Agenda
City of Minnetonka
Economic Development Advisory Commission
Thursday, October 15, 2026
6:00 PM
Council Chambers
14600 Minnetonka Blvd.

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes
   - A. Aug. 13, 2026 meeting minutes
5. Business Items
   - A. 2026 TIF Management Report
   - B. 2050 Comprehensive Guideplan Process Review
   - C. Economic Development and Housing Updates
6. Adjournment

The next scheduled EDAC meeting will be held on Nov. 12, 2026.

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, FAICP, Community Development Director, (952) 939-8282

Economic Development Advisory Commission
Agenda Item 4.A
Meeting of October 15, 2026

Title:	Aug. 13, 2026 meeting minutes
Report from:	Lois Mason, Secretary
Submitted Through:	Julie Wischnack, FAICP, Community Development Director Alisha Gray, EDFP, Economic Development and Housing Manager

Action Requested:	Motion
Form of Action:	Minutes
Votes needed:	4 votes

Recommended Action
Approve the minutes.

Background
See attached draft minutes.

ATTACHMENTS:
Minutes

Unapproved
Minutes
Minnetonka Economic Development Advisory Commission
Regular Meeting
Aug. 13, 2026

1. Call to Order

Chair Duginske Cibulka called the meeting to order at 6 p.m.

2. Roll Call

Commissioners Anderson, Connors, Haeg, Pebbles and Duginske Cibulka were present. Falk and Jin were absent.

Community Development Director Julie Wischnack, Economic Development and Housing Manager Alisha Gray, Housing Coordinator Kendyl Larson and Economic Development Coordinator Kjerstin Yager were present.

Councilmember Paula Ramalay was present.

3. Approval of Agenda

A. Approval of Agenda

The agenda was approved as submitted.

4. Approval of Minutes

A. Approval of June 11, 2026 Meeting Minutes

Anderson moved, Connors seconded a motion to approve the meeting minutes. All voted "yes." Motion carried.

5. Business Items:

A. 2027-2031 Economic Improvement Program

Chair Duginske Cibulka introduced the item and called for the staff report.

Gray reported.

Chair Duginske Cibulka asked how the updated zoning ordinance may impact the demand for programs that provide funds for affordable housing. Wischnack stated that the draft of the proposed zoning ordinance aims to stimulate housing growth of all types that may be able to utilize funds to provide affordable housing.

Connors noted that one Pathways loan has been completed so far in 2026. She asked if more applications are in the process of utilizing the Pathways program. Larson answered affirmatively. The Center for Energy and Environment (CEE) is processing additional loan applications received for the Pathways program. Gray

noted that applicants often apply for the Pathways loan and then wait for the right home to become available to purchase.

Haeg would appreciate a matrix that shows housing supply and affordability outcomes in one place that would include the number of new units; the number of affordable units created; the number of naturally-occurring-affordable units preserved; the number of income-restricted units preserved; the number of households assisted; and the amount of public dollars spent per unit. Gray reviewed how that information is provided to the EDAC in different sources. She agreed that it would be helpful to combine information in one place to show who the programs are serving. Comparing the price-per-units would need to include a multitude of additional factors. Wischnack noted that a few more columns could be added to the graph summarizing the programs.

Chair Duginske Cibulka stated that each program has its own unique costs and unique site conditions. Oftentimes, affordable housing works in locations where market-rate homes do not. As a community, Minnetonka leadership has been very conscious of making decisions regarding affordability that are not just quantitative, but prioritize and support people who would not otherwise have access to live in the community. There is a qualitative aspect that goes beyond the potential marginal increase.

In response to Haeg's question, Wischnack explained that the EIP includes a list of city-owned properties that may potentially be sold and utilized.

Haeg recommended creating a list of aging condominium properties that may need to utilize HIA funds. He noted that the HIA program sunsets in 2028. Wischnack explained that the state statute will expire as it was set to do one other time, but then the program was renewed. She suspects it will be extended. Gray stated that the city's housing study contains a list of what properties may need assistance to do repairs. Wischnack recalled that there are 5,000 condominium and townhome units in that category now.

Gray continued the report.

Haeg appreciates that pedestrian-safety improvements are scheduled to be done in 2027 for high-transit areas.

In response to Anderson's question, Gray answered that there may be a couple of projects on the horizon that may be able to utilize local-affordable-housing aid (LAHA). Wischnack explained that LAHA cannot be used for a program that already exists. LAHA that was allocated the first year needs to be spent by the end of 2028.

Anderson suggested that it may be beneficial for Homes Within Reach to give a presentation to the EDAC. Chair Duginske Cibulka agreed.

Haeg appreciates the amount of outreach staff has been providing to businesses and the business surveys. He is especially interested in the survey responses from new businesses.

Connors moved, Anderson seconded a motion to recommend that the city council adopt the 2027-2031 Economic Improvement Program. All voted “yes.” Motion carried.

Chair Duginske Cibulka appreciated the work put into the EIP.

B. Economic Development and Housing Updates

Chair Duginske Cibulka introduced the item and called for the staff report.

Yager, Wischnack and Larson reported.

The next EDAC meeting is scheduled to be held Sept. 10, 2026.

The fire and city open house is scheduled to be held Oct. 6, 2026.

The Burwell Spooktacular is scheduled to be held Oct. 30, 2026.

6. Adjournment

The meeting adjourned at 7:18 p.m.

Economic Development Advisory Commission
Agenda Item 5.A
Meeting of October 15, 2026

Title:	2026 TIF Management Report
Report from:	Alisha Gray, EDFP, Economic Development and Housing Manager
Submitted Through:	Julie Wischnack, FAICP, Community Development Director

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Action Requested:	Informational
Form of Action:	Report
Votes needed:	N/A

Recommended Action
Receive the report.

Background
See attached staff report.

ATTACHMENTS:
TIF Management Report

Background

The City of Minnetonka first used Tax Increment Financing (TIF) about 30 years ago and has used it since. Compared with other communities, Minnetonka has taken a relatively conservative approach to using TIF to accomplish housing, redevelopment, and economic development goals that add public benefit to the community.

In July 2014, the city council formally adopted a TIF/Tax Abatement policy (attached), establishing a framework to address development inquiries. The policy also provides consistent criteria to analyze the city's potential use of various financing tools.

TIF Management Report

In 2010 and 2011, the "Jobs Bill" legislation authorized cities to pool cash balances from existing TIF districts to support construction or long-term development. This effort assisted the development of St. Therese in the Glenhaven district.

The city sought special legislation in 2021 to allow pooling for any type of affordable housing efforts. This legislation originally allowed Minnetonka to transfer $4.9 million from the city's pooled TIF to the affordable housing trust fund to secure additional affordable housing. To date, the pooled TIF, in the trust fund, has accomplished the following housing goals:

- Supported three affordable housing multi-unit developments with the production of 100 affordable units and 711 market-rate units.
- Provided a $1 million loan to Cedar Hills to assist with the rehabilitation of very low-income units.
- Provided $450,000 in rental assistance.
- Supported unhoused persons with $250,000 in programming to receive shelter and housing supports.
- Supported the development of the Pathways to Homeownership Program with a total of $1,275,000 in funding.
- Supported the development of 10 owner-occupied twinhomes that will be constructed by Habitat for Humanity ($750,000).
- Supported the development of an owner-occupied twinhome at 5432 Rowland

On Nov. 10, 2025, the city council and EDA approved modifications to the Applewood Pointe, Glenhaven, and Shady Oak Crossing Tax Increment Financing Districts to allow up to 10% to be retained for affordable housing.

- These transfers resulted in an additional transfer of $5,165,040 to the Affordable Housing Trust Fund for Affordable Housing.

As of October 1, 2026, there is a remaining available balance of $7,381,861 for affordable housing in the Affordable Housing Trust Fund.

Stacie Kvilvang from Ehlers and Associates will attend the Oct. 15, 2026, EDAC meeting to present the 2026 TIF report and recommendations.

Recommendation

Staff recommends the EDAC receive the report and provide feedback.

Attachments

- 2026 TIF Management Memo
- 2026 TIF Management Executive Summary
- TIF Policy
- TIF Pooling Policy
- Affordable Housing Policy
- Excerpt from League of MN Cities Handbook – Tax Increment Financing

Supplemental Information

- Affordable Housing Dashboard

MEMORANDUM

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

FROM: Stacie Kvilvang - Ehlers

DATE: October 15, 2026

SUBJECT: TIF Status Report

The City currently has nine (9) active TIF districts, of which four (4) are housing districts, three (3) are redevelopment districts, and two (2) are renovation and renewal districts. Every two years we review the status, financial condition, debt management and future value of the districts and provide recommendations to the City/EDA on management related items regarding use of funds and required decertification's. Based upon our review, the following are our findings and recommendations.

Findings

1. Overall, the city's TIF districts are meeting their intended purpose, performing well and furthering city strategic priorities and TIF Policy objectives.

2. The city's TIF districts are self-supporting, and most districts are anticipated to fully pay off their obligations ahead of their term.

3. The overall market value of certified districts where development is complete has increased approximately 1,557% since their establishment.

4. The City has strategically utilized the creation of TIF districts; therefore, only 2.95% of the City's tax capacity is captured in TIF districts.

5. In the next three (3) years, two (2) districts will decertify (Applewood Pointe and Glenhaven), allowing the full tax capacity to spread the City's tax levy over.

6. Development projects assisted with TIF are making a substantive contribution to the city's economy, taxable market value, affordable housing goals, advancing the city's strategic priorities, and are assisting the city in maintaining its AAA bond rating.

Recommendations

1. ***Return of Increment From Hedberg Soils District to County For Redistribution.*** This District has a fund balance of approximately $797,000. In 2024 we recommended decertification of this District and that the City send the balance back to the County for redistribution to provide a $0 balance in this fund. This will negate the need to report annually on the district in the future (starting in 2027). The City's proportionate share that will be returned is approximately $297,830 and these dollars are available for any purpose determined by the City/EDA, including future monitoring obligations of the district.

2. ***Return of Increment From Applewood Pointe to County For Redistribution.*** In 2025, the EDA made a modification to allow the EDA authority to collect up to $970,301 in TIF for affordable housing. In 2026, we are recommending that the EDA transfer the remaining allowable amount of $185,478. This will leave a balance of $115,081 to be returned to the County for redistribution, resulting in a $0 balance in this fund. This will negate the need to report annually on the district in the future (starting in 2027). The City's proportionate share that will be returned is approximately $43,000, and these dollars are available for any purpose determined by the City/EDA.

3. ***Glenhaven Budget Modification.*** The City/EDA has two options it could pursue for this District: (i) complete a public hearing and modify the budget before the end of the year to increase the amount for affordable housing (prior administrative modification was limited on what could be contributed to affordable housing). This will increase the 2026 transfer to the AHTF from $83,446 to $500,000; or (ii) transfer the $83,446 to the AHTF and not do the modification. Either option will likely allow the EDA to pay off the bonds two years early and decertify the district at the end of 2028.

4. ***Election to Retain an Additional 10% for Affordable Housing.*** We recommend completing an administrative modification (resolution by EDA) in 2026 to amend the TIF budgets for the Marsh Run II and Opus TIF Districts, providing the City/EDA with the flexibility to retain the additional funds in the future. The current obligation in the Marsh Run II TIF district will be paid in 2037, and the City/EDA would be required to decertify the district 5 years later (2042), after collecting the additional funds for affordable housing. The Current obligation in the Opus Business Park TIF district will be paid in 2030. Even if the City/EDA makes this election, it will not extend the TIF district term beyond 2030 at this time. If the Districts remain open, they will generate approximately $3.2 million and $3 million respectively for affordable housing. The funds would remain in the respective TIF funds until such time as an authorized use is identified.

5. ***2021 Special TIF Legislation for Affordable Housing Trust Fund (AHTF)***. Staff and Ehlers will review the TIF districts with cash balances available for transfer prior to year-end, as approved by the 2021 special legislation.

October 2026

TIF DISTRICT MANAGEMENT REVIEW & ANALYSIS – EXECUTIVE SUMMARY:

City of Minnetonka, MN

Prepared by:

Ehlers
3001 Broadway Street NE, Unit 320
Minneapolis, Minnesota 55413

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Table of Contents

OVERVIEW 3

OUTCOMES FROM USE OF TIF 4

NUMBER OF DISTRICTS 4

INCREASE IN MARKET VALUE 6

TIF FOR AFFORDABLE HOUSING 7

TAX CAPACITY CAPTURED IN TIF 9

IMPACT OF DECERTIFYING DISTRICTS 11

RECOMMENDATIONS 12

Appendix A - TIF District Summary 13

OVERVIEW

Continuous redevelopment is vital to maintaining the City's long-term economic health and vitality. It assures increase in tax base, housing diversification, neighborhood stability, sustainability, quality public infrastructure and strengthens the City's desirability and appearance (brand). Tax increment is a financing tool authorized by state law, that allows the City to capture and use most of the increased local property tax revenues from new development within a defined geographic area for a defined period of time. In general, tax increment revenues are used to pay for eligible project costs which encourage creation or retention of jobs, redevelop blighted areas or polluted sites and construction of affordable housing. Minnetonka has utilized TIF for key redevelopment and housing projects since 1977 when Glan Lake Station TIF District was established. Utilizing this tool to accomplish the various community development goals and strategic priorities, the City has optimized land uses, strengthened the tax base and diversified housing options, while cleaning up blighted sites and updating public infrastructure.

The City has been successful in obtaining special legislation to utilize this tool to further its strategic priorities from cleanup of a dump site in 1993 (Hedberg Soils District), to extend the term of the Glenhaven District by 7 years in 2009, and in 2021 obtained the ability to pool unused TIF to the City's Affordable Housing Trust Fund (AHTF) through 2026. Needless to say, the City's return on the short-term investment of TIF Districts has assisted it in meeting many of its strategic priorities.



OUTCOMES FROM USE OF TIF

The City has proactively utilized TIF to spur significant redevelopment within the City and to create options for life-cycle housing, different tenure of housing and affordable housing. In addition, redevelopment was undertaken to increase commerce options and opportunities in the form of new retail developments. In 1994, the City began investing in public/private partnerships for redevelopment projects with the first district being Beacon Hill. Since that time, the City/EDA has invested approximately $51.3 million. Overall, the City's TIF districts have met their intended purpose, performed well, and furthered other City projects as noted above. Below is a chart showing total residential units and/or commercial uses that are currently constructed or under construction.

	Use	Total Units or Sq. Ft.	Market Rate	Affordable	% Affordable	TIF Investment
	Residential	3,187 units	1,979	1,208	38%	$51,359,131
	Commercial	270,500 sq. ft.	N/A	N/A	N/A	

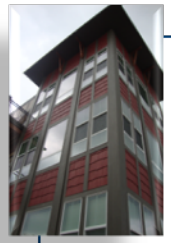
	30% AMI	50% AMI	60% AMI	80% AMI	100% to 115% AMI
# of Units	9	145	915	103	36
% of Overall Units	1%	12%	76%	9%	3%

Approximately $46.8 million (93%) of the City's overall $51.3 million investment has been to redevelop sites for affordable housing. This equates to an approximately $38,750/unit investment in the 1,208 units noted above.

NUMBER OF DISTRICTS

The City has created fifteen (15) TIF Districts since 1977. Six (6) of the districts are decertified (Glen Lake Station, Beacon Hill, Ridgebury, Heberg, Minnetonka Mills, and Boulevard Gardens) and there are currently nine (9) remaining districts as noted below.

9 Active TIF Districts



4 Housing Districts



3 Redevelopment Districts



2 Renovation & Renewal Districts

INCREASE IN MARKET VALUE

The overall market value of the City's Seven (7) TIF districts where development is complete and generating tax increment has increased approximately 1,557 percent since their establishment.

District	Original Market Value	Payable 2026 Market Value	Percent Increase in Value	Anticipated Decertification Date
Glenhaven	6,894,700	69,645,076	910.12%	12/31/2029
Tonka on the Creek	478,000	21,656,000	4430.54%	12/31/2041
Rowland Housing	300,000	22,260,000	7320.00%	12/31/2043
Applewood Pointe	1,544,600	30,555,767	1878.23%	12/31/2028
Marsh Run (Doran)	1,765,000	45,130,000	2456.94%	12/31/2046
Dominium	7,346,000	117,513,000	1499.69%	12/31/2046
Shady Oak Crossing (Ron Clark)	1,212,900	17,151,600	1314.10%	12/31/2043
	19,541,200	**323,911,443**	**1557.58%**	
Opus Business Park (Partial Completion)	73,806,000	261,350,000	254.10%	12/31/2039
Marsh Run II	3,085,000	18,070,000	485.74%	12/31/2050
	N/A	**N/A**	**N/A**	

TIF FOR AFFORDABLE HOUSING

In 2021, the City received special legislation which allowed it to transfer any unused balances in its housing TIF districts and the 35% from redevelopment and renewal and renovation districts to its AHTF. To date, the City has transferred approximately $5.165 million and is expected to transfer up to $1.430 million in 2026, for a total of approximately $11.556 million. Of the $1.430 million to be transferred in 2026, approximately $534,000 is the City's portion of taxes. The City's authority to make these transfers ends on December 31, 2026. Once all transfers are made, there is no time frame in which the EDA/City needs to expend the funds in the AHTF by.

POOLING FOR AFFORDABLE HOUSING

Gray Shaded Columns Depict TIF Districts That Have Been Modified to Allow For Additional 10% - Green Shaded Columns Are Hsg TIF Districts & Blue Districts are Ones That Require a Modification

Year	Boulevard Gardens (Redevelopment) DECERTIFIED	Applewood Pointe (Redevelopment)	Shady Oak Crossing (Redevelopment)	Glenhaven (Renewal and Renovation)	Beacon Hill (Housing) DECERTIFIED	Tonka on the Creek (Housing)	Rowland (Housing)	Marsh Run (Housing)	Dominium (Housing)	Marsh Run II (Redevelopment)	Opus Business Park (Renewal & Renovation)	Total	Cumulative	TIF Transferred to AHTF	TIF Remaining in the Respective Districts For Affordable Housing
To Date	$ 3,753,602	$ -	$ -	$ -	$ 936,640	$ 147,196	$ 124,242	$ -	$ -	$ -	$ -	$ 4,961,680	$ 4,961,680	$ 4,961,680	
2025	$ 3,782,012	$ 194,823	$ 15,661	$ 774,008	$ -	$ -	$ -	$ 218,387	$ 180,149	$ -	$ -	$ 5,165,040	$ 10,126,720	$ 5,165,040	
2026	$ -	$ 290,000	$ 15,000	$ 500,000	$ -	$ -	$ -	$ 53,120	$ 35,000	$ 37,000	$ 500,000	$ 1,430,120	$ 11,556,840	$ 1,430,120	
2027	$ -	$ 300,000	$ -	$ -	$ -	$ -	$ -	$ 52,528	$ -	$ -	$ 2,000,000	$ 2,352,528	$ 13,909,368	$ -	$ 2,352,528
2028	$ -	$ 185,478	$ -	$ 300,000	$ -	$ -	$ -	$ 53,053	$ -	$ -	$ 500,148	$ 1,038,679	$ 14,948,047	$ -	$ 1,038,679
2029	$ -	$ -	$ -	$ 100,000	$ -	$ -	$ -	$ 100,000	$ -	$ -	$ -	$ 200,000	$ 15,148,047	$ -	$ 200,000
2030	$ -	$ -	$ -	$ 250,000	$ -	$ -	$ -	$ 100,000	$ -	$ -	$ -	$ 350,000	$ 15,498,047	$ -	$ 350,000
2031	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 450,000	$ 100,000	$ -	$ -	$ 550,000	$ 16,048,047	$ -	$ 550,000
2032	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 600,000	$ -	$ -	$ -	$ 600,000	$ 16,648,047	$ -	$ 600,000
2033	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 600,000	$ -	$ -	$ -	$ 600,000	$ 17,248,047	$ -	$ 600,000
2034	$ -	$ -	$ -	$ -	$ -	$ -	$ 140,000	$ 575,000	$ 100,000	$ -	$ -	$ 815,000	$ 18,063,047	$ -	$ 815,000
2035	$ -	$ -	$ 90,000	$ -	$ -	$ 400,000	$ -	$ 575,000	$ -	$ -	$ -	$ 1,065,000	$ 19,128,047	$ -	$ 1,065,000
2036	$ -	$ -	$ -	$ -	$ -	$ 235,000	$ -	$ 575,000	$ -	$ -	$ -	$ 810,000	$ 19,938,047	$ -	$ 810,000
2037	$ -	$ -	$ -	$ -	$ -	$ 235,000	$ 375,000	$ 575,000	$ -	$ -	$ -	$ 1,185,000	$ 21,123,047	$ -	$ 1,185,000
2038	$ -	$ -	$ -	$ -	$ -	$ 235,000	$ 270,000	$ 575,000	$ 100,000	$ 1,200,000	$ -	$ 2,380,000	$ 23,503,047	$ -	$ 2,380,000
2039	$ -	$ -	$ -	$ -	$ -	$ 235,000	$ 240,000	$ 575,000	$ -	$ 600,000	$ -	$ 1,650,000	$ 25,153,047	$ -	$ 1,650,000
2040	$ -	$ -	$ -	$ -	$ -	$ 235,000	$ 245,000	$ 575,000	$ -	$ 600,000	$ -	$ 1,655,000	$ 26,808,047	$ -	$ 1,655,000
2041	$ -	$ -	$ -	$ -	$ -	$ 256,080	$ 245,000	$ 575,000	$ -	$ 580,000	$ -	$ 1,656,080	$ 28,464,127	$ -	$ 1,656,080
2042	$ -	$ -	$ 190,000	$ -	$ -	$ -	$ 245,000	$ 575,000	$ 100,000	$ 270,495	$ -	$ 1,380,495	$ 29,844,622	$ -	$ 1,380,495
2043	$ -	$ -	$ 170,000	$ -	$ -	$ -	$ 261,994	$ 575,000	$ -	$ -	$ -	$ 1,006,994	$ 30,851,616	$ -	$ 1,006,994
2044	$ -	$ -	$ 170,000	$ -	$ -	$ -	$ -	$ 575,000	$ -	$ -	$ -	$ 745,000	$ 31,596,616	$ -	$ 745,000
2045	$ -	$ -	$ 170,000	$ -	$ -	$ -	$ -	$ 575,000	$ -	$ -	$ -	$ 745,000	$ 32,341,616	$ -	$ 745,000
2046	$ -	$ -	$ 170,000	$ -	$ -	$ -	$ -	$ 575,000	$ 240,000	$ -	$ -	$ 985,000	$ 33,326,616	$ -	$ 985,000
2047	$ -	$ -	$ 250,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 250,000	$ 33,576,616	$ -	$ 250,000
Total	$ 7,535,614	$ 970,301	$ 1,240,661	$ 1,924,008	$ 936,640	$ 1,978,276	$ 2,146,236	$ 9,702,088	$ 855,149	$ 3,287,495	$ 3,000,148	$ 33,576,616	$ 33,576,616	$ 11,556,840	$ 22,019,776

The City would need to seek an extension of the legislation in 2027 if there is a desire to continue to have the ability to make these transfers into the future. If the legislation is not extended, the EDA/City has the ability to retain 100% of the TIF in the housing districts and 35% of the TIF based upon certain expenditures in the redevelopment and renewal and renovation districts (if the EDA/City makes that election in these non-housing districts). Currently, the main tax increment sources, from which the City could retain these funds for affordable housing, are Tonka on the Creek, Rowland, Marsh Run, Dominium (all housing districts), and Applewood Pointe, Shady Oak Crossing, Glenhaven and Marsh Run II (redevelopment/renewal and renovation districts). If the EDA/City chooses to keep these districts open, they would provide an additional $22.019 million that would be retained in the corresponding TIF districts (no authority to transfer the TIF to the AHTF or any other City/EDA fund) and would be available for the construction, rehabilitation or down payment assistance for affordable housing that meets the following restrictions:

Rental Housing

- 20% of the units affordable at 50% of the Area Median Income (AMI) or 40% of the units affordable at 60% of the AMI

Owner Occupied Housing

- 100% of AMI for families of two (2) or less and 115% AMI for a family of three (3) or more

The table below summarizes the amounts that are anticipated to be available and are based upon pay 2026 TIF estimates. Based upon this table:

- The districts ***shaded in gray*** are redevelopment districts where the City elected to retain the additional 10% for affordable housing.
- The districts ***shaded in green*** are housing districts and the City has always allowed these districts to remain open to capture 100% of the TIF for affordable housing.
- The district ***in blue*** is a redevelopment district where the City has not yet elected to retain the additional 10% for affordable housing.
- 2026 is highlighted in bold to show how much from each district is available; and
- The ***orange highlighted year*** (2026) represents the last year the City can transfer from the various districts to the AHTF pursuant to the special legislation discussed on the following page.

TAX CAPACITY CAPTURED IN TIF

The City has balanced using TIF as a tool. Out of 45 cities in Hennepin County, the City has the 7th highest tax capacity.

City	Population	Tax Capacity
Minneapolis	425,336	770,361,651
Bloomington	89,298	232,385,665
Plymouth	79,828	223,125,383
Edina	52,437	214,389,878
Maple Grove	70,726	178,556,879
Eden Prairie	63,161	178,403,548
Minnetonka	**52,554**	**166,302,618**
Brooklyn Park	84,526	134,590,280
St. Louis Park	48,827	120,745,314

While there are undoubtedly many benefits to utilizing TIF as a development tool, cities still wonder if they are utilizing the tool too much or not enough. A city's use of TIF should be independent from comparison to like size or neighboring cities. It should be balanced between a community's strategic priorities/goals and an appropriate level of taxation. To quantify a community's use of TIF, a common benchmark or measure is the percentage of the gross tax base captured in TIF districts. Below is a chart which demonstrates the City's current and projected tax base, which is captured in TIF districts. In 2026, the City has approximately 2.95% of its tax capacity captured in TIF districts. Over the last 5 years the City has averaged 2.56%. It is anticipated that the amount of captured tax capacity will increase next year to 3.37% and then decline below 3% starting in 2030 when Applewood Pointe and Glenhaven TIF districts are decertified. Overall, this amount of use is low given that Minnetonka is fully developed, portions are in need of redevelopment and the City has chosen to use TIF to achieve strategic priorities such as affordable housing.

City of Minnetonka	Acutal					Projected				
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Captured TIF Tax Capacity	4,014,356	2,551,314	3,656,415	4,837,752	4,900,487	5,664,363	5,804,025	5,578,298	4,854,745	4,903,293
Base Gross Tax Capacity	135,765,737	151,934,697	161,793,644	162,653,565	166,302,618	167,965,644	169,645,301	171,341,754	173,055,171	174,785,723
Percentage of Tax Base in TIF	2.96%	1.68%	2.26%	2.97%	2.95%	3.37%	3.42%	3.26%	2.81%	2.81%

** Assumes 1% annual increase in tax base and TIF*

City Council's often inquire how they "compare" to other cities in the use of TIF. Shown in the table below are the 2026 percent of tax capacity captured in TIF, tax rates and bond ratings for similar cities. The cities shown were selected because (i) they may be immediately adjacent to Minnetonka (ii) they are first or second-ring, almost fully developed suburbs (iii) may be similar in size; and (iv) have similar economic characteristics.

Comparable City	Population	Captured As a % of Tax	City Tax Rate	City Bond Rating
Plymouth	78,545	0.82%	27.675%	Aaa/AAA
Maple Grove	72,741	2.07%	30.187%	AAA
Edina	53,262	2.6%	32.309%	Aaa/AAA
Eden Prairie	63,051	2.52%	32.765%	Aaa/AAA
Lakeville	77,973	0.18%	32.967%	Aaa
Woodbury	80,590	0.13%	35.054%	AAA
Eagan	67,238	3.45%	38.350%	Aaa
Minnetonka	**53,064**	**2.95%**	**39.390%**	**Aaa**
Burnsville	64,463	0.52%	48.720%	AAA
Bloomington	88,339	3.25%	49.998%	Aaa/AAA
St Louis Park	49,594	9.1%	51.751%	AAA
Brooklyn Park	82,887	0.12%	54.074%	AA+
Golden Valley	21,725	1.7%	58.619%	Aa1

In addition, in conversations with rating agencies, we do know that market value growth and redevelopment are important factors in maintaining Minnetonka's AAA bond rating.

IMPACT OF DECERTIFYING DISTRICTS

One frequent question we receive is what are the additional levy dollars the City can expect to receive from future TIF districts after they are decertified? The City will see the decertification of two (2) TIF districts in the next two (2) years, starting on December 31, 2028 (Applewood Pointe) and December 31, 2029 (Glenhaven). These districts, when decertified, will return value to the tax rolls for general taxing purposes, and the City will see a corresponding increase in its tax base.

The table below shows how much more the City could levy and still maintain a stable tax rate over the next 20 years. The additional tax capacity freed up by decertifying districts allows the city to set the levy to cover operational and debt needs without directly increasing the property tax impact on taxpayers. As shown in the table, in 2028, the City could have an additional $110,000 if it levied that amount and an additional $303,000 in 2030. The City has the biggest opportunity in 2040 when Opus Business Park decertifies. Overall, the cumulative tax capacity increase is approximately 6 million with a corresponding tax potential of $2.3 million.

TIF District	District Type	Decertifies De. 31	2029 TOTAL	2030 TOTAL	Next 15 TOTAL	Next 20 TOTAL	Cummulative TOTAL
Applewood Pointe	Redev	2028	280,958	-	-	-	-
Glenhaven	R & R	2029	-	771,619	-	-	-
Opus Business Park	R & R	2039	-	-	2,415,185	-	-
Tonka on the Creek	Hsg	2041	-	-	234,725	-	-
Marsh Run II	Redev	2042	-	-	-	1,009,879	
Shady Oak Crossings	Redev	2043	-	-	-	159,229	-
Rowland Housing	Hsg	2043	-	-	-	238,222	-
Marsh Run	Hsg	2046	-	-	-	556,589	-
Dominium	Hsg	2046	-	-	-	289,463	-
Total Annual Captured Net Tax Capacity Returned to Tax Rolls			**280,958**	**771,619**	**2,649,911**	**2,253,382**	**5,955,870**
City Tax Rate for Taxes Payable in 2026 (1)		**39.390%**					
Estimated Additional Annual Tax Levy Available (1)			**$ 110,669**	**$ 303,941**	**$ 1,043,800**	**$ 887,607**	**$ 2,346,017**

(1) - Assumptions:

- ***Calculates additional dollars the City could levy and still maintain the same tax rate as Pay 2026.***
- ***Assumes no change in existing tax base from prior year***
- ***Assumes no change in the Fiscal Disparities Distribution Dollars from Pay 2026***

RECOMMENDATIONS

Recommendations

1. ***Return of Increment From Hedberg Soils District to County For Redistribution.*** This District has a fund balance of approximately $797,000. In 2024 we recommended decertification of this District and that the City send the balance back to the County for redistribution to provide a $0 balance in this fund. This will negate the need to report annually on the district in the future (starting in 2027). The City's proportionate share that will be returned is approximately $297,830 and these dollars are available for any purpose determined by the City/EDA, including future monitoring obligations of the district.

2. ***Return of Increment From Applewood Pointe to County For Redistribution.*** In 2025 the EDA did a modification to provide authority to collect up to $970,301 in TIF for affordable housing. In 2026 we are recommending that the EDA transfer the remaining allowable amount of $185,478. This will leave a balance of $115,081 to be returned to the County for redistribution to provide a $0 balance in this fund. This will negate the need to report annually on the district in the future (starting in 2027). The City's proportionate share that will be returned is approximately $43,000 and these dollars are available for any purpose determined by the City/EDA.

3. ***Glenhaven Budget Modification.*** The City/EDA has two options it could pursue for this District: (i) complete a public hearing and modify the budget before end of year to increase amount for affordable housing (prior administrative modification was limited on what could be contributed to affordable housing). This will increase the 2026 transfer to the AHTF from $83,446 to $500,000; or (ii) transfer the $83,446 to the AHTF and not do the modification. Either option will likely allow the EDA to pay off the bonds two years early and decertify the district at the end of 2028.

4. ***Election to Retain an Additional 10% for Affordable Housing.*** We recommend completing an administrative modification (resolution by EDA) in 2026 to amend the TIF budgets for Marsh Run II and Opus TIF Districts to provide the City/EDA the flexibility to retain the additional funds in the future. Current obligation in the Marsh Run II TIF district will be paid in 2037 and the City/EDA would be required to decertify the district 5 years later (2042) after collecting the additional funds for affordable housing. The Current obligation in the Opus Business Park TIF district will be paid in 2030. Even if the City/EDA makes this election it will not extend the TIF district term beyond 2030 at this time. If the Districts remain open, they will generate approximately $3.2 million and $3 million respectively for affordable housing. The funds would remain in the respective TIF funds until such time an authorized use is identified.

5. ***2021 Special TIF Legislation for Affordable Housing Trust Fund (AHTF)***. Staff and Ehlers will review the TIF districts that have cash balances available for transfer prior to year-end as approved by the 2021 special legislation.

Appendix A

TIF District Summary

District	Glenhaven	Tonka on the Creek	Rowland (The Chase at Nine Mile Creek)	Applewood Pointe	Marsh Run (Doran - The Birke)	Shady Oak Crossing (Ron Clark)	Dominium	Opus Business Park	Marsh Run II (Doran)
District Type	Renewal and Renovation	Housing	Housing	Redevelopment	Housing	Redevelopment	Housing	Renewal and Renovation	Redevelopment
Development	52-unit apartmentwith 20,500 sq. ft. of retail, 150-unit sr. apartment (ind./mem care), and 45 sr. cooperative (Zvago)	100-unit apartment with 20% of units affordable at or below 50% AMI	106-unit apartment with 20% of units affordable at or below 50% AMI	87-unit sr. cooperative with 9 units affordable	175-Unit Apartment with 20% of the units affordable at or below 50% AMI	75-Unit Apartment with 30% of the units affordable at or below 60% AMI	262-unit sr. apartment and 220-unit workforce apartment all affordable at or below 60% AMI	Various housing developments	197-Unit Apartment with 10% Units affordable at or below 60% AMI and 20% affordable at or below 80% AMI
Certification Date	6/2/2006	4/22/2014	7/2/2015	7/2/2015	7/26/2019	7/17/2020	12/10/2018	5/14/2021	7/25/2023
Legal MaxTterm	12/31/2029	12/31/2041	12/31/2043	12/31/2043	12/31/2046	12/31/2047	12/31/2046	12/31/2039	12/31/2050
Anticipated Term	**12/31/2029**	**12/31/2041**	**12/31/2043**	**12/31/2028**	**12/31/2046**	**12/31/2043**	**12/31/2046**	**12/31/2039**	**12/31/2042**
First Increment	2007	2016	2018	2018	2021	2022	2021	2024	2025
Current Obligations	**$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	**$4,600,000** PAYGO TIF Note
2026 Estimated TIF Revenue	$743,549	$253,742	$257,987	$312,923	$601,274	$172,440	$312,755	$2,439,475	$174,875

Policy Number 2.18
Tax Increment Financing and Tax Abatement

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

Introduction

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

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

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

TAX INCREMENT FINANCING

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

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

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

- Projects must be compatible with the Comprehensive Guide Plan (or acquire an amendment) and the development and redevelopment objectives of the city.

- Priority will be given to those projects which:

  - are within the "village areas" identified in the city's most recently adopted Comprehensive Guide Plan;

  - are mixed use or residential in nature, and include affordable housing units which meet the city's affordable housing standards;

  - contain amenities or improvements which benefit a larger area than the identified development;

  - improve blighted or dilapidated properties, provide cohesive development patterns, or improve land use transitions; or

  - maximize and leverage the use of other financial resources.

Costs Eligible for Tax Increment Financing Assistance

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

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

Title insurance	Landscape design

Forms of Assistance

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

Fiscal Disparities

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

TAX ABATEMENT

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

Projects Eligible for Tax Abatement Assistance

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

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

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

Fiscal Disparities

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

REVIEW PROCESS

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

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

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

Policy Number 2.14
Tax Increment Financing Pooling Funds

Purpose of Policy: This policy establishes evaluation criteria that guide the city council in consideration of use of tax increment financing pooling funds

Introduction

Under the Minnesota Statutes Chapter 469, at least 75 percent of tax increment in a redevelopment tax increment financing (TIF) district must be spent on eligible activities within the district, leaving up to 25 percent of the funds to be pooled and therefore eligible to be spent outside of the district, but within the project area.

An exception to the pooling funds is for affordable rental housing. The city may allow the pooling allowance to be increased to 35 percent, which can then go to finance certain affordable housing projects. The project may be located anywhere in the city, and not limited to the project area. Each financed project must be rental housing that is eligible for federal low income housing tax credits. The amount of the assistance is also limited to any amount that satisfies tax credit rules.

The council is aware that use of such TIF pooled funds may be of benefit to the city and will consider requests for pooled funds subject to this council policy. The council considers the use of these funds to be a privilege, not a right.

It is the judgment of the council that TIF pooled funds is to be used on a selective basis. It is the applicant's responsibility to demonstrate the benefit to the city, and that they should understand that although approval may have been granted previously by the city TIF pooled funds for a similar project, the council is not bound by that earlier approval.

Evaluation Criteria

The city will use the following criteria when evaluating a development proposal requesting the use of TIF pooled funds:

- The project supports reinvestment in an identified village center and addresses the goals set out in the comprehensive plan for that center.
- Priority will be provided for projects that are within a "regional" village center or support transit areas.
- Weight will be given when the proportion of affordability is greater than what is customary in other tax increment financed projects in the city, overall affordability of 20% of units (usually at 60% AMI for rental).
- The project may request both tax increment financing and pooling dollars as long as the project has provided data that "but for" the additional pooling dollars, this project would not occur.

- If the project is receiving funds from other sources, the pooled dollars would be the last source utilized unless it impacts other sources.

Other Provisions

- A project will not normally be given financing approval until all city planning and zoning requirements have been met. Planning and zoning matters may be considered simultaneously with preliminary approval of the financing.

- The city is to be reimbursed and held harmless for any out-of-pocket expenses related to the TIF pooling funds, but not limited to, legal fees, financial analyst fees, bond counsel fees, and the city's administrative expenses in connection with the application. The applicant must execute a letter to the city undertaking to pay all such expenses.

- The applicant will be required to enter into a development agreement with the city outlining the terms of the use of TIF pooled funds.

Adopted by Resolution No. 2011-039
Council Meeting of May 16, 2011

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

RELEVANT LINKS:

Minn. Stat. § 469.156.

Minn. Stat. § 469.162.

For more information, contact DEED 651.259.7114, 800.657.3858. Main Office: 1st National Bank Building 332 Minnesota Street, Suite E200 Saint Paul, MN 55101-1351.

A city may issue industrial revenue bonds, also known as municipal revenue bonds, without public referendum. It cannot pledge the full faith and credit of a community as security for these bonds. Thus, the city may not tax property owners to pay principal and interest on the bonds.

If a city decides to investigate the use of industrial bond financing, it should contact the Department of Employment and Economic Development. The department provides the city with information, advice, and technical assistance. This assistance is important, due to the adoption of federal and state laws allocating issuance authority among the states and their political subdivisions. The commissioner of Securities must approve the project.

D. Commercial rehabilitation

Minn. Stat. § 469.184.

Cities have authority to carry out programs for the rehabilitation of small- and medium-sized commercial buildings. The city must adopt a program ordinance that provides for the adoption of program regulations, including a definition of small- and medium-sized commercial buildings. Loans under the program may be for amounts up to $200,000. The city may finance the program through the sale of revenue bonds.

E. Tax increment financing (TIF)

Minn. Stat. §§ 469.174 to 469.1794.

Tax increment financing authority is available to most cities. Cities with housing and redevelopment authorities, economic development authorities, port authorities, redevelopment agencies, those cities administering development districts or development projects, or cities exercising port authority powers under a general or special law may use tax increment financing.

Tax increment financing is a funding technique that takes advantage of the increases in tax capacity and property taxes from development or redevelopment to pay upfront public development or redevelopment costs. The difference in the tax capacity and the tax revenues the property generates after new construction has occurred, compared with the tax capacity and tax revenues it generated before the construction, is the captured value. The taxes paid on the captured value are called “increments.” Unlike property taxes, increments are not used to pay for the general costs of cities, counties, and schools. Instead, increments go to the development authority and are used to repay public indebtedness or current costs the city incurred in acquiring the property, removing existing structures or installing public services.

RELEVANT LINKS:

Thus, the property owner in a TIF district continues to pay the full amount of property taxes. TIF involves only the increased property taxes generated within the district. It does not change the amount of property taxes currently derived from the redevelopment area, nor does it directly affect the amount or rate of general ad valorem taxes the city levies. The result of a TIF project is an increased tax base that will benefit all local taxing jurisdictions. Additionally, TIF districts usually spur economic development and redevelopment through creating jobs, removing blight, and providing more affordable housing.

Minn. Stat. § 469.177, subd. 1.

If the market value of a homestead property within a TIF district reduces the homestead market value in the district, the original tax capacity of the TIF district will be reduced by the same amount.

Thus, the tax increment collected by the city will remain the same. If a city has a TIF district with townhouses or condominiums, the city should verify that valuations are properly adjusted by the county auditor.

See Minn. Stat. § 469.174.

TIF is used to encourage four general types of private development: redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. Public financing using TIF funding for a privately owned facility does not make public space in the facility a public forum for free speech purposes.

State v. Wicklund, 589 N.W.2d 793 (Minn. 1999).

Minn. Stat. § 469.176, subd. 7.

In some specific situations, a TIF authority may request inclusion in a tax increment financing district and the county auditor may certify the original tax capacity of a parcel or a part of the following property types:

- Agricultural.
- Private outdoor recreational, open space and park land.
- Rural preserve property.
- Metropolitan agricultural preserves.

Minn. Stat. § 469.175, subds. 5, 6.

The city using TIF must report annually to the state auditor as to the status of the TIF district or districts and publish the report in a newspaper of general circulation in the municipality. The state auditor has established a uniform system of accounting and financial reporting for TIF districts. The city must annually submit to the state auditor a financial report in compliance with these standards.

Minn. Stat. § 469.1771, subds. 1, 2b.

The state auditor may audit TIF districts. If the state auditor notifies a TIF authority of an alleged violation, a copy of the notice is also forwarded to the county attorney. If no corrective action is brought within one year, the county attorney must notify the state auditor, who then notifies the attorney general.

RELEVANT LINKS:

If the attorney general finds a substantial violation, the attorney general will petition the state tax court to suspend the authority's power to use TIF for a period of up to five years.

Minn. Stat. § 469.177, subd. 8. *Lake Superior Paper Indus. v. State*, 624 N.W.2d 254 (Minn. 2001). *Brookfield Trade Center, Inc. v. County of Ramsey*, 609 N.W.2d 868 (Minn. 1998).

The TIF agreement with the developer is a complex document. Assistance from a financial advisor and the city attorney is necessary in order to anticipate the many potential problems. An agreement can establish a minimum market value for tax increment assessment purposes, as well as provide that the developer pay a certain level of taxes regardless of any classification rate changes or levy decreases. The agreement should be entered into before the assembly and acquisition of the land on which the completed improvements are to be located.

Minn. Stat. § 469.1771.

The law imposes a 180-day statute of limitations on actions to challenge the creation or modification of a TIF district. The law is complex including a "but-for" finding before a city approves a TIF plan and the creation of a TIF district.

Cities must follow statutory requirements including but not limited to administrative expenses, plan modifications, reporting requirements, use of increment in pre-1979 districts, excess increments, pooling, decertification, and use of funds outside the district.

Minn. Stat. § 469.175.

Before a district can be created, the law requires a detailed estimate of the impact of a proposed district on city-provided services, such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, in addition to other complex estimations that must be prepared.

Walser Auto Sales, Inc. v. City of Richfield, 635 N.W.2d 391 (Minn. Ct. App. 2001); aff'd, 644 N.W.2d 425 (Minn. 2002).

Cities should use extreme care in establishing a TIF district and should follow all procedural requirements; otherwise, a court may find the district was not properly established. In one case, a TIF district was not properly established where minimal effort was made to ensure the thorough inspection of the properties, inaccurate methodology was used to establish the condition of the buildings, and the buildings found structurally substandard were not reasonably distributed throughout the district.

Chenoweth v. City of New Brighton, 655 N.W.2d 821 (Minn. Ct. App. 2003).

In another case, a cause of action for inverse condemnation did not arise where a city's involvement with an adjacent property owner's development consisted of establishing a TIF district, entering into a contract with a private developer specifying the size and value of structures to be built, and providing for substantial city assistance to facilitate development.

Given the complexity of the laws governing the use of TIF, cities or HRAs should not undertake this method of financing community development projects without the advice of an attorney and professional consultants.

RELEVANT LINKS:

F. Property tax abatement

Minn. Stat. §§ 469.1812 to 469.1815.

A city may use this development tool to segregate some or all of the taxes (or the increase in taxes) it imposes on a parcel of property if the city expects the benefits of the proposed abatement agreement at least to equal the costs of the proposed development. The term "abatement" is somewhat misleading, as in most cases the tax is not forgiven; it is paid normally, but the amount of property tax levied by the city is used to pay for the bonds. The city must determine that the agreement is in the public interest because it will increase or preserve tax base, provide employment opportunities, provide or help acquire or construct public facilities, help redevelop or renew blighted areas, or help provide access to services for residents of the city. Property taxes in a TIF district cannot be abated unless the period of the abatement will not occur until after the district is decertified.

Minn. Stat. § 469.1813.

A resolution must be adopted after notice and public hearing, specifying the terms of the abatement.

A city may issue bonds or other obligations to provide an amount equal to the sum of the abatements granted for a specific property. The maximum principal amount of these bonds may not exceed the estimated sum of the abatements for the property for the years authorized. The bonds may be general obligations of the city if the city council chooses to pledge the full faith and credit of the city in the resolution issuing the bonds. The law limits property tax abatements to 15 years. School districts and counties have similar abatement powers. A city, county, and school district can agree to abate their taxes on the same property.

IV. State-sponsored development tools

A. Minnesota Housing Finance Agency

Minn. Stat. ch. 462A. For more information about MHFA programs, contact MHFA at 400 Wabasha Street North, Suite 400, St. Paul, MN 55102(651) 296-7608 or (800) 657-3769.

The goals of the Minnesota Housing Finance Agency (MHFA) are to provide decent, affordable housing to low- and moderate-income people; preserve the existing housing stock in Minnesota; preserve existing neighborhoods and prevent them from deteriorating; and prevent mortgage foreclosures while promoting energy conservation in residential housing.

The Minnesota Legislature created the MHFA in response to a shortage of affordable housing for low- and moderate-income people. Private enterprise and private investment were unable, without public assistance, to provide an adequate supply of safe, sanitary, and decent housing at affordable prices and rents.

Economic Development Advisory Commission
Agenda Item 5.B
Meeting of October 15, 2026

Title:	2050 Comprehensive Guideplan Process Review
Report from:	Alisha Gray, EDFP, Economic Development and Housing Manager
Submitted Through:	Julie Wischnack, FAICP, Community Development Director

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Action Requested:	Provide Feedback
Form of Action:	Other
Votes needed:	N/A

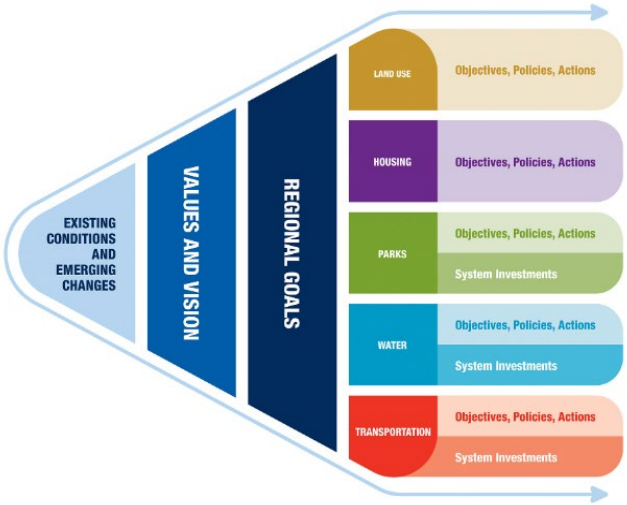
Recommended Action
Provide feedback on the presentation.

Background
See attached staff report.

ATTACHMENTS:
Report regarding 2050 comprehensive plan

Background

Metropolitan cities are required to submit comprehensive plans to the Metropolitan Council every ten years. The next iteration of plans is due no later than Dec. 31, 2028. Each city is required to submit a plan that contemplates 20 years of city growth and development but has conformance with the metropolitan system plans; consistency with adopted policy plans and compatibility with adjacent and affected jurisdictions. The Metropolitan Council has adopted a regional development guide named "Imagine 2050". This document includes five policy plans that have objectives, policies and actions that meet the regional vision, values and goals.



Metropolitan Council 2050 Regional Development Guide

Minnetonka last updated its plan in 2019, and it is titled the 2040 Comprehensive Guide Plan.

Plan elements

There are several required plan elements for the comprehensive plan. Plan elements include the following:

- Land Use (forecasts, existing and future land use, density) *
- Housing (existing housing need, projected need, implementation) *
- Transportation (roadways, transit, biking, etc.) *
- Water Resources (wastewater, water supply, surface water) – minor updates for wastewater, wellhead protection complete plan 2026, water supply minor updates, surface water minor updates
- Parks and Trails (regional parks and trails, local parks and trails) – updated 2022
- Climate (mitigation and adaptation) – adopted 2023
- Natural Systems – adopted 2021
- Implementation

The city will engage several consultants to assist with the plan; however, the asterisks indicate where elements need the most updating. The remaining elements have recent updates or need minor updates.

Checklist and System Statement

Specific to Minnetonka, the Metropolitan Council issues a checklist for the city's updated plan and also provides a system statement which explains the implications of the metropolitan system plans for each community. The system statement contains information about all plan elements, but many are curious about the regional forecasts for the city; see the table. This forecast indicates growth of approximately 16,000 in population and 11,500 jobs by 2050. Also, the allocation of affordable housing is included in the system statement. See table below for forecasted affordable housing need:

Minnetonka Population, Households and Employment Forecasts

Forecast	2020	2030	2040	2050
Population	53,776	59,300	64,000	69,900
Households	23,694	26,600	28,900	31,600
Employment	43,624	49,600	52,100	55,100

Local forecasts have been updated with most recent Met Council actions.

Minnetonka Affordable Housing Need Allocation for 2031 - 2040

Income Level	Allocation
At or below 30% AMI	767
31% to 50% AMI	428
51% to 60% AMI	151
Total Units	1,346
AMI = Area Median Income	

Local forecasts have been updated with most recent Met Council actions.

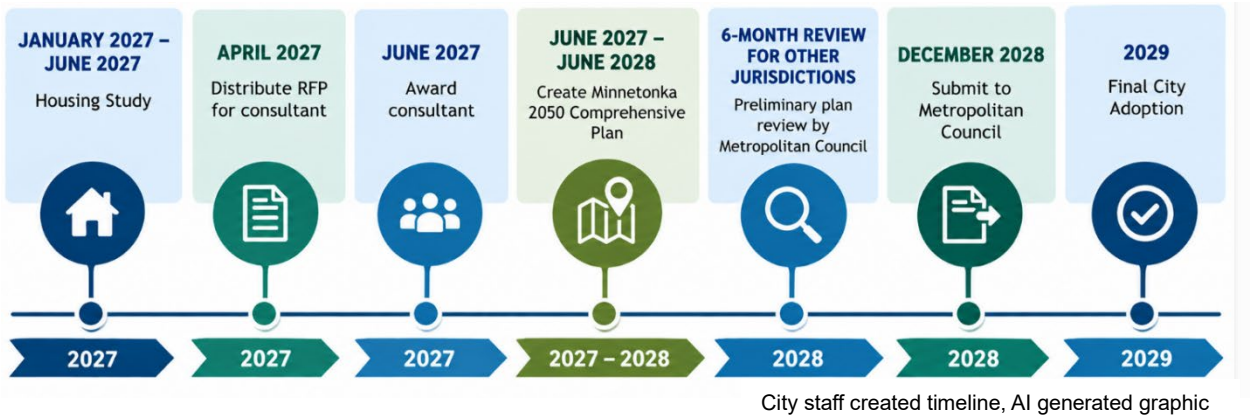
The goal of the city's comprehensive plan update is to address the regional forecasts and indicate where and how the city will manage these growth projections.

Process

In 2017, the city hired Marquette Advisors to complete a Housing Study to inform the 2040 Comprehensive Guide Plan. To begin updating the plan, staff would engage a housing consultant to update the city's housing inventory. The Metropolitan Council has provided required plan elements that must be included in the next Comprehensive Plan. These elements are categorized as:

- Existing Housing Needs
- Projected Housing Needs
- Housing Implementation Plan

The housing study will then help inform the land use and transportation plan. Additionally, other elements will need to consider the new population and employment numbers and be updated accordingly. The chart below outlines a possible process for the comprehensive plan update:



City staff created timeline, AI generated graphic

Staff is also considering a major update to the Strategic Plan, which is due in 2027/2028. There may be an opportunity to combine efforts with public outreach between the Strategic Plan and the 2050 Comprehensive Plan. As we move further into these processes, staff will engage with the city council to determine next steps.

Discussion Question

- Are there any additional housing-related information the EDAC would like to include in the next housing study to support development of the 2050 Comprehensive Plan?
- Are there questions about the Comprehensive Plan update process?

Economic Development Advisory Commission
Agenda Item 5.C
Meeting of October 15, 2026

Title:	Economic Development and Housing Updates
Report from:	Kendyl Larson, Housing Coordinator Kjerstin Yager, Economic Development Coordinator
Submitted Through:	Alisha Gray, EDFP, Economic Development and Housing Manager Julie Wischnack, FAICP, Community Development Director

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Action Requested:	Informational
Form of Action:	Report
Votes needed:	N/A

Recommended Action
Informational

Background
See attached staff report.

ATTACHMENTS:
ED & Housing Report

Economic Development and Housing Updates

Transit Updates

- Hennepin County launched a new transit website and interactive map this summer that brings together information about every transit provider in the county.
- Minnetonka City Council approved a one-year extension to the Transit Cooperation Agreement with Metro Transit. Conversations continue with SouthWest Transit and Metro Transit about microtransit service in 2027.

METRO Green Line Extension (Southwest LRT)

- A new drone video of the METRO Green Line Extension was released this summer.
- Metro Transit announced the Green Line will open on June 12, 2027.

Business Updates

Business Outreach

- *Thrive Minnetonka* has released two corporate spotlight videos of Stratasys and Fireaway. The third video will be released later this year.
- Three businesses were featured during the joint City Council/Planning Commission/EDAC/Sustainability Commission bus tour: YUM! restaurant, Packard Culligan, and Abbott.
- Staff visited businesses along Cedar Lake Road and Minnetonka Boulevard to discuss construction impacts and resources available to them.
- City and Chamber staff hosted the Minnetonka Business Network meeting on September 16, 2026, at Westdale Floral.
- The Fall 2026 issue of Thrive Minnetonka will be online and mailed to businesses during late October.
- On Dec. 5 and 6, Minnetonka will host the next CEO Start Bootcamp.
    - CEO Start Bootcamp is a two-day, hackathon-style learning opportunity to challenge assumptions, stretch entrepreneurial thinking, and provide concrete tools to bring a new business to life.
    - Through this program, entrepreneurs will:
        - Explore their business idea
        - Craft their message
        - Lay out a financial model for success
        - Set goals to launch
    - Sign up is available on the Hennepin County website.

Development Updates

The tables below provide an overview of some of the projects underway in the city.

Housing Projects	Location	Status
Amani Construction	5432 Rowland Rd	Sold in September!
The Ensley	15407/15409 Wayzata Blvd	Leasing
Minnetonka Mills (Habitat)	3521 Baker Road	Site work and construction underway, Minnetonka Matters updated with sales information.
The Bellamy	10701 Bren Rd	Leasing
Marsh Run 3	11800 Wayzata Blvd	Under Construction
English Rose	Hopkins Crossroad	Demo Complete
Expanded Ventures	5900 Rowland Rd	Concept plan reviewed at June 22 council meeting

Misc. Projects	Location	Status
Hopkins West Middle School	3830 Baker Rd	PC Site plan review
Former Opus Building	10350 Bren Rd	Under Construction. New tenant going into remaining office building.
Endeavor	10700 Bren Road W	Former Boston Scientific – demo – new 275,000 sq.ft. industrial building. PC in November
Xcel Energy	Multiple locations	Replacing several poles, council approved on 7/13
Cargill	2301 Crosby Rd	South building: remodel of food court south building.

Business Projects	Location	Status
Wells Fargo	Plymouth Rd	Chipotle and Jersey Mike's now open. Shake Shack pending
7 Brew Coffee	Hwy 7/CR101	Under Construction

Zoning Code Project Update

The ongoing zoning code rewrite project seeks to restructure the existing code for greater clarity, more efficient administration, and development results that better reflect the city's long-term vision.

A draft ordinance was available for public review and comment this summer. Staff introduced the zoning ordinance at the Oct. 5, 2026 city council meeting and the planning commission held the first of two public hearings on Oct. 8, 2026.

Information about the zoning ordinance update project is available on Minnetonka Matters.

Housing Updates

Short-Term Rental Ordinance

At its June 8, 2026 meeting, the City Council adopted a short-term rental ordinance requiring short-term rental properties to be homesteaded and registered with the City. The short-term rental requirement will be effective starting January 1, 2027. Reminders to all short-term rentals have been completed.

Homeless Initiative – Encampment Policy Update

At its June 8, 2026 meeting, the city council adopted an encampment policy. The policy provides a procedure for encampments on city property.

Eviction Ordinance consideration

Staff is researching a 30-day eviction notice ordinance for nonpayment of rent (14 days is required by state law) and will introduce the ordinance at the October 26, 2026 council meeting.

Housing GIS Story Map

This is a link to the city's housing story map that provides a more interactive visual aid for accessing information about the city's housing efforts.

Upcoming Events

- Nov. 12, 2026 – EDAC Meeting
- 2027 Meeting Calendar