

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL

2010 Annual Report

The Economic Development Authority of the City of Crystal ("the EDA") formulates and implements the city's redevelopment and housing improvement programs. It operates under the provisions of Minnesota Statutes Chapter 469, and has powers similar to a Housing & Redevelopment Authority.

For residential property, EDA activities generally involve using voluntary acquisitions to replace blighted, structurally substandard or functionally obsolete houses; or providing assistance to homeowners to help them make improvements to their houses. Multi-family and commercial/industrial redevelopment are typically accomplished in larger, more complex projects made possible by a combination of different funding sources; they also sometimes require participation by multiple government agencies, non-profit organizations and businesses.

As in previous years, the EDA recommended and the Council approved an EDA levy to provide funding for redevelopment activities.

The following is a specific category-by-category description of 2010 EDA activities:

1. Single Family Residential - Scattered Site Redevelopment

a) Acquired Prior to 2010:

- 4306, 4310, 4326 & 4330 Zane
- 5527 Xenia
- 5626 Vera Cruz
- 5918 Idaho - SOLD
- 4604 & 4612 Hampshire (formerly 6622 46th) – 4612 SOLD
- 5401 35th
- 5657 Adair
- 5225 35th - SOLD
- 3533 Lee
- 4331 Vera Cruz
- 5101 35th (formerly 3457 Regent) - SOLD
- 4343 Xenia
- 5309 34th PI - SOLD
- 5132 34th PI - SOLD
- 5824 Regent
- 3549 Regent - SOLD
- 3440 Regent - SOLD
- 5700 Regent

- 5708 Elmhurst - SOLD
- 6420 50th - SOLD
- 6529 50th
- 5325 35th
- 4633 Douglas Dr
- 5255 Edgewood
- 5548 Yates
- 5715 Regent
- 4901 Vera Cruz
- 4553 Yates
- 4801, 4807 & 4813 Idaho (three lots created out of a vacant, nonconforming commercial property) – ALL SOLD

These 35 lots were available for new houses in 2010, and 13 were sold for construction of new houses. 12 of the new houses have been completed, sold and occupied, and one is complete and listed for sale.

b) Acquired in 2010:

- 5906 Elmhurst – TO HABITAT (NSP - AFFORDABLE AT 50% AMI)
- 4259 Vera Cruz – TO HABITAT (NSP - AFFORDABLE AT 50% AMI)
- 5724 Perry (NSP - AFFORDABLE AT 120% AMI)
- 7041 60th (NSP - AFFORDABLE AT 120% AMI)
- 3528 Noble (NSP - AFFORDABLE AT 120% AMI)
- 5116 35th (NSP - AFFORDABLE AT 120% AMI)
- 4312 Brunswick (NSP - AFFORDABLE AT 120% AMI)
- 5417 35th (excess MnDOT property)
- 3548 Welcome (excess MnDOT property)
- 3556 Welcome (excess MnDOT property)
- 5533 Xenia

The first two lots were acquired using federal Neighborhood Stabilization Program (NSP) funds and are being sold for \$1.00 to Twin Cities Habitat for Humanity for construction of new houses affordable at 50% of metro area median income. The next five were also acquired using NSP funds, but may be sold for new houses affordable at 120% of metro area median income. The last four were acquired with local funds and will be sold without an income restriction.

c. Authorized in 2010, to be acquired in 2011:

- 4553 Hampshire
- 5520 34th (excess MnDOT property)

Lot sales from 1999-2010 are mapped in Exhibit A and summarized in Exhibit B. Detailed information about the 13 lot sales in 2010 is attached as Exhibit C.

2. Single Family Residential - Scattered Site Acquisition and Rehabilitation

The EDA has not acquired and renovated any houses since 2002. In terms of time and money, city-managed rehab projects are not a very effective way of advancing the city's housing goals when compared with other approaches. The city utilizes a combination of regulatory tools, rehab incentives, and other agencies' programs to encourage home renovations by homeowners, investors, contractors and others in the private sector.

3. Single Family Residential - Home Improvement Incentive Rebates

In 1998, Crystal and four other communities partnered with the Greater Metropolitan Housing Corporation (GMHC) to provide an incentive rebate for improvements to owner occupied homes. Households up to 120% of Twin Cities metropolitan area median income are eligible. Funding for this program initially came from the Minnesota Housing Finance Agency and the Metropolitan Council. After these outside agencies' funds were exhausted, the EDA approved the use of local funds to keep the rebate program going in Crystal. EDA funding started at \$88,000 per year in 2002 and has steadily increased to \$398,000 for 2011.

During 2010, 233 Crystal homeowners used the rebate program for home improvement projects. The approximate locations of these home improvement projects are mapped in Exhibit D. The totals and averages for rebates approved during calendar year 2010 are shown below:

TOTAL REBATES APPROVED IN 2010 \$ 339,368	TOTAL SHARE BY HOMEOWNERS \$ 1,441,342	TOTAL COST OF 2010 PROJECTS \$ 1,780,048
AVERAGE AMOUNT PAID PER REBATE \$ 1,457	AVERAGE AMOUNT PAID BY HOMEOWNER \$ 6,186	AVERAGE COST PER PROJECT \$ 7,640

4. Single Family Residential – Deferred Home Improvement Loans

Since 1982, Crystal has used part of its CDBG allocation to fund deferred home improvement loans for lower income households. Hennepin County administers the program for the city, as it does for nine other cities. It provides interest-free home improvement loans for households up to 50% of regional median income. Repayment is deferred for 15 years while the recipient still owns and occupies the property. Households from 50% to 80% of regional median income are also eligible but their loans carry a below-market interest rate.

By reducing and eventually eliminating the use of CDBG funds for scattered site redevelopment, the city significantly increased funding for this program during 2000-2002, and since then has maintained a relatively stable funding level of \$80,000-\$90,000 each year. In addition to the annual allocation of new money, the program also recaptures some previous loans due to the homeowner selling, moving or refinancing with a larger mortgage.

In 2010, \$116,576 was spent on rehab projects, and another \$55,222 was committed. Five projects were completed and three new projects were started. At the end of the year, three properties were on the waiting list.

5. Single Family Residential – Tax Increment Districts for Housing Renewal

In 2008 the city sought approval of special legislation to allow the city to use tax increment to fund a wide range of potential home renewal programs. The adopted special law authorizes the EDA to create a housing development account. The account is funded by the balance of tax increments from two existing "housing replacement districts," which are small, narrowly-focused tax increment districts created in 1995 under special legislation for Crystal and certain other cities. The 2008 law allows the EDA to repurpose available increment from those two existing districts toward assistance for preservation of affordable housing throughout the city. In 2009 the EDA authorized the first program for the use of this available increment: A deferred loan for closing costs and downpayment assistance for purchase-rehab buyers using the FHA's 203K loan program. This program is ready and available, but has not yet been used, probably due to the stringent 203k underwriting standards and the number of move-in-ready properties available for first time buyers who might otherwise have been interested in a fixer-upper.

6. Multi-Family Residential Redevelopment

No development activity in 2010.

7. Commercial and Industrial Redevelopment

New Medical Clinic (5700 Bottineau Boulevard). In November 2010, the EDA authorized the purchase of approximately 2 acres of excess, vacant land along County Road 81 from Hennepin County for reconveyance to a private developer. The developer is also buying private property from willing sellers to assemble a total site of approximately 4 acres needed for construction of a \$12 million, 40,000 sq. ft. medical clinic. The primary tenant would be Northwest Family Physicians with other medical office uses taking up the remainder of the building.

The EDA authorized a \$400,000 write-down in the land price to close a demonstrated financial gap and enable the development to move forward.

8. Site Investigations, Research and Planning

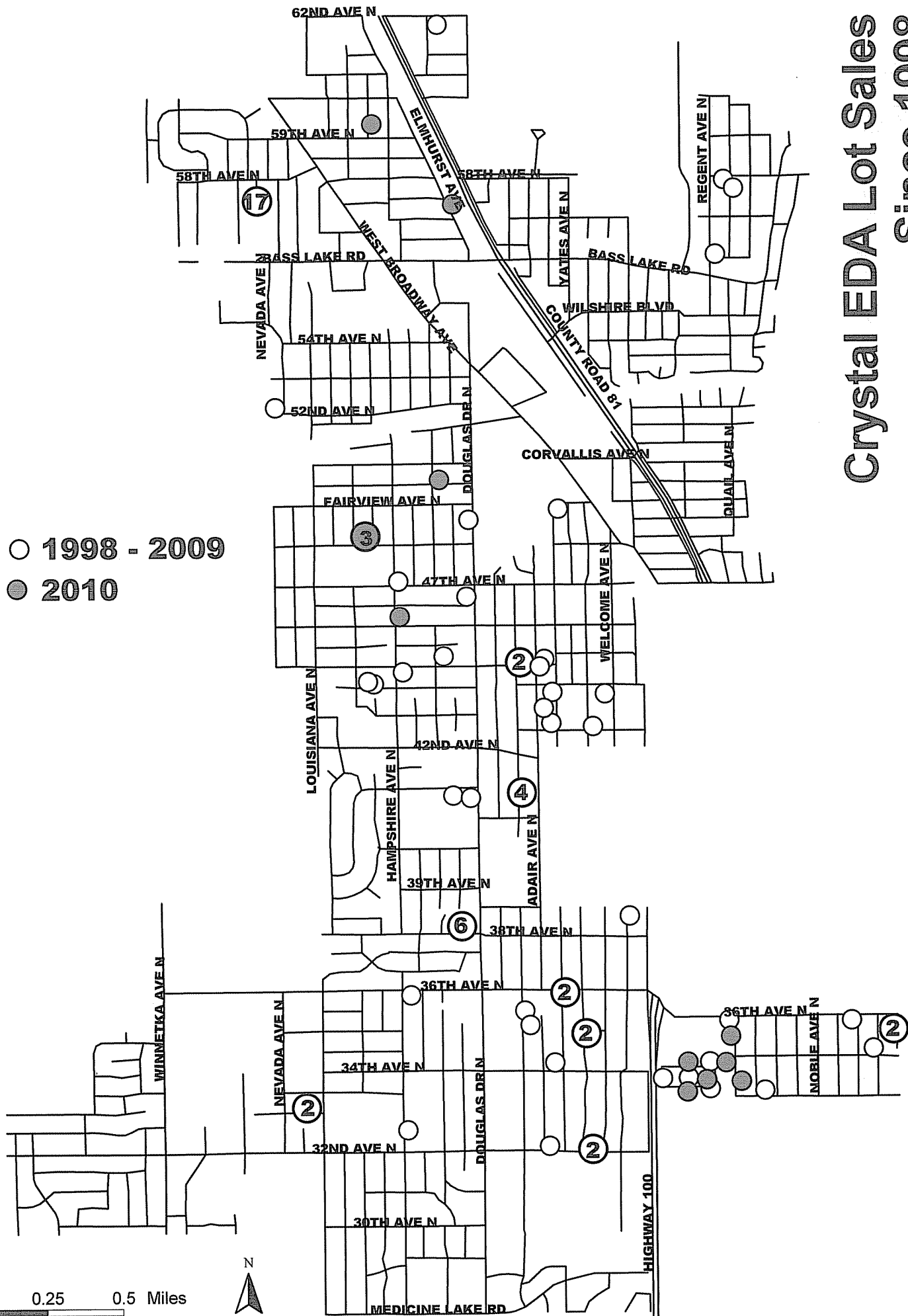
No development activity in 2010.

9. Land Banking for Future Redevelopment

In addition to the more immediate redevelopment activities discussed in Section 1, the EDA also takes advantage of opportunities to acquire and hold property for undetermined future uses or redevelopment. Some of these properties will be made available for development within the next few years, others will be held for longer depending on market conditions, site characteristics and other factors. As of December 31, 2010 the EDA is holding the following vacant lots for undetermined future use (listed approximately from north to south.

- 4824 56th
- 5901 56th
- 5565 Vera Cruz (tax forfeit property; acquisition pending from Henn Co)
- 4741 Welcome
- 3600 Welcome (excess Hwy 100 property; acquisition pending from MnDOT)
- 3556 Major
- 3409 June
- 3443 Douglas Dr
- 3415 Douglas Dr
- 3401 Douglas Dr
- 5501 32nd (excess Hwy 100 property; acquisition pending from MnDOT)
- 3240 Hampshire
- 3122 Douglas Dr

Crystal EDA Lot Sales Since 1998



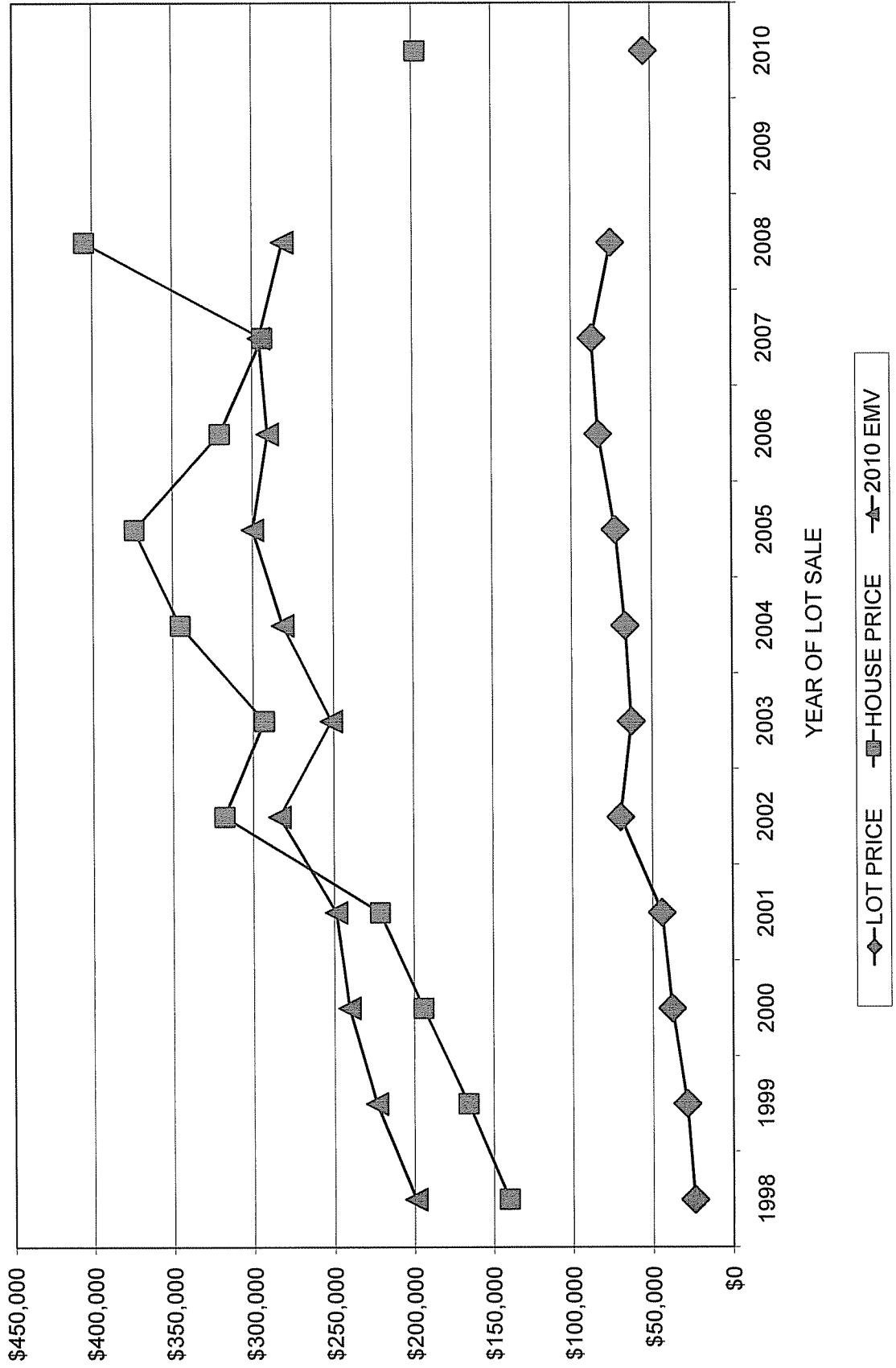
- 1998 - 2009
- 2010

0 0.25 0.5 Miles



EXHIBIT A

**Crystal EDA - Residential Redevelopment
Annual Averages by Year of Lot Sale
1998-Present**



2010 EDA Lot Sales

FUNDING	BLDG STREET	BUILDER	LOT AREA SQ. FT.	LOT PRICE	LOT SALE DATE	HOUSE STYLE	FINISHED SQ. FT.	HOUSE PRICE	HOUSE SALE DATE	ASSESSOR EMV
TIF (2150)	4813 Idaho	Novak-Fleck	8,023	\$55,000	Apr-10	split entry	1,200	\$177,310	Jun-10	not yet avail
TIF (2150)	4801 Idaho	Novak-Fleck	8,648	\$55,000	Apr-10	split entry	1,200	\$182,436	Jun-10	not yet avail
REDEVEL	5309 34th Pl	Novak-Fleck	10,026	\$60,000	Apr-10	split entry	2,000	\$203,255	Jun-10	not yet avail
REDEVEL	5101 35th	Novak-Fleck	11,707	\$55,000	Apr-10	split entry	2,000	\$186,000	Jun-10	not yet avail
REDEVEL	5132 34th Pl	Novak-Fleck	9,929	\$55,000	Apr-10	split entry	2,000	\$222,365	Jun-10	not yet avail
REDEVEL	3549 Regent	Novak-Fleck	10,500	\$50,000	May-10	split entry	1,300	\$189,690	Aug-10	not yet avail
REDEVEL	5918 Idaho	Novak-Fleck	8,004	\$45,000	Jun-10	split entry	1,200	\$178,065	Aug-10	not yet avail
TIF (2150)	3440 Regent	Novak-Fleck	10,492	\$55,000	Jun-10	split entry	1,300	\$205,088	Sep-10	not yet avail
REDEVEL	4612 Hampshire	Novak-Fleck	8,610	\$60,000	Jul-10	split entry	2,000	\$231,268	Sep-10	not yet avail
TIF (2150)	4807 Idaho	Novak-Fleck	8,023	\$55,000	Aug-10	split entry				
REDEVEL	5225 35th	Novak-Fleck	10,026	\$55,000	Sep-10	split entry	1,300	\$203,000	Nov-10	not yet avail
TIF (2150)	6420 50th	Novak-Fleck	13,479	\$60,000	Sep-10	split entry	1,100	\$211,992	Dec-10	not yet avail
TIF (2150)	5708 Elmhurst	Novak-Fleck	12,800	\$45,000	Sep-10	split entry	1,300	\$181,400	Nov-10	not yet avail

13 LOTS SOLD:

AVERAGE LOT AREA SQ FT	AVERAGE LOT PRICE	AVERAGE LOT PRICE PER SQ FT
10,021	\$54,231	\$5.41

12 HOUSES SOLD:

AVERAGE FINISHED SQ FT	AVERAGE HOUSE PRICE	AVG HSE PRICE PER FIN SQ FT
1,492	\$197,656	\$132.51

AVERAGE ASSESSOR EMV
not yet avail

*house sale price does not reflect work completed by homebuyer, or similar factors

2010 Crystal Housing Improvement Rebates (● Approximate Locations)

