MINUTES

Mankato Economic Development Authority
Regular Meeting
September 9, 2024 - 7:47 p.m.
IGC - Mankato Room

1. **Call Meeting to Order**

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

Staff Present: Executive Director Susan Arntz, Community Development Director Mark Konz, Associate Director of Housing and Economic Development Nancy Bokelmann, Economic Development Coordinator Courtney Kramlinger, Housing Coordinator Nicole Cunningham, and City Clerk Renae Kopischke.

2. **Approval of Agenda**

Mr. Laven moved and Mr. McLaughlin seconded a motion to approve the agenda as written. The motion carried unanimously.

3. **Approval of Minutes**

Mr. Laven moved and Mr. McLaughlin seconded a motion to approve the minutes of the Regular Meeting of August 12, 2024 as written. The motion carried unanimously.

4. **Economic Development Authority Business**

A. Mr. Konz provided a history of the EDA Levy and noted that from 2013 to 2020, the levy was set at $225,000 and used for the following within the Economic Development Budget:

$10,000 - Southern Minnesota Initiative Foundation
$25,000 - City Center Partnership
$40,000 - Funding for the Art and Culture District in the City Center
$50,000 - Funding for GMG Regional Services Agreement (partially funded by levy)
$25,000 - Parking Lot Development or City Center Redevelopment
$75,000 - Funding for Building Rehabilitation

Ms. Kramlinger stated that the 2021 EDA levy was increased to $365,000 to reflect an increase in expenses associated with partnership funding, which includes the fee for Greater Mankato Growth (GMG) services (REDA partnership) that increased from $99,714 in 2009 to $195,733.44 in 2023. She indicated that the REDA fee is the largest line-item expense in the Economic Development Budget besides staffing costs.

Ms. Arntz noted that a new REDA Joint Services Agreement was approved on October 10, 2023, which will expire on December 31, 2029. She explained that under the current REDA Joint Services Agreement, the per capita rate that is used to calculate the fees will be stabilized to the same rate between all the partners and Mankato's fee will be reduced to $192,116.40 in 2025. She added that future adjustments will be based on population estimates.

Ms. Kramlinger mentioned that for 2025, the savings from the reduced REDA fee have been reallocated to commercial and residential building rehabilitation. She reviewed the recommended EDA levy of $365,000 and the items reflected in the proposed 2025 budget, which included the following:

$10,000	- Southern Minnesota Initiative Foundation
$25,000	- City Center Business Association
$40,500	- Funding Arts and Culture (Twin Rivers and City Art)
$192,116.40	- Funding for GMG Marketing Services (REDA Partnership)
$97,383.60	- Funding for Commercial & Residential Building Rehabilitation

Mr. Dieken moved and Mr. Laven seconded a motion to approve the Resolution requesting the establishment of a property tax levy for the Economic Development Authority for property taxes to be collected during the 2025 fiscal year . The motion carried unanimously.

B. Ms. Cunningham stated that the Housing Choice Voucher program's regulations recognize that some flexibility is required to allow the EDA to adapt the program to local conditions. She noted that the payment standard sets the maximum subsidy payment a family can receive from the EDA each month. She explained that payment standards are based on fair market rents (FMRs) published annually by HUD and are set at a percentile within the rent distribution of standard quality rental housing units in each FMR area, with most being set at the 40th percentile.

Ms. Cunningham stated that the EDA establishes a payment standard within a HUD approved basic range of between 90 and 110 percent of the published FMR for each unit size. She commented that current payment standards continue in this acceptable range and staff recommend payment standards as adjusted to reduce negative impacts on program participants.

Ms. Cunningham indicated that the PHA reviews the appropriateness of the payment standards on an annual basis when the new FMR is published, and at other times as determined necessary. She summarized the factors considered by the PHA when determining whether an adjustment should be made to the payment standard schedule, which included: funding availability; rent burden of participating families; quality of units selected; changes in rent to owner; unit availability; and lease-up time and success rate. She mentioned that changes to payment standard amounts will be effective on December 1 of every year unless, based on the proposed FMRs, it appears that one or more of the PHA's current payment standard amounts will be outside the basic range, and in that case, payment standards will be effective October 1 instead of December 1.

Ms. Cunningham stated that flat rents are also reviewed annually for public housing and are generally set at 80% of Fair Market Rents. She pointed out that this year's submission of flat rents is between 81-83% of the Fair Market Rents.

Ms. Bokelmann concluded that the current Payment Standards project an increase for each bedroom size between 102% to 108% of the Fair Market Rent provided by HUD and will be effective December 1, 2024.

Brief discussion regarding the programs and landlord engagement. Ms. Bokelmann noted the standards are based on the 40% of the area market rents and the challenges with finding properties; thus, there is a targeted set of units that families can choose from.

Ms. Melby-Kelley moved and Ms. Hatanpa seconded a motion to approve the Resolution adopting the payment standard schedule for the Mankato EDA Section 8 Housing Choice Voucher Program. The motion carried unanimously.

C. Ms. Bokelmann reported that the 2025 PHA Annual Plan is a comprehensive guide to public housing agency policies, programs, operations, and strategies for meeting local housing needs and goals. She indicated that 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. She noted that the plan identifies and recommends policy changes the EDA has enacted since the submission of the last Annual Plan, as well as the Capital Fund Program (CFP).

Ms. Cunningham stated that while 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). She highlighted and reviewed the routine accomplishments and new initiatives over the past year that included: addressing needs for homelessness; administering Housing Choice Voucher and Public Housing Programs; promoting Economic Self Sufficiency and homeownership; Community Development Block Grant Funding; LIHTC Projects; and Local Affordable Housing Trust Fund and Statewide Affordable Housing Aid.

Ms. Bokelmann noted the changes as well as the comments that were received from a public advisory meeting that was held. Brief discussion changes and the status of waiting lists.

Chair Massad opened the public hearing. There being no one wishing to speak, Chair Massad closed the public hearing.

Mr. Laven moved and Ms. Melby-Kelley seconded a motion to approve the Resolution approving the 2024 Mankato Annual PHA Plan. The motion carried unanimously.

5. **Reports/EDA Comments**

None.

6. **Adjournment**

There being no further business, Mr. Laven moved and Mr. McLaughlin seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 8:30 p.m.

Prepared by:	Approved by:
______________________________	______________________________
Renae Kopischke City Clerk	Najwa Massad Chair