ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL

2012 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 2012 EDA activities:

1. Single Family Residential - Scattered Site Redevelopment

14 lots were sold in 2012: Nine at market rate and Five at no cost to Habitat for Humanity. Among the nine market rate lots, as of December 31, 2012 seven houses had been completed and sold and two were nearing completion. The five Habitat houses are scheduled for construction in 2013-2014.

a) Lots Sold in 2012:

1. 4306 Zane (acquired 1998)
2. 4310 Zane (acquired 2005)
3. 6620 46th (acquired 2007)
4. 5533 Xenia (acquired 2010)
5. 4553 Hampshire (acquired 2011)
6. 3548 Regent (acquired 2011)
7. 3541 Regent (acquired 2011)
8. 5918 Kentucky (acquired 2011)
9. 7024 60th (acquired 2012)
10. 5724 Perry (acquired 2010) – to Habitat for Humanity (NSP*)
11. 7041 60th (acquired 2010) – to Habitat for Humanity (NSP*)
12. 3528 Noble (acquired 2010) – to Habitat for Humanity (NSP*)
13. 5116 35th (acquired 2010) – to Habitat for Humanity (NSP*)

14. 4312 Brunswick (acquired 2010) – to Habitat for Humanity (NSP*)

**NSP refers to 100% federally funded acquisition and demolition of foreclosed, vacant and blighted houses.*

b) Lots Available as of December 31, 2012:

1. 4330 Zane (acquired 1999)
2. 4326 Zane (acquired 2002)
3. 5527 Xenia (acquired 2007)
4. 5626 Vera Cruz (acquired 2007)
5. 5657 Adair (acquired 2007)
6. 4343 Xenia (acquired 2007)
7. 3533 Lee (acquired 2008)
8. 4331 Vera Cruz (acquired 2008)
9. 5824 Regent (acquired 2008)
10. 5700 Regent (acquired 2009)
11. 6529 50th (acquired 2009)
12. 4633 Douglas Dr (acquired 2009)
13. 5255 Edgewood (acquired 2009)
14. 5548 Yates (acquired 2009)
15. 5715 Regent (acquired 2009)
16. 4901 Vera Cruz (acquired 2009)
17. 4553 Yates (acquired 2009)
18. 5417 35th (excess MnDOT property acquired 2010)
19. 3548 Welcome (excess MnDOT property acquired 2010)
20. 3556 Welcome (excess MnDOT property acquired 2010)
21. 4349 Xenia (acquired 2012)
22. 4720 Douglas Dr (acquired 2012)
23. 6601 62nd (acquired 2012)
24. 5335 Corvallis (excess Henn Co property acquired 2012)
25. 5332 50th (excess Henn Co property acquired 2012)
26. 5924 Elmhurst (acquired 2012)
27. 6516 Brentwood (acquired 2012)

Lot sales from 1998-2012 are summarized in the attached Exhibits A (chart) and B (map). Detailed information about 2010-2012 lot sales is attached as 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. 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 including available increment from expiring TIF districts to maintain the program.

134 Crystal homeowners used the rebate program in 2012. The approximate locations are mapped in Exhibit D. The total and average 2012 rebates are as follows:

TOTAL 2012 REBATES $159,105	+	TOTAL FROM HOMEOWNERS $926,024	=	TOTAL COST OF ALL 2012 PROJECTS $1,085,129
AVERAGE 2012 REBATE $1,187	+	AVERAGE FROM HOMEOWNER $6,911	=	AVERAGE COST OF 2012 PROJECTS $8,098

4. 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 households 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. Households from 50% to 80% of regional median income are also eligible but those loans are interest-bearing. Hennepin County administers this program for Crystal as it does for nine other cities.

By reducing and eventually eliminating the use of CDBG funds for scattered site redevelopment, the city increased funding for deferred loans in 2000-2002 and since then has maintained a relatively stable annual funding level of $80,000-$90,000. In addition to the annual allocation, the program also recaptures previously loaned funds in cases where the homeowner sells or moves out within the 15 year term.

During the twelve months ending September 30, 2012, $68,000 was spent on rehab projects and $77,000 was committed for additional projects. Three projects were started, four projects were completed and two properties were on the waiting list.

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

In 2012 the EDA provided $3,808 in down payment assistance for a buyer of a vacant house using an FHA 203K purchase-rehab loan. The funds will be recaptured if the homeowner moves out or sells the property within five years.

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 the property was no longer needed for school purposes. In December 2012 the EDA approved the transfer of the east 4 acres to the city for park purposes and the sale of the west 4.3 acres to a private developer (Dominium) for construction of affordable senior housing ("The Cavanagh").

The EDA will complete the demolition of the school in spring 2013. Funding is being provided by Metropolitan Council's Livable Communities Fund for asbestos abatement and Hennepin County for demolition.

After the school is demolished, the EDA will sell the site to Dominium and they will begin construction of The Cavanagh. It will be a three story, 130 unit, age-restricted rental building addressed as 5401 51st Avenue North. Unit sizes 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 will begin in summer 2013 and be completed in 2014.

The approved site plan for The Cavanagh is attached as Exhibit E.

7. Commercial and Industrial Redevelopment

New Medical Clinic (5700 Bottineau Boulevard). In May 2011 the EDA purchased two acres of vacant, excess highway property from Hennepin County and sold it to a private developer who had also purchased private property from willing sellers. The developer used the resulting four acre site to build a $12 million, 40,000 sq. ft. medical office building. 90% of the building has been leased as of December 31, 2012.

8. Site Investigations, Research and Planning

No development activity in 2012.

9. Land Banking for Future Redevelopment

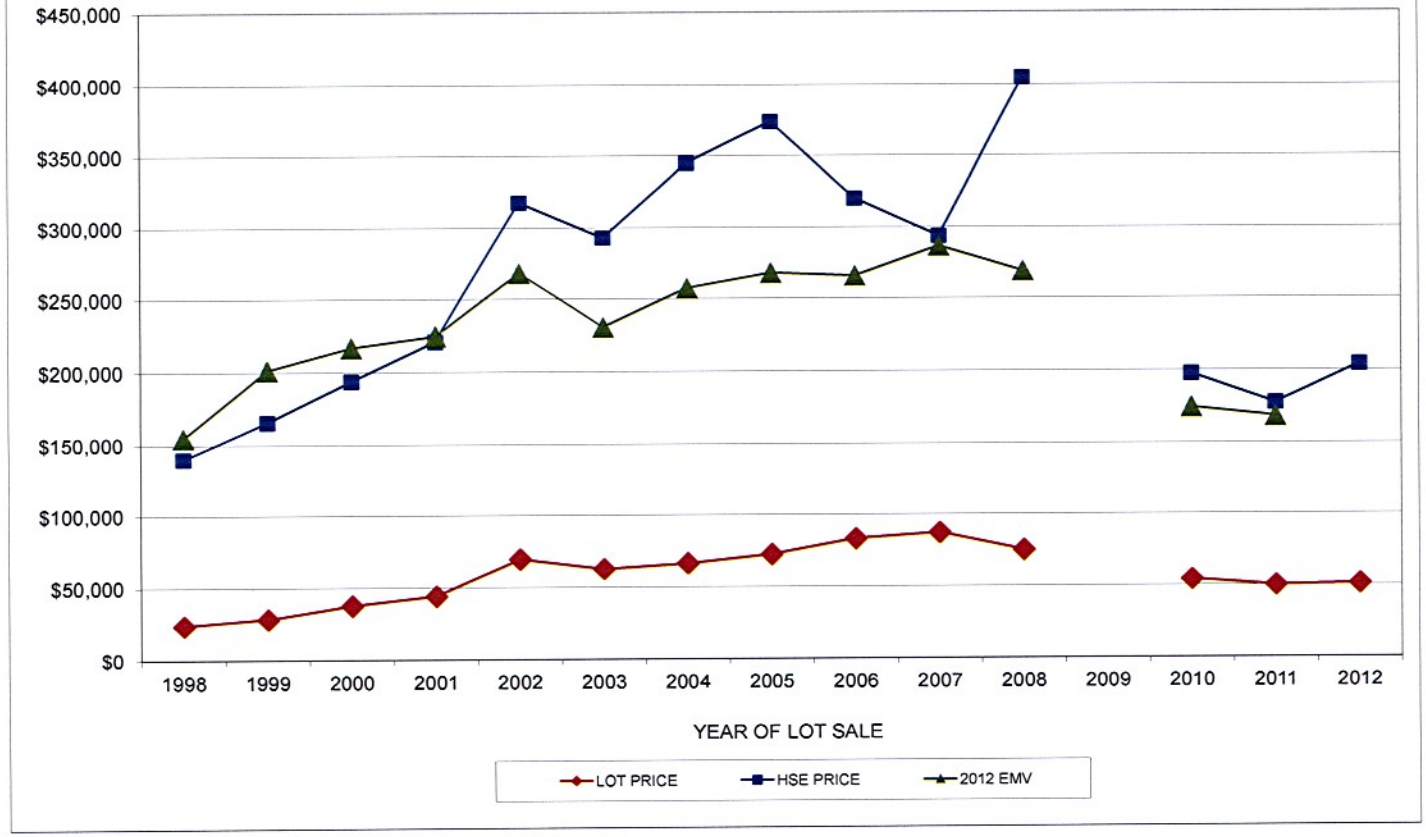
In addition to the more immediate redevelopment activities discussed in Section 1, the EDA also takes advantage of opportunities to acquire and hold property for future development. These parcels will be sold depending on market conditions, site characteristics and the status of adjacent properties.

As of December 31, 2012 the EDA is holding the following vacant parcels for future development:

1. 3240 Hampshire (acquired 2000)
2. 3556 Major (acquired 2002 - private donation)
3. 3409 June (acquired 2003 - tax forfeit)
4. 3122 Douglas Dr (acquired 2003)
5. 5901 56th (acquired 2008)
6. 4824 56th (acquired 2009)
7. 4741 Welcome (acquired 2009)
8. 3401, 3415 and 3443 Douglas Dr (acquired 2009)
9. 5565 Vera Cruz (acquired 2011 - tax forfeit)
10. 3354 Douglas Dr and 6213 34th (acquired 2011)
11. 3443 Edgewood (acquired 2012 - tax forfeit)

A map of city and EDA-owned property as of December 31, 2012 is attached as Exhibit F.

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



YEAR	LOTS SOLD	AVERAGE LOT PRICE	AVERAGE HSE PRICE	AVERAGE 2012 EMV
1998	1	$24,000	$140,000	$155,000
1999	7	$28,600	$165,789	$201,429
2000	10	$37,760	$194,004	$217,000
2001	5	$44,100	$221,028	$224,800
2002	7	$69,643	$317,891	$268,143
2003	9	$62,734	$292,980	$230,667
2004	13	$66,479	$345,242	$257,462
2005	2	$72,500	$373,861	$268,000
2006	20	$83,015	$320,258	$265,842
2007	3	$87,000	$293,667	$286,667
2008	1	$75,000	$405,000	$269,000
2009	0			
2010	13	$54,231	$197,682	$174,615
2011	5	$50,000	$177,667	$168,400
2012	14	$51,111	$204,065	*

** 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.

"2012 EMV" is the Estimated Market Value from the Henn Co Assessor. It provides an apples-to-apples comparison of the value of the completed houses as of January 2012.

EXHIBIT A

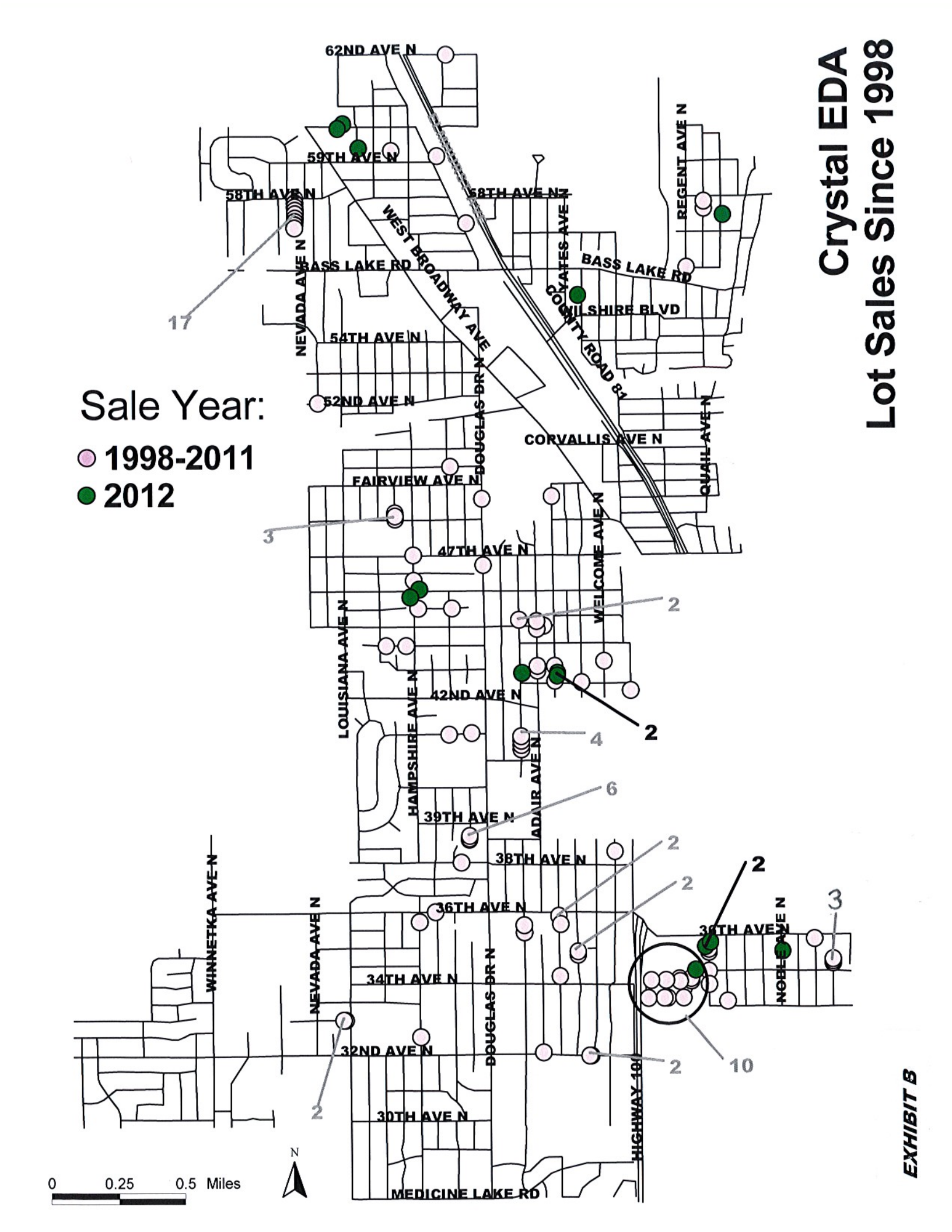

Crystal EDA
Lot Sales Since 1998
Sale Year:
1998-2011
2012
62ND AVE N
59TH AVE N
58TH AVE N
58TH AVE N
WEST BROADWAY AVE N
REGENT AVE N
BASS LAKE RD
BASS LAKE RD
YATES AVE N
WILSHIRE BLVD
COUNTY ROAD 81
NEVADA AVE N
54TH AVE N
52ND AVE N
DOUGLAS DR N
CORVALLIS AVE N
QUAIL AVE N
FAIRVIEW AVE N
WELCOME AVE N
47TH AVE N
LOUISIANA AVE N
HAMPSHIRE AVE N
42ND AVE N
ADAIR AVE N
39TH AVE N
38TH AVE N
WINNETKA AVE N
NEVADA AVE N
36TH AVE N
36TH AVE N
NOBLE AVE N
34TH AVE N
DOUGLAS DR N
32ND AVE N
30TH AVE N
HIGHWAY 169
MEDICINE LAKE RD
17
3
2
2
4
6
2
2
2
2
3
2
10
2
N
0
0.25
0.5 Miles

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	1,200	$177,310	Jun-10	$155,000
TIF (2150)	4801	Idaho	Novak-Fleck	8,648	$55,000	Apr-10	split	1,200	$182,436	Jun-10	$176,000
REDEVEL	5309	34th Pl	Novak-Fleck	10,026	$60,000	Apr-10	split	2,000	$203,255	Jun-10	$188,000
REDEVEL	5101	35th	Novak-Fleck	11,707	$55,000	Apr-10	split	2,000	$186,000	Jun-10	$184,000
REDEVEL	5132	34th Pl	Novak-Fleck	9,929	$55,000	Apr-10	split	2,000	$222,365	Jun-10	$206,000
REDEVEL	3549	Regent	Novak-Fleck	10,500	$50,000	May-10	split	1,300	$188,690	Aug-10	$176,000
REDEVEL	5918	Idaho	Novak-Fleck	8,004	$45,000	Jun-10	split	1,200	$178,065	Aug-10	$160,000
TIF (2150)	3440	Regent	Novak-Fleck	10,492	$55,000	Jun-10	split	1,300	$205,088	Sep-10	$190,000
REDEVEL	4612	Hampshire	Novak-Fleck	8,610	$60,000	Jul-10	split	2,000	$231,268	Sep-10	$195,000
TIF (2150)	4807	Idaho	Novak-Fleck	8,023	$55,000	Aug-10	split	1,300	$198,000	Feb-11	$155,000
REDEVEL	5225	35th	Novak-Fleck	10,026	$55,000	Sep-10	split	1,300	$203,000	Nov-10	$187,000
TIF (2150)	6420	50th	Novak-Fleck	13,479	$60,000	Sep-10	split	1,100	$211,992	Dec-10	$184,000
TIF (2150)	5708	Elmhurst	Novak-Fleck	12,800	$45,000	Sep-10	split	1,300	$181,400	Nov-10	$134,000

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
1,477	$197,682	$133.85

AVERAGE ASSESSOR EMV
$174,615

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	**	$164,000
TIF (2150)	5325	35th	Novak-Fleck	10,026	$30,000	Apr-11	*	split	1,200	$170,000	Oct-11		$167,000
REDEVEL	5401	35th	Novak-Fleck	10,026	$25,000	Apr-11	*	split	1,200	$170,000	Aug-11		$167,000
NSP	4259	Vera Cruz	Habitat for Hum.	12,552	$1	May-11	*	rambler	1,588	$162,150	Apr-12	**	$177,000
REDEVEL	5224	35th	Novak-Fleck	10,086	$50,000	Nov-11		split	1,600	$193,000	May-12		$167,000

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
1,435	$177,887	$123.79

AVERAGE ASSESSOR EMV
$168,400

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	48th	Novak-Fleck	9,840	$60,000	Feb-12		split	1,600	$198,800	Jun-12		not yet avail
REDEVEL	3541	Regent	Novak-Fleck	10,500	$50,000	Apr-12		split	1,200	$185,900	Jul-12		not yet avail
REDEVEL	3548	Regent	Novak-Fleck	10,500	$50,000	Apr-12		split	1,326	$188,800	Aug-12		not yet avail
REDEVEL	4310	Zane	MT Builders	9,851	$45,000	May-12		two story	2,235	$235,300	Aug-12		not yet avail
REDEVEL	4553	Hampshire	Novak-Fleck	7,488	$60,000	Jun-12		split	2,076	$229,755	Sep-12		not yet avail
REDEVEL	5918	Kentucky	Novak-Fleck	7,500	$45,000	Jun-12		split	1,200	$192,000	Sep-12		not yet avail
REDEVEL	7024	60th	Novak-Fleck	14,000	$55,000	Aug-12		split	1,326	$197,900	Nov-12		not yet avail
CDBG	4306	Zane	MT Builders	9,851	$45,000	Sep-12		two story	1,581				not yet avail
REDEVEL	5533	Xenia	Novak-Fleck	8,040	$50,000	Oct-12		split	1,200				not yet avail
NSP	3528	Noble	Habitat for Hum.	7,603	$1	Dec-12	*	rambler	1,442			**	not yet avail
NSP	5116	35th	Habitat for Hum.	12,258	$1	Dec-12	*	rambler	1,348			**	not yet avail
NSP	4312	Brunswick	Habitat for Hum.	7,686	$1	Dec-12	*	rambler	1,442			**	not yet avail
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			**	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

7 HOUSES SOLD:

AVERAGE FINISHED SQ FT	**AVERAGE HOUSE PRICE	**AVG HSE PRICE PER FIN SQ FT
1,485	$204,065	$137.39

AVERAGE ASSESSOR EMV
not yet avail

EXHIBIT C

2012 Crystal Housing Improvement Rebates (● Approximate Locations)

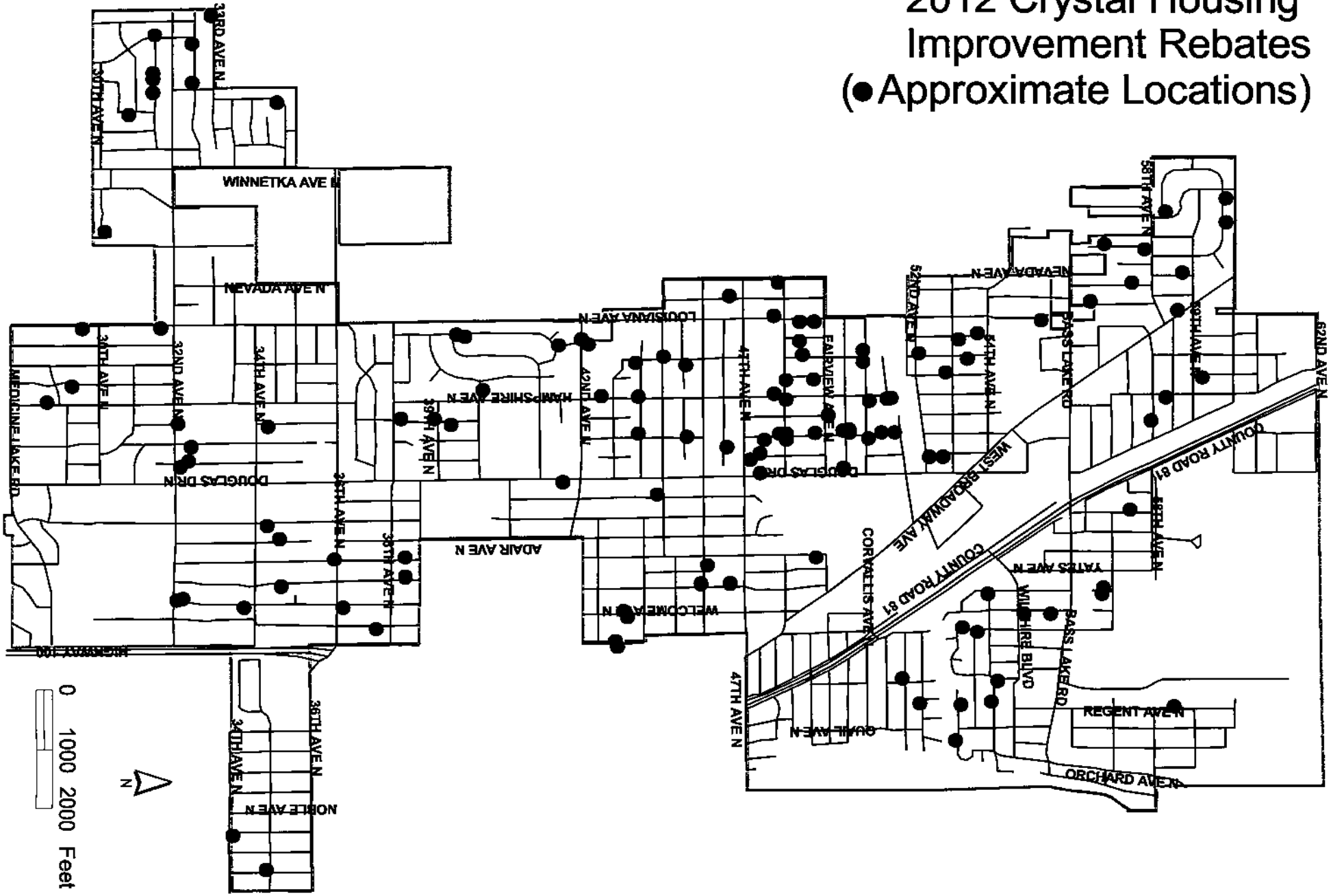
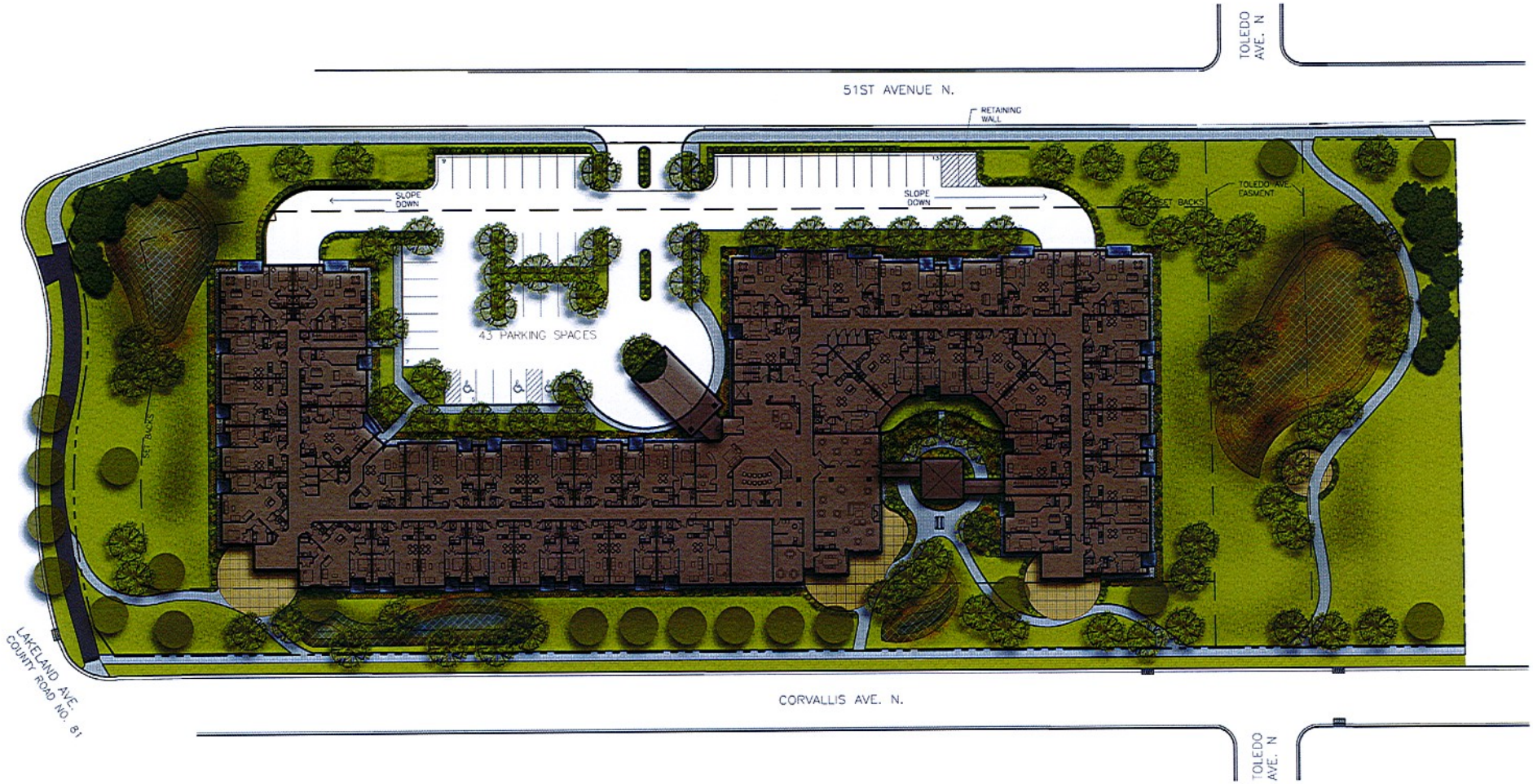


EXHIBIT D



True North

0 15' 30' 60'

DOMINIUM

SITE ILLUSTRATION
PROPOSED CAVANAGH SENIOR HOUSING DEVELOPMENT

12/10/2012

BKV GROUP
Architecture
Interior Design
Landscape Architecture
Engineering

www.bkvgroup.com

EXHIBIT E

City of Crystal
Municipal Property
December 31, 2012

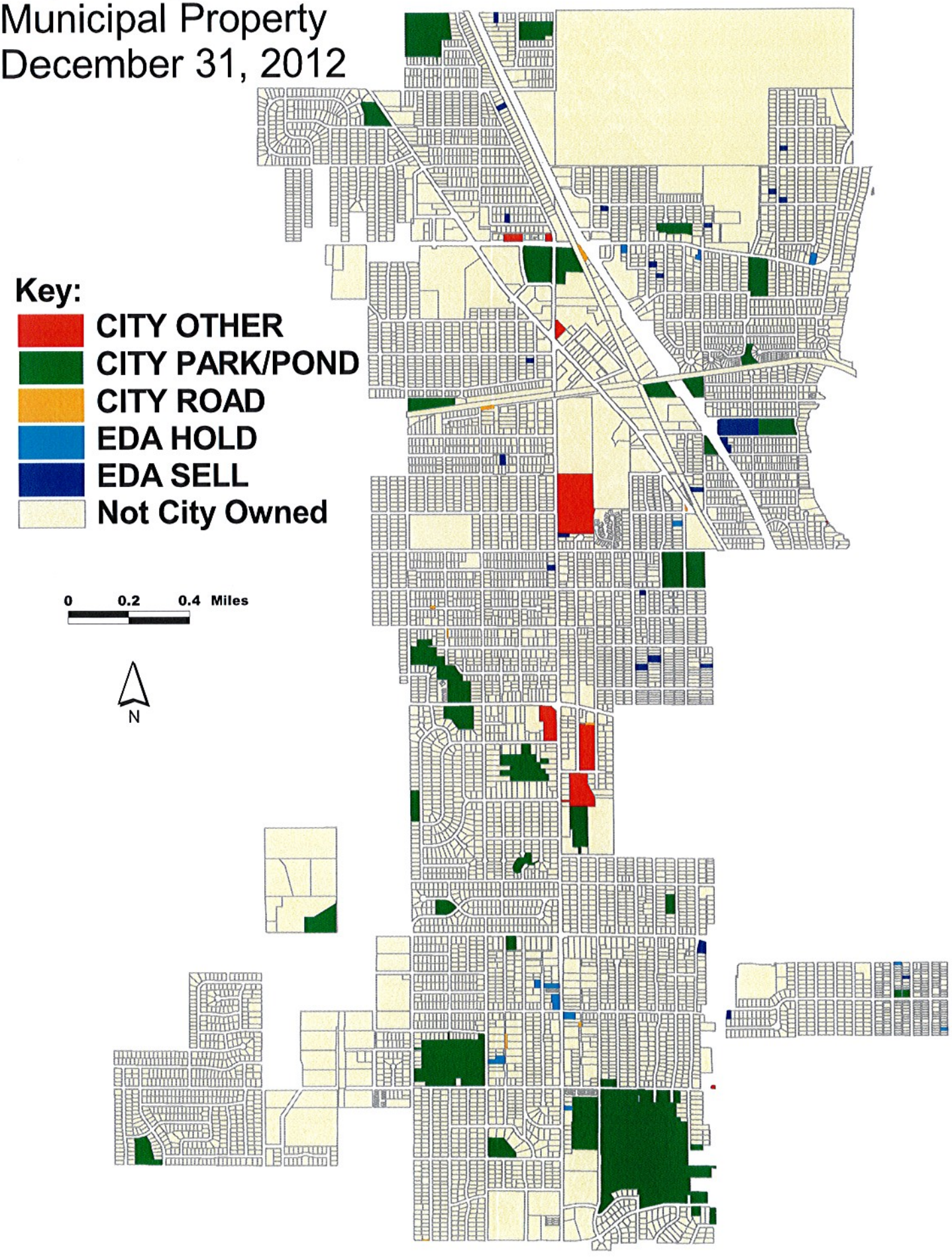


EXHIBIT F