Measures

Description

Minnesota law (State Statute 429) gives cities the authority to specially assess the cost of installing fire sprinkler systems for existing buildings. The City Council adopted Council Policy 5.2 in 1986 setting criteria for the use of this authority.

Staff will monitor applicability for residential properties to be included in the retrofit program.

SCHEDULING AND PROJECT STATUS

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

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Cultivate small business stability and growth by identifying resources, partnerships, networks, and programs that assist small businesses and entrepreneurs.

Strategic Profile- Support business retention and expansion and attract new businesses.

KEY MEASURES

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Businesses Assisted	1	0	0	0	1	1	1	1	1	1	1

Expenditures	2024	2025	2026	2027	2028	Total
Construction/Maintenance	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Funding Sources	2024	2025	2026	2027	2028	Total
Special Assessment	50,000	50,000	50,000	50,000	50,000	250,000
Construction Fund						
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other

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

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

Economic Improvement Program

2024 *thru* 2028

Department 2-Business

City of Minnetonka, Minnesota

Contact Community Development

Project #	Business-02
Project Name	Housing and Redevelopment Grants

Type Program
Useful Life N/A
Category Business

Key Measures Projects Assisted

Key Measures Housing Projects Assisted

Key Measures Businesses Assisted

Key Measures Housing Units Assisted

Description

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

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

Recently, the city received a \$50,000 Metropolitan Council Policy Grant. A full 10-year history of grant awards is included in the EIP.

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan- Work with affordable housing agencies and developers to add more affordable housing units in the city.
 -Cultivate small business stability and growth by identifying resources, partnerships, networks, and programs that assist small businesses and entrepreneurs.
 Strategic Plan- Support business retention and expansion and attract new businesses.

KEY MEASURES

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Projects Assisted	1	1	3	2	2	2	1	1	1	1	1
Business projects	1	0	1	1	0	0	1	0	1	0	1
Housing projects	0	1	2	0	2	1	0	1	0	1	2
Housing units	45	60	0	527	12	255	0	55	0	100	100

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

Expenditures	2024	2025	2026	2027	2028	Total
Other	2,000,000	2,000,000	1,000,000	500,000	500,000	6,000,000
Total	2,000,000	2,000,000	1,000,000	500,000	500,000	6,000,000

Funding Sources	2024	2025	2026	2027	2028	Total
Development Fund	2,000,000	2,000,000	1,000,000	500,000	500,000	6,000,000
Total	2,000,000	2,000,000	1,000,000	500,000	500,000	6,000,000

Budget Impact/Other

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

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

Project #	Business-04
Project Name	GreaterMSP

Key Measures Business Contacts
Key Measures

Key Measures
Key Measures

Description

GreaterMSP is the regional economic development organization for the Twin Cities metropolitan area. They partner to help provide a vision and agenda for regional economic development as well as to brand and market the region. GreaterMSP offers services in business retention and expansion, data tools and research, manufacturing assistance, small business assistance, technology assistance, and staff training.

SCHEDULING AND PROJECT STATUS

This is an on-going program. The city became a member in 2013.

Justification

Greater MSP is an economic development tool for Minnetonka’s current and future businesses, and provides resources and connections that have not been previously available.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Cultivate small business stability and growth by identifying resources, partnerships, networks, and programs that assist small businesses and entrepreneurs.

Strategic Profile- Support business retention and expansion and attract new businesses.

KEY MEASURES

2017 2018 2019 2020 2021 2022* 2023 2024 2025 2026 2027 2028

Business Projects

1 1 1 1 2 1 2 2 2 2 2 2

*GREATER MSP worked closely with Respicardia on their expansion in Minnetonka, in which the company committed to creating 59 new jobs and investing \$686k in capital expenditures.

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	25,000	25,000	25,000	25,000	25,000	125,000
Total	25,000	25,000	25,000	25,000	25,000	125,000

Funding Sources	2024	2025	2026	2027	2028	Total
Development Fund	25,000	25,000	25,000	25,000	25,000	125,000
Total	25,000	25,000	25,000	25,000	25,000	125,000

Budget Impact/Other

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

Economic Improvement Program

2024 thru 2028

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

City of Minnetonka, Minnesota

Project #	Business-06
Project Name	MIF/JCF Projects

Key Measures Businesses Assisted **Key Measures** Jobs Created
Key Measures Applications Submitted **Key Measures**

Description

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

SCHEDULING AND PROJECT STATUS
 The city has received four MIF awards, one each for Cargill, Nestle and IMRIS, and NatureWorks.
 In 2022, King Technology received a JCF award in the amount of \$617,000.

Justification

MIF is a business and economic development program, focusing on industrial, manufacturing, and technology related industries.
 JCF provides financial incentives to new and expanding businesses that meet certain job creation and capital investment targets.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan- Cultivate small business stability and growth by identifying resources, partnerships, networks, and programs that assist small businesses and entrepreneurs.

Strategic Profile- Support business retention and expansion and attract new businesses.

KEY MEASURES

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Applications Submitted	1	2	0	1	1	1	1	1	1	1	1
Businesses Assisted	1	1	0	1	1	1	1	1	1	1	1
Jobs Created	20	75	0	50	50	50	50	50	50	50	50

Expenditures	2024	2025	2026	2027	2028	Total
Construction/Maintenance	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000
Total	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000

Funding Sources	2024	2025	2026	2027	2028	Total
Development Fund	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000
Total	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000

Budget Impact/Other

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

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

Economic Improvement Program

2024 *thru* 2028

Department 2-Business

City of Minnetonka, Minnesota

Contact Community Development

Project #	Business-07
Project Name	Business Advisory Services

Type Program
Useful Life N/A
Category Business

Key Measures Technical Assistance Hours

Key Measures Loans Made

Key Measures Businesses Assisted

Key Measures Jobs Created/Supported

Description

The City of Minnetonka collaborates with the Metropolitan Consortium of Community Developers (Open to Business Program) and Hennepin County (Elevate Hennepin) to provide one-on-one technical assistance and consulting services customized to meet the needs of small businesses.

SCHEDULING AND PROJRECT STATUS

The Open to Business partnership began in 2011. More recently, the city agreed to participate and support Elevate Hennepin in 2023 to provide a larger pool of resources for local businesses. The contract is reviewed biannually.

Justification

Minnetonka contracts directly with Hennepin County to use the Elevate Hennepin platform as the "go-to" business consulting services provider for residents and entrepreneurs. Open to Business subcontracts with Hennepin County and serves as the "Elevate Business Navigator," and is the first point of contact for any Minnetonka residents or entrepreneurs.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Cultivate small business stability and growth by identifying resources, partnerships, networks, and programs that assist small businesses and entrepreneurs.

Strategic Profile-Support business retention and expansion and attract new businesses.

KEY MEASURES

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Businesses Assisted	32	39	27	20	18	50	50	50	50	50	50
Tech. Assist. Hours	250	362	251	170	103	275	275	275	275	275	275
Loans Made	2	3	3	1	2	4	4	4	4	4	4
Jobs Created/Supported	5	41	61	12	55	55	55	55	55	55	55

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	20,000	20,000	20,000	20,000	20,000	100,000
Total	20,000	20,000	20,000	20,000	20,000	100,000

Funding Sources	2024	2025	2026	2027	2028	Total
Development Fund	20,000	20,000	20,000	20,000	20,000	100,000
Total	20,000	20,000	20,000	20,000	20,000	100,000

Budget Impact/Other

Minnetonka contracts directly with Hennepin County to use the Elevate Hennepin platform as the go-to business consulting services provider for residents and entrepreneurs. Hennepin County offers technical assistance and cohort programming at no cost to businesses and entrepreneurs located within Minnetonka through the contract term. Open to Business subcontracts with Hennepin County as part of this arrangement to serve as business navigator for Minnetonka.

The fee is an annual \$10,000 base-level fee for support of Elevate Hennepin and additional \$10,000 annual fee for Open to Business. The total cost annually is \$20,000.

Economic Improvement Program

2024 *thru* 2028

Department 2-Business

City of Minnetonka, Minnesota

Contact Community Development

Project #	Business-08
Project Name	Outreach

Type Program
Useful Life N/A
Category Business

Key Measures Business Contacts

Key Measures Newsletter Distributed

Key Measures Business Visits

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS
 In 2021, staff purchased updated demographic, economic, and contact information as part of the business survey project. This information will be helpful to inform staff on where outreach should be targeted to be most effective. Staff is also continuously creating informational and marketing brochures that can be shared with businesses, community members, and developers to further engage around important topics.

Justification

Business outreach in the past has been reactive to business needs. This outreach is another tool in creating a more proactive approach in supporting business retention and expansion. Business retention and expansion efforts are part of a collaborative effort between staff and Mpls Regional Chamber, Grow Minnesota, and GreaterMSP.

In 2018, staff developed the Thrive Business publication. The publication is distributed to over 1,200 businesses three times annually and is also available electronically.

In 2021, staff hired a consultant to conduct a business survey to engage with all of the businesses in Minnetonka. The city received responses from 157 businesses and developed a business workplan out of the feedback from the survey.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan- Connect with partnership organizations to explore outreach opportunities.

Strategic Profile- Support business retention and expansion and attract new businesses.
 -Remove identifiable barriers to create equal opportunity for accessing programs and services.

KEY MEASURES

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Business Visits	8	5	7	13	8	8	8	10	10	10	10
Newsletters Distributed	2	2	2	3	3	3	3	3	3	3	3
Online Contacts	N/A	0	458	846	1048	1515	2000	2200	2500	2700	3000

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	0	25,000	25,000	0	0	50,000
Total	0	25,000	25,000	0	0	50,000

Funding Sources	2024	2025	2026	2027	2028	Total
HRA Levy	0	25,000	25,000	0	0	50,000
Total	0	25,000	25,000	0	0	50,000

Budget Impact/Other

Funds are budgeted for a business survey, Thrive business publications, and business marketing materials. Future uses of funding could include business centric events and economic development advertising as noted in the Business Development Strategy.

Outreach will be coordinated with GreaterMSP and Mpls Regional Chamber.

Economic Improvement Program

2024 thru 2028

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

City of Minnetonka, Minnesota

Project # Business-09
Project Name Property Assessed Clean Energy

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

Description

In 2010, as part of the jobs bill, state legislation was passed that included provisions for the Property Assessed Clean Energy (PACE) program. PACE allows for the voluntary creation of programs by local governments to help businesses finance renewable energy and energy efficient improvements. The program is repaid by businesses through a special property tax assessment.

SCHEDULING AND PROJECT STATUS
 The City Council approved a Joint Powers Agreement with the St. Paul Port Authority (SPPA) in July 2014 to implement the PACE program in Minnetonka. Staff markets the program with commercial, office and multi-family property owners.

In 2019, the Shady Oak Office Center received funding through the Hennepin County PACE program to assist with financing for HVAC improvements.

Justification

The legislation was adopted in 2010, and has been used by approximately 10 Minnesota communities. This program may help to provide another financing tool to the city's toolbox for local businesses.

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

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

KEY MEASURES

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
0	0	0	0	0	1	1	0	1	1	0

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

Project #	Business-11
Project Name	MPLS Regional Chamber

Key Measures Minnetonka Businesses
Key Measures

Key Measures
Key Measures

Description
<p>SCHEDULING AND PROJECT STATUS In 2020, Twin West Merged with the Mpls Regional Chamber to serve the 11 county metro area. The combined organization will represent more than 2,000 businesses, large and small, urban and suburban, across the 11 county Greater MSP area.</p>

Justification
<p>The city is a member of the Mpls Regional Chamber. In 2022, staff met with representatives from the chamber to coordinate on future workforce development initiatives and business networking events.</p> <p>PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS Comprehensive Plan- Connect with partnership organizations to explore outreach opportunities.</p> <p>Strategic Profile- Support business retention and expansion and attract new businesses. - Remove identifiable barriers to create equal opportunity for accessing programs and services.</p> <p>KEY MEASURES 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 Minnetonka business members 75 75 100 90 30 TBD TBD TBD TBD TBD TBD TBD</p>

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	600	600	600	600	600	3,000
Total	600	600	600	600	600	3,000

Funding Sources	2024	2025	2026	2027	2028	Total
General Fund	600	600	600	600	600	3,000
Total	600	600	600	600	600	3,000

Budget Impact/Other
<p>Memberships are renewed on an annual basis. There may be other fees associated with membership throughout the year in order to attend events hosted by the Chamber. The Mpls Regional Chamber participates in the Minnetonka State of the City event.</p>

Economic Improvement Program

2024 *thru* 2028

Department 2-Business

City of Minnetonka, Minnesota

Contact Community Development

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

Type Program
Useful Life N/A
Category Business

Key Measures Businesses Assisted

Key Measures

Key Measures

Key Measures

Description

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

In 2022, one additional business participated in the program.

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

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan - Assess existing incentive policies and programs in relation to your community's current character and future growth, as well as to identify opportunities to create, revisit or restructure your community's approach to business incentives.

Strategic Profile - Support business retention and expansion and attract new businesses.

KEY MEASURES

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2	1	2	2	1	2	2	2	2	2	2

Expenditures	2024	2025	2026	2027	2028	Total
Other	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Funding Sources	2024	2025	2026	2027	2028	Total
Special Assessment	50,000	50,000	50,000	50,000	50,000	250,000
Construction Fund						
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other

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

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

Project #	Business-16
Project Name	Emergency Business Assistance

Key Measures Businesses Assisted

Key Measures Loans Made

Key Measures

Key Measures

Description

In 2020, the EDA approved \$225,000 of the existing HRA levy fund balance to assist businesses impacted by COVID-19 with forgivable loans of up to \$7,500. The purpose of the forgivable loan was to ensure the preservation of employment opportunities through the prevention of business closures to promote long-term economic vitality in the community.

The council approved additional funding of \$50,000 through the HRA levy in 2021 to continue this effort. Staff is proposing that the city partner with CEE to provide technical assistance to businesses beginning in 2023. The maximum forgivable loan under this program is \$2,500.

SCHEDULING AND PROJECT STATUS
 The program is in development.

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

Justification

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan - Assess existing incentive policies and programs in relation to your community’s current character and future growth, as well as to identify opportunities to create, revisit or restructure your community’s approach to business incentives.

Strategic Profile - Support business retention and expansion and attract new businesses.

KEY MEASURES

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Businesses Assisted										
N/A	N/A	N/A	N/A	N/A	4	4	4	4	4	4

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	10,000	10,000	10,000	10,000	10,000	50,000
Total	10,000	10,000	10,000	10,000	10,000	50,000

Funding Sources	2024	2025	2026	2027	2028	Total
HRA Levy	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

There will need to be staff time committed to establishing and implementing the program.

No future funding sources are committed for this program. It is possible that additional funding from the Federal Government, State of Minnesota, or Hennepin County could be allocated to cities in response to business needs in the future.

Economic Improvement Program

2024 *thru* 2028

Department 2-Business
Contact Community Development
Type Maintenance
Useful Life N/A
Category Business

City of Minnetonka, Minnesota

Project # Business-18
Project Name Commercial Code Compliance Fund

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

Description
 This program was created to provide funding for loans up to \$25,000 to address building issues such as improving safety, structural integrity, accessibility issues, or any other areas of concern as determined by the city Building Official, Fire Marshall or Public Health Division.
 SCHEDULING AND PROJECT STATUS
 This program was established in 2023.

Justification
 The commercial code compliance program is intended to assist in the public safety, accessibility, and protection of commercial buildings.
 PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan- Cultivate small business stability and growth by identifying resources, partnerships, networks, and programs that assist small businesses and entrepreneurs.
 Strategic Profile- Support business retention and expansion and attract new businesses.
 KEY MEASURES
 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028
 Businesses Assisted
 N/A N/A N/A N/A N/A 1 2 2 2 2 2

Expenditures	2024	2025	2026	2027	2028	Total
Construction/Maintenance	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000
Funding Sources	2024	2025	2026	2027	2028	Total
Development Fund	50,000	50,000	50,000	50,000	50,000	250,000
Total	50,000	50,000	50,000	50,000	50,000	250,000

Budget Impact/Other
 Staff developed guidelines for implementing the Commercial Code Compliance Loan Program with an initial pool of \$100,000. Approximately four businesses could receive a loan of up to \$25,000. Loans would be repayable at 2% interest. Loan repayment terms would be 5 years for amounts less than \$15,000, and 10 years for loans between \$15,000 to \$25,000.
 The Center for Energy and Environment manages the loan program for the city. There is a small annual administrative fee for loan program administration.

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

Project #	Business-13
Project Name	Special Service District

Key Measures SSDs Established

Key Measures

Key Measures

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS

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

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

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan-Assess existing incentive policies and programs in relation to your community’s current character and future growth, as well as to identify opportunities to create, revisit or restructure your community’s approach to business incentives.

Strategic Profile- Support business retention and expansion and attract new businesses.

KEY MEASURES

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
SSDs Established	0	0	0	0	0	0	0	0	0	0

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Development Fund	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

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

Economic Improvement Program

2024 *thru* 2028

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

City of Minnetonka, Minnesota

Project # Business-17
Project Name Conceptual Business Programs

Key Measures
 Key Measures

Key Measures
 Key Measures

Description
 At the March 22, 2018 EDAC Meeting, staff presented a formal Business Development Strategy Plan. This plan outlines the tools, resources, and activities to support Minnetonka's business community. Following the business survey in 2021, and further conversation with the EDAC, staff has developed a work plan to implement aspects of the Business Development Strategy and respond to issues identified by the business survey.

SCHEDULING AND PROJECT STATUS
 These programs are conceptual and have not been fully explored or developed.

Justification
 Future Business Program Research:
 - \$50,000 Emergency business grant funds - in progress
 - Promoting culture business organizations- in progress
 - Workforce development collaborations - in progress
 - Crime Prevention Through Environmental Design - in progress
 - Business survey update - future
 - Research employer led housing assistance - future
 - Pathways programs for businesses - future
 - Small business revolving loan fund - future

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Unfunded	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other



TRANSIT



**MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM**

TRANSIT CHAPTER SUMMARY

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

The city’s role in transit in the past has been minimal as Metro Transit has been the provider of the city’s and the region’s transit system. In 2002, Minnetonka exercised its opt-out authority. It was determined at the time to be in the best interest of the city to have Metro Transit continue providing transit service for the community. In mid-2013, the city and Metro Transit renegotiated a contract in place providing more detail and clarity on the roles and responsibilities for both the city and Metro Transit. The city extended the contract Until July 31, 2024 to coincide with the Metro Transit’s Network Now initiative to review and expand transit services.

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

- The total five-year estimated cost of the program is \$180,000.

Program	2024	2025	2026	2027	2028	5-Year Total
Commuter Services (494)	32,000	34,000	36,000	38,000	40,000	\$180,000
Total	\$32,000	\$34,000	\$36,000	\$38,000	\$40,000	\$180,000

Conceptual Programs

\$0

Programs in blue indicate city funded programs/initiatives

Programs in green indicate pass-through funding

- All facets of transit, such as commuting and rideshare services, bus/dial-a-ride, and Light Rail Transit (LRT) are included.
- The contract with Metro Transit for service is through 2024

Economic Improvement Program

2024 *thru* 2028

Department 3-Transit

City of Minnetonka, Minnesota

Contact Community Development

Project #	Transit-01
Project Name	Commuter Services

Type Program

Useful Life N/A

Category Transit

Key Measures Business Contacts

Key Measures

Key Measures Commuters Assisted

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS

This is an ongoing program.

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Provide a transportation system that supports the economic vitality and prosperity of the city and the region.

Strategic Profile- Ensure connectivity through increased access to local and regional means of transportation (new mobility options).

KEY MEASURES

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Business Contacts	191	180	122	135	120	106	190	200	200	220	225	230
Commuters Assisted	387	2018	277	243	172	123	450	500	500	550	575	00

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	32,000	34,000	36,000	38,000	40,000	180,000
Total	32,000	34,000	36,000	38,000	40,000	180,000

Funding Sources	2024	2025	2026	2027	2028	Total
General Fund	32,000	34,000	36,000	38,000	40,000	180,000
Total	32,000	34,000	36,000	38,000	40,000	180,000

Budget Impact/Other

One council member and one city staff member attend monthly meetings of the I-494 Corridor Commission. With preparation time, this is approximately 40 hours of staff time.

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

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

Economic Improvement Program

2024 *thru* 2028

Department 3-Transit

City of Minnetonka, Minnesota

Contact Community Development

Project #	Transit-02
Project Name	Transit Improvements

Type Program
Useful Life N/A
Category Transit

Key Measures Annual Bus Trips

Key Measures

Key Measures

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS
 Minnetonka elected to extend the Transit Cooperation Agreement with Metro Transit in 2022. The agreement runs until July 31, 2024.

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan- Provide a transportation system that supports the economic vitality and prosperity of the city and the region.

Strategic Profile- Ensure connectivity through increased access to local and regional means of transportation (new mobility options).

KEY MEASURES

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Annual Bus Trips										
114,860	98,218	69,676	72,731			150,000	150,000	150,000	155,000	1 0,000
Annual LRT Trips										
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	35,000	77,000

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
MVST Revenue	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

Staff time of approximately 120 hours per year will be spent attending quarterly meetings, marketing, and consulting with Metro Transit staff.



DEVELOPMENT AND REDEVELOPMENT

DEVELOPMENT/REDEVELOPMENT CHAPTER SUMMARY

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

For the 2024-2028 Economic Improvement Program, there are three development/redevelopment programs underway.

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

Program	2024	2025	2026	2027	2028	5-Year Total
Predevelopment	75,000	75,000	75,000	75,000	75,000	\$375,000
LRT & Station Areas	75,000	75,000	0	0	0	\$150,000
Village Center Studies	0	0	75,000	75,000	75,000	\$225,000
Total	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$750,000

Conceptual Programs

Special Service Districts

\$0

Programs in blue indicate city funded programs/initiatives

Programs in green indicate pass-through funding

- Some of the pass-through grants identified in the business chapter may be for development/redevelopment activities.
- Costs may increase if the city wishes to take a more proactive role in development/redevelopment.
- The LRT page reflects the commitment of the city toward the LRT project. Additional programs may be needed to help implement station area plans in the Shady Oak and Opus station areas.

Economic Improvement Program

2024 *thru* 2028

Department 4-Development & Redevelopm

City of Minnetonka, Minnesota

Contact Community Development

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

Type Program

Useful Life N/A

Category Develop/Redevelopment

Key Measures Projects Assisted

Key Measures

Key Measures Projects Continued

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS

This is an on-going program. Staff determines when it is appropriate to use for a potential redevelopment project. For example, initial TIF runs were done for the Tonka on the Creek "Overlook", Shady Oak Crossing, Legends of Minnetonka and Bren Road Station, Birke, and Opus redevelopment sites, to determine if Tax Increment Financing would be feasible. Once it was determined that it was, and the developer moved forward as such, the developer was then responsible for paying all legal counsel and financial consultant expenses.

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Promote the development of a range of housing types to meet the needs of current and future residents near job centers, village centers, and TOD locations.

Strategic Profile - Balance community-wide interests and respect Minnetonka's unique neighborhoods while continuing community reinvestment.

KEY MEASURES

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Projects Assisted	3	4	3	3	4	2	2	2	2	2	4	4
Projects Continued after Assistance	2	2	2	3	4	1	1	2	2	2	2	2

Expenditures	2024	2025	2026	2027	2028	Total
Planning/Design	75,000	75,000	75,000	75,000	75,000	375,000
Total	75,000	75,000	75,000	75,000	75,000	375,000

Funding Sources	2024	2025	2026	2027	2028	Total
Development Fund	75,000	75,000	75,000	75,000	75,000	375,000
Total	75,000	75,000	75,000	75,000	75,000	375,000

Budget Impact/Other

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

Economic Improvement Program

2024 *thru* 2028

Department 4-Development & Redevelopm

City of Minnetonka, Minnesota

Contact Community Development

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

Type Program

Useful Life N/A

Category Develop/Redevelopment

Key Measures Village Centers Studied

Key Measures

Key Measures Comprehensive Plan update

Key Measures

Description

The village center studies take a look at each of the city’s thirteen designated village centers and create a guide for redevelopment. The following village center studies have been completed: Minnetonka Mills, Opus, Hwy 7/101, Shady Oak, Ridgedale, and Glen Lake.

In 2019, the city completed a redevelopment visioning process for the city owned property at 5937 County Road 101.

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Promote the development of a range of housing types to meet the needs of current and future residents near job centers, village centers, and TOD locations.

Strategic Profile- Balance community-wide interests and respect Minnetonka’s unique neighborhoods while continuing community reinvestment.

KEY MEASURES

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Village Centers Studied	N/A	N/A	2	3	1	N/A	N/A	N/A	N/A	1	1	1

Expenditures	2024	2025	2026	2027	2028	Total
Planning/Design	0	0	75,000	75,000	75,000	225,000
Total	0	0	75,000	75,000	75,000	225,000

Funding Sources	2024	2025	2026	2027	2028	Total
HRA Levy	0	0	75,000	75,000	75,000	225,000
Total	0	0	75,000	75,000	75,000	225,000

Budget Impact/Other

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

Funds were budgeted in 2024 to consider completing a village center study at Cedar Lake Rd/Cty Road 73.

Economic Improvement Program

2024 *thru* 2028

Department 4-Development & Redevelopm

City of Minnetonka, Minnesota

Contact Community Development

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

Type Construction

Useful Life N/A

Category Develop/Redevelopment

Key Measures

Key Measures

Key Measures

Key Measures

Description

Minnetonka has actively been planning for LRT since the early 2000's. As the LRT project progresses from design to construction there is a desire for redevelopment to occur around the city's station areas to make a more transit oriented area.

In 2021, The Met Council announced a delay in the completion of the project due to unforeseen soil conditions in the Minneapolis segment of the route. This is anticipated to push the opening day to 2027.

Southwest LRT Milestones:
 Project received "Limited Notice to Proceed" on December 20, 2018 (completed)
 Construction begins on site preparation, demolition, utility work, contractor mobilization contractor authorized to perform work up to \$216 million (underway)
 March 2019- Metropolitan Council performing pre-construction inspections
 Contractor to submit full schedule of activities - Fall 2019
 Full Funding Grant Agreement - August 2019
 Heavy Construction 2019-2027
 2027 - Service to Begin

Justification

It is anticipated that because of limited county, regional and state resources, as well as the competition for these resources, that in order to assist in facilitating redevelopment in the LRT station areas, the city will need to provide resources of its own. Resources that are available as of 2022 include:

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan-Recognize the interrelationship of land use and transportation, and anticipate impacts of the location and intensity of planned land uses on the transportation system.
 Strategic Profile- Ensure connectivity through increased access to local and regional means of transportation (new mobility options).

Expenditures	2024	2025	2026	2027	2028	Total
Program Cost	75,000	75,000	0	0	0	150,000
Total	75,000	75,000	0	0	0	150,000

Funding Sources	2024	2025	2026	2027	2028	Total
HRA Levy	75,000	75,000	0	0	0	150,000
Total	75,000	75,000	0	0	0	150,000

Budget Impact/Other

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

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

Economic Improvement Program

2024 *thru* 2028

Department 4-Development & Redevelopm

City of Minnetonka, Minnesota

Contact Community Development

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

Type Program

Useful Life N/A

Category Develop/Redevelopment

Key Measures

Key Measures

Key Measures

Key Measures

<p>Description</p> <p>The city owns scattered site residential and commercial properties. These properties have been purchased over the years for a variety of reasons that includes potential for future redevelopment/resale or to meet other city goals.</p> <p>The city's land management committee is tasked with reviewing potential acquisitions and reviewing the status of the city's existing properties.</p> <p>SCHEDULING AND PROJECT STATUS This is an on-going project.</p>
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<p>Justification</p> <p>Some city-owned properties include:</p> <p>4292 Oak Drive Lane (residential) 5937 County Road 101 (residential) - 5501 Baker Road (residential) - sell for affordable housing in 2023 5432 Rowland Road (residential) - sell for affordable housing in 2023 4700 Woodland Rd (residential) 10505 Belmont Road (residential) - sell for affordable housing in 2024 1809 Welland Ave (residential) - sell for affordable housing in 2024</p> <p>The city also owns several other parcels that may not meet the qualifications for future redevelopment or resale. One example is land purchased for storm water management. The city's land committee monitors and manages the city's land inventory.</p> <p>PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS Comprehensive Plan-Use infill and redevelopment opportunities to encourage a mix of housing choices in the community.</p> <p>Strategic Profile- Balance community-wide interests and respect Minnetonka's unique neighborhoods while continuing community reinvestment.</p>

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

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



TAX INCREMENT FINANCING

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

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

Type Program
Useful Life N/A
Category TIF

Key Measures TIF Districts

Key Measures

Key Measures

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS

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

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

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Continue to implement the Economic Development Authority’s policy that 10 to 20 percent of new multi-family units should be affordable housing and ensure long-term affordability within new developments.

- Pursue policies, tools and programs to ensure long-term housing affordability for households at or below 30, 50, 60 and 80% of AMI and explore additional mixed income best practices.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Active TIF Districts	7	8	9	9	8	9	9	10	10	11	11	12

Expenditures	2024	2025	2026	2027	2028	Total
Other	130,000	140,000	150,000	150,000	150,000	720,000
Total	130,000	140,000	150,000	150,000	150,000	720,000

Funding Sources	2024	2025	2026	2027	2028	Total
Development Fund	130,000	140,000	150,000	150,000	150,000	720,000
Total	130,000	140,000	150,000	150,000	150,000	720,000

Budget Impact/Other

Development agreements and TIF administration are staff led activities. The city regularly calls upon its financial consultants and legal counsel to assist in these matters. Staff time estimates are roughly 520-780 hours per year.

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance is provided in the 2022 TIF Management Report prepared by the Ehlers, the city’s financial consultant.

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-04
Project Name	Glenhaven TIF District

Type Program
Useful Life 2029
Category TIF

Key Measures Affordable Units

Key Measures

Key Measures

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS

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

TIF revenue bonds were issued in 2010 and were refinanced in 2017. The refinance resulted in interest savings to repay the original interfund loan by 2026 and provide approximately \$366,000 at the end of the district for future redevelopment projects.

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Continue to implement the Economic Development Authority’s policy that 10 to 20 percent of new multi-family units should be affordable housing and ensure long-term affordability within new developments.

- Pursue policies, tools and programs to ensure long-term housing affordability for households at or below 30, 50, 60 and 80% of AMI and explore additional mixed income best practices.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Affordable Units											
43	43	43	43	43	43	43	43	43	43	43	43

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

Staff, with occasional consultant assistance, oversees the administration of the TIF district. A portion of the tax increment is retained to cover administrative costs.

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance is provided in the 2022 TIF Management Report prepared by the Ehlers, the city's financial consultant.

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

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

Type Program
Useful Life 2035
Category TIF

Key Measures Affordable Units

Key Measures

Key Measures

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS

This TIF district was approved in 2014 and will end in 2041. Construction began in late 2014, and was completed in early 2016.

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Work to diversify housing choices available to seniors in order to fulfill the unmet senior housing needs in the community (homeownership, rental, active, and supportive, aging in place).

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028

Affordable Units

20 20 20 20 20 20 20 20 20 20 20 20

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

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

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance is provided in the 2022 TIF Management Report prepared by the Ehlers, the city's financial consultant.

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-07
Project Name	Applewood Pointe TIF District

Type Program
Useful Life 2025
Category TIF

Key Measures Affordable Units

Key Measures

Key Measures

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS

The TIF district was approved in 2014 and will end in 2043. Construction began in late 2015 and was completed in 2016.

Justification

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

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Work to diversify housing choices available to seniors in order to fulfill the unmet senior housing needs in the community (homeownership, rental, active, and supportive, aging in place).

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028

Affordable Units

9 9 9 9 9 9 9 9 9 9 9 9

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

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

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance is provided in the 2022 TIF Management Report prepared by the Ehlers, the city's financial consultant.

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

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

Type Program
Useful Life 2036
Category TIF

Key Measures Affordable Units

Key Measures

Key Measures

Key Measures

Description

At Home apartments is a 106-unit apartment building that received TIF assistance through a housing TIF district. Twenty-one units are affordable to those at 50% AMI or less.

SCHEDULING AND PROJECT STATUS

The TIF district was approved in 2015 and will end in 2043. Construction began in 2015 and was completed in 2016.

Justification

This TIF district includes 21 of the 106 rental units affordable to those earning 50% AMI or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Continue to implement the Economic Development Authority’s policy that 10 to 20 percent of new multi-family units should be affordable housing and ensure long-term affordability within new developments.

- Pursue policies, tools and programs to ensure long-term housing affordability for households at or below 30, 50, 60 and 80% of AMI and explore additional mixed income best practices.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Affordable Units	21	21	21	21	21	21	21	21	21	21	21

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

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

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance is provided in the 2022 TIF Management Report prepared by the Ehlers, the city’s financial consultant.

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-09
Project Name	Dominium TIF District (Legends/Preserve)

Type Program
Useful Life 2045
Category TIF

Key Measures Affordable Units Created
Key Measures

Key Measures
Key Measures

Description

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

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

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

Justification

This TIF district includes 482 units affordable to those earning 60% AMI or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan- - Promote the development of a range of housing types to meet the needs of current and future residents near job centers, village centers, and TOD locations.
 - Pursue policies, tools and programs to ensure long-term housing affordability for households at or below 30, 50, 60 and 80% of AMI and explore additional mixed income best practices.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.
 -Manage and promote the Opus area as a unique mix of uses and increased development reinvestment.

KEY MEASURES

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Affordable Units											
N/A	N/A	N/A	N/A	N/A	482	482	482	482	482	482	482

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

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

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance is provided in the 2022 TIF Management Report prepared by the Ehlers, the city's financial consultant.

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-10
Project Name	Marsh Run TIF District (The Birke)

Type Program
Useful Life 2046
Category TIF

Key Measures Affordable Units Created
Key Measures

Key Measures
Key Measures

Description

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

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

Justification

This project includes 35 affordable units (20% of building) to those earning 50% AMI or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS
 Comprehensive Plan- Continue to implement the Economic Development Authority’s policy that 10 to 20 percent of new multi-family units should be affordable housing and ensure long-term affordability within new developments.
 - Pursue policies, tools and programs to ensure long-term housing affordability for households at or below 30, 50, 60 and 80% of AMI and explore additional mixed income best practices.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Affordable Units	N/A	N/A	N/A	N/A	35	35	35	35	35	35	35	35

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

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

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance is provided in the 2022 TIF Management Report prepared by the Ehlers, the city’s financial consultant.

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact Community Development

Project #	TIF-11
Project Name	Shady Oak Crossing

Type Program
Useful Life 2033
Category TIF

Key Measures Affordable Units Created

Key Measures

Key Measures

Key Measures

Description

Shady Oak Crossing is a 75 unit multifamily project that received TIF assistance through the establishment of a redevelopment district. The project is anticipated to have 20% (23 units) of the units affordable to those at 60% AMI.

SCHEDULING AND PROJECT STATUS

The TIF district was approved in 2020 and will terminate in 2047. Construction began in 2020 and the project was completed in 2021.

Justification

This project includes 35 affordable units (20% of building) to those earning 50% AMI or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Continue to implement the Economic Development Authority’s policy that 10 to 20 percent of new multi-family units should be affordable housing and ensure long-term affordability within new developments.

- Pursue policies, tools and programs to ensure long-term housing affordability for households at or below 30, 50, 60 and 80% of AMI and explore additional mixed income best practices.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

- Promote the development of a range of housing types to meet the needs of current and future residents near job centers, village centers, and TOD locations.

KEY MEASURES

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Affordable Units											
N/A	N/A	N/A	N/A	N/A	23	23	23	23	23	23	23

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
TIF	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

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

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance is provided in the 2022 TIF Management Report prepared by the Ehlers, the city’s financial consultant.

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact

Project #	TIF-12
Project Name	Opus TIF District

Type	Program
Useful Life	2039
Category	TIF

Key Measures

Key Measures

Key Measures

Key Measures

Description

The Opus Business Park Tax Increment Financing District, a renewal and renovation district, was approved on April 26, 2021 to facilitate the construction of housing and critical infrastructure improvements identified in the Opus AUAR.

SCHEDULING AND PROJECT STATUS

The TIF district was approved in 2021 and will terminate in 2039.

Justification

The Opus Business Park Tax Increment Financing District will fund future housing redevelopment projects and road/traffic improvement projects in the Opus area. There are currently three housing developments proposed in the district and six areas identified for road improvements:

Housing projects:

1. Minnetonka Station
2. Wellington Apartments
3. Doran Apartments

Road Improvement projects:

1. Shady Oak Road & Red Circle
2. Shady Oak Road & Hwy 62
3. Shady Oak Road & Bren Rd.
4. Green Oak Dr.
5. Bren Road & Smetana
6. Bren Road & Hwy 169

Comprehensive Plan- Continue to implement the Economic Development Authority’s policy that 10 to 20 percent of new multi-family units should be affordable housing and ensure long-term affordability within new developments.

- Pursue policies, tools and programs to ensure long-term housing affordability for households at or below 30, 50, 60 and 80% of AMI and explore additional mixed income best practices.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

- Promote the development of a range of housing types to meet the needs of current and future residents near job centers, village centers, and TOD locations.

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
TIF	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance is provided in the 2022 TIF Management Report prepared by the Ehlers, the city's financial consultant.

Economic Improvement Program

2024 *thru* 2028

Department 5-TIF Districts

City of Minnetonka, Minnesota

Contact

Project #	TIF-13
Project Name	Marsh II District

Type Unassigned

Useful Life

Category Unassigned

Key Measures

Key Measures

Key Measures

Key Measures

Description

The Marsh II Tax Increment Financing District, a redevelopment district, was approved on June 26, 2023 to facilitate the redevelopment of the Marsh office center.

SCHEDULING AND PROJECT STATUS

The TIF district was approved in 2023 and will terminate in 2050.

Justification

The Marsh II project includes 40 affordable units. Twenty units are reserved for households earning 60% AMI or less and twenty units are reserved for households earning 80% AMI or less.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Continue to implement the Economic Development Authority’s policy that 10 to 20 percent of new multi-family units should be affordable housing and ensure long-term affordability within new developments.

- Pursue policies, tools and programs to ensure long-term housing affordability for households at or below 30, 50, 60 and 80% of AMI and explore additional mixed income best practices.

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
TIF	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

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

More detailed information on the TIF district, its obligations, performance, and other development agreement compliance will be provided in the 2024 TIF Management Report prepared by the Ehlers, the city's financial consultant.



TAX ABATEMENT

Economic Improvement Program

2024 *thru* 2028

Department 6-Tax Abatement

City of Minnetonka, Minnesota

Contact Community Development

Project #	Abatement-1
Project Name	Ridgedale

Type Improvement

Useful Life N/A

Category Tax Abatement

Key Measures Property Value Increase

Key Measures

Key Measures Property Levy

Key Measures

Description

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

SCHEDULING AND PROJECT STATUS

The Ridgedale Tax Abatement project was approved in Spring 2013.

Justification

The Ridgedale Tax Abatement will assist in financing the transportation and other public improvements that must be completed due to the Ridgedale Mall expansion.

PROGRAM GOALS AND RELATIONSHIP TO OTHER PLANS

Comprehensive Plan- Promote the development of a range of housing types to meet the needs of current and future residents near job centers, village centers, and TOD locations.

Strategic Profile- Implement programs and policies to diversify housing and increase affordable housing options.

KEY MEASURES

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
5.3%	20%	%0.4	%0.3	%0.04	%0.00	.00%	2%	4%	%	%

Expenditures	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Funding Sources	2024	2025	2026	2027	2028	Total
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

Budget Impact/Other

Staff, with occasional consultant assistance, oversees the administration of the Tax Abatement.

A portion of the abatement is retained to cover administrative costs.



FUNDING SOURCES AND EXPENDITURE PROJECTIONS

FUND DESCRIPTIONS

Development Fund (2021 estimated beginning fund balance): \$5,643,601

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

Livable Communities Fund (2021 estimated beginning fund balance): \$773,111

The Livable Communities fund was created after receiving special legislation to develop an account from the revenues of a closed Tax Increment Finance (TIF) district. The legislation specifically restricts the use of these funds for affordable housing programs. Standards for affordability are consistent with the Metropolitan Council's income, rent and sales price limits. In 2017, \$400,000 was returned from the sale of Minnetonka Heights. The original source of this funding indicated that the reuse of the funds must be utilized for affordable housing. The remaining balance of \$312,948 is committed to Homes Within Reach.

Community Development Block Grant (CDBG)

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

HRA Levy (Proposed for 2023): \$300,000 (estimate)

Minnesota Statutes 469.033, Subd. 6 authorizes housing and redevelopment authorities (HRAs) the power to levy a tax upon all property within its district to finance housing and redevelopment programs subject to the consent of the city council. In 1988 and amended in 1994 and 2010, the Minnetonka City Council established the Economic Development Authority (EDA) of the City of Minnetonka and transferred to the EDA the control, authority and operation of all projects and programs of the city's HRA. The law and council resolutions further require the EDA to file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city.

Affordable Housing Trust Fund (2021 estimated beginning fund balance): \$3,083,000

State Statute 462C.16 allows local government to establish an affordable housing trust fund for local housing development. Authorized uses of this fund includes: administrative expenses; loans, grants, and guarantees for the development, rehab or financing of housing; matching funds; down-payment assistance, rental assistance, and homebuyer counseling services.

**SUMMARY TABLE
EIP 2024
Expenditures by Category & Fund**

Category	Program	Total	Fund				
			CDBG (Entitlement Funds)	Devpt Fund	HRA Levy	Aff. Housing Trust Fund	Other
Housing:							
	CDBG Entitlement (Prior to 2018)	\$ 32,000	32,000				
	CDBG Consortium (2018 - Future)						
	Homes Within Reach	\$ 125,000			125,000		
	Housing Improvement Areas	\$ 10,000,000				10,000,000	
	Welcome to Minnetonka	\$ 50,000			50,000		
	Mtka Home Enhancement	\$ 50,000			50,000		
	Aff. Housing Trust Fund					1,050,000	
	Subtotal	\$ 11,307,000	\$ 32,000	\$ -	\$ 225,000	\$ 1,050,000	\$ 10,000,000
Business:							
	Fire Sprinkler Retrofit	\$ 50,000				50,000	
	Pass-Through Grants	\$ 2,000,000		2,000,000			
	GreaterMSP	\$ 25,000		25,000			
	MIF/JCF	\$ 2,000,000		2,000,000			
	Elevate Hennepin/Open to Business	\$ 20,000		20,000			
	Outreach	\$ -					
	MN Regional Chamber	\$ 600				600	
	SAC/REC Deferral Program	\$ 50,000				50,000	
	Commercial Code Compliance	\$ 50,000		50,000			
	Emergency Business Grant	\$ 10,000		10,000			
	Subtotal	\$ 4,205,600	\$ -	\$ -	\$ -	\$ -	\$ 100,600
Transit:							
	Commuter Services Transit Improvements	\$ 32,000				32,000	
		\$ -					
	Subtotal	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 32,000
Devpt & Redept:							
	Predevelopment	\$ 75,000		75,000			
	LRT and Station Area	\$ 75,000			75,000		
	Subtotal	\$ 150,000	\$ -	\$ 75,000	\$ 75,000	\$ -	\$ -
TIF Districts:							
	Devpt Agmt & TIF Admin	\$ 130,000		130,000			
	Subtotal	\$ 130,000	\$ -	\$ 130,000	\$ -	\$ -	\$ -
Tax Abatement:							
	Ridgedale	\$ -	\$ -	\$ -	\$ -	\$ -	
	Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTALS		\$ 15,824,600	\$ 32,000	\$ 205,000	\$ 300,000	\$ 1,050,000	\$ 10,132,600

**EIP 2024-2028
All Categories
Funding Sources and Expenditure Projections**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Method of Financing											
Development Account	\$ 4,300,000	\$ 3,310,000	\$ 2,320,000	\$ 1,820,000	\$ 1,820,000	\$ 1,820,000	\$ 1,820,000	\$ 1,820,000	\$ 1,820,000	\$ 1,820,000	\$ 22,670,000
General Fund	32,600	34,600	36,600	38,600	40,600	42,600	44,600	46,600	48,600	50,600	416,000
Federal Grant (CDBG) - Entitlement	32,000	34,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	346,000
Federal Grant (CDBG) - Consortium	-	-	-	-	-	-	-	-	-	-	\$ -
Ad Valorem Tax Levy	300,000	325,000	325,000	300,000	300,000	250,000	250,000	225,000	225,000	225,000	2,725,000
Affordable Housing Trust Fund	1,050,000	1,050,000	1,050,000	1,050,000	50,000	50,000	50,000	50,000	50,000	50,000	4,500,000
Other	10,110,000	10,110,000	5,110,000	5,110,000	5,110,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	61,050,000
Total Funding Sources	\$ 15,824,600	\$ 14,863,600	\$ 8,876,600	\$ 8,353,600	\$ 7,355,600	\$ 7,297,600	\$ 7,299,600	\$ 7,276,600	\$ 7,278,600	\$ 7,280,600	\$ 91,707,000
Expenditures											
Housing	\$ 11,307,000	\$ 11,309,000	\$ 6,310,000	\$ 6,310,000	\$ 5,310,000	\$ 5,310,000	\$ 5,310,000	\$ 5,310,000	\$ 5,310,000	\$ 5,310,000	\$ 67,096,000
Business	4,205,600	3,230,600	2,230,600	1,705,600	1,705,600	1,720,600	1,720,600	1,695,600	1,695,600	1,695,600	21,606,000
Transit	32,000	34,000	36,000	38,000	40,000	42,000	44,000	46,000	48,000	50,000	410,000
Development/Redevelopment	150,000	150,000	150,000	150,000	150,000	75,000	75,000	75,000	75,000	75,000	1,125,000
TIF Admin	130,000	140,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,470,000
Total Expenditures	\$ 15,824,600	\$ 14,863,600	\$ 8,876,600	\$ 8,353,600	\$ 7,355,600	\$ 7,297,600	\$ 7,299,600	\$ 7,276,600	\$ 7,278,600	\$ 7,280,600	\$ 91,707,000

City of Minnetonka, Minnesota
Economic Improvement Program
 2024 thru 2033

SOURCES AND USES OF FUNDS

Source	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CDBG										
Beginning Balance	0	3,000	4,000	4,000	9,000	14,000	24,000	34,000	44,000	59,000
<u>Revenues and Other Fund Sources</u>										
<i>Revenue</i>										
Federal grant	0	0	0	0	0	0	0	0	0	0
program income	35,000	35,000	35,000	40,000	40,000	45,000	45,000	45,000	50,000	50,000
<i>Total</i>	35,000	35,000	35,000	40,000	40,000	45,000	45,000	45,000	50,000	50,000
Total Revenues and Other Fund Sources	35,000	35,000	35,000	40,000	40,000	45,000	45,000	45,000	50,000	50,000
Total Funds Available	35,000	38,000	39,000	44,000	49,000	59,000	69,000	79,000	94,000	109,000
<u>Expenditures and Uses</u>										
<i>Capital Projects & Equipment</i>										
<i>1-Housing</i>										
CDBG Entitlement (Prior to 2018)	(32,000)	(34,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
<i>Total</i>	(32,000)	(34,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
Total Expenditures and Uses	(32,000)	(34,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
Change in Fund Balance	3,000	1,000	0	5,000	5,000	10,000	10,000	10,000	15,000	15,000
Ending Balance	3,000	4,000	4,000	9,000	14,000	24,000	34,000	44,000	59,000	74,000

City of Minnetonka, Minnesota
Economic Improvement Program
 2024 thru 2033

SOURCES AND USES OF FUNDS

Source	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Development Fund										
Beginning Balance	5,610,306	3,506,436	1,902,566	1,298,696	1,194,826	1,090,956	987,086	383,216	(220,654)	(824,524)
Revenues and Other Fund Sources										
<i>Revenue</i>										
Cedar Ridge Assessments	49,500	49,500	49,500	49,500	49,500	49,500	49,500	49,500	49,500	49,500
Cloud 9 Admin	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630
Grants	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,000,000	1,000,000	1,000,000	1,000,000
Interest Income	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TIFAdmin Revenue	130,000	140,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
<i>Total</i>	2,196,130	1,706,130	1,716,130	1,716,130	1,716,130	1,716,130	1,216,130	1,216,130	1,216,130	1,216,130
Total Revenues and Other Fund Sources	2,196,130	1,706,130	1,716,130	1,716,130	1,716,130	1,716,130	1,216,130	1,216,130	1,216,130	1,216,130
Total Funds Available	7,806,436	5,212,566	3,618,696	3,014,826	2,910,956	2,807,086	2,203,216	1,599,346	995,476	391,606
Expenditures and Uses										
<i>Capital Projects & Equipment</i>										
<u>2-Business</u>										
Housing and Redevelopment Grants	<i>Business-02</i>	(2,000,000)	(2,000,000)	(1,000,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
GreaterMSP	<i>Business-04</i>	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
MIF/JCF Projects	<i>Business-06</i>	(2,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Business Advisory Services	<i>Business-07</i>	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Special Service District	<i>Business-13</i>	0	0	0	0	0	0	0	0	0
Commercial Code Compliance Fund	<i>Business-18</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<i>Total</i>		(4,095,000)	(3,095,000)	(2,095,000)	(1,595,000)	(1,595,000)	(1,595,000)	(1,595,000)	(1,595,000)	(1,595,000)
<u>4-Development & Redevelopment</u>										

Source		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Development Fund											
Pre-Development	<i>Dev/Redev-01</i>	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
	<i>Total</i>	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
<u>5-TIF Districts</u>											
Development Agreement and TIF Administration	<i>TIF-01</i>	(130,000)	(140,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
	<i>Total</i>	(130,000)	(140,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Total Expenditures and Uses		(4,300,000)	(3,310,000)	(2,320,000)	(1,820,000)	(1,820,000)	(1,820,000)	(1,820,000)	(1,820,000)	(1,820,000)	(1,820,000)
Change in Fund Balance		(2,103,870)	(1,603,870)	(603,870)	(103,870)	(103,870)	(103,870)	(603,870)	(603,870)	(603,870)	(603,870)
Ending Balance		3,506,436	1,902,566	1,298,696	1,194,826	1,090,956	987,086	383,216	(220,654)	(824,524)	(1,428,394)

City of Minnetonka, Minnesota
Economic Improvement Program
 2024 thru 2033

SOURCES AND USES OF FUNDS

Source	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
HRA Levy										
Beginning Balance	1,103,233	1,115,233	1,102,233	1,114,233	1,151,233	1,163,233	1,160,233	1,182,233	1,229,233	1,251,233
Revenues and Other Fund Sources										
<i>Revenue</i>										
Ad Valorem Tax Levy	300,000	300,000	325,000	325,000	300,000	225,000	250,000	250,000	225,000	225,000
Investment Interest	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Loan paybacks	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<i>Total</i>	322,000	322,000	347,000	347,000	322,000	247,000	272,000	272,000	247,000	247,000
Total Revenues and Other Fund Sources	322,000	322,000	347,000	347,000	322,000	247,000	272,000	272,000	247,000	247,000
Total Funds Available	1,425,233	1,437,233	1,449,233	1,461,233	1,473,233	1,410,233	1,432,233	1,454,233	1,476,233	1,498,233
Expenditures and Uses										
<i>Capital Projects & Equipment</i>										
<u>1-Housing</u>										
Homes Within Reach	<i>Housing-05</i>	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
Minnetonka Home Enhancement	<i>Housing-08</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Welcome to Minnetonka Loan Program	<i>Housing-14</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<i>Total</i>		(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)
<u>2-Business</u>										
Outreach	<i>Business-08</i>	0	(25,000)	(25,000)	0	0	(25,000)	(25,000)	0	0
Emergency Business Assistance	<i>Business-16</i>	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	0	0	0	0
<i>Total</i>		(10,000)	(35,000)	(35,000)	(10,000)	(10,000)	(25,000)	(25,000)	0	0
<u>4-Development & Redevelopment</u>										

Source	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
HRA Levy										
Village Center Studies and Comprehensive Plan <i>Dev/Redev-02</i>	0	0	(75,000)	(75,000)	(75,000)	0	0	0	0	0
LRT and LRT Station Area Development <i>Dev/Redev-03</i>	(75,000)	(75,000)	0	0	0	0	0	0	0	0
<i>Total</i>	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	0	0	0	0	0
Total Expenditures and Uses	(310,000)	(335,000)	(335,000)	(310,000)	(310,000)	(250,000)	(250,000)	(225,000)	(225,000)	(225,000)
Change in Fund Balance	12,000	(13,000)	12,000	37,000	12,000	(3,000)	22,000	47,000	22,000	22,000
Ending Balance	1,115,233	1,102,233	1,114,233	1,151,233	1,163,233	1,160,233	1,182,233	1,229,233	1,251,233	1,273,233

City of Minnetonka, Minnesota
Economic Improvement Program
 2024 thru 2033

SOURCES AND USES OF FUNDS

Source	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Affordable Housing Trust Fund										
Beginning Balance	5,728,000	4,678,000	3,628,000	2,578,000	1,528,000	1,478,000	1,428,000	1,378,000	1,328,000	1,278,000
Revenues and Other Fund Sources										
<i>Revenue</i>										
No Funds	0	0	0	0	0	0	0	0	0	0
<i>Total</i>	0	0	0	0	0	0	0	0	0	0
Total Revenues and Other Fund Sources	0	0	0	0	0	0	0	0	0	0
Total Funds Available	5,728,000	4,678,000	3,628,000	2,578,000	1,528,000	1,478,000	1,428,000	1,378,000	1,328,000	1,278,000
Expenditures and Uses										
<i>Capital Projects & Equipment</i>										
<i>1-Housing</i>										
Affordable Housing Trust Fund	<i>Housing-22</i>	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	0	0	0	0	0
Pathways to Homeownership	<i>Housing-23</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<i>Total</i>		(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total Expenditures and Uses		(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Change in Fund Balance		(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Ending Balance		4,678,000	3,628,000	2,578,000	1,528,000	1,478,000	1,428,000	1,378,000	1,328,000	1,278,000

City of Minnetonka, Minnesota
Economic Improvement Program
 2024 thru 2033

SOURCES AND USES OF FUNDS

Source	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Livable Communities Fund										
Beginning Balance	799,463	800,463	801,463	802,463	803,463	804,463	805,463	806,463	807,463	808,463
Revenues and Other Fund Sources										
<i>Revenue</i>										
Interest Income	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<i>Total</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Revenues and Other Fund Sources	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Funds Available	800,463	801,463	802,463	803,463	804,463	805,463	806,463	807,463	808,463	809,463
Change in Fund Balance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Ending Balance	800,463	801,463	802,463	803,463	804,463	805,463	806,463	807,463	808,463	809,463

These Districts are outlined in the following chart (a more detailed explanation of each district may be found starting on page 27):

District	TIF 1-2 Boulevard Gardens	Glenhaven	Tonka on the Creek	Rowland Housing	Applewood Pointe	Marsh Run (Doran)	Shady Oak Crossing (Ron Clark)	Dominium	Opus Business Park
TIF Authority									
EDA									
District Type	Redevelopment	Renewal and Renovation	Housing	Housing	Redevelopment	Housing	Redevelopment	Housing	Renewal and Renovation
Project Area									
Development Dist #1									
Approved	12/11/1995	1/23/2006	2/10/2014	4/20/2015	8/25/2014	3/18/2019	2/24/2020	6/18/2018	4/26/2021
Certification Date	7/2/1996	6/2/2006	4/22/2014	7/2/2015	7/2/2015	7/26/2019	7/17/2020	12/10/2018	5/14/2021
Legal Max Term	12/31/2022	12/31/2029	12/31/2041	12/31/2043	12/31/2043	12/31/2046	12/31/2047	12/31/2046	12/31/2039
Anticipated Term	12/31/2022	12/31/2029	12/31/2041	12/31/2043	12/31/2025	12/31/2046	12/31/2043	12/31/2046	12/31/2039
First Increment	1997	2007	2016	2018	2018	2021	2022	2021	2024
Current Obligations	35% pooling for tax credit rental projects \$1,025,000 Loan to The Ridge	\$4,515,000 TIF Revenue Bonds, Series 2017 and \$502,588 IFL	\$2,283,000 PAYGO TIF Note to Tonka on the Creek LLC PAYGO	\$2,500,000 PAYGO TIF Note to Rowlands Investments LLC	\$1,290,000 PAYGO TIF Note to United Properties	\$4,200,000 PAYGO TIF Note	\$1,900,000 PAYGO TIF Note	\$4,161,000 PAYGO TIF Note for Sr. housing and \$3,648,000 PAYGO TIF Note for workforce housing	\$2,780,000 PAYGO TIF Note to Wellington, \$553,000 Grant to Linden Street Partners (IFL) and \$280,000 grant to Doran (IFL)
2022 Estimated TIF Revenue	\$1,991,066	\$658,209	\$258,206	\$264,463	\$248,931	\$235,666	\$2,538	\$268,427	\$0
Fiscal Disparities Option	Option A (outside)		Option B (inside)						
County Number	1460	1463	1464	1465	1466	1467	1468	1469	1470

Note 1: Estimated TIF revenue is based on the increment reports from the County

Note 2: For TIF 1-2, approximately \$1,253,000 of the annual TIF is returned to the County for redistribution and the remainder is utilized for affordable housing projects.

Pooling Transfers to Local Housing Trust Fund Per Special Legislation

Year	Beacon Hill (Housing)	Boulevard Gardens (Redevelopment)	Tonka on the Creek (Housing)	Applewood Pointe (Redevelopment)	Rowland (Housing)	Marsh Run (Housing)	Shady Oak Crossing (Redevelopment)	Total	Cumulative
To Date	\$ 936,640	\$ 3,753,602	\$ 147,196	\$ -	\$ 124,242	\$ -	\$ -	\$ 4,961,680	\$ 4,961,680
2022		\$ 3,532,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,532,814	\$ 8,494,494
2023			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,494,494
2024			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,494,494
2025			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,494,494
2026			\$ -	\$ 194,520	\$ -	\$ -	\$ -	\$ 194,520	\$ 8,689,014
2027			\$ -	\$ 242,979	\$ -	\$ -	\$ -	\$ 242,979	\$ 8,931,993
2028			\$ -	\$ 245,408	\$ -	\$ -	\$ -	\$ 245,408	\$ 9,177,401
2029			\$ -	\$ 355,790	\$ -	\$ -	\$ -	\$ 355,790	\$ 9,533,191
2030			\$ -		\$ -	\$ -	\$ -	\$ -	\$ 9,533,191
2031			\$ -		\$ -	\$ 533,389	\$ -	\$ 533,389	\$ 10,066,580
2032			\$ -		\$ -	\$ 563,792	\$ -	\$ 563,792	\$ 10,630,372
2033			\$ -		\$ -	\$ 569,430	\$ -	\$ 569,430	\$ 11,199,802
2034			\$ 65,446		\$ -	\$ 575,124	\$ -	\$ 640,570	\$ 11,840,372
2035			\$ 253,398		\$ 36,472	\$ 580,875	\$ -	\$ 870,745	\$ 12,711,117
2036			\$ 255,932		\$ 259,734	\$ 586,684	\$ -	\$ 1,102,350	\$ 13,813,467
2037			\$ 258,491		\$ 262,331	\$ 592,551	\$ -	\$ 1,113,373	\$ 14,926,841
2038			\$ 261,076		\$ 264,955	\$ 598,477	\$ -	\$ 1,124,507	\$ 16,051,348
2039			\$ 263,687		\$ 267,604	\$ 604,461	\$ -	\$ 1,135,752	\$ 17,187,100
2040			\$ 266,323		\$ 270,280	\$ 610,506	\$ -	\$ 1,147,110	\$ 18,334,210
2041			\$ 268,987		\$ 272,984	\$ 616,611	\$ -	\$ 1,158,582	\$ 19,492,792
2042					\$ 275,715	\$ 622,777	\$ -	\$ 898,492	\$ 20,391,284
2043					\$ 278,473	\$ 629,005	\$ 121,796	\$ 1,029,274	\$ 21,420,558
2044						\$ 635,295	\$ 159,999	\$ 795,294	\$ 22,215,852
2045						\$ 641,648	\$ 161,599	\$ 803,247	\$ 23,019,098
2046						\$ 648,064	\$ 163,215	\$ 811,279	\$ 23,830,377
2047							\$ 164,847	\$ 164,847	\$ 23,995,224
Total	\$ 936,640	\$ 7,286,416	\$ 2,040,534	\$ 1,038,697	\$ 2,312,792	\$ 9,608,690	\$ 771,455	\$ 23,995,224	\$ 23,995,224

History of Economic Development Grant Awards for Minnetonka Projects (2016-Present)

Year Awarded	Fund / Project Name	Grant Amount
2016	NatureWorks - Minnesota Investment Fund	\$250,000
2017	LCDA-TOD (Mariner)	\$1,876,500
2018	Hennepin County Corridor Planning Grant (Opus Design Guidelines)	\$50,000
2018	Hennepin TOD (Mariner)	\$450,000 *
2018	Hennepin AHIF (Mariner)	\$400,000 *
2018	LHIA - Mariner	\$210,500
2018	LCDA-TOD (Dominium)	\$2,000,000
2019	MN DEED Job Creation Fund (Carlson Wagonlit)	\$450,000
2019	MN DEED Job Creation Fund (PeopleNet/Trimble)	\$600,000
2019	MN DEED Minnesota Investment Fund (PeopleNet/Trimble)	\$1,000,000
2020	Hennepin County Brownfields Gap Financing Participation (Opus AUAR Study)	\$44,000
2020	MN DEED Redevelopment Grant (Shady Oak Crossing)	\$246,653
2020	Hennepin County TOD (Shady Oak Crossing)	\$250,000 *
2020	Met Council TBRA (Shady Oak Crossing)	\$414,200
2021	Hennepin County TOD (Wellington)	\$250,000 *
2021	Homes Within Reach	\$188,000
2022	King Technology	\$617,000
2023	Metropolitan Council Policy Grant	\$50,000
	Total	\$9,346,863

** Indicates funds that were not applied for by the city, but required staff support and city administration.*



AFFORDABLE HOUSING GOALS



**MINNETONKA
ECONOMIC
IMPROVEMENT
PROGRAM**

CRITICAL MEASURES OF REGIONAL HOUSING POLICY

projected *NEED*

Significantly more households will need affordable housing in the next decade - whether we plan for them or not. Our region will be more successful if we all do what we can to address the growing affordable housing need.



More households will *NEED* affordable housing

Cities are allocated a share of the region's projected need

Cities' share of the region's growth in affordable housing need is on their Community Page within the Local Planning Handbook. This share is proportional to a city's overall forecasted growth, its existing affordable housing stock, and the ratio of low-wage jobs to low-wage earning residents.

Cities must plan for their share of the need

Cities aren't required to create enough units to meet their share of the need, but they must plan for the possibility of these units by guiding sufficient land at higher residential densities in their comprehensive plans.

achievable *GOAL*

An aspirational but realistic number of new affordable housing units that a city, in partnership with developers, funders and others, can help create by 2030.



Livable Communities Act *GOAL*

Cities negotiate their goal with the Council.

Cities wanting grants from the Livable Communities Act programs must negotiate a goal with the Council. The goal represents the affordable and life-cycle housing that developers could realistically build in a city, recognizing market conditions and available funding.

Why participate in Livable Communities Act programs?

The Livable Communities Act programs give participating cities access to grant dollars for environmental clean-up, innovative development and redevelopment projects, and affordable housing production or preservation.

performance *SCORE*

The Council recognizes communities for their efforts around affordable housing annually. Scores can influence certain Council funding decisions.



Housing Performance *SCORE*

How can cities achieve a higher score?

The Council annually calculates a Housing Performance Score to acknowledge the local efforts to create and preserve affordable housing. Cities can increase scores by creating or preserving affordable housing as well as by offering programs, plans and tools that support and encourage affordable housing.

Do Housing Performance scores matter?

Housing Performance Scores affect a city's competitiveness for Livable Communities Act funding and regionally allocated federal transportation funding. Data collected in the scoring process also provides useful information on how cities are addressing their housing needs.

2021-2030 ALLOCATION OF AFFORDABLE HOUSING NEED

The 2021-2030 Allocation of Affordable Housing Need—or the *NEED*—is based on forecasting consistent with [Thrive MSP 2040](#), the regional development guide adopted in May 2014 by the Metropolitan Council. The *NEED* numbers are shared with local governments to aid their fulfillment of affordable housing planning responsibilities statutorily required by the [Metropolitan Land Use Planning Act](#). The *NEED* is proportional to 1) a city or township's total forecasted population growth between 2021 and 2030, 2) its existing affordable housing stock, and 3) the ratio of low-wage jobs to low-wage earning residents. The full methodology is described in the Council's [2040 Housing Policy Plan](#). Here, affordable refers to housing units that households at three levels of Area Median Income—as defined by the [U.S. Department of Housing and Urban Development](#)—could pay for without becoming cost-burdened (that is, spending more than a third of their income on housing costs).

As local governments submit their comprehensive plans and formal updates over the next decade, their forecasts and/or *NEED* numbers may change. *NEED* numbers are current as of the date indicated; refer to [Community Pages in our Local Planning Handbook](#) for the most current information, which is updated in real time.

	Net population growth (2021-2030) (1/29/2021)	<i>NEED</i> for affordable units, total (1/29/2021)	<i>NEED</i> for units afford- able to households with income at or below 30% of AMI	<i>NEED</i> for units afford- able to households with income 31% to 50% of AMI	<i>NEED</i> for units afford- able to households with income 51% to 80% of AMI
Sewered Communities					
Hennepin County					
Minnetonka	2,400	1,064	508	412	144

AFFORDABLE HOUSING GOALS

Progress on the city's affordable housing goals.

In 1995, the Minnesota Legislature created the Livable Communities Act (LCA) to address the affordable and life-cycle housing needs in the Twin Cities metropolitan area. When the LCA was established, Minnetonka was one of the first communities to sign up to participate in the program. At that time, a series of affordable housing goals for the city was established for 1996 to 2010. The city has elected to continue to participate in the LCA program, establishing affordable and lifecycle housing goals for 2011 to 2020. In 2020, the city will establish new goals for 2021-2030.

1995-2010 AFFORDABLE HOUSING GOALS

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

1995-2010 New Affordable Ownership Units

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

1995-2010 New Affordable Rental Units

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

2011-2020 AFFORDABLE HOUSING GOALS

	Goals (2011-2020)	Results	Percent Achieved (to date)
New Affordable Units (rental & ownership)	246 to 378	679	276%
New Lifecycle Units	375 to 800	1,655	441%

2011-2020 New Affordable Units (rental and ownership)

Project	Year Completed	Affordable Units	EIP Program Used
The Glenn by St. Therese	2011	30	Glenhaven TIF
The Ridge	2013	51	TIF Pooling
Tonka on the Creek	2016	20	Tonka on the Creek TIF
At Home	2016	21	Rowland Housing TIF
Cherrywood Pointe	2017	8	N/A
The RiZe	2019	32	N/A
Preserve at Shady Oak/ Legends of Minnetonka	2020*	482	TIF Housing
Marsh Run	2020*	35	TIF Housing
Total	N/A	679	N/A

2011-2020 New Lifecycle Units

Project	Year Completed	Lifecycle Units	EIP Program Used
The Glenn by St. Therese	2011	150	Glenhaven TIF
The Ridge	2013	64	TIF Pooling
Tonka on the Creek	2016	100	Tonka on the Creek TIF
At Home	2016	106	Rowland Housing TIF
Applewood Pointe	2017	89	Applewood Pointe TIF
Lecesse*	2017	290	N/A
Cherrywood Pointe	2017	92	N/A
Zvago	2017	54	Glenhaven TIF
Orchards of Minnetonka	2019	147	N/A
Havenwood	2019	100	N/A
Minnetonka Hills	2019	78	N/A
Ridgedale Executive Apts	2020*	77	N/A
Avidor	2020*	168	N/A
Marsh Run	2020*	140	TIF Housing
Total	N/A	1,655	N/A

2021-2030 AFFORDABLE HOUSING GOALS

	Goals (2021-2030)	Results	Percent Achieved (to date)
New Affordable Units (rental & ownership)	558 - 1,064	725*	129%
New Lifecycle Units	2,400	1094*	46%

*New construction is not counted toward the goal until the project is occupied.

2021-2030 New Affordable Units (rental and ownership)

Project	Year Completed	Affordable Units	EIP Program Used
Preserve at Shady Oak/ Legends of Minnetonka	2021	482	TIF Housing
Shady Oak Crossings	2021	35	TIF Pooling
The Pointe	2023	19	AHTF
Alcott	2023	53	AHTF
Minnetonka Station	2023	28	AHTF
Townline	2023	68	Opus TIF
Marsh II – Doran	2024*	40	Marsh II TIF
Total	N/A	725	

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

2021-2030 New Lifecycle Units

Project	Year Completed	Lifecycle Units	EIP Program Used
Shady Oak Crossings	2021	52	TIF Pooling
The Pointe	2023	186	Development Fund
Alcott	2023	297	Opus TIF
Minnetonka Station	2023	247	Opus TIF
Townline	2023*	155	Opus TIF
Marsh II	2024*	157	Marsh II TIF
Total	N/A	1,094	

*Indicates projects that are approved, but not yet constructed therefore affordable and lifecycle units are not counted in the 2021-2030 goals.

DRAFT - 2023 AFFORDABLE HOUSING INCOME LIMITS

Household Size	30%	50%	60%	80%	120%
1	\$26,100	\$43,500	\$52,200	\$66,300	\$99,288
2	\$29,800	\$49,700	\$59,640	\$75,750	\$113,472
3	\$33,550	\$55,900	\$67,080	\$85,200	\$127,656
4	\$37,250	\$62,100	\$74,520	\$94,650	\$141,840
5	\$40,250	\$67,100	\$80,520	\$102,250	\$153,187
6	\$43,250	\$72,050	\$86,460	\$109,800	\$164,534
7	\$46,200	\$77,050	\$92,460	\$117,400	\$175,881
8	\$50,560	\$82,000	\$98,400	\$124,950	\$187,228
Twin Cities Median Family Income 2023: \$124,900					

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 residents pay for affordable housing?

Maximum Gross Rents by Bedroom Size				
AMI	Studio	1 bedroom	2 bedroom	3 bedroom
30%	\$652	\$699	\$838	\$969
50%	\$1,087	\$1,165	\$1,397	\$1,615
60%	\$1,304	\$1,398	\$1,676	\$1,938
80%	\$1,739	\$1,864	\$2,235	\$2,584

Maximum rent tables are published annually with Minnesota Housing:
<https://www.mnhousing.gov/sites/multifamily/limits>

Affordable rent based on sample occupations and their average salaries

Occupation	Median Salary	Affordable Rent
Fast Food Workers	\$31,618	\$790
Retail Salesperson	\$33,867	\$847
Laborers	\$44,308	\$1,107
Chef / Head Cook	\$51,414	\$1,285
Elementary School Teacher	\$64,362	\$1,609
Electrician	\$74,451	\$1,861
Nurse	\$87,291	\$2,182
Veterinarian	\$106,315	\$2,657

Salaries are based off of MN DEED data (2022)

Minnetonka Housing/Business Development Policies

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

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

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

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

Chapter 2: Administration and Finance

2.4 – Special Assessments with Tax Increment Districts

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

2.14 - Tax Increment Financing Pooling Fund

2.15 - Housing Improvement Areas

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

2.18 - Tax Increment Financing and Tax Abatement

2.19 – Debt Management

Chapter 11: Streets, Parks, and Other Public Property

11.12 – Real Estate Property Management

Chapter 12: Public Utilities

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

Chapter 13: General Provisions and Policies

13.1 Fair Housing

13.2 Affordable Housing Policy

GLOSSARY

Community Development Block Grant (CDBG)	A program through HUD assisting state and local governments with a variety of community development needs
Department of Employment and Economic Development (DEED)	A state agency assisting in economic development through programs targeting business recruitment, expansion and retention; workforce development; and community development
Economic Development Advisory Commission (EDAC)	An advisory commission to the city council on matters related to economic development, housing and redevelopment
Economic Development Authority (EDA)	An authority granted to local governments by the state for the purpose of conducting economic development, housing and redevelopment activities. EDAs have the ability to levy taxes
Housing Improvement Area (HIA)	A defined area in the city in which housing improvements to commonly owned space in condominium/townhouse developments may be financing with the assistance of a city through special assessments
Housing and Redevelopment Authority (HRA)	An authority granted to local governments by the state for the purpose of conducting housing and redevelopment activities
Light Rail Transit (LRT)	A mode of public transit where trains run in a separate right of way
Livable Communities Act (LCA)	A program adopted in 1995 by the Minnesota State Legislature and administered by the Metropolitan Council for purposes of increasing affordable housing and investing in local communities
Metropolitan Council	A regional policy-making body, planning agency and provider of services to guide growth in the Twin Cities metropolitan area
Metro Transit	The transit arm of the Metropolitan Council responsible for running the metropolitan area's bus and train systems
MN Investment Fund (MIF) and Job Creation Fund (JCF)	Business financing tools offered by DEED to help businesses locate or expand in Minnesota
Property Assessed Clean Energy (PACE)	A program that allows businesses to make clean energy investments in their businesses by financing the costs through a special assessment on the property
Tax Abatement	A temporary deferral of property taxes for purposes of stimulating economic development
Tax Increment Financing (TIF)	A financing tool where additional property taxes are generated from a new development are captured and used for public purposes such as housing, removal of blight and employment opportunities
U.S. Department of Housing and Urban Development (HUD)	Established in 1965 as a cabinet-level federal agency that is responsible for housing and community development activities



**Economic Development Advisory Commission
Item #6
Meeting of August 23, 2023**

Title: Staff Report

Report From: Alisha Gray, EDFP, Economic Development and Housing Manager
Rob Hanson, EDFP, Economic Development Coordinator
Kendyl Larson, Housing Coordinator

Submitted through: Julie Wischnack, AICP, Community Development Director

Action Requested: Motion Informational Recommendation Vote
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed 4 votes 5 votes N/A Other

Summary Statement

Staff updates on community transit, economic development, and housing matters.

Recommended Action

Receive the report; no formal action is required.

Strategic Profile Relatability

Financial Strength & Operational Excellence Safe & Healthy Community
 Sustainability & Natural Resources Livable & Well-Planned Development
 Infrastructure & Asset Management Community Inclusiveness N/A

Transit Updates

Green Line Extension (Southwest LRT)

Minnetonka Updates:

- Bren Road East is anticipated to close for one day on August 17 for systems work with brief impacts to Yellow Circle Drive. Bren Road East south of the closure will be converted to a temporary two-way condition.
- Red Circle Drive is anticipated to close on August 21 for approximately two weeks for roadway and guard rail work.
- Bren Road West is anticipated to close on August 24 and 25 for systems work.

Bus System:

Network Next Update:

Through spring and early summer, we collected responses from over 5,000 individuals. Feedback was gathered primarily via a survey but also at events, meetings and while riding routes. For the survey, respondents answered questions based upon their values and beliefs regarding transit service. The feedback collected is being reviewed further to analyze which values and services are prioritized by the community. Demographic factors will assist the project team with understanding how survey results were shaped by mobility status, ridership frequency, and other socioeconomic factors of participants.

This feedback from the community engagement, along with service performance data and policy analysis, will result in a Phase 1 report due late summer. This report will give initial guidance on our decision-making framework and help set priorities for modest service additions until overall project can be completed in mid-2024.

Recent funding approved by the 2023 MN legislature and positive changes in hiring transit operators has led to holding off on discussions to suspend or alter transit routes until 2024.

Metro Transits' driver shortage is easing, and they have responded by updating bus route frequency and service in Minnetonka. The following routes will be adjusted:

- Route 645 services will be restored west of Wayzata.
- Routes 615 and 645 frequency improvements from 120-minute intervals to 60-minute intervals.
- Route 9 frequency will be improved from 60 minutes to 30-minute intervals.

Development Updates

Projects	Location	Status
<i>Housing</i>		
The Pointe (Amira Minnetonka)	801 Carlson Pkwy	Open
Minnetonka Station	Opus	Under Construction
Doran (Shady Oak)	5959 Shady Oak Rd	Phase 1 Open
The Townline Apartments (Wellington)	10901 Red Circle Dr	Open
Greystar Development	10701 Bren Road	Pending
Marsh Run II	11816 Wayzata Blvd	Approved
City-owned Properties	Rowland/Baker	Proposal Received
<i>Misc. Projects</i>		
Ridgedale Area Park Project	Ridgedale Dr	Open
<i>Business Projects</i>		
<ul style="list-style-type: none"> • Daves Hot Chicken - open • Ichiddo Ramen • Nike - open • Evereve - open • Spavia 	Ridgedale Area	

Business Updates

Thrive Newsletter

The [Summer Issue of Thrive](#) Minnetonka was mailed at the beginning of June. This issue featured a highlight of the newly opened Ridgedale Park and a story on a newly opened Minnetonka business, Indoor Zoomies.

Each issue is mailed to 1,208 unique addresses and is sent out electronically to 1,515 email subscribers.

Elevate Business Consulting

The City of Minnetonka partners with Hennepin County’s Elevate Hennepin Business Advisor Network to provide business consulting services to businesses and entrepreneurs in Minnetonka. Hennepin County currently contracts with 38 business advisors to provide cohort learning opportunities, professional consulting services, and 1:1 business advising.

Overall in Q2 of 2023, 12 Minnetonka businesses received 84 hours of assistance through the service. Of those participants 65% were female, and 69% identified as something other than Caucasian.

System wide, the most popular services requested by businesses include “general business services,” marketing, legal services, and access to capital.

*Business Workplan Update – **Bold items are recent updates.***

Activity / Topic	Status
Employer Benefit: Down Payment Assistance/Rent	Future
Encourage Business Education Network Partnerships	Underway
Encourage Business Participation in Local High School Career Programs	Future
Technical Assistance for the Creation of Career Pathway Programs	Underway
Police/Community Development Quarterly Business Meetings	Underway
Commercial Code Compliance Loan Program	Complete
CPTED Certification for city staff	Complete – Staff reviews commercial and multifamily plans for CPTED issues
Construction Technical Assistance Marketing Program	Research
Recurring meeting with Xcel Intragovernmental Liaison Staff	Future

Neighborhood Meetings for County/DOT Road Projects	Future
Partner with MPLS Chamber to host business mixers/hiring fairs	Future
Mayor's Outstanding Business Award	Underway
Update of city business development webpages	Complete
Obtaining and maintaining up-to-date local economic data	Ongoing – Staff working to obtain updated city traffic pattern data in collaboration with Police Department.
Business Registration Form	Future
Emergency Assistance Fund	Complete – Guidelines and programming have gone live.
Review contract procurement procedures to encourage DBE contract awards	Underway
List culturally relevant business development centers on the website	Complete

Housing Updates

His House Foundation

On July 27, 2022, The City of Minnetonka and His House Foundation partnered to establish a two-year pilot program to help 24 homeless Minnetonka households. The Emergency Homelessness Response Assistance Program provides temporary relief for households experiencing a housing emergency and experiencing homelessness. The program provides financial assistance for casework, temporary housing, and first-month rent deposits. His House Foundation assists local homeless residents with intensive case management, temporary housing in extended-stay hotels, and assistance with long-term housing solutions.

The program officially started in September 2022, and His House Foundation has assisted 15 Minnetonka households experiencing an emergency homeless situation. Approximately \$58,832 has been used to support the five households, with roughly \$141,168 remaining in the program funds.

Specific Resources Spent	
Lease Termination	\$956
Hotel Expenses	\$37,576 (423 days collectively)
Case Management	\$18,475 (739 hours at \$25/hr)
Other (Moving, Uber, etc.)	\$1,825

Mortgage Assistance

HomeHelpMN stopped accepting new applications on July 7 after moving new applicants to a waitlist as funds run low. Homeowners with incomes at 100% AMI or under who had fallen behind on their mortgage or incurred other housing-related expenses were eligible for the funding. Details of the program include:

- Eligible expenses include mortgage payments, contract for deed payments, manufactured housing loans, property taxes, property insurance, homeowner or condo fees, and manufactured home lot rent.
- Homeowners were eligible for up to \$50,000.
- Have past-due expenses in one of the eligible categories

As of the end of June, HomeHelpMN received over 12,700 applications, which represent 100% of the total available funding. About 86% of the available funds had been distributed. View the [Program Dashboard](#) to get more demographic information on applicants.

Emergency Rental Assistance

ICA and Minnetonka continue to offer emergency rental assistance for Minnetonka residents financially impacted by the COVID-19 pandemic in 2020. The city council approved \$300,000 in funding for the program. As of June 2023, 210 households received \$279,435 in direct rental assistance through the city's emergency rental assistance program. The average assistance per household was \$1,330. There is a balance of \$20,565.37 of assistance remaining, and the city approved and has allocated an additional \$50,000 for 2023.

State Legislative Update

The 2023 Legislative session resulted in significant investment in homelessness and housing. The \$2.6 billion investment in housing stability over the next four years is the largest in state history. The investment in housing focuses on increasing the amount and affordability available, and the investment in homelessness focuses on prevention efforts and providing services and support to people who need help finding and keeping housing. Below is a list of a few important programs funded and policy changes.

Housing Investment	
Housing Infrastructure	\$200M in FY 24-25
Community Stabilization	\$90M in FY 24-25
Workforce Homeownership Program	\$60M in FY 24-25
Homeownership Investment Grants	\$40M in FY 24-25
CDFI First Generation Downpayment Assistance	\$100M in FY 24-25
Local Housing Trust Fund Grants	\$5.8M in FY 24-25
Rental Assistance "Bring it Home"	\$123M in FY 24-25 and \$144M in FY 26-27
\$0.25 Metro Sales Tax: City of Minnesota is estimated to receive \$626,311 in 2024	
Tax Class change for Community Land Trust properties	

Homelessness Investment	
Emergency Shelter Facilities	\$100M in FY 24-25
County Grants to Provide Services to People Experiencing Homelessness – Hennepin County	\$11.4M in FY 24-25
Housing Stabilization Services	\$3.5M in FY 24-25 and \$6M in FY 26-27
Homework Starts with Home	\$2M in FY24-25 and \$2M in FY 26-27
Family Homelessness Prevention and Assistance Program	\$95M in FY 24-25
Strengthen Supportive Housing	\$25M in FY 24-25

In addition to the investment in homelessness and housing, the legislature passed tenant protections. The tenant/landlord law update is the most substantial change in a single session in the Minnesota legislature in the state's 165-year history. Below are a few of the protections enacted.

- *Stronger Privacy Rules* – Landlords must provide 24-hour notice before entering a tenant's apartment unless otherwise agreed upon.
- *Emergency Repair* – expands the list of emergency repairs.
- *Pre-Eviction Protections* – Landlords must give tenants 14 days written notice before filing an eviction.
- *Transparency in the cost of housing* – Landlords must disclose non-optional fees on the first page of the lease.

City Council Study Session

At the [July 24, 2023 study session](#), the city council provided updates on housing and business programs. Topics will include general housing updates, discussion regarding a rental registry program, zoning code analysis, legislative updates, and business program updates. The council supported the recommendation from staff to pursue a rental registry program. Over the next few months, staff will develop the program to present to the council later this year. Additionally, the city selected ZoneCo to analyze the zoning ordinance relative to comprehensive plan goals and provide a diagnostic report to the city, outlining areas of code/comprehensive plan conflict and a "menu" of possible solutions. Katherine Westby, the city's Zone Co. project manager, attended the study session to present a work plan for the next several months.