ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL

2014 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 are specific descriptions of 2014 EDA activities:

1. Single Family Residential - Scattered Site Redevelopment

6 lots were sold in 2013. As of December 31, 2014 three houses have been completed and sold, two are under construction and one is scheduled to start construction in 2015.

a) Lots Sold in 2014:

1. 4326 Zane (acquired 2002) – house construction to occur in 2015
2. 5824 Regent (acquired 2008) – house under construction, for sale
3. 4349 Xenia (acquired 2012) – house under construction, has buyer
4. 4720 Douglas Dr (acquired 2012) – house completed & sold
5. 5335 Corvallis (acquired 2012) – house completed & sold
6. 5332 50th (acquired 2012) – house completed & sold

b) EDA Lots for Sale as of December 31, 2014:

1. 5626 Vera Cruz (acquired 2007)
2. 3533 Lee (acquired 2008)
3. 4331 Vera Cruz (acquired 2008) – sale pending to MT Builders
4. 5700 Regent (acquired 2009)
5. 5255 Edgewood (acquired 2009)
6. 5715 Regent (acquired 2009)

7. 4901 Vera Cruz (acquired 2009)
8. 6601 62nd (acquired 2012)
9. 5924 Elmhurst (acquired 2012)
10. 6526 45th (acquired 2014)

Lot sales from 1998-2014 are summarized in the attached Exhibits A (map) and B (chart), with detailed information about 2010-2014 lot sales in Exhibit C.

2. Single Family Residential - Scattered Site Acquisition and Rehabilitation

The EDA does not acquire and renovate houses because city-managed rehab projects are not a very cost-effective way of advancing the city's housing goals when compared with other approaches. Instead, 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. Approximately 75% of program expenses are funded by available increment from expiring TIF districts and the other 25% are funded by the EDA levy.

99 Crystal homeowners used the rebate program in 2014. The expenditure history and approximate 2014 locations are shown in Exhibit D.

The total and average 2014 rebates are as follows:

TOTAL 2014 REBATES $136,392	+	TOTAL PAID BY HOMEOWNERS $827,110	=	TOTAL COST OF ALL 2014 PROJECTS $963,502
AVERAGE 2014 REBATE $1,378	+	AVERAGE PAID BY HOMEOWNER $8,355	=	AVERAGE COST PER 2014 PROJECT $9,733

4. Single Family Residential – Community Fix-Up Fund

The EDA and the Minnesota Housing Finance Agency provide an interest rate write-down for Community Fix-Up Fund home improvement loans. In 2014 there were 17 Crystal projects receiving a total of $48,170 from state funds and $37,535 in available increment from Crystal's expiring TIF districts.

5. Single Family Residential – Deferred Home Improvement Loans

Since 1982, Crystal has used part of its federal Community Development Block Grant (CDBG) allocation to provide interest-free home improvement loans to low income homeowners (up to 50% of regional median income). Repayment is deferred for 15 years and then forgiven if the recipient continues to own and occupy the property throughout that time. Homeowners from 50%-80% of regional median income are also eligible but those loans are interest-bearing. Hennepin County administers this program for Crystal and eight other cities (Brooklyn Center, Brooklyn Park, Edina, Hopkins, Maple Grove, New Hope, Richfield and St. Louis Park).

Crystal's 2014 CDBG allocation was $107,956 and 100% was allocated to this program. In addition to the allocation, the program also recaptures previously loaned funds in cases where the homeowner sells or moves out within the 15 year term. This means that available funding fluctuates within and between each year. Demand for the program also fluctuates, meaning that eligible projects must sometimes be put on a waiting list until the next round of funding becomes available.

The twelve months ending September 30, 2014 were unusually active. $106,000 was spent and $199,000 was committed for projects. Eight projects were started, two projects were completed and one property is on the waiting list. Of the eight other Hennepin County cities with similar programs, only Richfield had more activity than Crystal.

6. Multi-Family Residential Redevelopment

The Cavanagh (5401 51st Avenue North). In October 2012 the EDA acquired the 8.3 acre Cavanagh property from Robbinsdale Area Schools which had determined that it no longer needed the property. In December 2012 the EDA transferred the east 4 acres to the city for park purposes. In April 2013 the EDA completed the demolition of the school with funding from Metropolitan Council for asbestos abatement and Hennepin County for demolition. In June 2014 the EDA sold the west 4.3 acres to a private developer (Dominium) for construction of affordable senior housing ("The Cavanagh"). It will be a four story, 130 unit, age-restricted rental building addressed as 5401 51st Avenue North. Units will range from 1BR-1BA to 2BR-2BA and all units will be affordable to households at or below 60% of Twin Cities metropolitan area median income. Construction of The Cavanagh began in summer 2014 and completion is anticipated in fall 2015. The approved plan for The Cavanagh is attached as Exhibit E.

7. Commercial and Industrial Redevelopment

No EDA-involved development activity in 2014.

8. 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 future development. These parcels will be sold depending on market conditions, site characteristics and the status of adjacent properties. As of December 31, 2014 the EDA is holding the following vacant parcels for future development:

1. 3240 Hampshire (acquired 2000)
   - Holding for future development of 32xx Georgia
2. 3556 Major (acquired 2002 - private donation)
   - Will add to "for sale" lot list in 2015
3. 3409 June (acquired 2003 - tax forfeit)
   - Holding for future development of 34xx June
4. 3122 Douglas Dr (acquired 2003)
   - Will add to "for sale" lot list in 2015
5. 5901 56th (acquired 2008)
   - Holding until street reconstruction in 2016-2017
6. 4824 56th (acquired 2009)
   - Holding until street reconstruction in 2016-2017
7. 4741 Welcome (acquired 2009)
   - Holding to see what happens with adjacent 4-plexes
8. 3401 & 3415 Douglas Dr (acquired 2009)
   - Will seek development proposals in 2015
9. 3443 Douglas Dr (acquired 2009)
   - Holding to see what happens with adjacent medical clinic
10. 5417 35th (acquired 2010 from MnDOT)
    - Holding to see what happens with house at 5409 35th
11. 5565 Vera Cruz (acquired 2011 - tax forfeit)
    - Holding until street reconstruction in 2016-2017
12. 3354 Douglas Dr and 6213 34th (acquired 2011)
    - Holding to see what happens with house at 3342 Douglas
13. 3443 Edgewood (acquired 2012 - tax forfeit)
    - Holding for future development of 34xx Edgewood

A map of city and EDA-owned parcels as of December 31, 2014 is attached as Exhibit F.

Crystal EDA
Lot Sales Since 1998

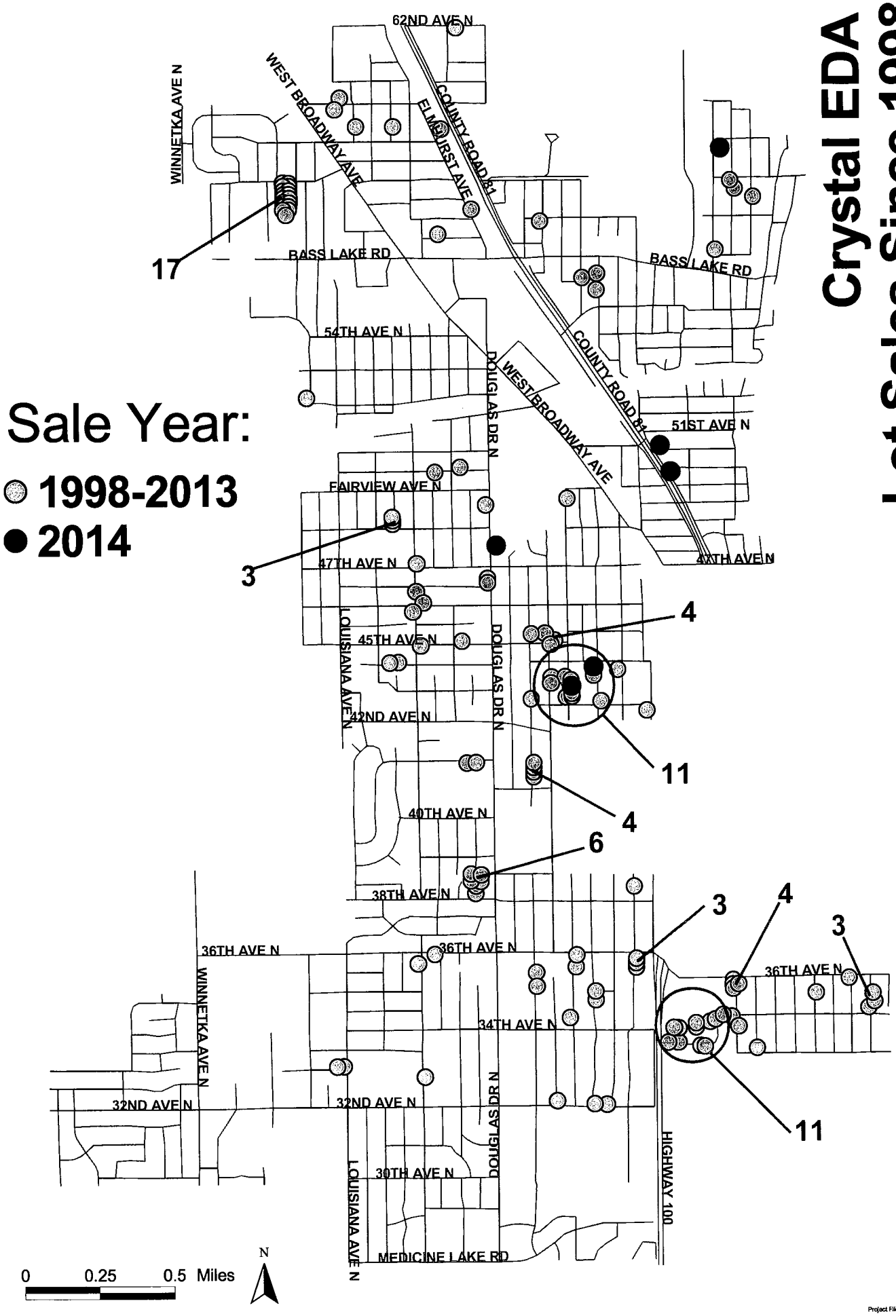
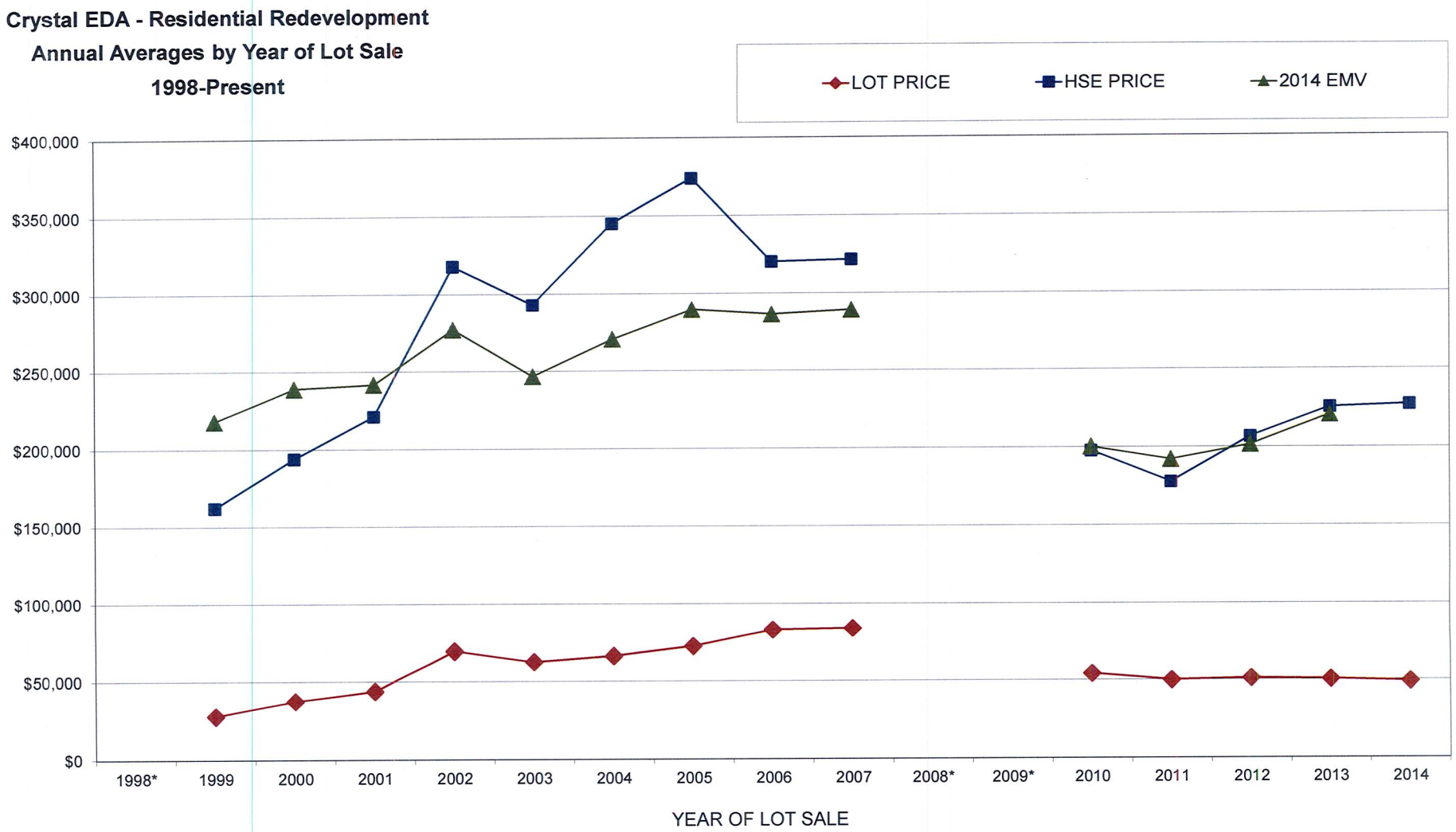


EXHIBIT A

Project File = Scattard Sites



** There was only one lot sale in 1998 so it has been combined with 1999; there was only one lot sale in 2008 so it has been combined with 2007; and there were no lot sales in 2009.*

*** Data not yet available.*

"Lot Price" is the amount the builder paid for the vacant lot.

"House Price" is the amount the homeowner paid for the finished house; this includes land value & new house value.

"EMV" is the most recent Estimated Market Value from the Henn Co Assessor. It provides an apples-to-apples comparison of the value of the completed houses.

EXHIBIT B

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	1,230	$177,310	Jun-10	$188,000
TIF (2150)	4801	Idaho	Novak-Fleck	8,648	$55,000	Apr-10	split	1,230	$182,436	Jun-10	$187,000
REDEVEL	5309	34th Pl	Novak-Fleck	10,026	$60,000	Apr-10	split	2,000	$203,255	Jun-10	$204,000
REDEVEL	5101	35th	Novak-Fleck	11,707	$55,000	Apr-10	split	2,000	$186,000	Jun-10	$190,000
REDEVEL	5132	34th Pl	Novak-Fleck	9,929	$55,000	Apr-10	split	2,000	$222,365	Jun-10	$220,000
REDEVEL	3549	Regent	Novak-Fleck	10,500	$50,000	May-10	split	1,447	$189,690	Aug-10	$189,000
REDEVEL	5918	Idaho	Novak-Fleck	8,004	$45,000	Jun-10	split	1,230	$178,065	Aug-10	$184,000
TIF (2150)	3440	Regent	Novak-Fleck	10,492	$55,000	Jun-10	split	1,447	$205,088	Sep-10	$191,000
REDEVEL	4612	Hampshire	Novak-Fleck	8,610	$60,000	Jul-10	split	2,000	$231,268	Sep-10	$231,000
TIF (2150)	4807	Idaho	Novak-Fleck	8,023	$55,000	Aug-10	split	1,447	$198,000	Feb-11	$215,000
REDEVEL	5225	35th	Novak-Fleck	10,026	$55,000	Sep-10	split	1,447	$203,000	Nov-10	$199,000
TIF (2150)	6420	50th	Novak-Fleck	13,479	$60,000	Sep-10	split	1,167	$211,992	Dec-10	$230,000
TIF (2150)	5708	Elmhurst	Novak-Fleck	12,800	$45,000	Sep-10	split	1,447	$181,400	Nov-10	$175,000

13 LOTS SOLD:

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

13 HOUSES SOLD:

AVERAGE FINISHED SQ FT	AVERAGE HOUSE PRICE	AVG HSE PRICE PER FIN SQ FT	AVERAGE ASSESSOR EMV
1,546	$197,682	$127.91	$200,231

2011 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
NSP	5906	Elmhurst	Habitat for Hum.	12,000	$1	Jan-11 *	rambler	1,588	$147,225	Dec-11 **	$198,000
TIF (2150)	5325	35th	Novak-Fleck	10,026	$30,000	Apr-11 *	split	1,230	$170,000	Oct-11	$189,000
REDEVEL	5401	35th	Novak-Fleck	10,026	$25,000	Apr-11 *	split	1,230	$170,000	Aug-11	$180,000
NSP	4259	Vera Cruz	Habitat for Hum.	12,552	$1	May-11 *	rambler	1,588	$162,150	Apr-12 **	$198,000
REDEVEL	5224	35th	Novak-Fleck	10,086	$50,000	Nov-11	split	1,600	$193,000	May-12	$195,000

Lot or house price excluded from average:

**lot price excluded from avg; discounted due to soil correction or compliance with federal affordability rules*

***house price excluded from avg; does not reflect work completed by homebuyer, or similar factors*

5 LOTS SOLD:

AVERAGE LOT AREA SQ FT	*AVERAGE LOT PRICE	*AVERAGE LOT PRICE PER SQ FT
10,086	$50,000	$4.96

5 HOUSES SOLD:

AVERAGE FINISHED SQ FT	**AVERAGE HOUSE PRICE	**AVG HSE PRICE PER FIN SQ FT	AVERAGE ASSESSOR EMV
1,447	$177,667	$131.28	$192,000

EXHIBIT C

2012 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
REDEVEL	6620	46th	Novak-Fleck	9,840	$60,000	Feb-12		split	1,600	$198,800	Jun-12		$208,000
REDEVEL	3541	Regent	Novak-Fleck	10,500	$50,000	Apr-12		split	1,230	$185,900	Jul-12		$177,000
REDEVEL	3548	Regent	Novak-Fleck	10,500	$50,000	Apr-12		split	1,326	$188,800	Aug-12		$193,000
REDEVEL	4310	Zane	MT Builders	9,851	$45,000	May-12		two story	2,235	$235,300	Aug-12		$245,000
REDEVEL	4553	Hampshire	Novak-Fleck	7,488	$60,000	Jun-12		split	2,076	$229,755	Sep-12		$240,000
REDEVEL	5918	Kentucky	Novak-Fleck	7,500	$45,000	Jun-12		split	1,230	$192,000	Sep-12		$183,000
REDEVEL	7024	60th	Novak-Fleck	14,000	$55,000	Aug-12		split	1,326	$197,900	Nov-12		$196,000
CDBG	4306	Zane	MT Builders	9,851	$45,000	Sep-12		two story	1,581	$236,000	Jun-13		$210,000
REDEVEL	5533	Xenia	Novak-Fleck	8,040	$50,000	Oct-12		split	1,230	$195,000	Mar-13		$179,000
NSP	3528	Noble	Habitat for Hum.	7,603	$1	Dec-12	*	rambler	1,442	$192,821	Oct-13	**	$190,000
NSP	5116	35th	Habitat for Hum.	12,258	$1	Dec-12	*	rambler	1,348	$204,900	Jun-14	**	not yet avail
NSP	4312	Brunswick	Habitat for Hum.	7,686	$1	Dec-12	*	rambler	1,442	$192,821	Nov-13	**	$196,000
NSP	5724	Perry	Habitat for Hum.	11,247	$1	Dec-12	*	rambler	1,404			**	not yet avail
NSP	7041	60th	Habitat for Hum.	18,030	$1	Dec-12	*	rambler	1,414	$199,900	Dec-14	**	not yet avail

Lot or house price excluded from average:

**lot price excluded from avg; discounted due to soil correction or compliance with federal affordability rules*

***house price excluded from avg; does not reflect work completed by homebuyer, or similar factors*

14 LOTS SOLD:

AVERAGE LOT AREA SQ FT	*AVERAGE LOT PRICE	*AVERAGE LOT PRICE PER SQ FT
9,730	$51,111	$5.25

13 HOUSES SOLD:

AVERAGE FINISHED SQ FT	**AVERAGE HOUSE PRICE	**AVG HSE PRICE PER FIN SQ FT	AVERAGE ASSESSOR EMV
1,492	$206,606	$134.41	$201,545

2013 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)	6529	50th	Novak-Fleck	11,610	$60,000	Feb-13		split	1,728	$212,000	Jun-13	$210,000
TIF (2150)	4633	Douglas Dr	Novak-Fleck	9,963	$50,000	Apr-13		split	1,772	$212,000	Aug-13	$211,000
REDEVEL	5527	Xenia	Novak-Fleck	8,040	$50,000	Apr-13		split	1,230	$202,685	Jul-13	$178,000
TIF (2150)	5548	Yates	Novak-Fleck	10,575	$50,000	May-13		split	2,105	$236,900	Nov-13	$231,000
CDBG	4330	Zane	MT Builders	9,851	$40,000	Jun-13		two story	1,581	$240,000	Sep-13	$219,000
REDEVEL	4343	Xenia	MT Builders	10,825	$50,000	Jul-13		two story	1,678	$246,000	Oct-13	$239,000
TIF (2150)	3548	Welcome	Novak-Fleck	8,960	$55,000	Jul-13		split	1,401	$246,220	Dec-13	$254,000
TIF (2150)	3556	Welcome	Novak-Fleck	8,308	$50,000	Sep-13		split	1,209	$222,912	Dec-13	$222,000
TIF (2150)	3564	Welcome	Novak-Fleck	8,875	$27,000	Sep-13	*	split	1,772	$195,000	Jan-14	not yet avail
TIF (2150)	5657	Adair	Novak-Fleck	9,949	$50,000	Oct-13		split	2,105	$244,531	Mar-14	not yet avail
REDEVEL	6516	Brentwood	Novak-Fleck	10,125	$50,000	Dec-13		split	1,772	$221,811	Apr-14	not yet avail

Lot or house price excluded from average:

**lot price excluded from avg; discounted due to soil correction or similar factors*

***house price excluded from avg; does not reflect work completed by homebuyer, or similar factors*

11 LOTS SOLD:

AVERAGE LOT AREA SQ FT	*AVERAGE LOT PRICE	*AVERAGE LOT PRICE PER SQ FT
9,735	$50,500	$5.14

11 HOUSES SOLD:

AVERAGE FINISHED SQ FT	AVERAGE HOUSE PRICE	AVG HSE PRICE PER FIN SQ FT	AVERAGE ASSESSOR EMV
1,529	$225,460	$135.13	$220,500

2014 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
REDEVEL	4720	Douglas Dr	Novak-Fleck	12,000	$50,000	Feb-14	split	1,237	$229,150	Dec-14	not yet avail
REDEVEL	5335	Corvallis	Novak-Fleck	12,058	$50,000	Mar-14	split	1,401	$229,365	Jul-14	not yet avail
REDEVEL	5332	50th	Novak-Fleck	10,000	$45,000	Apr-14	split	1,237	$222,900	Sep-14	not yet avail
REDEVEL	4349	Xenia	MT Builders	10,825	$50,000	Sep-14	two story				
REDEVEL	4326	Zane	MT Builders	9,851	$45,000	Sep-14	two story				
REDEVEL	5824	Regent	Novak-Fleck	10,125	$55,000	Sep-14	split				

Lot or house price excluded from average:

**lot price excluded from avg; discounted due to soil correction or similar factors*

***house price excluded from avg; does not reflect work completed by homebuyer, or similar factors*

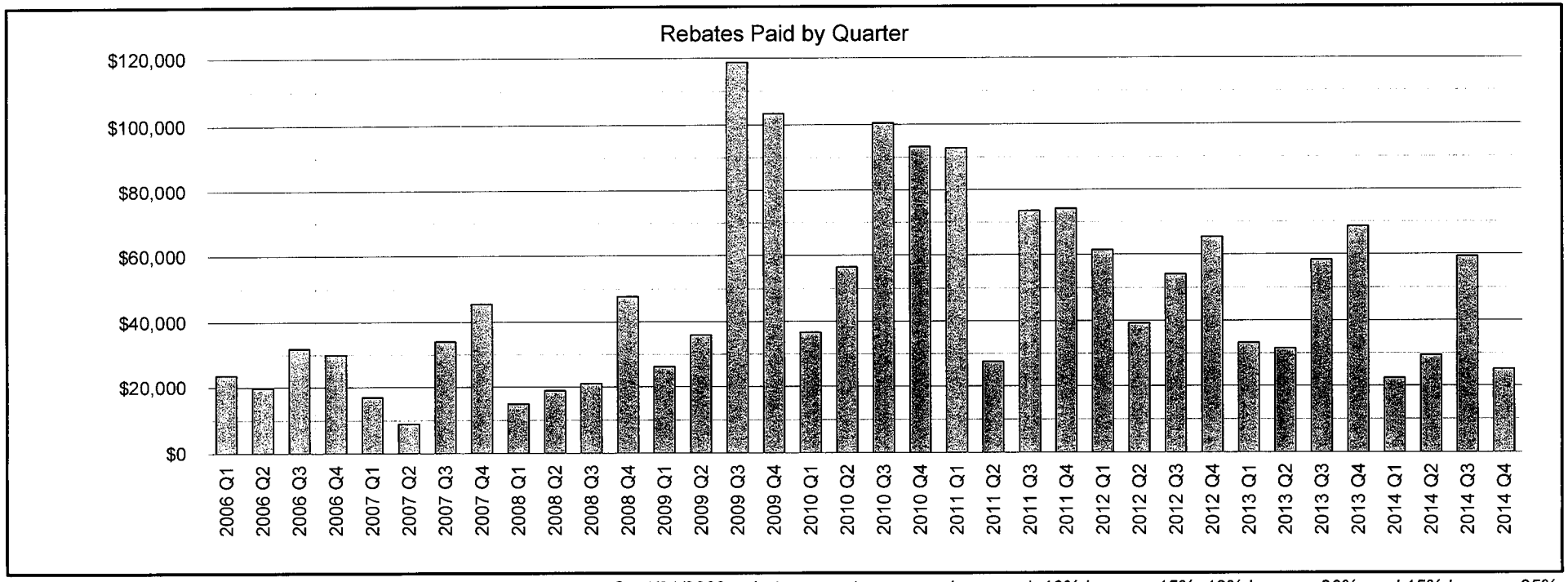
6 LOTS SOLD:

AVERAGE LOT AREA SQ FT	*AVERAGE LOT PRICE	*AVERAGE LOT PRICE PER SQ FT
10,810	$49,167	$4.55

3 HOUSES SOLD:

AVERAGE FINISHED SQ FT	AVERAGE HOUSE PRICE	AVG HSE PRICE PER FIN SQ FT	AVERAGE ASSESSOR EMV
1,292	$227,138	$175.85	not yet avail

City of Crystal - Home Improvement Incentive Rebate - through 2014



On 4/01/2009, rebate percentages were increased: 10% became 15%, 12% became 20%, and 15% became 25%
On 1/01/2012, rebate percentages were reduced: 15% became 10%, 20% became 15%, and 25% became 20%

AVERAGE QUARTERLY EXPENDITURES SINCE JANUARY 1, 2012 (when rebate percentages were reduced to current levels):

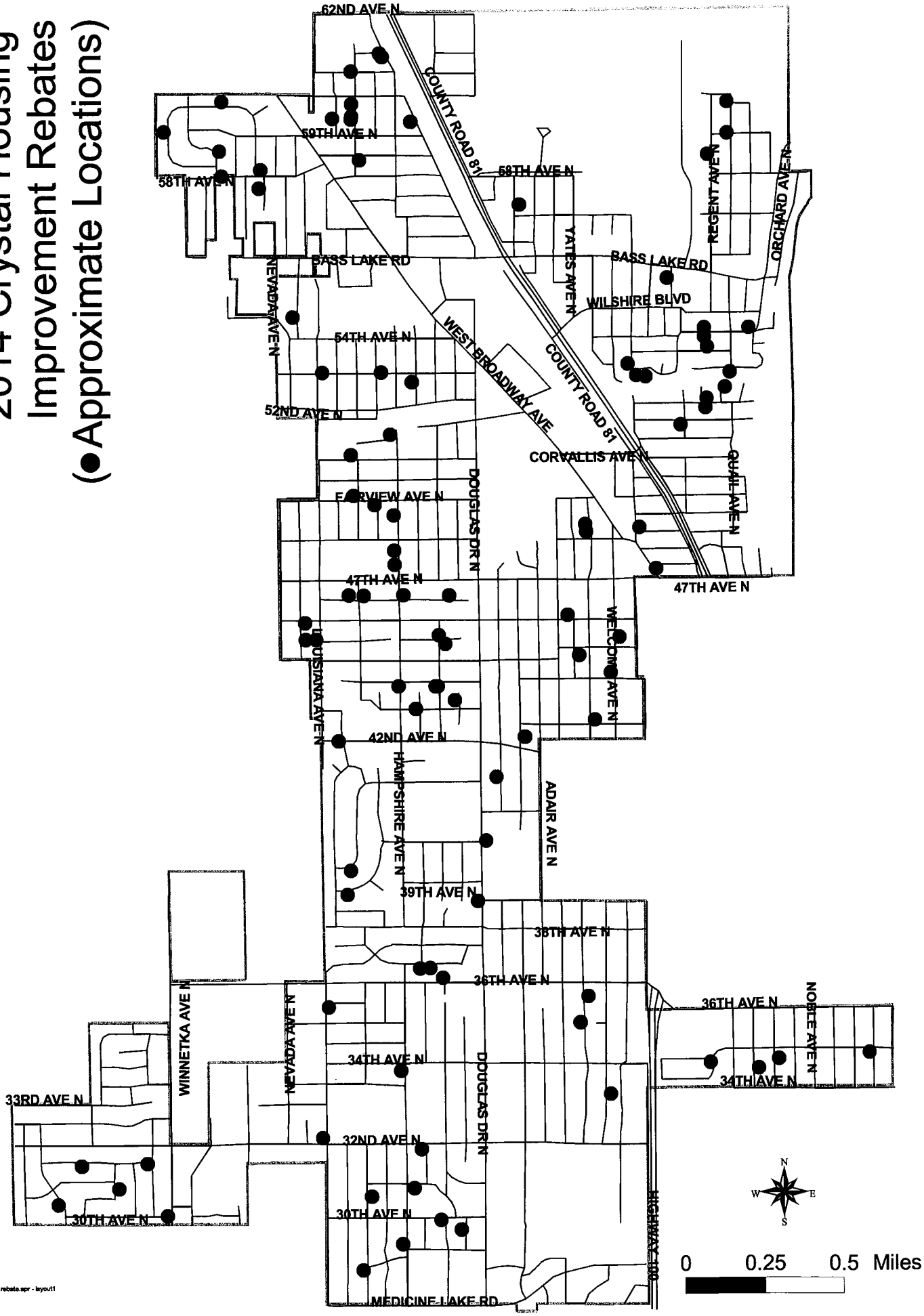
$548,535	**REBATES PAID**
$60,339	**ADMINISTRATION FEES**
$608,873	**TOTAL EXPENDITURES SINCE JANUARY 1, 2012**
12	**NUMBER OF QUARTERS SINCE JANUARY 1, 2012**
$50,739	**AVERAGE QUARTERLY EXPENDITURES**

EXPENDITURES IN 2014:

$136,392	**REBATES PAID**
$15,003	**ADMINISTRATION FEES**
$151,395	**TOTAL EXPENDITURES**
$249,750	**2014 BUDGET**
$98,355	**BUDGET UNEXPENDED**

EXHIBIT D

2014 Crystal Housing Improvement Rebates (● Approximate Locations)



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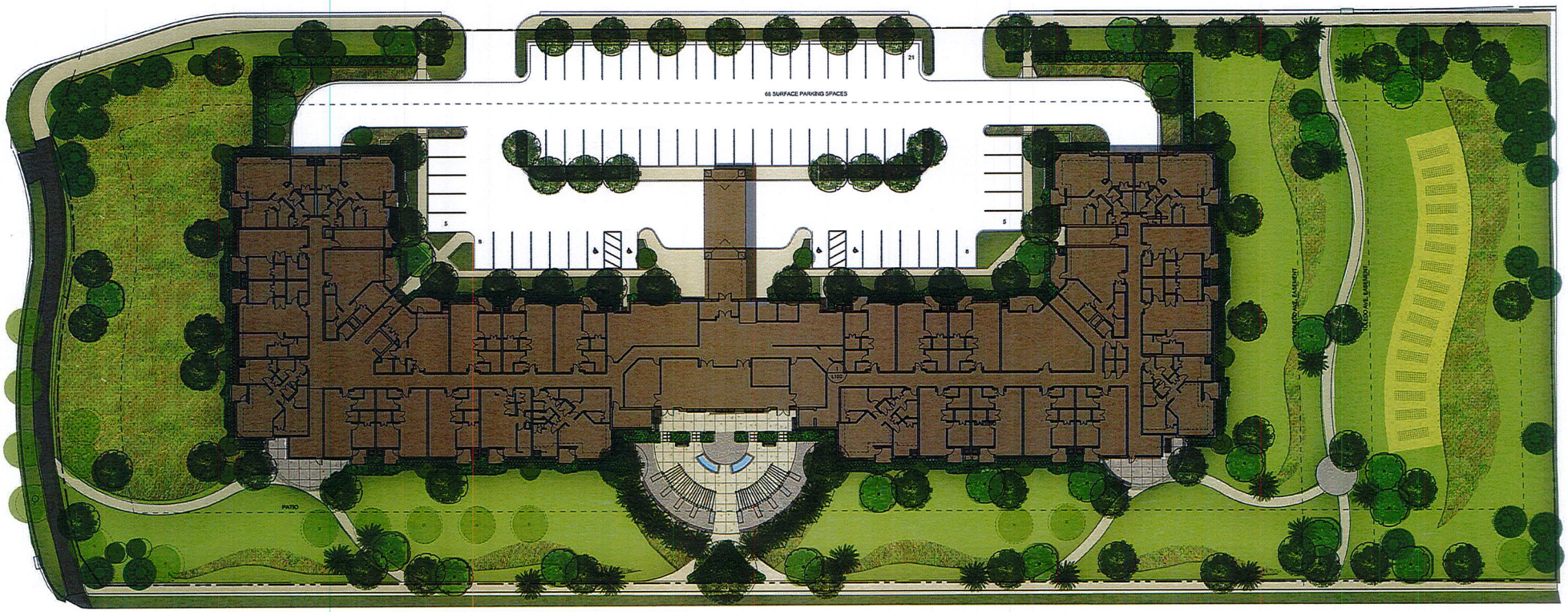
51st Avenue North



Corvallis Avenue North

DOMINIUM

CAVANAGH SENIOR APARTMENTS

5401 51ST AVENUE NORTH

BKV GROUP
Architecture
Interior Design
Landscape Architecture
Engineering

www.bkvgroup.com

EXHIBIT E

PROPOSED SOUTH ELEVATION

PROPOSED NORTH ELEVATION

DOMINIUM

CAVANAGH SENIOR APARTMENTS

BKV GROUP
Architecture
Interior Design
Landscape Architecture
Engineering

www.bkvgroup.com

City of Crystal Municipal PIDs
December 31, 2014

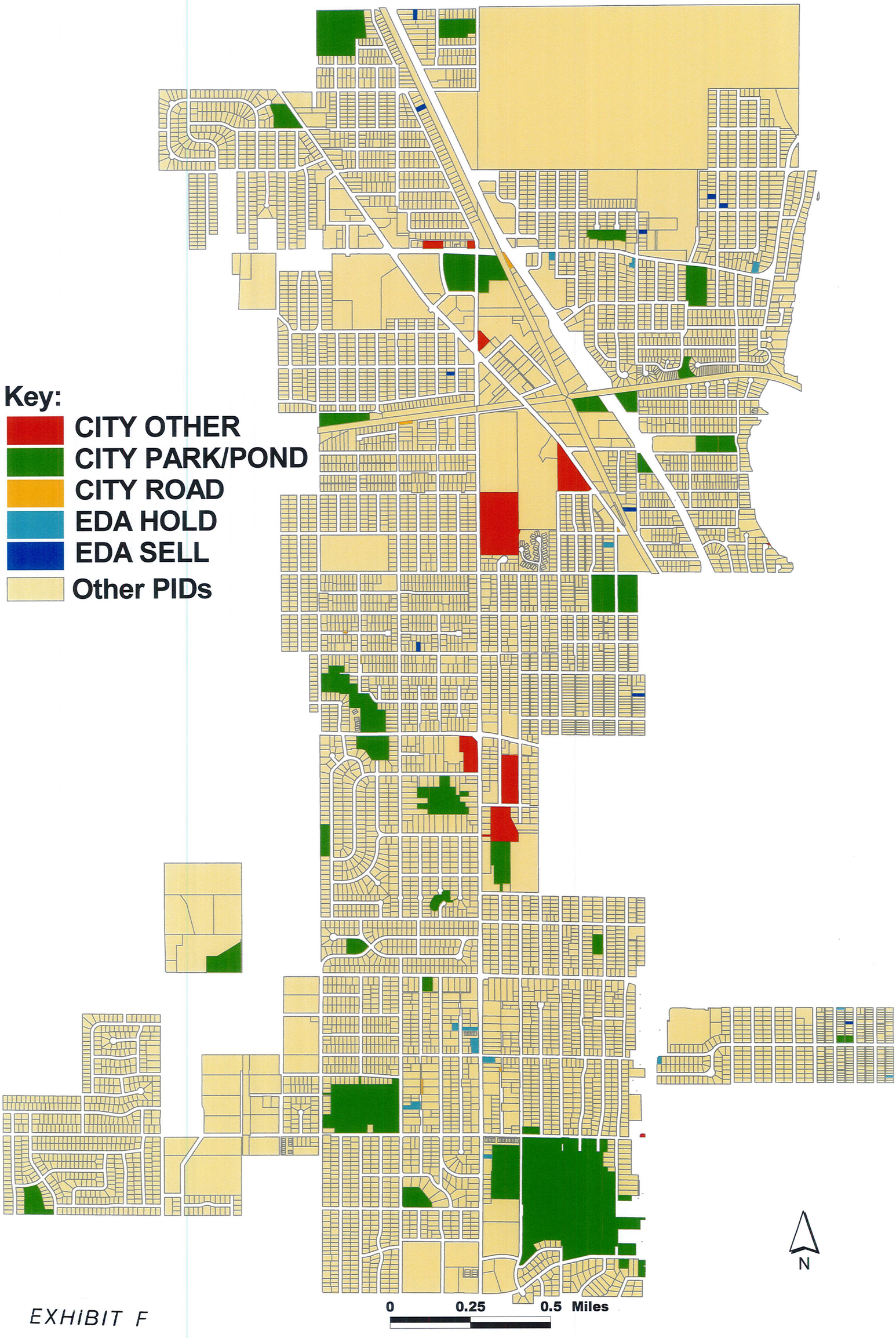


EXHIBIT F