



AGENDA

**Economic Development Authority
Monday, August 12, 2024
(following the Council Meeting at 6 p.m.)
IGC/Atrium - Mankato Room**

1. **Call Meeting to Order**

2. **Approval of Agenda**

3. **Approval of Minutes**

Economic Development Authority Meeting of May 13, 2024

4. **Economic Development Authority Business**

- A. Resolution considering bids on Capital Improvement Project 11109; 919 Mayvis Boulevard Renovation.
- B. Preliminary review of possible tax increment assistance for 101-121 East Main Street and 118 South 2nd Street; by request of Hotel Mankato, LLC.
- C. Set September 9, 2024, as date of public hearing to review and approve the proposed 2025 Mankato Annual Agency Plan and 2024 Public Housing Capital Funding.

5. **Reports/EDA Comments**

6. **Adjournment**

Economic Development Authority

Meeting Date: 08/12/2024

Title:

Submitted By: Renae Kopischke, City Clerk/Admin. Coordinator

Agenda Item:

Economic Development Authority Meeting of May 13, 2024

Attachments

Minutes



MINUTES

**Mankato Economic Development Authority
Regular Meeting
May 13, 2024 - 6:50 p.m.
IGC - Mankato Room**

1. **Call Meeting to Order**

Members Present: Jenn Melby-Kelley, Jessica Hatanpa, Kevin Mettler, Mike Laven, Dennis Dieken, and Chair Najwa Massad.

Members Excused: Michael McLaughlin.

Staff Present: Executive Director Susan Arntz, Community Development Director Paul Vogel, Associate Director of Housing and Economic Development Nancy Bokelmann, Facilities Project Manager Jim Tatge, and City Clerk Renae Kopischke.

2. **Approval of Agenda**

Mr. Laven moved and Ms. Melby-Kelley seconded a motion to approve the agenda as written. The motion carried unanimously.

3. **Approval of Minutes**

Ms. Hatanpa moved and Ms. Melby-Kelley seconded a motion to approve the Economic Development Authority minutes of the Regular Meeting of April 8, 2024. The motion carried unanimously.

4. **Economic Development Authority Business**

- A. Mr. Tatge reported that Capital Improvement Project 11107; 120/124 East Vine Street Roof Replacement was advertised for public bidding on March 11, 2024, and two bids were received. He stated that the project as bid included removal and replacement of existing asphalt shingles and possible roof sheathing (in its entirety or selectively) if conditions of existing sheathing warrant.

Mr. Tatge indicated that GV Builders Inc. of Lakeville, MN submitted a bid of \$9,200 (Base Bid) and \$4,265 (Alternate Bid to replace roof sheathing in its entirety or selectively) with all documentation conforming to the bid requirements set forth by the authority and federal regulations. He noted that the bid was awarded at the April 8, 2024, Economic Development Authority meeting, and upon sending GV Builders Inc. of Lakeville, MN the construction contract, they notified staff that they would be withdrawing their bid; thus, staff recommended the remaining bid for the project be rejected.

Mr. Laven moved and Mr. Dieken seconded a motion approving the Resolution rejecting bids on Capital Improvement Project 11107; 120/124 East Vine Street Roof Replacement . The motion carried unanimously.

- B. Ms. Bokelmann stated that on June 26, 2023, the EDA adopted a Resolution authorizing a Memorandum of Understanding (MOU) and support for a tax credit application with Trellis Company (Developer) and Blue Earth County for the creation of a Supportive Housing and Shelter project. She explained that the MOU set out the arrangements for a supportive housing and shelter project to develop 20 congregate shelter beds, 30 non-congregate privacy units, and 40 supportive housing units. The project would redevelop the 1.56-acre site located on the corner of Poplar Street West and Linder Avenue owned by the city. She noted that the project targeted singles who are homeless and sought to improve local homeless response to shelter and housing with a housing-first, client-centered approach by providing supportive services that include but are not limited to health, mental health, housing, employment, transportation, navigation, and case management. She reviewed congregate and non-congregate options as well as the supportive housing component.

Andrew Pietsch, representing Blue Earth County, indicated that the project did not receive funding through MN Housing in December 2023 due to lack of shelter capital funding, even though the supportive housing component scored much higher than other projects funded. He commented that the development team had reviewed options for moving forward and recommended a two-phased process. He explained that Phase I would be to make an application on July 11, 2024, to MN Housing for Low Income Housing Tax Credits to develop supportive housing, and Phase II would be to develop congregate and non-congregate 24/7 year-round emergency homeless shelter on the site when funding has been secured. He noted that it is recommended to remove the county participation under the MOU, as instead, Blue Earth County is considering the option to grant \$2 million in American Rescue Plan funding to Trellis Company under a separate grant agreement on May 14, 2024, that will show Trellis providing \$2 million of ARP funding to the Phase I supportive housing project.

Mr. Mettler inquired about the social work and services that would be provided.

Trisha Anderson, Partners for Affordable Housing, stated that she met with the Connections Director, and commented on meetings that would take place with the individuals being served to determine their needs. She mentioned some of the instances where there is the most need, and touched on housing stability and community service needs.

Discussion on additional funding that would be required, and how the development of phase 2 would be collaborative.

Justin Eilers, Trellis Company, commented on how it was a tremendous community-driven project. He indicated that Trellis would be the owner of the building and the role would be to obtain the financing as well as serve as the property manager. He touched on the collaboration with the partners, 24/7 front desk and high environmental standards, as well as the inclusion of a community room, and health and wellness options.

Ms. Hatanpa mentioned public safety issues in specific areas with lower income housing, and asked that as the project moves forward, that the public and residents would have a good understanding of what would be different.

Discussion on the commitment to communities served, as well as the partners that will be at the table and the planning that is taking place.

Mr. Laven moved and Mr. Mettler seconded a motion directing staff to formalize an MOU that would be presented to the Council on May 28 with a formal Council Resolution supporting the tax credit application. The motion carried unanimously.

5. **Reports/EDA Comments**

None.

6. **Adjournment**

There being no further business, Ms. Melby-Kelley moved and Mr. Mettler seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 7:36 p.m.

Prepared by:

Approved by:

Renae Kopischke
City Clerk

Najwa Massad
Chair



AGENDA RECOMMENDATION

Economic Development Authority

4. A.

Meeting Date: 08/12/2024

Agenda Item:

Resolution considering bids on Capital Improvement Project 11109; 919 Mayvis Boulevard Renovation.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The Economic Development Authority reviewed the feasibility of Capital Improvement Project 11109; 919 Mayvis Boulevard Renovation at their March 4, 2024, meeting. Bidding documents were developed this spring and the project was advertised for public bidding on July 2, 2024. Six (6) contractors submitted bids for the project. The contract has a substantial completion date of December 31, 2024.

The project as bid includes replacement or installation of gypsum wall board, floor coverings, wall base, painting, kitchen cabinets, bathroom remodel, lighting, interior/exterior doors, and select windows.

Land to Home Development, Inc. submitted the lowest responsible bid of \$64,700 with all documentation conforming to the bid requirements set forth by the authority and federal regulations.

Staff recommends the Authority award the bid in the amount of \$64,700. Proposed funding for the project has been identified in the City of Mankato Housing Capital Budget.

Attachments

Resolution
919 Mayvis Bid Tab
919 Mayvis Letter

**RESOLUTION ACCEPTING BID ON
IMPROVEMENT NUMBER 11109**

WHEREAS, pursuant to an advertisement for bids for Improvement Number 11109, the 919 Mayvis Boulevard Renovation, bids were received, opened, and tabulated according to the law, and the following bids were received complying with the advertisement:

Contractor	City, State	Bid Amount
Land to Home Development, Inc.	Nicollet, MN	\$64,700
Craig Hertaus Construction	Montgomery, MN	\$92,904
APX Construction Group	Mankato, MN	\$102,200
Web Construction, Inc.	Mankato, MN	\$138,100
Rice Companies	Mankato, MN	\$143,400
Mohs Contracting	Owatonna, MN	\$157,977

AND WHEREAS, it appears that Land to Home Development of Nicollet, MN is the lowest responsible bidder;

NOW THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF MANKATO, MINNESOTA:

1. The Executive Director is hereby authorized and directed to enter into contract with Land to Home Development, Inc. in the name of the Economic Development Authority of Mankato, MN for the improvement of the public housing unit at 919 Mayvis Boulevard, by installing interior and exterior improvements according to the plans and specifications therefore approved by the Authority and on file in the office of the Executive Director.

This resolution shall become effective upon its adoption.

Passed this 12th day of August, 2024

Najwa Massad
Board Chair

ATTEST: _____
Susan MH Arntz
Executive Director



BID TABULATION
CITY OF MANKATO EDA – 919 MAYVIS BOULEVARD RENOVATION
CITY PROJECT #11109

Bid Opening: **Friday, July 26th, 2024 @ 10:00 AM**

[illegible]



August 5, 2024

City of Mankato EDA
10 Civic Center Plaza
Mankato, MN 56001

**OLESON
+ HOBIE
ARCHITECTS**
330 Stadium Road, Suite 202
Mankato, MN 56001
T 507.385.1158

RE: 919 Mayvis Boulevard Housing Improvements Letter of Recommendation

Dear EDA Members,

On Friday, July 26, 2024, at 10:00 a.m. bids were received and opened for the residential renovations at 919 Mayvis Boulevard in Mankato. There were six (6) contractors submitting bids for the project ranging from \$64,700 to \$157,977. These bids included a number of separate HUD forms and a responsible contractor compliance form. A copy of the bid tabulation form is included with this letter which indicates Land to Home Development, Inc. was the apparent low bidder.

The preliminary construction estimate was \$130,110 so the bid from Land to Home Development, Inc. is well below the initial projected cost for the project. There was concern that the low bidder did not include all the required materials and labor needed to perform the work. Oleson + Hobbie Architects, LLC (OHA) toured the site again with Land to Home Development and they are willing to perform the work of the contract.

As a part of the review of the bids, OHA discussed the work of the project, lead times, and schedule with Land to Home Development, Inc. Land to Home Development was asked to review their bid and the scope of work required. They responded that they believe that they have included everything that was indicated in the construction documents with the exception of dumpster cost and labor for flooring installation. Despite these omissions, they are willing to proceed with the project as it was bid and can comply with the project schedule. Based upon this information, OHA recommends that the City of Mankato EDA accept the total bid from Land to Home Development, Inc. of \$64,700.00 for the residential renovations.

We will prepare a HUD agreement between the Owner and Contractor upon receiving your authorization to proceed.

Thank you for allowing Oleson + Hobbie Architects the opportunity to assist you with your renovation project.

Sincerely,



Tim Auringer
Project Manager
Oleson + Hobbie Architects, LLC



AGENDA RECOMMENDATION

Economic Development Authority

4. B.

Meeting Date: 08/12/2024

Agenda Item:

Preliminary review of possible tax increment assistance for 101-121 East Main Street and 118 South 2nd Street; by request of Hotel Mankato, LLC.

Recommendation/Action(s):

Review and discussion. The EDA has the following options:

1. Request staff to provide clarification or provide additional information to be reviewed at a future meeting; or
2. Adoption of a motion directing staff to prepare materials for a hearing on October 15, 2024 regarding creation of tax increment district No. 50-1 noting the desired term of the tax increment district and approval of a development agreement after obtaining a preliminary letter of commitment for project financing from a private lender; or
3. Decline to proceed with considering assistance.

Summary:

The City of Mankato has received a redevelopment proposal for 101 East Main Street, 121 East Main Street and 118 South 2nd Street from Hotel Mankato, LLC (the "Developer"). The proposal involves demolishing two vacant buildings and constructing two adjoining hotels totaling approximately 250,000 square feet with a total of 282 hotel guest rooms, a rooftop restaurant including an outdoor patio, 168-stall underground parking garage and nine surface parking stalls. At the intersection of Riverfront Drive and Main Street, a four-story extended stay Element by Westin is proposed which will include 126 all-suite guest rooms. At the intersection of Second and Main Street, a 10-story AC by Marriott is proposed with 156 hotel guest rooms. The two hotels would be adjoined by a common lobby with a direct connection to the existing City skywalk, providing hotel guests with direct access to the Civic Center. The hotels will share common guest amenities, including a pool, fitness center, guest laundry, lounge spaces, business pods, and a conference room. A coffee shop at the main level is planned along with a restaurant on the 10th floor of the AC hotel that will include a rooftop patio overlooking the Minnesota River Valley. A courtyard area will be provided between the Element and common lobby with grilling stations, fire pits, and an outdoor social lounge area.

The estimated total project cost is \$92,710,000 and construction is anticipated to begin in late 2024 or early 2025 and be completed in 2026. It is anticipated there will be a total of 116 full-time equivalent jobs created for both hotels and the rooftop restaurant.

The City Council will review a request for a conditional use permit, certificate of design compliance and vacation of an alley for the redevelopment at their August 12, 2024, meeting.

Tax Increment Financing Review

The Developer is requesting financial assistance in the form of pay-as-you-go tax increment financing (TIF) from the City through the creation of a redevelopment TIF district. The TIF assistance would be used to assist with the redevelopment of the site, including building demolition, site demolition, soil corrections, earth retention, site improvements, site lighting, water, sanitary, storm, dewatering. These are additional costs as compared to developing a “greenfield” vacant site that wasn’t previously developed.

The Developer is documenting extraordinary costs that may be eligible for assistance under the City of Mankato’s Economic Development Guidelines. The Developer is seeking TIF reimbursement of up to \$16,834,000, which includes costs for building demolition, site demolition, soil corrections, earth retention, site improvements, site lighting, water, sanitary and storm hookups, dewatering, construction fencing, site preparation, parking and other improvements. The request for assistance is summarized in the table below:

TIF Application Requested Costs	Amount
Site Development Costs	
Building Demo (\$215,257 inc. Landmark Prep)	\$1,499,000
Environmental & Soil Correction	\$175,000
Site Prep, Utilities Reroute, Soils etc.	\$4,099,000
Sidewalks & Lighting	\$588,000
Site Concepts & Design Fees	\$655,000
A&F Fees for Eligible Costs	\$649,000
Contingency 5%	\$309,000
Carrying Costs, Utilities, RE Taxes, Int	\$584,000
Interim Property Insurance	\$120,000
TIF & Dev Consulting Fees	\$300,000
Subtotal	\$8,978,000
Acquisition	
CC Hotel	\$5,717,000
Landmark Site & Surface Parking Lot	\$2,030,000
Closing Costs	\$109,000
Subtotal	\$7,856,000
Total	\$16,834,000

The City also submitted an application to the Minnesota Department of Employment and Economic Development (DEED) for a redevelopment grant on August 1, 2024. The application requests up to \$1,859,385 for building demolition, site demolition, soil corrections, earth retention, site improvements, site lighting, water, sanitary, storm, dewatering and construction fencing. The identified TIF-eligible costs and DEED grant costs exceed what the projected tax increment revenues would be from a redevelopment TIF district. It is anticipated DEED will announce grant awards in September 2024.

The City would not upfront the funds as that would require either internal City debt financing or bond issuance. Instead, the developer would receive two payments per year after the property taxes are paid for the term of the TIF District, depending on whether the reimbursable costs are repaid earlier.

This is referred to as pay-as-you-go reimbursement. During the term of the reimbursement, the local taxing jurisdictions will still collect and retain the taxes associated with the original tax capacity as part of ad valorem taxes.

The City contracts with Baker Tilly to review financial assistance requests. The table below summarizes the tax increment revenue estimates over 10, 15 and 26 years, and are also detailed within Baker Tilly's attached financial analysis memo.

Tax Increment Revenue Estimates

Existing Land Value	\$2,643,400
Original Net Tax Capacity (Base)	\$51,368
Estimated Total Completed Value	\$24,253,900
Total Tax Capacity	\$484,328
Captured Tax Capacity (Total less Original)	\$432,960
x 2024 Local Capacity Rate	95.377%
Estimated Total Gross Tax Increment Revenue (less OSA fee of 0.36%)	\$411,457
Less: 5% for Administrative Expenses (Maximum Percentage is 10%)	\$20,573
Estimated Net Annual Available Revenue	\$390,884
Total Estimated Gross Tax Increment (10 years)	\$3,884,077
Estimated City Retained (5%)	\$194,205
Total Estimated Net Tax Increment (10 years)	\$3,689,872
Total Estimated Present Value Net Increment with 5% interest rate	\$2,675,964
Total Estimated Gross Tax Increment (15 years)	\$5,941,362
Estimated City Retained (5%)	\$297,070
Total Estimated Net Tax Increment (15 years)	\$5,644,292
Total Estimated Present Value Net Increment with 5% interest rate	\$3,665,430
Total Estimated Gross Tax Increment (26 years)	\$10,467,389
Estimated City Retained (5%)	\$523,373
Total Estimated Net Tax Increment (26 years)	\$9,944,016
Total Estimated Present Value Net Increment with 5% interest rate	\$5,152,848

The City Council's policy decision has been to limit the tax increment reimbursements to 15 years to account for the additional tax capacity to be realized before significant depreciation in the asset is realized. The Developer is requesting the maximum term of assistance, which is 26 years. The Developer has stated that the maximum term of assistance will be necessary to attract equity investors and provide desired and market returns as necessary to provide an additional funding source to offset the extraordinary redevelopment costs of the project site.

Based on Baker Tilly's financial analysis (attached) and available financing assumptions, without financial assistance, the project would not be feasible due to the extraordinary redevelopment costs mixed with current market conditions. The analysis found the developer's return without the proposed TIF assistance is 7.36%, which is below the feasibility benchmark; therefore, Baker Tilly concluded that the project would be unlikely to proceed but for the requested TIF assistance. Baker Tilly also reviewed the estimated impact on project returns with assistance for a term of 10 and 15 years. The projected return on 10 years of assistance is 8.01% and 8.67% with 15 years of assistance. The Developer has indicated that it would fall far below the desired and necessary return threshold and may impact the ability of the project to proceed as proposed. The table below lists the returns without assistance and with assistance over 10, 15 and 26 years.

Scenario	Unleveraged IRR
Without Assistance	7.36%
With Assistance (10 Years)	8.01%
With Assistance (15 Years)	8.67%
With Assistance (26 Years)	9.10%

Baker Tilly's financial analysis also included a review of third-party benchmark surveys, which are nationwide surveys of real estate investors, which identify the return benchmarks the responders would need to realize in order to pursue a project. Baker Tilly notes the benchmarks can be used for establishing the likelihood of a proposed project proceeding without assistance ("But-For" Test), as well as the reasonableness of the assistance request. The Price Waterhouse Cooper ("PWC") Rest Estate Investor Survey was reviewed, which identified a national average of desired unleveraged returns for investment in hotels ranging from 9.00% to 12.00% with an average of 10.5%. The PWC benchmark is a conservative benchmark and represents the responses of major institutional equity real estate investors who are primarily investing in institutional-grade property on a national level. Assistance over 10 and 15 years does not fall within the PWC benchmark, but a term of 26 years would fall within the PWC benchmark.

Additionally, Baker Tilly's analysis included a review of the Debt-Coverage Ratio, which is another measure for evaluating the project feasibility. Baker Tilly found the estimated debt coverage ratios indicate that public assistance will be required to obtain debt financing for the project.

The City's Economic Development Policy states eligible projects include infrastructure improvements and demolition of underutilized industrial and commercial sites to reuse previously developed land/buildings. The project specifically aligns with principle 3.09 "Fostering the successful redevelopment of vacant and underutilized commercial and industrial properties".

In summary, the EDA is asked to review the proposal and provide comments and request additional information if necessary. If acceptable, the next step in the process would be to direct staff as to the desired term of the tax increment district and to obtain a preliminary letter of commitment for financing from the Developer and then prepare tax increment documents for a public hearing. The public hearing could be set on August 16, 2024, for the October 15, 2024, meeting. It is recommended to obtain a preliminary letter of commitment for financing before preparing tax increment documents because there have been recent instances where a TIF District was created, and the project didn't begin. It results in certified districts that haven't or don't proceed. In this case, the applicant has received a preliminary letter of commitment for private project financing. Should staff be directed to prepare tax increment documents, that would also include preparation of documents to decertify TIF District No. 43-1 which was created in [2022](#) in reference to previous redevelopment plans for the Landmark building (121 East Main Street and 118 South 2nd Street). A new TIF District would be created to encompass the entire redevelopment site of 101 East Main Street, 121 East Main Street and 118 South 2nd Street.

Attachments

General Location Map

Financial Review from Baker Tilly

Application, Site Plan, Building Plans

Proposed Schedule

Hotel Mankato - FAQ's

This is an aerial map of downtown St. Paul, Minnesota, showing property lots and streets. The map includes labels for the Minnesota River, S Riverfront Dr, N Riverfront Dr, E Main St, E Mulberry St, S Front St, S 2nd St, E Walnut St, and Civic Center Plz. A large area in the center is outlined in orange, indicating the subject property. Other labeled buildings include the Blue Earth County Library and the Mayo Clinic Health System Event Center. Lot numbers are visible on many of the buildings and lots.

Author:

MEMORANDUM

TO: Mark Konz, City of Mankato
Courtney Kramlinger, City of Mankato

FROM: Mikaela Huot

DATE: July 31, 2024

SUBJECT: Mankato Hotel Redevelopment Project Financial Review and Proposed Tax Increment Financing
Redevelopment District No. 50-1 Assistance Request Review

Executive Summary

At the request of the City of Mankato, Baker Tilly Municipal Advisors has undertaken a review of the request for TIF assistance by Hotel Mankato, LLC (the “developer”) for redevelopment of the existing Landmark Center, City Center Hotel, and adjacent parking lot to allow for construction of two upscale Marriott hotel brands, including a signature rooftop restaurant, ground floor lounge and 282 guest rooms with shared parking. The developer currently holds the Landmark Center property located at 121 E. Main Street, the City Center Hotel located at 101 E. Main Street and a surface parking lot located at 118 S. Second Street to develop, own, and manage a combined Marriott AC and Element by Westin, dual-brand hotel project. There are multiple parcels that encompass these three addresses currently, while the proposed design is planned to reduce the number of parcels down to two. The first parcel will consist of a contiguous parcel that includes all three property addresses at street level, while the second parcel will consist of the proposed below grade parking garage

The total development cost for the project is estimated to be \$92,710,000 and the request for financial assistance is \$16,800,000 through tax increment financing. Construction of the proposed development is expected to begin in late 2024 or early 2025 and be completed in 2026.

Prior to establishing a tax increment financing district, there are findings that need to be made by the City that include: 1) determination that the project qualifies as a TIF district, 2) determination that the project as proposed would not proceed without public assistance (meeting the “but-for” test), and 3) the increased market value of the property to be developed is greater with tax increment than if no public assistance is provided. When reviewing requests for financial assistance it is important to understand how the level of financial assistance would impact the ability of the project to proceed as proposed and maximize new value created on the current project site.

Review of the sources and uses and operating proforma based on the developer assumptions with pay-as-you-go assistance as compared to no assistance provides an understanding of financial feasibility for this project and need for public assistance. The purpose of the analysis is to test the level of assistance that may be needed using those assumptions and if the recommended structure is reasonable while remaining consistent with the City’s objectives for providing assistance.

Based on the financial analysis and available financing assumptions, without financial assistance, the project would not be feasible due to the extraordinary redevelopment costs mixed with current market conditions. Without assistance, the projected annual and cumulative rate of return to the developer is projected to be below industry standards for this type of project. The rate of return analysis indicates that the provided financing structure would not be financially viable without one or more of the following: 1) reduction in project costs 2) additional annual cash flow (tax increment revenues), and/or 3) additional funding sources. With annual public assistance, the project is projected to be more financially feasible by providing additional cash flow (annual tax increment revenues) to the project. The

level of public assistance is projected to have a positive impact on what the projected returns for the project could be as compared to no assistance.

The purpose of the memorandum is to provide a summary of the preliminary tax increment revenue projections based on estimated post-development taxable values for the project, as well as provide a summary of the financial review of the development project costs and sources of revenue and operating pro forma as provided by the developer to assist the City with making a determination 1) if the project as proposed would be unlikely to proceed “but-for” the requested Tax Increment Financing (TIF) assistance, and 2) if assistance is necessary, to determine an appropriate level of public assistance that may be considered. Should the City choose to provide TIF assistance, annual tax increments generated by the TIF District would be pledged to the developer to reimburse for extraordinary redevelopment costs with a portion retained by the City for annual administrative expenses (5%).

Developer Request for Assistance

The developer has requested assistance from the City through tax increment financing assistance. The total development costs are approximately \$92.78M. Upfront funding sources to support development costs include construction financing and developer equity. The primary loan is approximately 65% of total funding sources, PACE financing is 10% and equity is remaining 25%. We would expect to see the primary debt financing percent in the range of 60-75%, subject to availability of net operating income. The overall project performance is lower than typical lenders and investors would tolerate, thus resulting in a financial gap. Due to the current market environment and interest rates, annual debt service payments are higher with increased interest costs.

Typical extraordinary redevelopment costs that cannot be supported solely by the project alone could justify the need for public financial assistance and allow the project to proceed as proposed. In addition, current market conditions of increased interest rates requiring reduced debt financing and increased equity amounts have resulted in higher funding gaps. Tax increment financing from the City provides an additional funding source to the project that allows the developer to obtain an appropriate level of upfront debt and equity funding and meet minimum debt coverage and investor return metrics. Summary of the sources and uses of funds is illustrated in Table 1 below.

The recommendation for a reasonable level of public assistance is balanced by a combination of extraordinary costs and projected financial cash flow performance of the project, public policy guidelines/considerations and potential financial parameters as further outlined below:

- Return on Investment: *(City benefits)*
- Purchase price and other development costs: *(reasonable ranges and supported by project)*
- Public to private investment: *(public participation 10%)*
- Public assistance (TIF) and private equity: *(public does not exceed private equity)*
- Extraordinary costs: *(redevelopment)*
- Financial gap: *(limit on private debt and equity)*
- Market conditions *(financing limitations)*
- Term of district collection: *(up to 15 years)*
- Other identified public improvements: *(case by case basis to be determined)*

Sources and Uses of Funds

The proposed total development cost of the project is estimated to be \$92,710,000. Acquisition is \$7,856,000. Construction hard costs are \$56,800,000. Site development costs are \$4,336,100. Construction costs equate to a total estimated per square foot cost for vertical construction costs of \$170 and generally a reasonable level. The total of soft cost line items is \$2,644,800 and includes finance, legal, architecture and engineering, permit and developer fees. As a percentage of total development costs these combined line items equate to approximately 13.74% of total development costs and a reasonable estimate.

The developer has identified the sources of funds for the proposed project, including construction financing debt and investor equity with TIF requested as reimbursement and provide additional cash flow. The developer is seeking TIF reimbursement of up to \$16,800,000 for demolition, site development, acquisition and parking.

Table 1: Sources and Uses of Funds

Sources			Uses	
Equity *	21,550,615	23.25%	Property Acquisition	7,856,000
Private Financing	60,000,000	64.72%	Site Development	4,336,100
PACE	9,300,000	10.03%	Construction	56,800,000
		0.00%	FFE	12,487,000
TIF Assistance	-	0.00%	Arch & Eng	3,668,000
DEED	1,859,385	2.01%	Legal Fees	180,000
			Interest during Construction	3,200,000
			Debt Service Reserve	1,000,000
			Contingencies	3,175,000
			Application fee	4,400
			Developer capacity review	3,500
Total	92,710,000		Total	92,710,000

** assumed reduction of equity subject to DEED funding awards*

Tax increment financing has been requested as pay-as-you-go and would not be an upfront funding source as pledged tax increment revenues would be used provide additional cash flow to the project to boost equity returns . The developer's request of \$16,834,000 is more than what the projected tax increment revenues of the project are projected to support. Actual TIF assistance subject to approvals.

TIF Eligible Costs

The proposed project cost is estimated at \$92 million with new construction costs of approximately \$60 million. The developer's supporting application materials have stated that the extraordinary TIF redevelopment costs of the project would not be financially feasible without public assistance to provide additional annual cash flow. It is projected to take up to year six to achieve a minimum debt coverage level for bank financing and lower projected rate of returns are projected due to a valuation gap between total investment and estimated value upon completion/stability With TIF assistance in a Pay-as-you-Go model, the debt coverage is projected to stabilize after year three. The request for assistance of \$16,834,000 submitted to the City is summarized in the following table.

TIF Application Requested Costs	Amount
Site Development Costs	
Building Demo (\$215,257 inc. Landmark Prep)	\$1,499,000
Environmental & Soil Correction	\$175,000
Site Prep, Utilities Reroute, Soils etc.	\$4,099,000
Sidewalks & Lighting	\$588,000
Site Concepts & Design Fees	\$655,000
A&F Fees for Eligible Costs	\$649,000
Contingency 5%	\$309,000
Carrying Costs, Utilities, RE Taxes, Int	\$584,000
Interim Property Insurance	\$120,000
TIF & Dev Consulting Fees	\$300,000
Subtotal	\$8,978,000
Acquisition	
CC Hotel	\$5,717,000
Landmark Site & Surface Parking Lot	\$2,030,000
Closing Costs	\$109,000
Subtotal	\$7,856,000
Total	\$16,834,000

The City also applied for grant funding by the August 1, 2024 deadline through the DEED redevelopment grant program for funding of up to \$1,859,385 (50% of the total eligible grant funding project costs of \$3,717,770) that, if awarded, would also be available to close the funding gap as related to redevelopment of the project site. A summary of the costs included in the DEED redevelopment grant application is included in the following table:

DEED Redevelopment Grant Requested Costs	Amount
Building Demolition	\$1,297,230
Site Demolition	\$138,334
Soil Corrections	\$214,500
Earth Retention	\$1,228,732
Site Improvements	\$603,353
Site Lighting	\$65,000
Water, Sanitary and Storm Hookups	\$74,500
Dewatering	\$47,395
Fence Construction	\$49,726
Total	\$3,718,770

The costs identified for funding through the DEED program are also TIF-eligible and were included in the developer's TIF application. The tax increment revenue projections are included in the following section of the memo and will illustrate that the identified TIF-eligible and DEED Redevelopment Grant costs exceed what the projected revenues would be from a redevelopment TIF District. The developer has stated that the costs of building and site acquisition, demolition and various site development/preparation and public improvement expenses is an estimated \$16.834 million. The extraordinary redevelopment costs are due to current building sites being blighted resulting from deferred maintenance, age, quality of construction and recent structural integrity damage to the Landmark Center's roof and third floor building collapse, as well as site and soil correction costs.

The request for assistance from the developer to the City is for up to the maximum term of a redevelopment TIF District of 26 years. The City typically has a policy limit of 15 years. The developer has stated in subsequent conversations that the maximum term of assistance will be necessary to attract equity investors and provide desired and market returns as necessary to provide an additional funding source to offset the extraordinary redevelopment costs of the project site.

Tax Increment Revenue Assumptions

Certain assumptions were used to estimate the projected tax increment revenues as summarized below:

- Base value and original net tax capacity
 - R01-09.07.381.001 (City Center Hotel)
 - Original assessed value of \$5,006,500
 - *Settlement agreement of \$2,400,000*
 - R01-09.07.381.014 (Landmark Center)
 - Original assessed value of \$478,600
 - *Settlement agreement of \$243,400*
 - *Total base value of \$2,643,400 and original net tax capacity of \$51,368*
- New taxable value and total tax capacity following redevelopment
 - *\$24,253,900 taxable value and \$484,328 net tax capacity*
 - Commercial-Industrial class rate of 1.5% first \$150,000 and 2% value above \$150,000
- Maximum term of redevelopment district (26 total years)
 - City general maximum term for redevelopment projects is 15 years
 - First year collection payable 2027 and final year payable 2041
 - Additional scenario based on full 26 years
 - First year collection payable 2027 and final year payable 2052
- Increment based on difference between existing and new taxable value
- Construction commences in 2025 and completed in 2026

- 50% completed by December 31, 2025
 - Assess January 2026 for taxes payable in 2027
- 100% completed by December 31, 2026 for
 - Assess January 2027 for taxes payable in 2028
- Payable 2024 combined tax rate of 95.377%
- 0% annual market value inflator
- 5% retained by City for admin
 - *Maximum 10% for admin*
 - 95% pledged to project
- Present value rate of 5% and 6/30/25 present value date

Tax Increment Revenue Estimates	
Existing Land Value	\$2,643,400
Original Net Tax Capacity (Base)	\$51,368
Estimated Total Completed Value	\$24,253,900
Total Tax Capacity	\$484,328
Captured Tax Capacity (Total less Original)	\$432,960
x 2024 Local Capacity Rate	95.377%
Estimated Total Gross Tax Increment Revenue (less OSA fee of 0.36%)	\$411,457
Less: 5% for Administrative Expenses (Maximum Percentage is 10%)	\$20,573
Estimated Net Annual Available Revenue	\$390,884
Total Estimated Gross Tax Increment (15 years)	\$5,941,362
Estimated City Retained (5%)	\$297,070
Total Estimated Net Tax Increment (15 years)	\$5,644,292
Total Estimated Present Value Net Increment with 5% interest rate	\$3,665,430
Total Estimated Gross Tax Increment (26 years)	\$10,467,389
Estimated City Retained (5%)	\$523,373
Total Estimated Net Tax Increment (26 years)	\$9,944,016
Total Estimated Present Value Net Increment with 5% interest rate	\$5,152,848

Project Financing

There are generally two ways in which assistance can be provided for most projects, either upfront or on a pay-as-you-go basis. With upfront financing, the City would finance a portion of the developer's initial project costs through the issuance of bonds or as an internal loan. Future tax increments would be collected by the City and used to pay debt service on the bonds or repayment of the internal loan. With pay-as-you-go financing, the applicant would finance all project costs upfront and would be reimbursed over time for a portion of those costs as revenues are available.

Pay-as-you-go-financing is generally more acceptable than upfront financing for the City because it shifts the risk for repayment to the applicant. If tax increment revenues are less than originally projected, the applicant receives less and therefore bears the risk of not being reimbursed the full amount of their financing. However, in some cases pay as you go financing may not be financially feasible. With bonds, the City would still need to make debt service payments and would have to use other sources to fill any shortfall of tax increment revenues. With internal financing, the City reimburses the loan with future revenue collections and may risk not repaying itself in full if tax increment

revenues are not sufficient. The City has historically financed projects as pay-as-you-go for reimbursement to the developer of eligible costs.

The structure for consideration includes a developer pay-as-you-go note pledging the net increment to equal a principal note in the range of approximately \$3,665,000 - \$5,152,000 with 5% interest rate over a 15–26-year period. The City would retain 5% for administrative expenses and pledge 95% of net revenues to the project.

Operating Assumptions

The developer provided a breakdown of the projected operating revenues for both hotels including ADR, RevPAR and occupancy rates. Nightly room rentals provide the majority of operating revenues but there are also expected to be food & beverage, outdoor/meeting rental, parking and other revenues. The ADR is estimated to be \$176.55, RevPAR is \$101.05 and stabilized occupancy rate of 70.80%. The estimated operating revenues and expenditures include 3% annual inflationary increases. Cash flow available for debt service is approximately \$6.4M at stabilization. Assumptions utilized for the operating proforma are generally reasonable as compared to industry standards and additional feasibility analysis supports the projected RevPAR and stabilized occupancy rates for the area and proposed hotel concepts.

Financial Needs (Pro forma Analysis)

Upon approval of a TIF district and project, the City must make several findings, including the “but for” test: that the proposed redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The developer has stated that but for the provision of tax increment financing, the project as proposed would not occur. Based on the developer’s stated position relative to the need for tax increment financing assistance, the City could make its “but for” finding and provide tax increment assistance. We recommend, however, that the City review the provided assumptions to consider if the project meets the but-for test and, if so, what an appropriate level and type of TIF assistance may be based on the information submitted by the developer.

Following thorough evaluation of the project as provided allows the City to be prepared to make an informed decision based on the likelihood of the project needing assistance, as well as the appropriate level of assistance. To complete this analysis, we reviewed the developer’s provided financial data and constructed 10, 15 and 25-year operating project proformas, showing a result if the project received financial assistance as requested and if the project did not receive assistance. Analysis of the proformas include a review of the development budget, projected operating revenues and expenditures, and the project’s capacity to support annual debt service on outstanding debt. The purpose of evaluating the operating proformas is to understand the potential cash flow performance through initial development of the project and the annual operations of the project over a 10, 15 and 25-year period to assist with determining if the project is financially feasible and in need of public participation.

Measuring project feasibility is typically accomplished by analyzing a combination of 1) projected rate of return – both annual and cumulative and 2) estimated debt coverage ratio (DCR). Rate of return (IRR) analysis illustrates the projected return to the investor(s) using the available cash flow after payment of operating expenses and debt repayment as a measurement to the initial equity investment. Industry standards for certain development types indicate the level of investment a developer is willing to make based on projected returns from the project. Should the projected annual and cumulative returns fall below those standards, the project would require a reduced level of equity participation and/or increased cash flow to be feasible. Debt Coverage Ratio (DCR) is a calculation detailing the ratio by which operating income exceeds the debt payments for the project. If the DCR is greater than 1.0 it indicates the project has operating income that is greater than the debt-service payment by some margin; conversely if the DCR is less than 1.0, it indicates the project is incapable of meeting its debt-service payment and would need to seek additional revenue sources in order to pay its debt.

For a project to be considered financially feasible and likely to secure private financing, lenders are going to want to see a project with an estimated net operating income that exceeds the debt-service amount by a specific threshold or more. This is a test based on a stabilized year of revenue. Typically, we see lenders identifying a desired threshold for DCR of 1.20-1.25 or greater, meaning an expectation that the stabilized Net Operating Income of the project will exceed debt service by 1.20 to 1.25 times. The chart below illustrates our calculation of the projected stabilized DCR with and without requested TIF assistance, both on a one-year stabilized basis and additionally as a 10-year average. Debt repayment includes both the first mortgage and PACE loan repayment based on the respective terms. First

mortgage terms include 30-year amortization and 6% interest rate. The PACE loan terms include 20-year amortization and 7% interest rate.

Debt Coverage Analysis

<u>Scenario</u>	<u>Debt Coverage Ratio</u>	
	3rd Year Stabilized	10-year Average
Without Public Assistance	1.23x	1.36x
With Assistance	1.31x	1.50x

The estimated debt coverage ratios indicate that public assistance will be required to obtain debt financing for the project. Typical underwriting standards will require debt coverage ratios to be a minimum of 1.2x-1.3x and the developer has indicated a targeted 1.3x coverage for the project at stabilization.

Return Analysis

To assist the City with making the 'but-for' test, we performed financial analysis to assist with projecting anticipated return on investments. The Internal Rate of Return (IRR) is a return-on-investment measurement that accounts for the time value of money, and accounts for the full development cycle including project construction, project operating, and finally the hypothetical sale of the completed asset. The inclusion of a hypothetical sale of the asset at the end of the pro forma period is necessary to include within the IRR analysis in order to account for the value of the asset that was created. It is not necessarily an indication that the asset will be sold at that time but is a mathematical construct for purposes of calculating the overall return on investment.

The developer provided the sources and uses of funds and estimated rent assumptions for the project. We reviewed the provided information to prepare a 10, 15 and 25-year pro forma period, including 1+ years of construction and 1-2 years stabilized operations. A hypothetical sale of the asset is assumed in final years. In order to provide an estimate of the anticipated sale value of the asset we utilized a capitalization rate of 8.84% and 2% cost of sale allowance.

The capitalization rate is a percentage amount that is divided against a project's Net Operating Income ("NOI") to determine the anticipated sale value. By comparing the capitalization rate, or cap rate, used against market information we can evaluate the reasonableness of the developer's hypothetical sale value assumption. The lower the cap rate used, the higher the projected value of the asset. Based on this review the developer's capitalization rate for a presumed sale in future years of 8.84% is a reasonable assumption.

We utilized the 10, 15 and 25-year pro formas to prepare an unleveraged return analysis. An unleveraged return is a return calculation that measures the return on investment against the total cost of the project. An unleveraged return does not break out the investment into equity and financing amounts, and instead measures the return against the total investment/cost of the project. An unleveraged return calculation is utilized in order to draw comparisons against third-party market benchmarks for real estate investment thresholds. Since debt & equity ratios often differ across multiple projects, these third-party market benchmark surveys utilize unleveraged return calculations so that return comparisons can be drawn on an equal basis. The table below outlines our unleveraged project returns.

<u>Scenario</u>	<u>Unleveraged IRR</u>
Without Assistance	7.36%
With Assistance (10 Years)	8.01%
With Assistance (15 Years)	8.67%
With Assistance (26 Years)	9.10%

As a result of our analysis, we found the developer's return without the proposed TIF assistance of 7.36% to be below our feasibility benchmark, and therefore we conclude that the project would be unlikely to proceed but for the requested TIF assistance. The requested level of assistance over the maximum 26 years is projected to provide an increased return to the developer up to the level for attracting equity investors.

We also reviewed the estimated impact on the project returns assuming reduced levels of assistance (10 and 15 years, respectively) as consistent with City policy for terms of assistance. The projected return on investment based on 15 years of assistance lowers to 8.67% and 8.01% with 10 years of assistance. The developer has indicated that an estimated project rate of return that would fall far below the desired and necessary return threshold would impact ability of the project to proceed as proposed.

The projected leveraged IRRs of the project as comparing with and without assistance are estimated to be 11% without assistance closer to 14% with assistance. The estimated value gap of the project upon completion/stability due to reduced cash flow without assistance is approximately \$6M and would be close to the projected total present value amount of TIF assistance assuming 26 years of \$5.125M.

For comparison of the reasonableness of this return we reviewed third-party benchmark surveys that are nationwide surveys of real estate investors, which identify the return benchmarks the responders would need to realize in order to pursue a project. The benchmarks provided in these surveys can be used for establishing the likelihood of a proposed project proceeding without assistance (“But-For” Test), as well as the reasonableness of the assistance request.

One of the surveys we utilize is the Price Waterhouse Cooper (“PWC”) Real Estate Investor Survey for the 2nd quarter 2024. This survey identified a national average of desired unleveraged returns for investment in hotels ranging from 8.00% to 13.0% with average 10.5%. The investor surveys indicate discount rates ranging from 8.0% to 15.5%; the averages of the surveys range from 10.7% to 11.8%. The PWC survey is a conservative benchmark and represents the responses of major institutional equity real estate investors who are primarily investing in institutional-grade property on a national level. Since the investors surveyed are basing their anticipated returns on their investment in constructed and operational developments there is a significantly lower risk threshold present and thus the desired returns cited may be lower than what would be sought for a new construction development within a defined market.

In the case of this project without assistance we have calculated an unleveraged return of 7.36% which falls below the range of the average return threshold. This allows us to determine that the project as proposed would be unlikely to proceed but-for the requested assistance. Some level of public assistance would be required for the project to proceed and an increased number of years of assistance (up to 26 years) are projected to increase the rate of return to a level that will attract equity investor returns. Return requirements vary based on an individual investor’s circumstances, including the total project cost, available public funding sources and access to debt and equity capital.

In addition to the Internal Rate of Return analysis identified above, we also prepared a “cash on cash” investment return for the project upon stabilization. The cash-on-cash investment return is a single-year return calculation that measures the annual cash flow to the developer as a percentage of their equity investment. This is an annual test and the amount we calculated was based on the 3rd year of the pro forma, which is when the project would be operational and incurring debt-service on the private financing amount, as well as the average return over 10 years. For debt-service assumptions we utilized a current interest rate assumption of 6% (permanent financing) and a 30-year amortization. Current interest rate estimates are in the range of 7+% with expectations of future decreases. To account for the varying levels of assistance within this analysis we increased the developer’s equity amount subject to debt coverage and availability of cash flow to support debt service payments, including PACE financing. The table below identifies the cash on cash returns we calculated for the project at varying assistance levels.

<u>Scenario</u>	<u>Cash on Cash Return</u>	
	1-Year Stabilized	10-year Average
Level of Debt		
Without Public Assistance	5.27%	7.79%
With Assistance	7.52%	10.14%

The projected cash-on-cash return analysis illustrates modest returns, and reflects the impact current permanent financing interest rates have on the potential return realized by the project. If the project were to realize a lower permanent financing interest rate, the projected cash on cash return would be greater than what is shown here.

Conclusion

The developer has requested financial assistance for redevelopment of the existing Landmark Center, City Center Hotel, and adjacent parking lot to accommodate construction of two upscale Marriott hotel brands, including a signature rooftop restaurant, ground floor lounge and 282 guest rooms with shared parking. The total development cost for the project is \$92,710,000 and the request for financial assistance is \$16,834,000 through tax increment financing. The project has a financial gap due to extraordinary redevelopment needs of the building and project site and is seeking financial assistance from the City to close it. Through submission of the tax increment financing request and supporting financial information, the developer has indicated that the project would not occur as proposed without financial assistance from the City due to below market rates of equity returns and debt financing and has requested up to the full term of a redevelopment TIF District (26 years) to support the project financing.

Following analysis of the developer's financing assumptions and considering current market environment, without financial assistance, the project would not be financially feasible. Without assistance, the projected equity rate of return is below industry standards. The rate of return analysis indicates that the provided financing structure would not be financially viable without one or more of the following: 1) reduction in project costs 2) additional annual cash flow (tax increment revenues), and/or 3) additional funding sources (grant/low interest financing). With public assistance through tax increment assistance with additional annual cash flow, the project is projected to achieve marketable returns. There are ranges of what would be considered market returns and are generally subject to the project type, market indicators, investor demands and financing structure. The level of public assistance is expected to have an impact on what the projected returns for the project could be.

Considered parameters for level of public assistance include the following:

- Return on Investment: *(City benefits)*
- Purchase price and other development costs: *(reasonable ranges and supported by project)*
- Public to private investment: *(public participation 10%)*
- Public assistance (TIF) and private equity: *(public does not exceed private equity)*
- Extraordinary costs: *(redevelopment)*
- Financial gap: *(limit on private debt and equity)*
- Market conditions *(financing limitations)*
- Term of district collection: *(up to 15 years)*
- Other identified public improvements: *(case by case basis to be determined)*

The developer has requested tax increment financing from the City as a method of providing additional cash flow revenues required to achieve financial feasibility. The project will be privately financed through private debt and equity that would be paid through cash flow. Assistance would be provided through a pledge of annual tax increments to provide additional cash flow to support debt repayment, enhance cash flow and increase the developer's return. We typically review both the annual (upon stabilization) and longer-term (10, 15 and 25-year period) investment returns to understand financial performance and verification of need for public assistance, as well as identifying those costs considered TIF-eligible as extraordinary to the project.

Next steps

There is a statutorily defined process that is required to be followed for the creation of a Redevelopment TIF District. This process includes the completion of an analysis of the eligibility of the site for creation as a Redevelopment TIF District, the drafting of a TIF plan describing the proposed redevelopment and the associated revenues, as well as the proposed uses of the TIF revenue. The TIF creation process includes a number of required steps and notices must be made, which are detailed in the TIF creation schedule. Ultimately this process would conclude at a public hearing, following which the City Council would consider creation of the proposed TIF District. If the Economic Development Authority is interested in pursuing the project further, the first step would be to direct staff to complete the necessary statutory steps to works towards a TIF public hearing date. The terms of public assistance would be included within an agreement between the City/EDA and developer, as related to the level of pledged TIF (number of years) and potential DEED redevelopment grant award.

Thank you for the opportunity to be of assistance to the City of Mankato. We look forward to discussing the project and financing assumptions in greater detail.

Projected Tax Increment Report

City of Mankato, Minnesota

Tax Increment Redevelopment District No. 50-1

Proposed City Center Hotel and Landmark Center Redevelopment

Draft TIF Projections based on \$24,253,900 EMV

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (7)	Less: State And Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: City Retainage 5.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 06/30/25 5.00%
12/31/25	2,643,400	51,368	51,368	0	95.377%	0	0	0	0	0	0
12/31/26	2,643,400	51,368	51,368	0	95.377%	0	0	0	0	0	0
12/31/27	12,126,950	241,789	51,368	190,421	95.377%	181,618	654	180,964	9,048	171,916	155,933
12/31/28	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	337,660
12/31/29	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	321,581
12/31/30	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	306,268
12/31/31	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	291,684
12/31/32	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	277,794
12/31/33	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	264,566
12/31/34	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	251,967
12/31/35	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	239,969
12/31/36	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	228,542
						\$3,898,114	\$14,037	\$3,884,077	\$194,205	\$3,689,872	\$2,675,964

(1) Total estimated market value based on information provided by City and County

(2) Total net tax capacity based on commercial/industrial with a class rate of 1.5% up to \$150,000 and 2% above \$150,000

(3) Original net tax capacity based on existing land value for the property to be included in the development

(4) Total local tax capacity rate for taxes payable 2024

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City of Mankato, Minnesota
Tax Increment Redevelopment District No. 50-1
Proposed City Center Hotel and Landmark Center Redevelopment
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12/31/25	2,643,400	51,368	51,368	0	95.377%	0	0	0	0	0	0
12/31/26	2,643,400	51,368	51,368	0	95.377%	0	0	0	0	0	0
12/31/27	12,126,950	241,789	51,368	190,421	95.377%	181,618	654	180,964	9,048	171,916	155,933
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12/31/36	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	228,542
12/31/37	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	217,659
12/31/38	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	207,294
12/31/39	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	197,423
12/31/40	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	188,022
12/31/41	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	179,068
						\$5,962,834	\$21,472	\$5,941,362	\$297,070	\$5,644,292	\$3,665,430

⁽¹⁾ Total estimated market value based on information provided by City and County

⁽²⁾ Total net tax capacity based on commercial/industrial with a class rate of 1.5% up to \$150,000 and 2% above \$150,000

⁽³⁾ Original net tax capacity based on existing land value for the property to be included in the development

⁽⁴⁾ Total local tax capacity rate for taxes payable 2024

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City of Mankato, Minnesota

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Proposed City Center Hotel and Landmark Center Redevelopment

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12/31/27	12,126,950	241,789	51,368	190,421	95.377%	181,618	654	180,964	9,048	171,916	155,933
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12/31/30	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	306,268
12/31/31	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	291,684
12/31/32	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	277,794
12/31/33	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	264,566
12/31/34	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	251,967
12/31/35	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	239,969
12/31/36	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	228,542
12/31/37	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	217,659
12/31/38	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	207,294
12/31/39	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	197,423
12/31/40	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	188,022
12/31/41	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	179,068
12/31/42	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	170,541
12/31/43	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	162,420
12/31/44	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	154,686
12/31/45	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	147,320
12/31/46	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	140,305
12/31/47	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	133,624
12/31/48	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	127,261
12/31/49	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	121,201
12/31/50	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	115,429
12/31/51	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	109,933
12/31/52	24,253,900	484,328	51,368	432,960	95.377%	412,944	1,487	411,457	20,573	390,884	104,698
						\$10,505,218	\$37,829	\$10,467,389	\$523,373	\$9,944,016	\$5,152,848

(1) Total estimated market value based on information provided by City and County

(2) Total net tax capacity based on commercial/industrial with a class rate of 1.5% up to \$150,000 and 2% above \$150,000

(3) Original net tax capacity based on existing land value for the property to be included in the development

(4) Total local tax capacity rate for taxes payable 2024



CITY OF MANKATO APPLICATION FOR FINANCIAL ASSISTANCE

A. APPLICANT INFORMATION

Name of Corporation/Partnership Hotel Mankato LLC

Address 931 Madison Ave, Mankato, MN 56001

Primary Contact Bryan Sowers, Vice President/Secretary

Address 23 Kelly Court, North Mankato, MN 56003

Phone 507.382.6607 Fax _____ Email bryan.sowers1@gmail.com

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership's business, including history, principal product or service, etc. **Attach as Exhibit A.**
- Brief description of the proposed project. **Attach as Exhibit B.**
- Site plan, building plans, floor plans, etc. **Attach as Exhibit C.**
- List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. **Submit directly to Baker Tilly as Exhibit D.**
- Breakdown of sources/uses with and without financial assistance (sample on page 6). **Attach as Exhibit E.**
- Prospective Lessees. **Attach as Exhibit F.**

Attorney Name Fredrikson & Byron, P.A. - Abbie S. Olson

Address 111 South 2nd Street + Suite 400, Mankato, MN 56001

Phone 507.344.9006 Fax _____ Email aolson@fredlaw.com

Accountant Name Abdo Solutions - Jacob Ouradnik

Address 100 Warren Street, Suite 600, Mankato, MN 56001

Phone 507.304.6808 Fax _____ Email jacob.ouradnik@abdosolutions.com

Contractor Name Robert W. Carlstrom Co., Inc. - Danny Umhoefer

Address 1901 Excel Drive, Mankato, MN 56001

Phone 507.344.4903 Fax _____ Email danny@rwcarlstrom.com

Engineer Name ISG Inc - Nathan Hermer
Address 115 East Hickory Street + Suite 300, Mankato, MN 56001
Phone 507.387.6651 Fax _____ Email nathan.hermer@isginc.com

Architect Name ISG Inc - Jeremy Wiesen
Address 115 East Hickory Street + Suite 300, Mankato, MN 56001
Phone 507.387.6651 Fax _____ Email jeremy.wiesen@isginc.com

B. PROJECT INFORMATION

The project will be:

☐ Industrial Greenfield:	☐ New Construction	☐ Expansion
☒ Commercial Redevelopment:	☒ New Construction	☐ Rehabilitation
☐ Industrial Redevelopment:	☐ New Construction	☐ Rehabilitation
☐ Housing Redevelopment:	☐ New Construction	☐ Rehabilitation
☐ Mixed Use Redevelopment:	☐ New Construction	☐ Rehabilitation
☐ Other		

Please explain the basic components of the project proposed, i.e., amount of new commercial square footage, numbers of housing units (rental or owner occupied, breakdown of units by number of bedrooms and square footage of units, proposed rents), etc. Please see attached Exhibit B.

The project will be: X Owner Occupied Leased Space

If leased space, please attach a list of names and addresses of future lessees and indicate the status of commitments or lease agreements. **Attach as Exhibit F. If this information is to remain private, please submit directly to Baker Tilly.**

Project Address	118 S. 2nd Street Building A & Building E, Mankato, MN 56001 (Bldg. A - AC Hotel & Bldg. E - Element Hotel)
Legal Description	Please see attached legal description at the end of the submittal package.

Amount of Assistance requested for:

Building Demolition	\$ 1,731,000
Environmental Remediation	\$ 175,000
Public Improvements	\$ 2,657,000
Site Improvements	\$ 4,415,000
*Land Acquisition	\$ 7,856,000

**(Land Acquisition may be considered under certain circumstances when extraordinary in nature and shall not exceed 50% of total subsidy request)*

Total Subsidy Requested \$ 16,834,000

Construction Start Date: November 2024

Construction Completion Date: October 2026

If Phased Project: N/A Year % Construction Completed
 Year %

City of Mankato will provide assessment and tax information based on plans submitted

Current Assessed Value on Project Site:	\$ _____
Current Real Estate Taxes on Project Site:	City \$ _____
	County \$ _____
	School District \$ _____
Estimated Assessed Value upon Completion:	Phase I \$ _____
	Phase II \$ _____
Estimated Real Estate Taxes upon Completion:	Phase I \$ _____
	Phase II \$ _____

It is the policy of the City of Mankato that the use of Financial Assistance should result in a benefit to the public.

☒ Job Creation: Number of existing jobs 0
Number of jobs created by project 344 (228 construction jobs & 116 full time hotel positions)
Average hourly wage of jobs created \$15 - \$60 average hourly wage based on job type
Benefits Provided Available

☒ Increase in tax base

☒ Enhancement or diversification of the city's economic base.

☒ New industrial development which will result in additional private investment in the area.

☒ The project contributes to the fulfillment of the City's development or redevelopment objectives.

☒ Removal of blight or the rehabilitation of a high profile or priority downtown site.

☐ Affordable housing

Other:

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	<u>Peachtree Financial (or other)</u>	<u>\$ \$60,000,000</u>
Other Private Funds	<u></u>	<u>\$</u>
Equity	<u></u>	<u>\$ 23,200,000</u>
Other Loans	<u>PACE Loan</u>	<u>\$ 9,300,000</u>
ID Bonds	<u>Other Funds - DEED Env. Cleanup Grant</u>	<u>\$ 175,000</u>
Financial Assistance Requested	<u></u>	<u>\$**</u>
TOTAL		\$ 92,675,000

****Note: if Tax Increment is to be considered, be advised it is not an upfront funding source and is provided only on a pay-as-you-go basis on an annual basis. Developer needs to identify funding sources to cover ALL costs up front, absent Tax Increment.**

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ 7,856,000
Site Development	\$ 4,336,100
Construction	\$ 56,800,000
Machinery & Equipment	\$ 12,487,000 (FF&E)
Architectural & Engineering Fees	\$ 3,668,000
Legal Fees	\$ 180,000
Interest During Construction	\$ 3,200,000
Debt Service Reserve	\$ 1,000,000
Contingencies	\$ 3,175,000
Application Fee (nonrefundable)	\$ 4,400
Developer Capacity Review (if bonding/loans requested)	\$ 3,500
TOTAL	\$ 92,710,000

E. ADDITIONAL DOCUMENTATION

Applicants will also be required to provide the following documentation directly to Baker Tilly.

- X A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans
- B) Financial Statements for Past Two Years Provided under separate cover to Baker Tilly.
 N/A Profit & Loss Statement
 N/A Balance Sheet
- C) Current Financial Statements
 N/A Profit & Loss Statement to Date
 N/A Balance Sheet to Date
- X D) Two Year Financial Projections
- F) Personal Financial Statements of all Major Shareholders
 X Profit & Loss
 X Current Tax Return
- X G) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- X H) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in Project
- X I) Non refundable application fee of \$4,400

*If establishing a tax increment financing district is authorized by the Mankato City Council, additional payment of \$4,400 will be required in order to create the district. This would be reimbursable with pay-as-you-go TIF provided the District is approved.

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Mankato to check credit references and verify financial and other information. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name Hotel Mankato LLC Date 06/12/2024

By Bryan Sowers *Bryan J. Sowers*

Its Vice President/Secretary

EXHIBIT B
Description of the proposed project

EXHIBIT B: PROJECT DESCRIPTION

The Landmark Center and the City Center Hotel properties located on E. Main Street were originally purchased several years ago by local developer Landmark Real Estate to independently develop a highest and best use project for each site, potentially including an apartment complex to add housing density in the City Center.

As various repurpose concepts were considered over time, it was concluded that the best use would be to integrate the two sites into one comprehensive project to best achieve the desired revitalization intent. As the vision progressed, it became evident the highest and best use was to address City Center hospitality demand linked to the Mayo Clinic Civic and Event Center, density, and regionalism in the Greater Mankato community.

Hotel Mankato, LLC is proposing a 4-story extended stay Element by Westin, located at the intersection of North Riverfront Drive and Main Street, and a 10-story AC by Marriott, located at the intersection of Second and Main Streets. The two hotels will be adjoined by a common lobby with a direct connection to the existing City skywalk, allowing guests to have a direct connection to the many events held at the Mayo Clinic Civic and Event Center along with many other amenities offered in the downtown area.

The hotels will share common guest amenities including a pool, fitness center, guest laundry, lounge spaces, business pods, and a small conference room along with shared back of house spaces. This development is also providing space for a future coffee shop at the main level and a third-party restaurant with rooftop patio space at the 10th story overlooking the Minnesota River Valley. A courtyard area located between the Element and common lobby will offer a combination of possibilities for guest grilling stations, firepit(s), and an outdoor social lounge area.

The motor court drive-up will feature a unique grand entrance to the shared lobby and will provide access to the parking garage, multiple entrances for guests and pedestrians to access the skywalk, and an outdoor patio for the AC bar & lounge area. The design for the outdoor plaza at the intersection of Main and Second Streets is intended to incorporate original limestone and brick features hailing back to the Landmark Building that has resided at the corner of 2nd and Main Streets for over a century.

The following information outlines key amenities proposed as part of this project:

- Element by Westin: A 4-story, upscale lifestyle, 126 all-suite extended stay hotel located at the intersection of North Riverfront Drive and Main Street.
- Marriott AC Hotel: An upscale European design with 156 contemporary rooms, appealing the business and leisure class, 10 stories located at Second Street and Main Street.
- Tenth story signature rooftop restaurant allowing for indoor and outdoor dining experiences while offering views of the Minnesota River and Downtown Mankato.
- A synergistic design with shared amenities: lobby, swimming pool, fitness center, and coffee area.
- Convenient access for both automobiles and pedestrians via the walkable Second Street corridor.
- Outdoor courtyard and civic space, facing the Mayo Civic Center mall area, connected by the enclosed skyway.
- 282 total hotel guest rooms.
- 250,000 square feet of space including a 168-stall underground parking garage and 9 surface stalls.
- The hotels will be staffed and operate twenty-four hours a day, seven days a week to ensure the ultimate guest experience during their stay in downtown Mankato.

Further details are available in the attached business plan.

BUSINESS AND MARKETING PLAN FOR: HOTEL MANKATO



**Two Upscale Marriott Hotel Brands, Signature
Rooftop Restaurant, and Ground Floor Lounge**

101-121 E. Main Street
Mankato, MN 56001

Hotel Proposed Plan

Project Overview

The Landmark Center and the City Center Hotel properties located on E. Main Street are in an Opportunity Zone in need of redevelopment. They were originally purchased years ago by local developer Landmark Real Estate to independently develop a highest and best use project for each site, including an apartment complex to add housing density in the City Center. As various repurpose concepts were considered over time, it was concluded the best use was to integrate the two sites into one project to achieve the desired intent. As the vision progressed, it became clearer the highest and best use was to address City Center hospitality demand linked to the Mayo Civic Center, density, and regionalism in the Greater Mankato community.

The size, scope and challenges for the proposed project resulted in both the desire and need to create an expanded, local developer team with deep experience and an expanded ownership group with an eye to the future of Greater Mankato. This resulted in the creation of Hotel Mankato, LLC (the Company) and the start of the proposed project.

The Company subsequently purchased the properties on June 30, 2023 to jointly construct two upscale Marriott hotel brands, including a signature rooftop restaurant, ground floor lounge and 281 guest rooms. The new developer team for the proposed \$92 million project includes a distinctive and seasoned group of development professionals including expert hotel owner/operator TPI Hospitality, former executive banker Bryan Sowers, Tailwind Group, Tony Frentz of Neubau Holdings, ISG principal Chad Surprenant and original site owner, Landmark Real Estate's Jon Kietzer. The company ownership group also includes Rob Else of Neubau Holdings and ISG Hotel Mankato (an investment affiliate of ISG, Inc.) further represented by Samantha Boeck.

It is quite unique for multiple independent, established developers to collaborate and cooperate on large projects. This partnership reflects such a collaboration with the intent to address significant challenges on two centrally located blighted properties, while achieving the highest and best use of the combined sites, without sacrificing the tenets and vision for Greater Mankato's resiliency and direction. While mutually beneficial for the long-term, it presents some increased risk of lower returns as the market transitions in the near term (reference Tax Increment Financing below).

The Company currently holds the Landmark Center property located at 121 E. Main Street, the City Center Hotel located at 101 E. Main Street and a surface parking lot located at 118 S. Second Street to develop, own, and manage a combined Marriott AC and Element by Westin, dual-brand hotel project. There are multiple parcels that encompass these three addresses currently, while the proposed design is planned to reduce the number of parcels down to two. The first parcel will consist of a contiguous parcel that includes all three property addresses at street level, while the second parcel will consist of the proposed below grade parking garage.

The Company is managed by a Board of Governors (the "Board") and represents Company shareholders. Strong and independent boards that exercise effective oversight of management are fundamental for value creation and is part of the integrated strategy for this business plan. The board commitment reflects the community vision and importance of this proposed project.

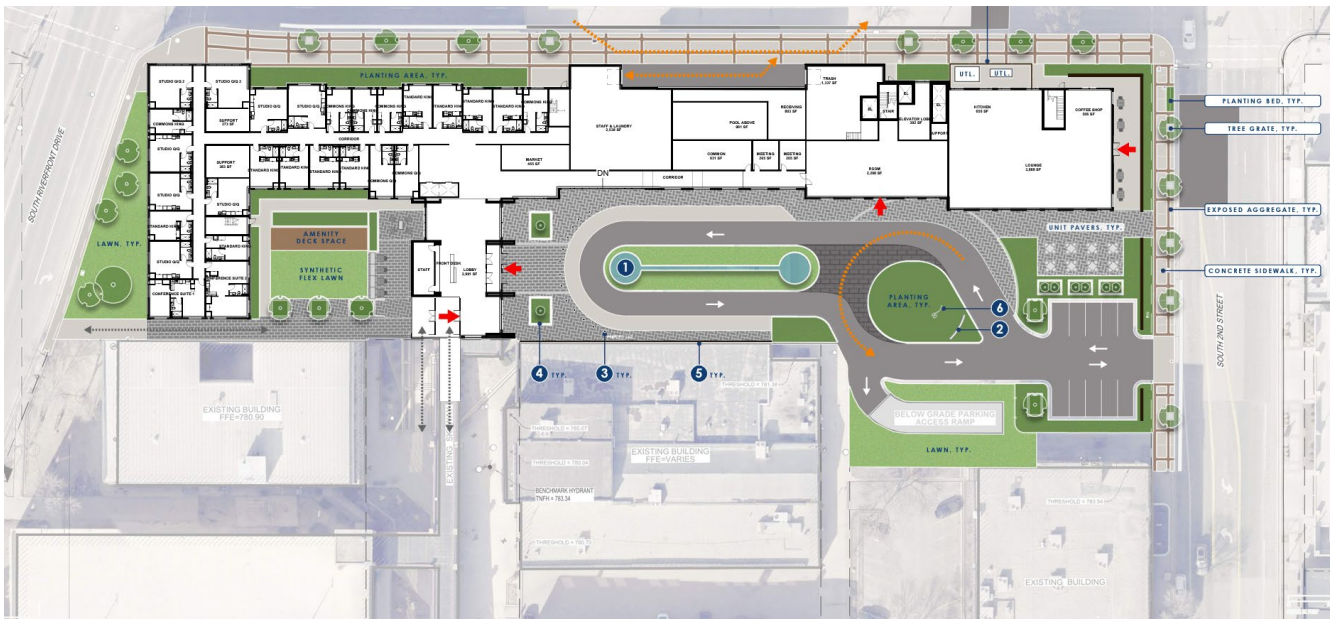
The project has been in due diligence and investment phases for over two years as a highest and best use plan to repurpose two blighted properties in the City Center district. A primary challenge has been to solve for highest and best use, while absorbing an extraordinary amount of non-revenue producing development costs (also referred to as eligible redevelopment costs for TIF financing) at over \$13.6 million to accomplish the project objectives identified later. The property will undergo a complete demolition of the blighted Landmark Center (roof and side walls collapsed) and City Center hotel buildings after thoroughly vetting various design and economic alternatives to generate a feasible project for the site.

Note: the new design for the outdoor plaza at the intersection of Main and Second Streets is intended to incorporate some of the original limestone and/or brick features of the Landmark building and may also include a reference to the building history to preserve its story.



The new dual brand Marriott hotels will consist of:

- Element by Westin, a 4-story upscale lifestyle, 122 all-suite extended stay hotel located adjacent to Riverfront Drive,
- Marriott AC hotel, an upscale European design with 159 contemporary rooms, appealing the business and leisure class, 10 stories adjacent to Second Street,
- Tenth story signature rooftop restaurant overlooking the Minnesota River Valley, indoor and outdoor venue,
- A synergistic design with shared amenities: lobby, swimming pool, fitness center, and coffee area,
- Convenient access for both automobiles and pedestrians via the walkable Second Street corridor,
- Outdoor courtyard and civic space, facing the Mayo Civic Center mall area, connected by skyway.



Stakeholders –

We are pleased to partner with local (and nationally recognized) architect ISG as an employee-owned organization: [Multi-Disciplinary Design and Engineering Firm | ISG Inc.](#) They will be performing and managing all facets of the architectural, engineering and landscaping components. ISG through an affiliate company is also an investor in the project. Samantha Boeck and Chad Surprenant from their leadership team will provide ongoing value. Additionally, ISG is partnering on the internal hotel design with international hotelier, The Gettys Group Companies: [Hotel Design and Development Firm | The Gettys Group Companies.](#) They have a wide range of expertise, providing specialized services across the spectrum of hospitality and real estate that reflects a commitment to excellence.

The City Center Hotel was closed on June 20, 2023 prior to purchase by the Company on June 30th. To enhance the execution for the project and site vision, the local development team integrated a highly seasoned expert hotelier in TPI Hospitality. As an owner/operator of approximately 36 hotels throughout MN and FL they bring industry depth in development, operations and experience with international brands by Marriott, Hilton, IHG and Margaritaville.

TPI Hospitality celebrated their 50th year in business in 2022. TPI Hospitality is a developer, owner, and operator of hotels, restaurants, and conference centers across Minnesota and Florida. All TPI locations are either newly constructed or recently renovated, with the care and attention that only a deeply committed owner provides. Visit www.tpihospitality.com for more information.

The General Contractor for the project is Robert W. Carlstrom Co., Inc: [Home \(rwcarlstrom.com\)](http://Home(rwcarlstrom.com)). We are also pleased to work with a long-time local company that is the premier commercial construction manager and general contractor in Southern Minnesota. Their high quality of craftsmanship and ability to create and retain business relationships is a strategic fit with the other stakeholders. Quality craftsmanship and satisfied owners have allowed Robert W. Carlstrom Co., Inc. to continue to be a successful company since 1945 as a recognized leader in the Greater Mankato region.

Tax Increment Financing (TIF) –

The proposed project cost is estimated at \$92 million with new construction costs of approximately \$60 million. Due to extraordinarily high TIF redevelopment costs the project is not feasible without financial assistance. It would take until year six to achieve a minimum debt coverage level for bank financing, combined with a valuation gap resulting in a lower IRR. With TIF assistance in a Pay-as-you-Go model, the debt coverage is projected to stabilize after year three.

To achieve the desired objectives, addressing a high amount of eligible TIF redevelopment costs in the project budget must be overcome. The cost of building acquisitions, demolition and various site preparation expenses is an estimated \$16.8 million. These high costs are the result of several factors that have led to both building sites becoming blighted over time including deferred maintenance, age, quality of construction and recent structural integrity damage to the Landmark Center from a roof and third floor building collapse, as well as site and soils preparation costs.

The proposed project is combining three separate sites with prior independent uses as a hotel, mixed-use property and a surface parking lot into a single, large site for two hotels by Marriott AC and Element by Westin. The multi-site approach results in higher redevelopment costs to address feasibility. Two recent projects that have received TIF financing in Mankato and North Mankato are examples of repurposing blighted properties and provide reference for TIF support:

<u>Comparative TIF Projects (000's)</u>			
	<u>Est. TIF</u>	<u>Project Size</u>	<u>TIF % of Project</u>
Mankato, Eide Bailly: 15-yr	\$3,200	\$23,000	13.9%
N. Mankato, Hotel: 26-yr	\$5,400	\$16,000	33.8%
Two Sites Combined	\$8,600	\$39,000	22.1%
Potential Hotel TIF: 26-yr	\$10,770	\$92,710	11.6%

Site Description and Redevelopment Costs –

To assist in creating a feasible project while removing two blighted buildings in an Opportunity Zone, the Company is pursuing tax increment financing (TIF) with a proposed Redevelopment District from the City of Mankato. **The project, consisting of three independent sites, all have separate redevelopment costs to prep them for a highest and best use project, which results in an extraordinary amount of combined costs for TIF eligibility consideration.** See Exhibit A Project Budget & Model for details.

TIF Economic Development and Job Creation –

This project has multiple new job sources including the two hotels and a third-party, full-service restaurant, resulting in an estimated 116 new FTE positions for the businesses and an additional 228 FTE construction jobs, totaling an estimated **344 FTE positions**, including:

- Element by Westin hotel – est. 16 FTEs
- Marriott AC hotel – est. 40 FTEs
- Rooftop Restaurant – est. 60 FTEs
- Construction FTE jobs are generated at 5700 per \$1 billion in spending (2021 Census Bureau data), which equates to an estimated 228 positions for a \$70 million project on an annualized basis.

The hard construction costs for the project are estimated to be \$60 million, with costs inflating 40.3% since 2020. The local stakeholder approach with selecting ISG for A&E services and R.W. Carlstrom Construction acting as the general contractor for the project will enhance the bidding process in an effort to retain local contractors to perform the work. While it cannot be assured that all local contractors will be selected due to the size, scope and construction timeline estimated at 18 months, every effort will be made to accommodate local economic development. In relation to the last reported 2022 construction investment in Greater Mankato at \$347 million annually, the proposed project (including soft costs, totals ~ \$70 million) would represent about 20.2% of the total annual construction market economics.

BUSINESS STRATEGY SUMMARY

Mission: partnering with the community in new ways to create a regional landmark destination in the heart of Mankato to stimulate vibrancy in the downtown hub to help achieve Greater Mankato’s fullest economic and social impact.

Vision: To curate a space and experiences that illuminate the culture of our “neighborhood” sharing its people, places and traditions.

Objectives: to recreate two substandard (blighted) city center properties located in an Opportunity Zone, focusing on their highest and best use to achieve functional, emotional and social components that have long-term value creation. These core components include:

1. A highest and best use for a vital city center site aligned with Regional Planning “pillars”, **utilizing a Differentiation vs. cost-leadership model.**
2. **Solving for much-needed capacity building now** to address city center hospitality demand, with support and sustainability of the Mayo Civic Center.
3. Address purpose, sustainability and resiliency through **innovative investment, community-oriented amenities and regional reputation.**



PROJECT HIGHLIGHTS

Certificate of Design Compliance Considerations:

The submission for Certificate of Design Compliance (CDC) will consist of two additional components. A request for a Conditional Use Permit for hospitality use and zoning on the Landmark Center property (121 E. Main Street); and a request to Vacate an Alley that is currently between the two properties located at 101 and 121 E. Main Street. The affected property owners next to the alley have signed the City Petition form and agreed to vacate the alley, resulting in a private alley with a proposed entry and exit from Walnut Street. Approval of these requests are required for the integrated site design to achieve the proposed plan.

The dual brand project will consist of a combined 282 hotel rooms with up to 243,000 sq/ft of space including an underground parking garage with 168 parking stalls and 12 surface stalls, totaling 180.

The CDC application will be submitted by the May 28, 2024 deadline for a June EDA review. The City has requested the TIF application be submitted in the first half of June to travel the approval process collectively.



MARRIOTT AC and ELEMENT by WESTIN HOTELS (dual-brand)

- AC - 159 rooms on eight floors over a ground floor common area, with breakfast on first floor,
- AC - 10th floor rooftop restaurant, operated by a third party,
- AC - design and compliance with code for buildings exceeding 75 feet in height,
- ELEMENT - 122 rooms on a four-floor design (rooms on first) with breakfast lounge on second floor,
- ELEMENT - addresses the extended stay market with mini-kitchens and related amenities,
- A common lobby accessed with a Second Street drive-up motor court, integrated with the existing Civic Center skywalk,
- A common two-story area between the hotels will house the fitness, pool and common areas accessible by guests in both hotels,
- Pedestrian and guest access will include multiple entry / exit points from Second Street for convenient access to the Civic Center skywalk and hotel restaurants,
- Shared parking with the Element in a heated 170-stall underground garage with 10 surface stalls, totaling 180 stalls,
- Additional parking in the 442-stall Civic Center parking ramp as part of the city parking district,
- Parking can be accessed from the motor court off Second Street or from Civic Center parking ramp through the integrated tunnel,
- All subsurface parking will exit through the Civic Center ramp to Riverfront Drive or Walnut Street,

As part of the project objectives to integrate local and regional culture with the lifestyle branding, there is design intent to subtly incorporate key community stakeholders, such as MSU, Mankato, Greater Mankato Growth, Children's Museum of Southern MN and Mankato Area Foundation.

Parking –

The proposed parking solution will utilize onsite stalls 180, combined with utilization of the City parking district as needed. The project and the parking solution are more efficient than the existing two sites and will result in a net decrease of 101 stalls relied upon from the parking district.

For a majority of nights throughout the year, stalls on the property will accommodate parking needs based on an average occupancy of 163 rooms with one corresponding stall allocated per room. Average hotel occupancy of 70% is projected (in line with the hospitality market) and is sustainable with high-occupancy event nights from conventions and/or entertainment in the Civic Center. These events are estimated at approximately 65 nights annually or 17.8% of the time, resulting in average occupancy for the balance of annual nights at about 58%.

The chart below reflects the proposed project stalls required under code and the probable usage of stalls for a typical day/night for non-event nights, in addition to a comparison of the existing parking stalls required on each project site.

High-occupancy nights are not projected to result in additional stalls used in the parking district for Civic Center events. The proposed 180 parking stalls for guests and community use provides substantial parking for users that may not be attending Civic Center events. It's predicted that the number of stalls in the City Center continues to accommodate maximum occupancy for Civic Center events according to the Walker Parking Study (as revised). In summary, the proposed impact to the parking district is quite favorable with lower usage than the existing uses for the Landmark and Hotel sites at an estimated improvement of 101 stalls (291 – 190 = 101).

It can also be concluded the 180 stalls provided by the project is generally adding to the net parking stalls needed for Civic Center event nights as occupancy in the new hotels will increase, compared to the last decade of occupancy under the substandard City Center Hotel w/those parking stalls remaining vacant. Additionally, there will be an informal agreement with the owners of the Eide Bailly property across the street to allow for a valet parking solution and additional parking on event nights when available.

<u>Parking Analysis</u>	<u>Dual Brand Marriott w/ Proposed Parking Garage</u>			<u>Old Hotel</u>	<u>Landmark Apartments</u>
Area Use:	Spaces Required	Adjusted Occ at 58%	Parking Location	Spaces Required	Spaces Required
Element Hotel	126	73	Onsite	151	
AC Hotel	156	90	Onsite		66
Operating Staff	20	15	Parking district	10	7
Event Space & Restaurant	<u>68</u>	39	Parking district	<u>155</u>	<u>59</u>
Total Stalls	370	218		316	132
Spaces Provided	<u>180</u>	<u>180</u>		<u>117</u>	<u>40</u>
City Code +/-	-190	-38		-199	-92
Parking Ratio to Code	0.49	0.83		0.37	0.30
Parking District Stalls Used	190			291	

Programming -

All design and amenities for the Project are identified in the Architect's design documents, with cost estimates provided by General Contractor, Robert W. Carlstrom Construction. A feasibility study was ordered and completed by international hospitality expert HVS. The study focused on adding density of hotel rooms to the Mankato City Center, and impact to conventions and usage of the Mayo civic center. The results were generally positive and reflected an average of 10.5% economic upside by adding the hotel room density to the city center.

- **Rooms** - There will be an approximate 50/50 split of king rooms to double queen rooms across both hotels. The AC will feature a number of suites, while the Element will have 4-room pods at the end of the respective halls on each floor.
- **Courtyard** – a courtyard located between the Element and the common lobby presents a combination of possibilities for a grilling area, firepit social area and lounge/sunbathing area. The motor court drive-up will feature a grand entrance to the shared lobby, as well as access to the parking garage, multiple entrances for guests and pedestrians to access the skywalk as well as an outdoor patio for the AC restaurant / lounge area.
- **Food and Beverage** - The plan includes a full-service high-end restaurant on the 10th floor rooftop of the AC with 360-degree views of the MN river valley and downtown Mankato. Each hotel will have a separate breakfast area, and a coffee shop is planned in the common area accompanied by surface parking for convenient access to both visitors and guests alike.
- **Conference and Event Rooms** – There will be multiple technology business pods on the main floor of the AC, along with a board room integrated for convenient access with the surface parking. The design for typical conference and event space is strategically integrated to utilize existing public investments in the Civic Center and skywalk connectivity.
- **Rates** – The two hotels are complimentary to one another and will be similar in their higher end finishes and design. The Marriott AC will be marginally higher in price than the extended stay Element rooms. The Average Daily Rate blended for all rooms is anticipated to be in the range of \$179 to \$189 based on comparable properties in other upper Midwest regional markets.
- **Solar Energy** – The Plan includes solar power energy installed on the roof of the Element due to its superior flat roof to maximize square footage and efficiency of the proposed system. Discussions with Xcel Energy are in process to stay ahead of near-term climate change regulations, while addressing long-term value.
- **Cost and Sizing Breakdown** – Enclosed with this proposed plan is an estimated budget that breaks out rooms, common areas, the courtyard and restaurant spaces. The construction budget for the project is \$60 million, including tenant improvements for the rooftop restaurant space. General contractor Robert W. Carlstrom has provided a preliminary estimate to address project feasibility and continued next steps with the required City applications, pursuit of bank financing and capital partners. See Exhibit A – Project Budget & Model for more detail.

ADDITIONAL INFORMATION

Written correspondence should be mailed to Hotel Mankato, LLC, at 103 15th Avenue NW, Suite 200, Willmar, MN 56201, or hand delivered to Hotel Mankato, LLC, at the same address.

For questions and additional information investors and stakeholders are encouraged to contact Bryan Sowers at bryan.sowers1@gmail.com or Tony Frentz at tfrentz@neubauholdings.com or Chris Flagg at chris@tpihospitality.com or Chad Surprenant at chad.surprenant@isginc.com. The Company will be pleased to provide additional information to the extent it has such information or can obtain it without unreasonable effort or expense.

EXHIBIT C
Site plan, building plans, floor plans



CITY SUBMITTAL
5/28/2024

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PROJECT

HOTEL MANKATO

MANKATO MINNESOTA

REVISION SCHEDULE		
DATE	DESCRIPTION	BY

PROJECT NO.	24-30180
FILE NAME	
DRAWN BY	Author
DESIGNED BY	Designer
REVIEWED BY	Checker
ORIGINAL ISSUE DATE	5/28/24
CLIENT PROJECT NO.	

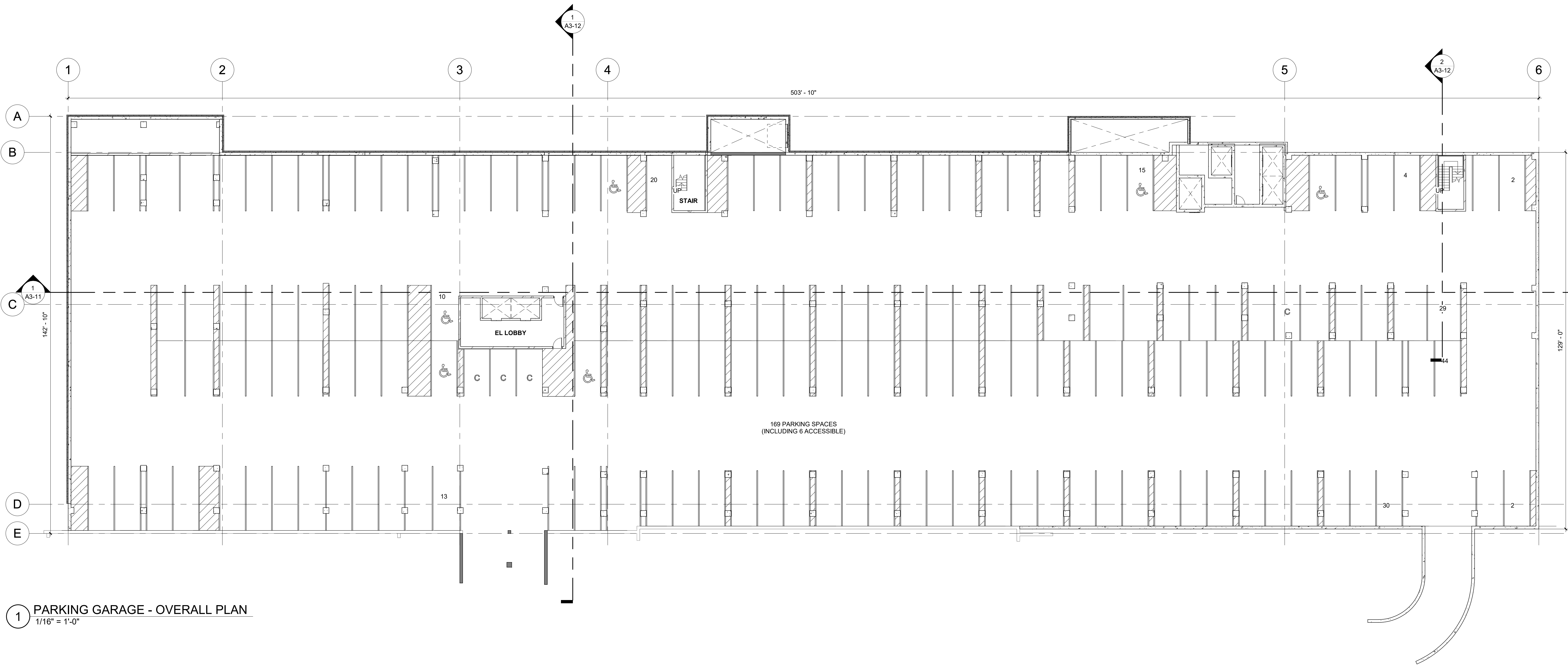
TITLE

**PARKING
GARAGE FLOOR
PLAN - OVERALL**

SHEET

A1-200

PRELIMINARY NOT FOR CONSTRUCTION PRELIMINARY NOT FOR CONSTRUCTION



1 PARKING GARAGE - OVERALL PLAN
1/16" = 1'-0"





CITY SUBMITTAL
5/28/2024

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PROJECT

HOTEL MANKATO

MANKATO MINNESOTA

REVISION SCHEDULE		
DATE	DESCRIPTION	BY

PROJECT NO.	24-30180
FILE NAME	
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CLIENT PROJECT NO.	

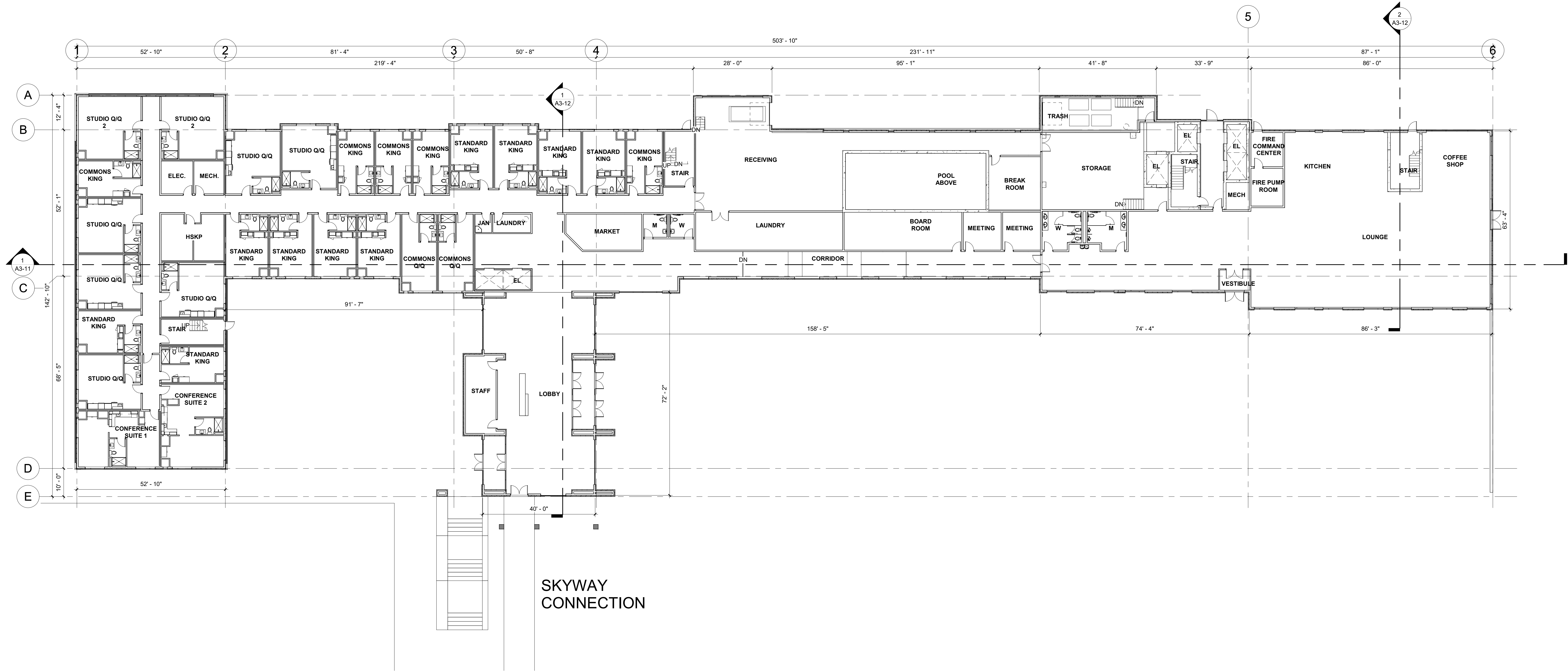
TITLE

FIRST FLOOR
PLAN - OVERALL

SHEET

A1-201

PRELIMINARY NOT FOR CONSTRUCTION



1 FIRST FLOOR PLAN - OVERALL
1/16" = 1'-0"





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5/28/2024

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PROJECT

HOTEL MANKATO

MANKATO

MINNESOTA

REVISION SCHEDULE

DATE	DESCRIPTION	BY

PROJECT NO. 24-30180

FILE NAME

DRAWN BY Author

DESIGNED BY Designer

REVIEWED BY Checker

ORIGINAL ISSUE DATE 5/28/24

CLIENT PROJECT NO.

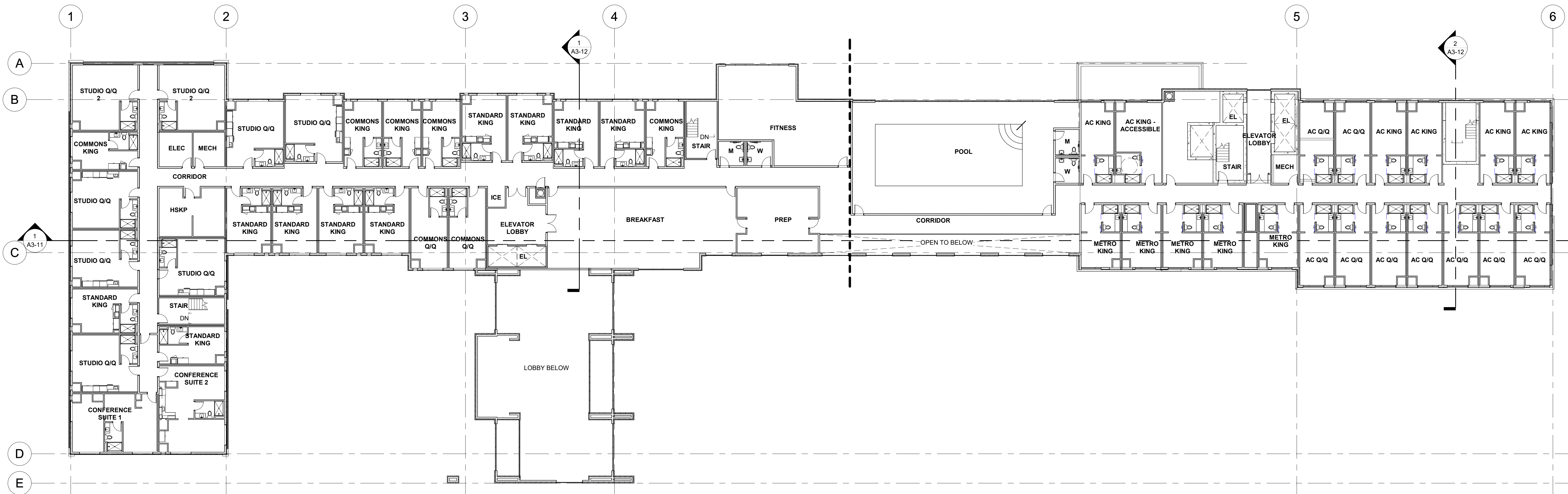
TITLE

**SECOND FLOOR
PLAN - OVERALL**

SHEET

A1-202

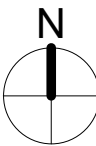
PRELIMINARY NOT FOR CONSTRUCTION



1 SECOND FLOOR PLAN - OVERALL
1/16" = 1'-0"

REFERENCE SCALE
1" = 1'
0 1/4" 1/2" 1" 2"

5/28/2024 1:41:52 PM





CITY SUBMITTAL
5/28/2024

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PROJECT

HOTEL MANKATO

MANKATO MINNESOTA

REVISION SCHEDULE		
DATE	DESCRIPTION	BY

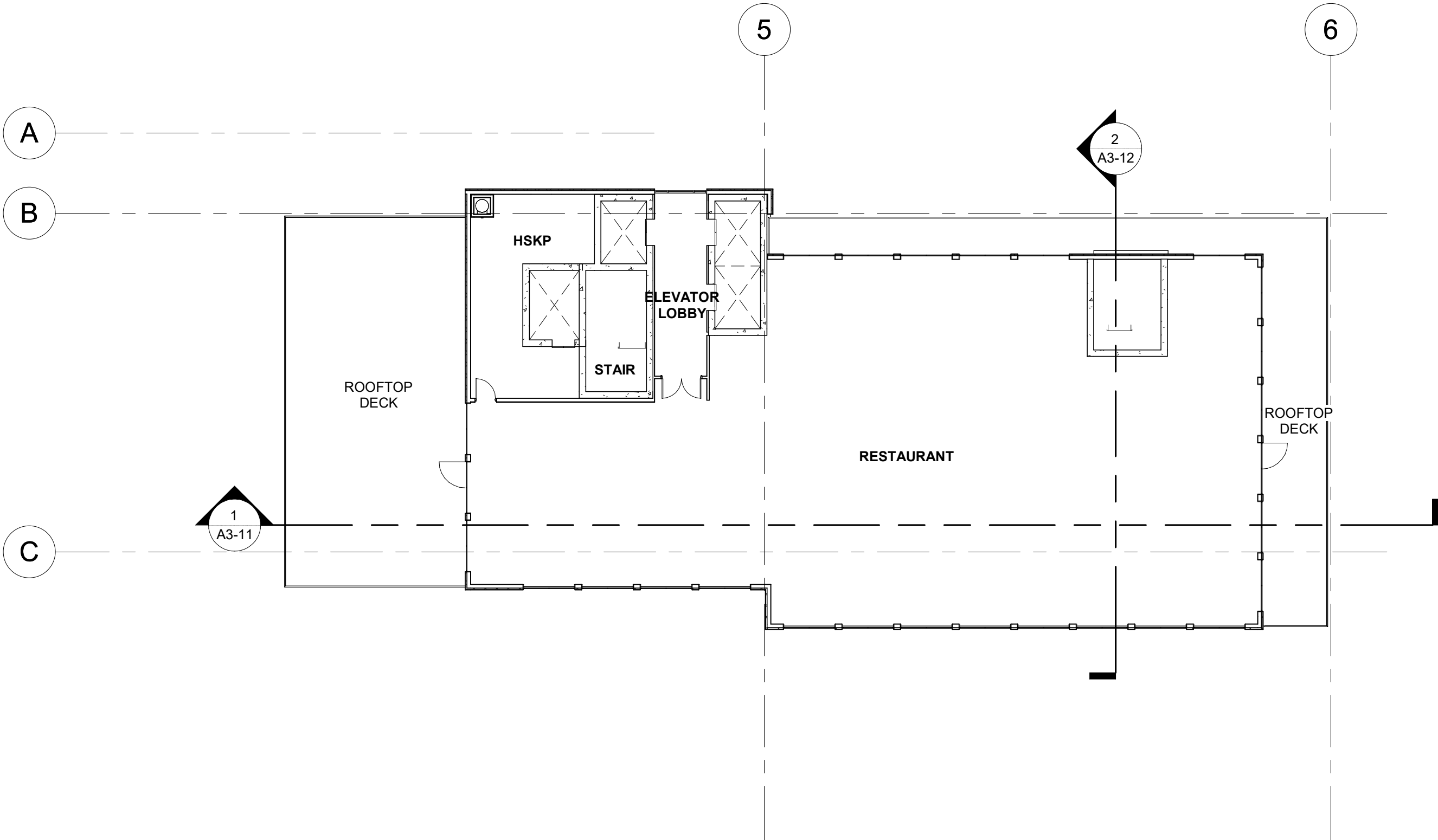
PROJECT NO. 24-30180
FILE NAME
DRAWN BY Author
DESIGNED BY Designer
REVIEWED BY Checker
ORIGINAL ISSUE DATE 5/28/24
CLIENT PROJECT NO.

TITLE

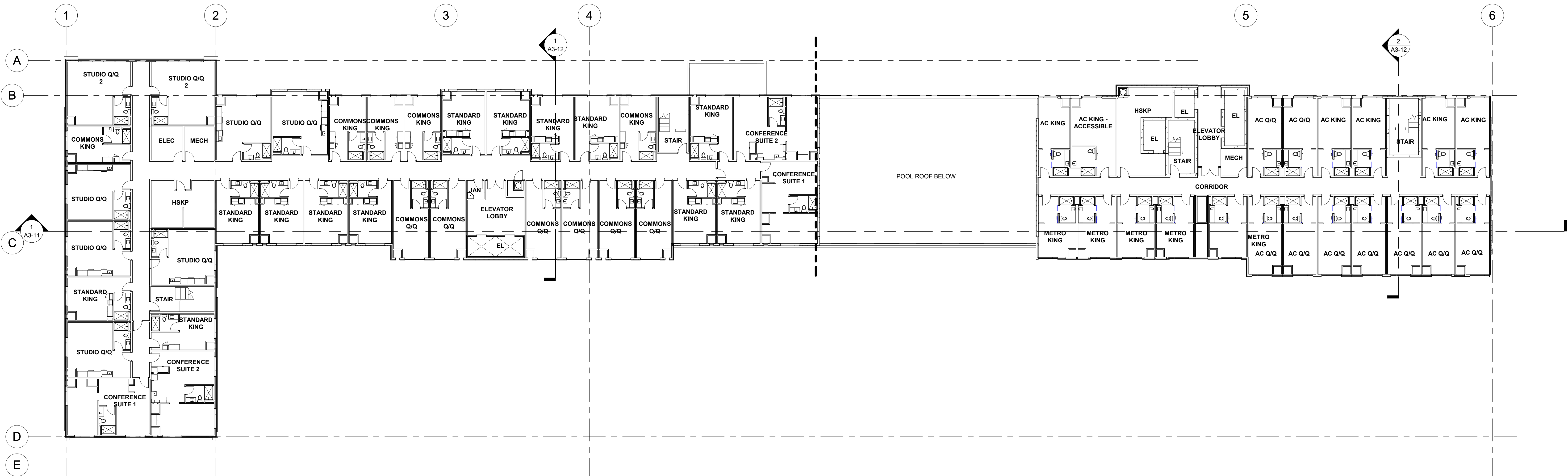
**UPPER FLOOR
PLANS - OVERALL**

SHEET

A1-203



2 TENTH FLOOR PLAN - OVERALL
1/16" = 1'-0"



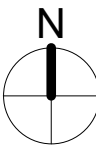
ELEMENT HOTEL: 3RD & 4TH FLOORS SIMILAR

AC HOTEL: 3RD - 9TH FLOORS SIMILAR

1 THIRD FLOOR PLAN - OVERALL
1/16" = 1'-0"

REFERENCE SCALE
1" = 1'-0"
0 1/4" 1/2" 1" 2"

5/28/2024 1:41:58 PM



PRELIMINARY NOT FOR CONSTRUCTION



RENDERING



Architecture + Engineering + Environmental + Planning

HOTEL MANKATO
Mankato, MN - 05/28/2024
ISG PROJECT NO. 23-30180

ISGinc.com



RENDERING



Architecture + Engineering + Environmental + Planning

HOTEL MANKATO
Mankato, MN - 05/28/2024
ISG PROJECT NO. 23-30180

ISGinc.com



RENDERING



Architecture + Engineering + Environmental + Planning

HOTEL MANKATO
Mankato, MN - 05/28/2024
ISG PROJECT NO. 23-30180

ISGinc.com



RENDERING



Architecture + Engineering + Environmental + Planning

HOTEL MANKATO
Mankato, MN - 05/28/2024
ISG PROJECT NO. 23-30180

ISGinc.com

EXHIBIT D

Names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership.

****SUPPLY DIRECTLY TO BAKER TILLY****

Please see Shareholder Info
Exhibit (provided under separate
cover to Baker Tilly).

EXHIBIT E
SOURCES AND USES WITH/WITHOUT FINANCIAL ASSISTANCE

Sources & Uses – With/Without TIF:

With TIF = 14.2% IRR

Uses	\$000/Key	\$000
Acquisition	\$ 29	\$ 8,081
Construction	205	57,825
FF&E	44	12,487
Soft Costs	33	9,405
Contingency & Other	17	4,912
Total	\$ 329	\$ 92,710
Sources	%	\$000
Senior Debt	65.0%	\$ 60,262
PACE	10.0%	9,271
Subtotal Debt	75.0%	69,533
Development Fee	4.4%	4,100
Founders Equity	5.3%	4,900
PPM Equity	15.3%	14,177
Subtotal Equity	25.0%	23,178
Total	100.0%	\$ 92,710

Without TIF = 11.0% IRR

Uses	\$000/Key	\$000
Acquisition	\$ 29	\$ 8,081
Construction	205	57,850
FF&E	44	12,487
Soft Costs	33	9,405
Contingency & Other	17	4,913
Total	\$ 329	\$ 92,737
Sources	%	\$000
Senior Debt	60.0%	\$ 55,642
PACE	10.0%	9,274
Subtotal Debt	70.0%	64,916
Development Fee	4.4%	4,100
Founders Equity	5.3%	4,900
PPM Equity	20.3%	18,821
Subtotal Equity	30.0%	27,821
Total	100.0%	\$ 92,737

EXHIBIT F
Prospective Lessees

****SUPPLY DIRECTLY TO BAKER TILLY IF PRIVATE INFORMATION****

N/A

Lot 1, Block 1, Key City Renewal Fifth Addition, Blue Earth County, State of Minnesota.

AND

All that part of the north - south running alley dedicated in Block 14, Map of Mankato, according to the recorded plat thereof, lying north of the Westerly extension of the north line of Lot 7, Block 14, Map of Mankato, according to the recorded plat thereof, City of Mankato, Blue Earth County, Minnesota, EXCEPT the west half of said alley adjacent to Lots 3 and 4, Block 14, Map of Mankato.

AND

The Easterly 102.5 feet of the Northerly 23 feet of Lot 9 and the Easterly 102.5 feet of Lot 10, Block 14, City of Mankato, County of Blue Earth, State of Minnesota.

AND

The Westerly 55 feet of the Northerly 99 feet of Lots 9 and 10, Block 14, Map of Mankato.

AND

Commencing at the Southwest Corner of Lot 9, Block 14, Map of Mankato, on the east line of the alley running on the west side of said Lot 9, running thence in a southeasterly direction and at right angles with said alley 55 feet, thence in a northeasterly direction and at right angles with said last mentioned line 33 feet; thence in a northwesterly direction and at right angles with last described line 55 feet and thence in a southwesterly direction and at right angles with said last described line 33 feet to the place of beginning.

AND

Lot 8, Block 14, Map of Mankato, except the Southerly 6 feet of the Easterly 60 feet.

AND

The Southerly 43 feet of the Easterly 102 1/2 feet of Lot 9, Block 14, Map of Mankato.

AND

Beginning at the Southwesterly corner of Lot 8, Block 14, MAP OF MANKATO, according to the recorded plat thereof; thence easterly 66.00 feet along the southerly line of said Lot 8 to a point on the northerly extension of the westerly line of Lot 4, SPENCER'S SUBDIVISION OF LOTS 6 AND 7 IN BLOCK 14 MANKATO, according to the recorded plat thereof; thence southerly along said northerly extension 12.00 feet to the northwesterly corner of said Lot 4; thence westerly along the westerly extension of the northerly line of said Lot 4 to the westerly line of said Block 14; thence northerly along the westerly line of said Block 14 to the point of beginning.

AND

All that part of the 12.00 foot alley dedicated per the SPENCER'S SUBDIVISION OF LOTS 6 AND 7 IN BLOCK 14 MANKATO, according the recorded plat (alley being now vacated per recorded document 600CR931) described as follows:

Being bound on the west by the northerly extension of the west line of Lot 4 of said SPENCER'S SUBDIVISION;

and

Being bound on the east by a line being 60.00 feet west of the northerly extension of the easterly line of said SPENCER'S SUBDIVISION.

HOTEL MANKATO, LLC

931 Madison Avenue, Mankato, MN 56001

June 12, 2024

Courtney Kramlinger, AICP
Economic Development Coordinator
City of Mankato
10 Civic Center Plaza
Mankato, MN 56001
ckramlinger@mankatomn.gov

RE: TIF Application – Letter of Commitment

Hotel Mankato, LLC is proposing to redevelop an existing blighted property bounded by E. Main Street, S. 2nd Street, E. Walnut Street, and S. Riverfront Drive, more specifically addresses known as 101 E. Main Street, 121 E. Main Street, and 118 S. Second Street (and associated vacated alleyway) situated in Downtown Mankato.

This proposal involves a 4-story extended stay Element by Westin, located at the intersection of North Riverfront Drive and Main Street, and a 10-story AC by Marriott, located at the intersection of Second and Main Streets. The two hotels will be adjoined by a common lobby with a direct connection to the existing City skywalk, allowing guests to have a direct connection to the many events held at the Mayo Clinic Civic and Event Center along with many other amenities offered in the downtown area.

The hotels will share common guest amenities including a pool, fitness center, guest laundry, lounge spaces, business pods, and a small conference room along with shared back of house spaces. This development is also providing space for a future coffee shop at the main level and a third-party restaurant with rooftop patio space at the 10th story overlooking the Minnesota River Valley. A courtyard area located between the Element and common lobby will offer a combination of possibilities for guest grilling stations, firepit(s), and an outdoor social lounge area.

The motor court drive-up will feature a unique grand entrance to the shared lobby and will provide access to the parking garage, multiple entrances for guests and pedestrians to access the skywalk, and an outdoor patio for the AC bar & lounge area. The design for the outdoor plaza at the intersection of Main and Second Streets is intended to incorporate original limestone and brick features hailing back to the Landmark Building that has resided at the corner of 2nd and Main Streets for over a century.

With consideration of approved TIF funding and various committed funding sources outlined on the attached TIF application, Hotel Mankato, LLC and its members currently have the capability and availability to fund the construction cost associated with the proposed project including total project costs of up to \$93,000,000.

Anticipating creation of the required TIF District and associated TIF funding approval, Hotel Mankato, LLC commits to constructing the proposed project on the described redevelopment property in substantial conformance with the construction plans, Certificate of Design Compliance, and related approvals to be issued by the City.

Hotel Mankato, LLC will obtain, in a timely manner, all required permits, licenses, and approvals, and will meet, in a timely manner, all requirements of all applicable local, State, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

Further, Hotel Mankato, LLC will construct, operate and maintain, or cause to be operated and maintained, the Project substantially in accordance with applicable City approvals and agreements, and all local, State, and federal laws and regulations including, but not limited to zoning, building code, public health laws and regulations, except for approved variances that may be necessary to construct the project contemplated in the construction plans approved by the City.

Subject to the terms and conditions of the proposed TIF Agreement and to unavoidable delays, Hotel Mankato, LLC intends to commence construction of the project in approximately November of 2024 and substantially complete the project consistent with the proposed development district, Tax Increment Plan, and approved construction plans in approximately October 2026.

On behalf of Hotel Mankato, LLC, thank you for your support of this project. We look forward to a continued partnership revitalizing the core downtown district with uses dedicated to encouraging activity and vibrancy.

Respectfully,

A handwritten signature in cursive script that reads "Bryan G. Sowers".

Bryan G. Sowers, GRCP
Vice President/Secretary
Hotel Mankato, LLC

City of Mankato, Minnesota

Timeline for
Establishment of

Tax Increment Financing (Redevelopment) District No. 50-1 within Development
District No. 50
(Landmark/City Center Redevelopment)

Proposed Schedule of Events

	Event	Responsible Party
	Establishment of TIF Plan and TIF District	
2	Economic Development Authority reviews project	City & Baker Tilly
3	City Council adoption of resolution calling for public hearing to be held on October 15, 2024	City & Baker Tilly
0	County Commissioner receives notification letter-regarding establishment of Redevelopment TIF District <i>(at least 30 days prior to publication of notice of public hearing)</i>	Baker Tilly
er 13	County and School District receive impact letters and draft TIF Plan <i>(at least 30 days prior to public hearing)</i>	Baker Tilly
ay, er 25	Planning Commission review of Development District Plan	City & Baker Tilly
er 27	Submission of public hearing notice (deadline: at least 2 days prior by 12pm)	Baker Tilly
ay, 2	Publication of notice of public hearing in Mankato Free Press Newspaper (10-30 days prior to public hearing)	Baker Tilly
15	City Council decertification of TIF 43-1 (for property to be included within new TIF Redevelopment District No. 50-1)	City & Baker Tilly
15	City Council holds public hearing and adopts resolution approving TIF Plan and TIF District	City & Baker Tilly
sday, 15	Request for Certification of TIF District to County and Filing of TIF District and Plan with State	Baker Tilly

FREQUENTLY ASKED QUESTIONS (FAQ)

Why is Hotel Mankato good for the community?

The two distinct hotels, AC Marriott and Element by Westin, have a reputation of excellence. The project will replace two dilapidated and empty buildings with vibrant hotels (with public amenities) that will generate job opportunities, address a critical shortage of hotel rooms, and act as a catalyst for further downtown development.

Hotel Mankato allows for multiple new job sources from two hotels and a third-party, full-service restaurant, resulting in an estimated 116 new fulltime equivalent for the businesses. It is estimated to also create 228 construction jobs.

A feasibility study was completed by international hospitality expert, HVS. The study focused on adding density of hotel rooms to the Mankato City Center, and the impact to conventions and usage of the Mayo Clinic Health System (MCHS) Event Center. The results were positive and reflected an average of 10.5% economic upside by adding the hotel room density to the city center. The upscale design of Hotel Mankato will enhance the strategy for the MCHS Event Center to attract larger conferences and events year-round.

Additionally, as has been the case historically when significant investment in the City Center occurs, a catalytic effect follows generating substantial new investment. For example, the recent addition to the Civic Center has seen eight commercial projects materialize in the downtown district with an estimated value of \$160 million. It is anticipated the approval and construction of this project will induce more investment in the City Center with its intentional design, density and complimentary approach enhancing walkability, livability and additional choice for visitors, businesses and the community.

How will Hotel Mankato address parking?

The proposed parking solution will utilize 176 onsite stalls. Parking for Hotel Mankato is integrated with a tunnel connection to the Civic Center Parking Garage and will pay normal parking fees under the city parking district plan. The project and parking solution are more efficient than the existing two building sites and will result in a net decrease of 100 stalls allocated to the Parking District.

The proposed 176 parking stalls for Hotel Mankato and restaurant guests provides substantial parking for users that may not be attending MCHS Event Center events. It's projected that the number of stalls in the City Center will continue to accommodate maximum occupancy for MCHS Event Center events as identified in the most recent revision of the Walker Parking Study.

QUICK FACTS

Property Address

110 South 2nd Street

Two Distinct Hotels

AC Marriott
Element by Westin

282 Total Rooms

AC Marriott: 156
Element by Westin: 126

176 Total Parking Stalls

Surface: 12
Underground: 164

Amenities

Rooftop Bar*
AC Breakfast and coffee shop*
AC Lounge*
Pool
Fitness Center
Civic Center Skywalk Access*
Solar Energy

**Open to the public*

PROJECT SCHEDULE

Summer 2024

Planning Commission, City Council,
and TIF Application Review

Winter 2024

Demolition Begins

Spring 2025

Estimate Construction Begins

Winter 2026

Estimate Construction Complete

It can be concluded that the 176 stalls provided by the project is adding to the net parking stalls needed for Mayo Clinic Health Event Center event nights as occupancy in the new hotel will increase, compared to the last decade of occupancy under the substandard City Center Hotel with those parking stalls remaining vacant. Additionally, there will be an informational agreement with the owners of the Eide Bailly property across the street to allow for a valet parking solution and additional parking on event nights when available.

City Center Hotel	Prior Approved Landmark Building Development	Hotel Mankato
316 stalls required	132 stalls required	367 stalls required
117 stalls provided	40 stalls provided	176 stalls provided
199 stalls in Parking District	92 stalls in Parking District	191 stalls in Parking District
Did not pay Parking District fees		Paying Parking District fees

Will there be a skywalk connection from Hotel Mankato to the Civic Center?

Yes, the existing skywalk will be modified to enter the main lobby of the hotel. The hotel main lobby level will match the existing skywalk level for a seamless transition with secure key card access after hours.

How does Hotel Mankato complement the surrounding buildings and amenities on the block?

- Thoughtful screening to visually separate the hotel from neighboring properties maintaining the integrity of a luxury hotel design.
- Convenient access for both automobiles and pedestrians via the walkable Second Street Corridor, connecting existing community amenities like the CityArt Sculpture Walk.
- Conditioned pedestrian connection to convention center that is comfortable through all four seasons and provides connection to City Center restaurants, amenities and entertainment.
- First level AC Breakfast and coffee shop at 2nd and Main Street activates corner. AC Lounge Bar is also accessible from 2nd Street for convenient public use.
- The hotel’s building massing mimics adjacent structures.
 - Limestone at the street level similar to Eide Bailly
 - 4-story Element will blend with recent City Center structures
 - AC Hotel will reflect a material design change to transition height with a rooftop bar / restaurant and outdoor patio

How will Hotel Mankato honor the Landmark Building?

Following the review of a feasibility study, it was determined that the substandard classification of the Landmark Building – which suffered a roof collapse in Winter 2023– was not viable for salvage. The new design intends to incorporate original limestone, brick, and historic elements of the building into the outdoor plaza, AC Lounge and/or lobby of the hotel, with a historical commemorative acknowledgement.

What is the process to relocate the utilities?

The development team has worked with the neighboring property owners and utility providers to minimize utility impact in the area. The relocation of the utilities will be the first step in the construction of the development. Utility relocation costs will be the responsibility of Hotel Mankato.

How will delivery access be addressed in the vacated alley?

Delivery access to the alley will come from Walnut Street. The turning movements to access the alley will mirror the existing delivery turning movements into the MCHS Event Center. Deliveries for the hotel will occur along Main Street.

Will Hotel Mankato have event space?

There is no programmed event space within the Hotel Mankato development. The hotel will have spaces such as a planned restaurant and coffee shop to support the adjacent event spaces in the MCHS Event Center. The hotel development is intended to be complementary to existing conference and event space and not compete with those community assets.

What will the public be able to access during business hours within Hotel Mankato?

There will be public access to the hotel's rooftop bar / restaurant, AC Breakfast and coffee shop, AC Lounge, and skywalk.

Who are the key players in the development of the project?

- **Hotel Flag:** Marriott International, renowned hotel chain with 8900 properties in 141 countries and ambitions to grow its locations in communities similar sized to Mankato. [About Marriott International | Corporate Information](#)
- **Management:** TPI Hospitality, a developer, owner, and operator of hotels, restaurants, and conference centers across Minnesota and Florida
- **Design + Construction:**
 - The Gettys Group, skilled branding consultants and interior design firm, specializing in the hospitality market
 - ISG, local employee-owned multi-disciplinary design firm founded in Mankato
 - Robert W. Carlstrom, long-time local premier commercial construction manager and contractor
- **Development Representatives:**
 - Chris Flagg, TPI Hospitality
 - Chad Surprenant and Samantha Boeck, ISG
 - Tony Frentz, Neubau Holdings
 - Bryan Sowers, formerly with US Bank
 - Kyle Smith, Tailwind Group



AGENDA RECOMMENDATION

Economic Development Authority

4. C.

Meeting Date: 08/12/2024

Agenda Item:

Set September 9, 2024, as date of public hearing to review and approve the proposed 2025 Mankato Annual Agency Plan and 2024 Public Housing Capital Funding.

Recommendation/Action(s):

Motion setting date of hearing.

Summary:

The PHA Annual Plan is a comprehensive guide to public housing agency policies, programs, operations, and strategies for meeting local housing needs and goals. The EDA submits a plan that represents the role of the agency and programs in the community. The plan follows strategic planning identified in the community consolidated plan, strengthens ties to community service agencies, fair housing, and accesses tools necessary to achieve established goals.

These tools include:

- Annual review of payment standards (October) and utility allowances (March).
- Annual review of the Administrative Plan for Housing Choice Voucher program and Admissions and Occupancy Plans for Public Housing.
- Identifies special vouchers including:
 - Project-Based Vouchers.
 - Family Self-Sufficiency, and Homeownership.
 - Mainstream Vouchers for non-elderly, disabled.
 - VASH Vouchers for homeless veterans.
 - Foster Youth to Independence vouchers to meet the needs of homeless and at-risk foster.
 - Emergency Vouchers and Stability Vouchers that work to prevent homelessness.
- Utilizes preferences based on community needs; and
- Manages formula funding for capital programs that improve and replace public housing.

The plan identifies policy changes the EDA has enacted since the submission of the last Annual Plan, as well as the plans for the 2024 Capital Fund Program (CFP) in 5 year increments. The 2025 PHA Annual Plan process also provides review and updates to both the Administrative Plan and Admissions and Occupancy Procedures (ACOP), which provide administrative updates to PIH notices and regulations references. As for the CFP, the 2024 plan includes the continued rehabilitation and repair of the public housing units, and site improvements required through RAD process. This plan will also include the repositioning of the Public Housing through Section 18 Conversion and the RAD/Section 18 Small PHA Blend programs.

This plan has specific emphasis on the operations and strategies of the Housing Choice Voucher program and Public Housing program. It also addresses affordable housing needs in the community and progresses by implementing action steps identified in the Affordable Housing Action Plan (AHAP). The programs and services administered by the EDA are intended to cover the continuum of housing aligned with the Affordable Housing Action Plan.

The plan has been posted for public comment and Resident Advisory Meetings will be held in August. A summary of any comments received will be shared at the September 9, 2024, Public Hearing.

The requested action is a motion to set September 9, 2024, as the date of public hearing for the Annual Agency Plan.

Attachments

Annual Plan

Five Year Agency Plan

Annual PHA Plan <i>(Standard PHAs and Troubled PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 03/31/2024
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, including changes to these policies, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Applicability. The Form HUD-50075-ST is to be completed annually by **STANDARD PHAs or TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceed 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceed 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined and is not PHAS or SEMAP troubled.

A.	PHA Information.																																
A.1	PHA Name: <u>Mankato EDA</u> PHA Code: <u>MN063</u> PHA Type: ☒ Standard PHA ☐ Troubled PHA PHA Plan for Fiscal Year Beginning: (MM/YYYY): <u>01/2025</u> PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Public Housing (PH) Units <u>179</u> Number of Housing Choice Vouchers (HCVs) <u>589</u> Total Combined Units/Vouchers <u>768</u> PHA Plan Submission Type: ☒ Annual Submission ☐ Revised Annual Submission Availability of Information. PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans. The Mankato Economic Development Authority has developed the 2025 Annual Agency Plan and Five Year Plan in compliance with the Quality Housing and Work Responsibly Act of 1998 and the 2024 Public Housing Capital Fund. The plan and capital fund are available for review on the City of Mankato website at www.mankatomn.gov. A copy can also be requested by contacting Nicole Cunningham, Housing Coordinator, at 507-387-8675 or in writing to ncunningham@mankatomn.gov or City of Mankato, PO Box 3368, Mankato, MN 56002-3368. On August 12, 2024, the EDA will set a Public Hearing for the Annual Agency Plan and Capital Fund to be held September 9, 2024, at 6:00 pm. Everyone is invited. ☐ PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below) <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2">Participating PHAs</th> <th rowspan="2">PHA Code</th> <th rowspan="2">Program(s) in the Consortia</th> <th rowspan="2">Program(s) not in the Consortia</th> <th colspan="2">No. of Units in Each Program</th> </tr> <tr> <th>PH</th> <th>HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																							
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B.	Plan Elements																																							
B.1	Revision of Existing PHA Plan Elements. (a) Have the following PHA Plan elements been revised by the PHA? Y N <table border="0"> <tr><td>☐</td><td>☒</td><td>Statement of Housing Needs and Strategy for Addressing Housing Needs</td></tr> <tr><td>☐</td><td>☒</td><td>Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</td></tr> <tr><td>☐</td><td>☒</td><td>Financial Resources.</td></tr> <tr><td>☐</td><td>☒</td><td>Rent Determination.</td></tr> <tr><td>☐</td><td>☒</td><td>Operation and Management.</td></tr> <tr><td>☐</td><td>☒</td><td>Grievance Procedures.</td></tr> <tr><td>☐</td><td>☒</td><td>Homeownership Programs.</td></tr> <tr><td>☐</td><td>☒</td><td>Community Service and Self-Sufficiency Programs.</td></tr> <tr><td>☐</td><td>☒</td><td>Safety and Crime Prevention.</td></tr> <tr><td>☐</td><td>☒</td><td>Pet Policy.</td></tr> <tr><td>☐</td><td>☒</td><td>Asset Management.</td></tr> <tr><td>☐</td><td>☒</td><td>Substantial Deviation.</td></tr> <tr><td>☐</td><td>☒</td><td>Significant Amendment/Modification</td></tr> </table> (b) If the PHA answered yes for any element, describe the revisions for each revised element(s): (c) The PHA must submit its Deconcentration Policy for Field Office review. HUD requires that extremely low-income (ELI) families make up at least 75 percent of the families admitted to the HCV program during the PHA's fiscal year. ELI families are those with annual incomes at or below the federal poverty level or 30 percent of the area median income, whichever number is higher. To ensure this requirement is met, a PHA may skip non-ELI families on the waiting list in order to select an ELI family. Low-income families admitted to the program that are "continuously assisted" under the 1937 Housing Act [24 CFR 982.4(b)], as well as low-income or moderate-income families admitted to the program that are displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing, are not counted for income targeting purposes [24 CFR 982.201(b)(2)(v)]. PHA Policy The PHA will monitor progress in meeting the income targeting requirement throughout the fiscal year. Extremely low-income families will be selected ahead of other eligible families on an as-needed basis to ensure the income targeting requirement is met.	☐	☒	Statement of Housing Needs and Strategy for Addressing Housing Needs	☐	☒	Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.	☐	☒	Financial Resources.	☐	☒	Rent Determination.	☐	☒	Operation and Management.	☐	☒	Grievance Procedures.	☐	☒	Homeownership Programs.	☐	☒	Community Service and Self-Sufficiency Programs.	☐	☒	Safety and Crime Prevention.	☐	☒	Pet Policy.	☐	☒	Asset Management.	☐	☒	Substantial Deviation.	☐	☒	Significant Amendment/Modification
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B.2 New Activities.

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?

Y N

- | | | |
|-------------------------------------|-------------------------------------|--|
| ☐ | ☒ | Hope VI or Choice Neighborhoods. |
| ☐ | ☒ | Mixed Finance Modernization or Development. |
| ☒ | ☐ | Demolition and/or Disposition. |
| ☐ | ☒ | Designated Housing for Elderly and/or Disabled Families. |
| ☐ | ☒ | Conversion of Public Housing to Tenant-Based Assistance. |
| ☒ | ☐ | Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD. |
| ☐ | ☒ | Occupancy by Over-Income Families. |
| ☐ | ☒ | Occupancy by Police Officers. |
| ☒ | ☐ | Non-Smoking Policies. |
| ☒ | ☐ | Project-Based Vouchers. |
| ☒ | ☐ | Units with Approved Vacancies for Modernization. |
| ☐ | ☒ | Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants). |

(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.

The Mankato EDA estimates annually five to seven Public Housing units will be taken down for modernization. Modernization will occur when the unit is vacant and dependent upon funding availability. This year included: 127 Knollcrest Dr, 605 Harper Street B-2, 125 Grace Court, 1617 Fifth Ave, 617 Elm St, 1621 Fifth Ave, and 116 Haynes Street.

The EDA has approved conversion of its public housing program to Section 8 Project Based Vouchers and staff is working with a consultant to assist in processing the conversion of Public Housing under HUD's Rental Assistance Demonstration (RAD) Program or other alternatives, including Section 18 Disposition and a RAD/Section 18 Blend.

Section 18 Disposition

The EDA will be disposing of 51 public housing units via the Section 18 Disposition Program for Scattered Site Units as outlined in PIH Notice 2021-07. The application will be submitted in 2023 and the units will be converted to Section 8 Project Based Vouchers in 2024.

Rental Assistance Demonstration (RAD):

The Mankato EDA previously amended its annual and/or 5-year PHA Plan because it was a successful applicant in the Rental Assistance Demonstration (RAD). As a result, the Mankato EDA will be converting a portion of its public housing portfolio to Section 8 Project Based Vouchers under the guidelines of PIH 2019-19/PIH 2019-13, REV-4, PIH Notice 2021-07, and any successor Notices.

The EDA will pursue the RAD/Section 18 Small PHA Blend for twenty-seven (27) scattered site units and 101 units at Orness Plaza. Once the units are removed from PIC, the EDA will close out of the public housing program.

No change is proposed in the number of units or bedroom distribution.

Project-Based Vouchers

Changes in policy related to eligibility, admission, selection, and occupancy are anticipated to be only those necessary to follow the Housing Choice Voucher, Project Based Voucher, and RAD Project Based Voucher programs, including, but not limited to income guidelines. The Mankato EDA provide preferences for:

- Local Residency preference
- Regional Coordinated Entry preference
- Victims of domestic violence
- Veterans preference
- Special Services Voucher for Mainstream, Foster Youth to Independence, and Stability Vouchers

Additional preferences to be included under the Housing Choice Voucher program are:

- Involuntary displacement due to governmental action, including conversion from public housing to Section 8 via RAD or Section 18, natural disaster, or beyond applicant control.
- Moving on – supportive housing preference

The PHA is not currently under a voluntary compliance agreement, consent order or consent decree of final judicial ruling or administrative ruling or decision.

Resident Rights, Participation, Waiting List and Grievance Procedures:

Upon conversion to Project Based Vouchers the Authority will adopt the resident rights, participation, waiting list and grievance procedures listed in **Section 1.6 of H 2019-09/PIH 2019-13, REV-4; and H-2016-17/PIH-2016- 17 (Attachment A)**. These resident

rights, participation, waiting list and grievance procedures are appended to this Attachment. Additionally, the **Mankato EDA** certifies that it is currently compliant with all fair housing and civil rights requirements. RAD was designed by HUD to assist in addressing the capital needs of public housing by providing **Mankato EDA** with access to private sources of capital to repair and preserve its affordable housing assets.

The Mankato EDA does not anticipate any site selection changes or relocation needs because of the RAD and Section 18 conversions and certifies that the RAD and Section 18 conversions comply with all applicable site selection and neighborhood reviews and that all appropriate procedures have been followed as required by Section 5.2 of the RAD Fair Housing, Civic Rights, and Relocation Notice H 2016-17/PIH216-17(HA).

Requirements for RAD Specific Significant Amendment Submissions H-2019-09 PIH 2019-23 (HA), Rental Assistance Demonstration REV-4 – Final Implementation 150 Below, please find specific information related to the Public Housing Development(s) selected for RAD:

Development #1

<u>Name of Public Housing Project:</u>	<u>PIC Development ID:</u>	<u>Conversion type:</u>
Mankato EDA Scattered Site	MN063000001	PBV
<u>Total Units:</u>	<u>Pre-RAD Unit Type:</u>	<u>Post-RAD Unit type:</u>
27	Family-General Occupancy	Family-General Occupancy

Capital Fund allocation of Development: \$432,578 Annual Capital Fund Grant attributable to the Project.

The Mankato EDA acknowledges that current Capital Fund Program Grant Budgets will be reduced because of converting through RAD to the pro rata share of Public Housing Developments converted as part of the Demonstration, and that Mankato EDA may also borrow funds to address their capital needs. The Mankato EDA will also be contributing Operating Reserves and Capital Funds towards the conversion, and/or any Replacement Housing Factor (RHF) Funds towards the conversion.

<u>Bedroom Type</u>	<u>Number of Units Pre-Conversion</u>	<u>Number of Units Post-Conversion</u>	<u>Change in Number of Units per Bedroom</u>
1 BR	0	0	0
2 BR	7	7	0
3 BR	15	15	0
4 BR	3	3	0
5 BR	2	2	0

Development #2

<u>Name of Public Housing Project:</u>	<u>PIC Development ID:</u>	<u>Conversion type:</u>
Orness Plaza	MN063000001	PBV
<u>Total Units:</u>	<u>Pre-RAD Unit Type:</u>	<u>Post-RAD Unit type:</u>
101	Family-General Occupancy	Family-General Occupancy

Capital Fund allocation of Development: \$432,578 Annual Capital Fund Grant attributable to the Project.

The Mankato EDA acknowledges that current Capital Fund Program Grant Budgets will be reduced because of converting through RAD to the pro rata share of Public Housing Developments converted as part of the Demonstration, and that Mankato EDA may also borrow funds to address their capital needs. The Mankato EDA will also be contributing Operating Reserves and Capital Funds towards the conversion, and/or any Replacement Housing Factor (RHF) Funds towards the conversion.

<u>Bedroom Type</u>	<u>Number of Units Pre-Conversion</u>	<u>Number of Units Post-Conversion</u>	<u>Change in Number of Units per Bedroom</u>
1 BR	98	98	0
2 BR	3	3	0
3 BR	0	0	0
4 BR	0	0	0
5 BR	0	0	0

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B.3	Progress Report. Provide a description of the PHA’s progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan. Provide safe, decent, and affordable housing for low-income people: - Engaged in the work addressed in our Affordable Housing Action Plan to create new affordable units, preserve existing housing, prevent and end homelessness, and educate the community on resources. The CDBG funding has rehabilitated ____ rental units and ____ single family homes. We have supported the development of 48 new affordable units and ____ market rate units. Provided stable housing to ____ individuals at risk of or homeless in our community. - City/County Ordinances to establish an Affordable Housing Trust Fund dedicating public revenue for affordable housing. Trust funds are a consistent, flexible resource for addressing housing needs in the community. The HTF will provide opportunities to leverage public and private funds and jump start projects that benefit and invest in the community. - The EDA is successfully administering the Public Housing and Housing Choice Voucher programs. The EDA evaluates the availability of additional housing vouchers with the use of current resources. Sinclair Flats providing, 48 affordable units, opened this past year using project-based vouchers. Walnut Towers, providing 86 subsidized units, is under preservation using LIHTCs. - The Capital Fund Program has been administered to maintain and renovate the public housing units to meet all inspection criteria and received a 98% on the REAC Inspection completed the spring of 2023. Maintain the portfolio appearance consistent with the surrounding neighborhoods. - Vine Street Duplex will be included in project-based conversion along with public housing. - Policies to administer flat rents are following PIH 2014-12. - Assisted 25 families obtain homeownership. Address the needs of the homeless in Blue Earth County - The EDA continues to successfully administer the Continuum of Care program, HUD special programs for VASH and Mainstream, Foster Youth to Independence, and 4 dedicated units for Long Term Homelessness at Breckenridge townhomes. - FYI will provide a community connection to be competitive for Family Unification Program funding as available and meets needs of homeless and at-risk youth in our community. It also provides them with supportive services in partnership with Lutheran Social Services, County Child Protection, and the regional CoC. - Administered Emergency Housing Vouchers using the move-up preference. - Administered Housing Stability vouchers. - Staff continues to work with the existing shelter providers to increase the number of beds in our area, developed bi-weekly case conferencing with shelters and housing providers to house/shelter homeless in our community and those at higher risk for COVID 19. - Staff have participated in the development and ongoing use and assessment of the Coordinated Entry system for our area and participate in monthly case conferencing. - Received CoC funding to provide administrative fees for administering Housing Stability services to those at risk of homelessness and CES Navigation services to those who are homeless. These funds support our local Street Outreach team navigate those who are homeless to community resources and stable housing options. - EDA in partnership with Blue Earth County, Connections Shelter and Partners for Housing hired a developer to submit an application for funding to MN Housing for low-income housing tax credits to develop a permanent supportive housing project with strong community support providing \$2 million in ARP funding, \$100,000 in CDBG funding, land, and 40 project-based vouchers. This project will include a Phase II emergency homeless shelter providing congregate and non-congregate shelter for individuals transitioning into supportive housing once capital funding can be secured. The EDA will be notified in January 2025 if this supportive housing project is awarded LIHTC funding. - The EDA utilizes preferences for Coordinated Entry, Supportive Housing, and Involuntarily displacement due to natural disaster or governmental action, and VAWA outlined in the Administrative Plan and ACOP. These preferences enabled our agency to assist more households being displaced due to the social distancing mandates and those at higher risk for COVID 19. - CDBG Subsistence Payment program was administered to provide emergency rental assistance for renters with past due rent impacted by COVID 19. \$36,569 has been allocated and has served 28 households. - CDBG funds continue to consider proposals from homeless shelters serving low-income homeless households. \$15,000 in CDBG funds were used for rehabilitation Partners for Housing shelters in Mankato.. - Through use of coordinated entry system and use of preferences, the EDA has increased housing subsidies serving homelessness by 33% over the past 5 years. - Created a response system to End Veterans Homelessness within our CoC Region. Help move citizens to economic Self-Sufficiency. - Continue to offer Home Stretch homebuyer education and the HCV Homeownership Program. Supports a memorandum of understanding with the SWMNHP as a HUD certified housing counseling agency to provide program participants with housing counseling. - Offer down-payment assistance through the City of Mankato Homeownership revolving loan fund for HCV homebuyers and Minnesota Cities Participation program.
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	- Staff continues to administer the Family Self-Sufficiency program which helps move program participants off of government assistance and promotes asset development. In the past 12 months 47 participants made progress towards achieving their goals. Expand Affordable Housing Opportunities: - Utilize homebuyer gap funding through MN Housing Impact Fund in partnership with SWMHP making available gap financing up to \$20,000 for up to 10 households to achieve homeownership. - Utilize the MCPP program with MN Housing aiding 24 first time homebuyers, step up buyers and fix up loans. - EDA has partnered with the Partnership Community Land Trust administered by the SWMHP to expand the community land trust into Mankato. The CLT will provide homeownership for 3 households purchasing existing homes in the community and 3 households purchasing new construction homes. Next year, Phase III will provide 2 new construction homes and 5 acquisition/rehabilitation homes in the community. - Staff assisted 2 developers made application for Low Income Housing Tax Credit (LIHTC) program, financing needed to preserve and increase affordable housing in Mankato. CDBG funds for site acquisition and Project Based vouchers have been allocated to projects. - CDBG funds will again be used to improve and preserve existing housing stock owned by or rented to low-income citizens. 8 rental units and 3 owner occupied homes were rehabilitated in 2024. - Mankato is receiving 288,957 for 2023 and 2024 in local affordable housing aid from the MN Department of Revenue to create a local Housing Trust fund that will reduce disparities in home ownership, reduce housing cost burden, housing instability, or homelessness. Improve the habitability of homes, create accessible housing, create more energy- or water-efficient homes, and create sensory-accessible homes. Giving us a sustainable way to address affordable housing in our community. These funds will be matched with county aid of \$165,141 in 2023 and 2024 used to leverage additional HTF allocations from MN Housing. - Apply for additional affordable housing as available. Successful Administration of the Community Development Block Grant: In 2024, CDBG funds were spent on owner-occupied and rental housing rehabilitation and abatement of lead-based paint hazards, benefiting 11 low to moderate income households. Housing rehabilitation has been effective in preserving affordable housing stock as well as improving the quality of life for low to moderate income households. CDBG funds were used for a variety of public service activities including subsistence payments to landlords and utility providers for past due rent and utilities, for health care services, nutrition, transportation, chore services for elderly and disabled, education for new Americans and operation costs for homeless day shelter. In 2024 CDBG funds are also being used towards site acquisition costs for two affordable housing projects that will leverage Low Income Housing Tax Credits (Walnut Towers rehabilitation to preserve existing affordable housing and Lewis Lofts construction to add additional affordable housing units). Assist Program Participants who are Victims of Domestic Abuse: - Staff refer victims to law enforcement as well as to services provided by the Committee Against Domestic Abuse (CADA). - Staff terminate housing assistance/lease agreements of the perpetrators of violence. - Staff work with CADA social services staff to provide supportive housing to residents of CADA House. - Utilize preference for VAWA on HCV wait list.
B.4	Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved. 2023-2027 5 year Action Plan approved by HUD on 1-31/24.
B.5	Most Recent Fiscal Year Audit. (a) Were there any findings in the most recent FY Audit? Y N ☐ ☒ (b) If yes, please describe:
C.	Other Document and/or Certification Requirements.

C.1	Resident Advisory Board (RAB) Comments. (a) Did the RAB(s) have comments to the PHA Plan? Y N ☐ ☐ (b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.
C.2	Certification by State or Local Officials. Form HUD 50077-SL , <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i> , must be submitted by the PHA as an electronic attachment to the PHA Plan.
C.3	Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan. Form HUD-50077-ST-HCV-HP, <i>PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i> , must be submitted by the PHA as an electronic attachment to the PHA Plan.
C.4	Challenged Elements. If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public. (a) Did the public challenge any elements of the Plan? Y N ☐ ☒ If yes, include Challenged Elements.
C.5	Troubled PHA. (a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place? Y N N/A ☐ ☒ ☐ (b) If yes, please describe:
D.	Affirmatively Furthering Fair Housing (AFFH).
D.1	Affirmatively Furthering Fair Housing (AFFH).

Provide a statement of the PHA's strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.

Fair Housing Goal: Created informational opportunities for participants and public.
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	<u>Describe fair housing strategies and actions to achieve the goal</u> Conduct initial and annual briefings with families to explain program participation, promote housing of choice, fair housing, housing quality standards and lead paint. Attend affordable housing and community connect fairs and promote fair housing and program participation. Provide informational brochures. Presented information to Youth programs, social worker meetings, County departments, county Homeless Response team, and landlord engagement events.
	Fair Housing Goal: Seek feedback from those with lived experience receiving program assistance. <u>Describe fair housing strategies and actions to achieve the goal</u> Annually hold a resident advisory board of program participants and discuss program participation, review policies and procedures, ensure fair housing, seek input on ways to improve access and participation on affordable housing programs. Listening sessions with those who are homeless in the development of the Mankato Supportive Housing project. The information shared supported the design, location, amenities, and services needs for the project. Continued coordination through the development process will be included. As the community begins Phase II emergency shelter, additional listening session will support this development as well.
	Fair Housing Goal: Ensure equitable access to programs and services. <u>Describe fair housing strategies and actions to achieve the goal</u> The EDA refers participants to the Beyond Backgrounds program for support in securing affordable housing when faced with poor rental history and criminal backgrounds. Partnered for the creation of the Preventing Rental Evictions program (PREP) to provide mediation services for tenants at risk of eviction. The program also analysis rental evictions and plans to create action steps with landlords and tenants based on the data collected. Conducting engagement sessions with landlords to ensure an adequate supply of affordable units will continue to be available. Thes engagement sessions provided feedback from landlords regarding policies and program implementations as well as considered opportunities to incentivize landlords to work with supportive programs and keep rents affordable. Funding for rehabilitation needs of rental units is another priority.

Instructions for Preparation of Form HUD-50075-ST Annual PHA Plan for Standard and Troubled PHAs

A. PHA Information. All PHAs must complete this section. (24 CFR §903.4)

A.1 Include the full **PHA Name**, **PHA Code**, **PHA Type**, **PHA Fiscal Year Beginning** (MM/YYYY), **PHA Inventory**, **Number of Public Housing Units and or Housing Choice Vouchers (HCVs)**, **PHA Plan Submission Type**, and the **Availability of Information**, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. ([24 CFR §903.23\(4\)\(e\)](#))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. ([24 CFR §943.128\(a\)](#))

B. Plan Elements. All PHAs must complete this section.

B.1 Revision of Existing PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.” (24 CFR §903.7)

☐ **Statement of Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income); (ii) elderly families (iii) households with individuals with disabilities, and households of various races and ethnic groups residing in the jurisdiction or on the public housing and Section 8 tenant-based assistance waiting lists based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The statement of housing needs shall be based on information provided by the applicable Consolidated Plan, information provided by HUD, and generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. Once the PHA has submitted an Assessment of Fair Housing (AFH), which includes an assessment of disproportionate housing needs in accordance with 24 CFR §5.154(d)(2)(iv), information on households with individuals with disabilities and households of various races and ethnic groups residing in the jurisdiction or on the waiting lists no longer needs to be included in the Statement of Housing Needs and Strategy for Addressing Housing Needs. (24 CFR §903.7(a)).

The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR §903.7(a)(2)(i)) Provide a description of the ways in which the PHA intends, to the maximum extent practicable, to address those housing needs in the upcoming year and the PHA’s reasons for choosing its strategy. (24 CFR §903.7(a)(2)(ii))

☐ **Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.** PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b)) Describe the PHA’s admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA’s policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA’s procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)). A statement of the PHA’s policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

☐ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA’s anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

☐ **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

☐ **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. (24 CFR §903.7(e))

☐ **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. (24 CFR §903.7(f))

☐ **Homeownership Programs.** A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

☐ **Community Service and Self Sufficiency Programs.** Describe how the PHA will comply with the requirements of (24 CFR §903.7(l)). Provide a description of: **1)** Any programs relating to services and amenities provided or offered to assisted families; and **2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs subject to Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 135) and FSS. (24 CFR §903.7(l))

☐ **Safety and Crime Prevention (VAWA).** Describe the PHA’s plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m)) A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

☐ **Pet Policy.** Describe the PHA’s policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

☐ **Asset Management.** State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory. (24 CFR §903.7(q))

☐ **Substantial Deviation.** PHA must provide its criteria for determining a “substantial deviation” to its 5-Year Plan. ([24 CFR §903.7\(r\)\(2\)\(i\)](#))

☐ **Significant Amendment/Modification.** PHA must provide its criteria for determining a “Significant Amendment or Modification” to its 5-Year and Annual Plan. For modifications resulting from the Rental Assistance Demonstration (RAD) program, refer to the ‘Sample PHA Plan Amendment’ found in Notice PIH-2012-32 REV-3, successor RAD Implementation Notices, or other RAD Notices.

If any boxes are marked “yes”, describe the revision(s) to those element(s) in the space provided.

PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see [24 CFR 903.2](#). ([24 CFR §903.23\(b\)](#))

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements in the current Fiscal Year, mark “yes” for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark “no.”

☐ **HOPE VI or Choice Neighborhoods.** 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Choice Neighborhoods; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD’s website at:

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6 . ([Notice PIH 2011-47](#))

☐ **Mixed Finance Modernization or Development.** 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD’s website at:

https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6/mfph#4

☐ **Demolition and/or Disposition.** With respect to public housing only, describe any public housing development(s), or portion of a public housing development projects, owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition approval under section 18 of the 1937 Act (42 U.S.C. 1437p); and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA’s last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. Approval of the PHA Plan does not constitute approval of these activities. See guidance on HUD’s website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm. ([24 CFR §903.7\(h\)](#))

☐ **Designated Housing for Elderly and Disabled Families.** Describe any public housing projects owned, assisted or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: 1) development name and number; 2) designation type; 3) application status; 4) date the designation was approved, submitted, or planned for submission; 5) the number of units affected and; 6) expiration date of the designation of any HUD approved plan. **Note:** The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. ([24 CFR §903.7\(i\)\(C\)](#))

☐ **Conversion of Public Housing under the Voluntary or Mandatory Conversion programs.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD’s website at:

<http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>. ([24 CFR §903.7\(j\)](#))

☐ **Conversion of Public Housing under the Rental Assistance Demonstration (RAD) program.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to Project-Based Rental Assistance or Project-Based Vouchers under RAD. See additional guidance on HUD’s website at: [Notice PIH 2012-32 REV-3, successor RAD Implementation Notices, and other RAD notices.](#)

☐ **Occupancy by Over-Income Families.** A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA’s cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD’s website at: [Notice PIH 2011-7](#). ([24 CFR 960.503](#)) ([24 CFR 903.7\(b\)](#))

☐ **Occupancy by Police Officers.** The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A “police officer” means a person determined by the PHA to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD’s website at: [Notice PIH 2011-7](#). ([24 CFR 960.505](#)) ([24 CFR 903.7\(b\)](#))

☐ **Non-Smoking Policies.** The PHA may implement non-smoking policies in its public housing program and incorporate this into its PHA Plan statement of operation and management and the rules and standards that will apply to its projects. See additional guidance on HUD’s website at: [Notice PIH 2009-21 and Notice PIH-2017-03](#). ([24 CFR §903.7\(e\)](#))

☐ **Project-Based Vouchers.** Describe any plans to use Housing Choice Vouchers (HCVs) for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 983.57(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan ([24 CFR §903.7\(b\)](#)).

☐ **Units with Approved Vacancies for Modernization.** The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with [24 CFR §990.145\(a\)\(1\)](#).

☐ **Other Capital Grant Programs** (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

For all activities that the PHA plans to undertake in the current Fiscal Year, provide a description of the activity in the space provided.

B.3 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. ([24 CFR §903.7\(r\)\(1\)](#))

B.4 Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section ([24 CFR §903.7\(g\)](#)). To comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan in EPIC and the date that it was approved. PHAs can reference the form by including the following language in the Capital Improvement section of the appropriate Annual or Streamlined PHA Plan Template: "See Capital Fund 5 Year Action Plan in EPIC approved by HUD on XX/XX/XXXX."

B.5 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. ([24 CFR §903.7\(p\)](#))

C. Other Document and/or Certification Requirements.

C.1 Resident Advisory Board (RAB) comments. If the RAB had comments on the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. ([24 CFR §903.13\(c\)](#), [24 CFR §903.19](#))

C.2 Certification by State of Local Officials. Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. ([24 CFR §903.15](#)). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

C.3 Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan. Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed*. Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed* must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the certification requirement to affirmatively further fair housing if the PHA fulfills the requirements of §§ 903.7(o)(1) and 903.15(d) and: (i) examines its programs or proposed programs; (ii) identifies any fair housing issues and contributing factors within those programs, in accordance with 24 CFR 5.154 or 24 CFR 5.160(a)(3) as applicable; (iii) specifies actions and strategies designed to address contributing factors, related fair housing issues, and goals in the applicable Assessment of Fair Housing consistent with 24 CFR 5.154 in a reasonable manner in view of the resources available; (iv) works with jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; (v) operates programs in a manner consistent with any applicable consolidated plan under 24 CFR part 91, and with any order or agreement, to comply with the authorities specified in paragraph (o)(1) of this section; (vi) complies with any contribution or consultation requirement with respect to any applicable AFH, in accordance with 24 CFR 5.150 through 5.180; (vii) maintains records reflecting these analyses, actions, and the results of these actions; and (viii) takes steps acceptable to HUD to remedy known fair housing or civil rights violations, impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. ([24 CFR §903.7\(o\)](#)).

C.4 Challenged Elements. If any element of the Annual PHA Plan or 5-Year PHA Plan is challenged, a PHA must include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.

C.5 Troubled PHA. If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark "yes," and describe that plan. Include dates in the description and most recent revisions of these documents as attachments. If the PHA is troubled, but does not have any of these items, mark "no." If the PHA is not troubled, mark "N/A." ([24 CFR §903.9](#))

D. Affirmatively Furthering Fair Housing (AFFH).

D.1 Affirmatively Furthering Fair Housing. The PHA will use the answer blocks in item D.1 to provide a statement of its strategies and actions to implement each fair housing goal outlined in its accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5) that states, in relevant part: "To implement goals and priorities in an AFH, strategies and actions shall be included in program participants' ... PHA Plans (including any plans incorporated therein) Strategies and actions must affirmatively further fair housing" Use the chart provided to specify each fair housing goal from the PHA's AFH for which the PHA is the responsible program participant – whether the AFH was prepared solely by the PHA, jointly with one or more other PHAs, or in collaboration with a state or local jurisdiction – and specify the fair housing strategies and actions to be implemented by the PHA during the period covered by this PHA Plan. If there are more than three fair housing goals, add answer blocks as necessary.

Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D., nevertheless, the PHA will address its obligation to affirmatively further fair housing, in part by fulfilling the requirements at 24 CFR 903.7(o)(3) enacted prior to August 17, 2015, which means that it examines its own programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that

require the PHA's involvement; and maintain records reflecting these analyses and actions. Furthermore, under Section 5A(d)(15) of the U.S. Housing Act of 1937, as amended, a PHA must submit a civil rights certification with its Annual PHA Plan, which is described at 24 CFR 903.7(o)(1) except for qualified PHAs who submit the Form HUD-50077-CR as a standalone document.

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 7.52 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

5-Year PHA Plan (for All PHAs)	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 03/31/2024
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA’s operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA’s mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. The **Form HUD-50075-5Y** is to be completed once every 5 PHA fiscal years by all PHAs.

A. PHA Information.						
A.1	PHA Name	City	State	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia
	PHA Code: MN063					
	PHA Plan for Fiscal Year Beginning: (MM/YYYY): 01/01/2025					
	The Five-Year Period of the Plan (i.e. 2019-2023): 2025-2029					
PHA Plan Submission Type: ☒ 5-Year Plan Submission ☐ Revised 5-Year Plan Submission						
Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information on the PHA policies contained in the standard Annual Plan, but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official websites. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.						
The Mankato Economic Development Authority has developed the 2025 Annual Agency Plan in compliance with the Quality Housing and Work Responsibly Act of 1998 and the 2024 Public Housing Capital Fund. The plan and capital fund are available for review on the City of Mankato website at www.mankatomn.gov . A copy can also be requested by contacting Nicole Cunningham, Housing Coordinator, at 507-387-8675 or in writing to ncunningham@mankatomn.gov or City of Mankato, PO Box 3368, Mankato, MN 56002-3368. On August 12, 2024, the EDA will set a Public Hearing for the Annual Agency Plan and Capital Fund						
to be held September 9, 2024, at 6:00 pm. Everyone is invited.						
B. Plan Elements. Required for all PHAs completing this form.						
B.1	☐ PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below.) Mission. State the PHA’s mission for serving the needs of low-income, very low-income, and extremely low-income families in the PHA’s jurisdiction for the next five years. The EDA’s mission is to provide safe, decent and sanitary housing conditions for very low-income families and to manage resources efficiently. The EDA is to promote personal, economic, and social upward mobility to provide families the opportunity to make the transition from subsidized to non-subsidized housing.					

B.2	Goals and Objectives. Identify the PHA’s quantifiable goals and objectives that will enable the PHA to serve the needs of low-income, very low-income, and extremely low-income families for the next five years. 1. Provide safe, decent, and affordable housing to low-income and very low-income people. a. Continued successful administration of the Housing Choice Voucher (HCV) and Public Housing Programs. b. Maintain a “High Performance” rating in the HCV Program and for the Public Housing Program. c. Continue to improve the public housing units with the administration of the Capital Fund Program and modernizing of public housing units. d. Administer flat rents in accordance with HUD guidelines, requiring the flat rent set no less than 80% of FMR. 2. Expand Affordable Housing Opportunities a. Apply for additional affordable housing opportunities when possible. b. Utilize program opportunities to leverage resources and meet local needs. c. Support the development of affordable housing using project-based vouchers under the EDA Housing Choice Voucher Program. d. Address Public Housing Repositioning to keep Public Housing a sustainable affordable housing opportunity in the county. 3. Address the needs of the homeless in Blue Earth County a. Continued successful administration of the Bridges Program, CoC program, VASH Vouchers for Veterans, and the Mainstream Voucher for non-elderly Disabled, and Foster Youth To Independence Vouchers. b. Increase the units under the special programs funding when available. c. Support the Coordinated Entry System for referrals to housing and efforts to end Chronic Homelessness regionally. d. Utilize equity tools in the management of programs and services. 4. Help move citizens to economic self-sufficiency a. Continued successful administration of homeownership educational programs: Home Stretch and the HCV Homeownership Program. b. Offer down payment assistance through the EDA for HCV Homeownership. c. Continue to obtain and provide MCPP program Loans and other gap financing when available. d. Continue to provide individual homebuyer education and counseling. e. Continue to administer the Family Self-Sufficiency Program. 5. Provide first time homebuyers with affordable housing options a. Encourage homeownership and self -sufficiency to HCV participants. b. Market and refer to the MCPP first time homebuyer programs through MN Housing. c. Market and refer to USDA Rural Development Home Loan programs and rehabilitation. 6. Assist Program Participants who are Victims of Domestic Abuse a. Refer victims to law enforcement as well as to services provided by the Committee Against Domestic Violence (CADA). b. Terminate housing assistance/lease agreements of the perpetrators of domestic violence. c. Work with CADA Staff to provide supportive housing to residents of CADA House. 7. Administration of the Community Development Block Grant. Provide funding to preserve affordable single family and rental housing in the community. Support health care, nutrition, transportation, education and services to elderly and low-income citizens in our community.
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B.3	Progress Report. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan. 1. Expand the supply of affordable housing: a. Staff have applied for any opportunity to expand affordable housing in the county. Staff have expanded the supply of assisted housing by expanding opportunities for program participation on the Bridges program to all 9 counties in our mental health initiative region and continue to request additional funding as it becomes available b. Staff assisted and support 2-3 developers who have applied for Low Income Housing Tax Credits (LIHTC) to score the points needed for funding each year. Projects receiving funding over the past 5 years include Rosa Place II with 51 units, Walnut Towers preservation of 86 HUD subsidized 1BR units, Sinclair Flats with 48 units, and Lewis Lofts with 60 Units. The Mankato Supportive Housing project with 40 units and the Carroll Apartments with 64 units submitted RFPs to the State this year and are awaiting funding. 2. Improve the quality of assisted housing: a. Staff have successfully administered the Public Housing and Housing Choice Voucher Programs, receiving a “High Performance” rating from HUD b. The public housing units were kept up to code and inspection compliance through the administration of the Capital Fund Program and 21 units were modernized over the past 5 years. c. Flat rents were administered in compliance with PIH guidelines. d. The EDA has coordinated HQS inspections with MACV and Lutheran Social Services under their supportive housing projects. e. The City of Mankato supported the preservation of Walnut Towers, an 86-unit HUD Subsidized apartment built in the 1970s with ARP Funding. 3. Increase assisted housing choices: a. In partnership with the Mankato EDA, has expanded the HCV program with 84 additional Mainstream vouchers in 2020. Worked regionally with other PHAs in our 20 county region of SE MN to provide this mainstream program throughout the region. b. The EDA continues to expand opportunities for housing to youth under the Foster Youth to Independence Initiative and has been building relationships with the Reach – Youth Center and Blue Earth County Human Services. c. The EDA encourages participation in the HCV Homeownership program, partners with the Southwest MN Housing Partnership to offer Home Stretch and has provided 219 households with home buyer education. d. The City of Mankato and EDA supported the expansion of the Partnership Community Land Trust into Blue Earth County and are assisting 11 households achieve homeownership. Address the needs of the homeless in Blue Earth County a. The number of vouchers that serve the homeless has increased by 33% utilizing preferences for Mainstream, VASH, Foster Youth to independence, Emergency Vouchers, CoC Vouchers, and LHAHA. b. Staff continue to administer 8 Continuum of Care supportive housing units at Cherry Ridge and 4 units at Breckenridge Townhomes. Referrals are received from the Coordinated Entry System. c. Staff has participated in the referral and administration of the Coordinated Entry System that serves the homeless in the area. d. The EDA has established preferences to take referrals from the coordinated entry system under the Housing Choice Voucher program and Public Housing. e. The EDA has established a “Move-On” preference to serve households graduating from local supportive housing programs. f. Maintained ending Veterans Homelessness in the region. g. Conduct local case conferencing of homeless individuals through the CE system to shorten the time of homelessness in the region. h. Used State ARP funding to support hotel vouchers for homeless during the pandemic to provide opportunity to social distance when local shelters closed. i. EDA partnered with supportive housing and shelters providers to create a supportive housing project using project based vouchers, CDBG funding, donated land for Trellis Co to submit a LIHTC project in 2024. j. EDA partnering with supportive housing and shelter providers to create an emergency shelter that would improve our local homeless response by providing 24/7 sheltering with supportive services. k. EDA developed a local Street Outreach Team with navigators to connect homeless in the community with housing and supportive services. - l. 4. Help move citizens to economic self-sufficiency a. Continued successful administration of the homeownership educational programs Home Stretch, Voucher Homeownership. b. Homebuyer education and counseling were provided by EDA staff and in partnership with the SWMNHP. c. Home Stretch has served 219 households over the past 5 years. d. Staff continue to provide the FSS program helps participants of the Housing Choice Voucher Program move away from government assistance. In the past 5 years we continue to support 23 participants under the Family Self- Sufficiency (FSS) Program as they progress toward their goals.
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5. Assist Program Participants who are victims of domestic abuse:

- a. Staff refer victims to law enforcement as well as to services provided by the Committee Against Domestic Abuse (CADA).
- b. Staff terminate the housing assistance/lease agreements of the perpetrators of domestic violence.
- c. Staff have worked with CADA House to move victims into stable supportive housing through the coordinated entry referral system and have increased homeless households serviced at Breckenridge, the housing choice voucher program, and shelter plus care program.

6. Successful Administration of the Community Development Block Grant:

Each year CDBG dollars were spent and upgraded 17 single-family, owner-occupied houses and 130 rental units to preserve affordable housing and create affordable housing in our community. The CDBG funding also provided health care, nutrition, transportation, and chore services for elderly and low-income citizens, and provided education for new Americans in our community. Over the past 5 years \$600,000 in CDBG was provided within the City of Mankato and included the creation and preservation of affordable housing. Additional funding was also leveraged using ARPA funds, TIF funding, DEED Cleanup grant funds, and local revolving loan funds.

New construction:

- Lewis Lofts – 64 units under construction
 - \$100,000 CDBG
 - \$400,000 City economic development forgivable loan
 - \$1,760,053 City Tax Increment Financing
 - \$140,425 Minnesota Department of Employment and Economic Development contamination cleanup grant
- Sinclair Flats – 48 units 2023
 - \$500,000 ARP
 - \$281,326 Minnesota Department of Employment and Economic Development contamination cleanup grant
- Rosa Place II - 51 units in 2022
 - \$100,000 CDBG
 - \$500,000 ARP
 - \$200,000 City RLF
- Dublin Heights -45 units in 2020
 - \$100,000 CDBG
- Rosa Place - 60 units in 2019
 - \$100,000 CDBG

Preservation Projects:

- Colonial Square – 77 units in 2021
 - \$100,000 CDBG
- Walnut Towers- 86 units - under rehabilitation
 - \$100,000 CDBG
 - \$275,000 ARP/City
 - \$275,000 ARP/County

B.4	Violence Against Women Act (VAWA) Goals. Provide a statement of the PHA’s goals, activities, objectives, policies, or programs that will enable the PHA to serve the needs of child and adult victims of domestic violence, dating violence, sexual assault, or stalking. The EDA provides four specific protections against termination of assistance for victims of domestic violence, dating violence, sexual assault or stalking. 1. The EDA may not terminate assistance to a family that moves out of an assisted unit in violation of the lease, with or without prior notification to the EDA, if the move occurred to protect the health or safety of a family member who is or has been the victim of domestic violence, dating violence, sexual assault or stalking and who reasonably believed he or she was imminently threatened by harm from further violence if he or she remained in the unit [24 CFR 982.354(b)(4)]. 2. The EDA provides that an incident or incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking may not be construed either as a serious or repeated lease violation by the victim or as good cause to terminate the assistance of the victim [24 CFR 5.2005(c)(1)]. 3. The EDA provides that criminal activity directly related to domestic violence, dating violence, sexual assault or stalking may not be construed as cause for terminating the assistance of a tenant if a member of the tenant’s household, a guest, or another person under the tenant’s control is the one engaging in the criminal activity and the tenant or affiliated individual or other individual is the actual or threatened victim of the domestic violence, dating violence, or stalking [24 CFR 5.2005(c)(2)]. 4. The EDA has the authority to terminate assistance to any tenant or lawful occupant who engages in criminal acts of physical violence against family members or others without terminating assistance to, or otherwise penalizing, the victim of the violence [24 CFR 5.2009(a)]. The EDA has established preferences for the Public Housing and Housing Choice Voucher Programs to households that claim VAWA protection and coordinate with the CADA Housing for support services.
C.	Other Document and/or Certification Requirements.
C.1	Significant Amendment or Modification. Provide a statement on the criteria used for determining a significant amendment or modification to the 5-Year Plan. The Mankato EDA defines a “significant amendment” as an additional activity that was not included in the 5 year plan, and a “substantial deviation/modification” as a change to policy/activity direction that would require board approval.
C.2	Resident Advisory Board (RAB) Comments. (a) Did the RAB(s) have comments to the 5-Year PHA Plan? Y N ☐ ☐ (b) If yes, comments must be submitted by the PHA as an attachment to the 5-Year PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.
C.3	Certification by State or Local Officials. Form HUD-50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.

C.4	Required Submission for HUD FO Review. (a) Did the public challenge any elements of the Plan? Y N ☐ ☐ (b) If yes, include Challenged Elements.
D.	Affirmatively Furthering Fair Housing (AFFH).

D.1

Affirmatively Furthering Fair Housing. (Non-qualified PHAs are only required to complete this section on the Annual PHA Plan. All qualified PHAs must complete this section.)

Provide a statement of the PHA's strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.

Fair Housing Goal:

Describe fair housing strategies and actions to achieve the goal

Fair Housing Goal:

Describe fair housing strategies and actions to achieve the goal

Fair Housing Goal:

Describe fair housing strategies and actions to achieve the goal

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Instructions for Preparation of Form HUD-50075-5Y - 5-Year PHA Plan for All PHAs

A. PHA Information. All PHAs must complete this section. (24 CFR § 903.4)

- A.1** Include the full **PHA Name**, **PHA Code**, **PHA Fiscal Year Beginning** (MM/YYYY), **Five-Year Period** that the Plan covers, i.e. 2019-2023, **PHA Plan Submission Type**, and the **Availability of Information**, specific location(s) of all information relevant to the hearing and proposed PHA Plan.

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table.

B. Plan Elements.

- B.1 Mission.** State the PHA's mission for serving the needs of low- income, very low- income, and extremely low- income families in the PHA's jurisdiction for the next five years. ([24 CFR § 903.6\(a\)\(1\)](#))
- B.2 Goals and Objectives.** Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low- income, very low- income, and extremely low- income families for the next five years. ([24 CFR § 903.6\(b\)\(1\)](#))
- B.3 Progress Report.** Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5- Year Plan. ([24 CFR § 903.6\(b\)\(2\)](#))
- B.4 Violence Against Women Act (VAWA) Goals.** Provide a statement of the PHA's goals, activities objectives, policies, or programs that will enable the PHA to serve the needs of child and adult victims of domestic violence, dating violence, sexual assault, or stalking. ([24 CFR § 903.6\(a\)\(3\)](#)).

C. Other Document and/or Certification Requirements.

- C.1 Significant Amendment or Modification.** Provide a statement on the criteria used for determining a significant amendment or modification to the 5-Year Plan. For modifications resulting from the Rental Assistance Demonstration (RAD) program, refer to the 'Sample PHA Plan Amendment' found in Notice PIH-2012-32, REV 2.

C.2 Resident Advisory Board (RAB) comments.

- (a) Did the public or RAB have comments?
- (b) If yes, submit comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. ([24 CFR § 903.17\(b\)](#), [24 CFR § 903.19](#))

C.3 Certification by State or Local Officials.

[Form HUD-50077-SL](#), *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan.

C.4 Required Submission for HUD FO Review.

Challenged Elements.

- (a) Did the public challenge any elements of the Plan?
- (b) If yes, include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.

D. Affirmatively Furthering Fair Housing.

(Non-qualified PHAs are only required to complete this section on the Annual PHA Plan. All qualified PHAs must complete this section.)

D.1 Affirmatively Furthering Fair Housing. The PHA will use the answer blocks in item D.1 to provide a statement of its strategies and actions to implement each fair housing goal outlined in its accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5) that states, in relevant part: "To implement goals and priorities in an AFH, strategies and actions shall be included in program participants' ... PHA Plans (including any plans incorporated therein) Strategies and actions must affirmatively further fair housing" Use the chart provided to specify each fair housing goal from the PHA's AFH for which the PHA is the responsible program participant – whether the AFH was prepared solely by the PHA, jointly with one or more other PHAs, or in collaboration with a state or local jurisdiction – and specify the fair housing strategies and actions to be implemented by the PHA during the period covered by this PHA Plan. If there are more than three fair housing goals, add answer blocks as necessary.

Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D.; nevertheless, the PHA will address its obligation to affirmatively further fair housing in part by fulfilling the requirements at 24 CFR 903.7(o)(3) enacted prior to August 17, 2015, which means that it examines its own programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintain records reflecting these analyses and actions. Furthermore, under Section 5A(d)(15) of the U.S. Housing Act of 1937, as amended, a PHA must submit a civil rights certification with its Annual PHA Plan, which is described at 24 CFR 903.7(o)(1) except for qualified PHAs who submit the Form HUD-50077-CR as a standalone document.

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year PHA Plan. The 5-Year PHA Plan provides the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families and the progress made in meeting the goals and objectives described in the previous 5-Year Plan.

Public reporting burden for this information collection is estimated to average 1.64 hours per year per response or 8.2 hours per response every five years, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.