MINUTES

Mankato Economic Development Authority
Regular Meeting
December 9, 2024 - 6 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 Mayor Najwa Massad.

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

2. **Approval of Agenda**

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

3. **Approval of Minutes**

   Ms. Hatanpa moved and Mr. Mettler seconded a motion to approve the Economic Development Authority minutes of the Regular Meeting of November 12, 2024 as written. The motion carried unanimously.

4. **Economic Development Authority Business**

   A. Ms. Cunningham reported that the Public Housing Capital Fund Budget has traditionally been approved each year with the PHA Annual Plan to manage the formula funding for modernization of the Mankato Public Housing units. She stated that HUD has separated the procedures and adjusted timelines for the Capital Fund budget to align with the annual operating budget process.

   Ms. Cunningham indicated that the 2025 Capital Fund includes the continued modernization and repair of the public housing units and site improvements required through RAD process. She noted that the plan also includes the repositioning of Public Housing through Section 18 Conversion and the RAD Small PHA Blend programs. She added that the capital fund budget for 2025 anticipates $550,000 and provides funding for dwelling improvements, appliances, site improvements and general operations.

   Ms. Cunningham concluded that the Capital Fund Program for 2025 has been posted for public comments and a Resident Advisory Meeting was held on 11-12-24 with no comments being received.

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

Mr. Mettler moved and Ms. Melby-Kelley seconded a motion to approve the 2025 Public Housing Capital Fund Budget. The motion carried unanimously.

B. Ms. Cunningham stated that the Mankato EDA is required to annually prepare an operating budget, and have it reviewed and approved by the Economic Development Authority, which has been delegated the powers of a housing authority under Minnesota Statutes. She commented that the budget is the same 2025 budget that was adopted by the City Council on December 9, 2024. She reviewed the items within the budget and noted that the operating budget and resolution will be submitted to HUD with the operating subsidy request.

Ms. Melby-Kelley moved and Mr. Mettler seconded a motion to approve the Resolution approving 2025 Public Housing and Housing Choice Voucher Operating Budgets . The motion carried unanimously.

C. Ms. Kramlinger indicated that the City of Mankato previously entered into a contract with Partnership Community Land Trust (CLT) for implementation services for a community land trust. She stated that Phase One includes three acquisitions of existing homes and housing rehabilitation, and, to date, two homes have been purchased with the CLT working to identify the possible purchase of a third home. She noted that Phase Two includes three new homes, and, to date, one new home was purchased, and two homes have started construction which are anticipated to be completed in Spring 2025. She touched on Phase Three, which includes acquisition and rehab of five single-family homes along with two new homes with lots currently being selected, and future Phase Four would consist of ten new construction homes with the city awaiting news on funding from MN Housing, which will be announced later this month.

Ms. Kramlinger summarized that Phase One of the contract notes that the city is to provide up to $83,333 in project write down grant funding per home for up to three homes in Mankato and up to $35,000 per home under the City of Mankato's Owner-Occupied Housing Rehabilitation Program Guidelines and Policies for rehabilitation to the homes. She mentioned that the contract does not specify the funding source for the acquisition nor rehabilitation activities; however, in past Council agenda items it was shared that the city would use funds sourced from the EDA fund balance for acquisition and Community Development Block Grant (CDBG) funds for rehabilitation for Phase One.

Ms. Kramlinger commented that with CDBG funds, the city has a timeliness test that the U.S. Department of Housing and Urban Development (HUD) conducts each May where HUD takes the CDBG fund balance and divides it by the amount of the current annual grant award. She noted the ratio needs to be 1.5 or less to meet the timely performance requirement or there is a risk of losing unspent CDBG funds. She summarized items that can make it challenging to meet the timeliness test as well as commented on delays that have occurred with other CDBG activities and added that HUD is working on new methods to determine timeliness.

Ms. Kramlinger stated that the Partnership Community Land Trust is currently working on the third acquisition to complete Phase One. She explained that $166,666 in EDA funds had been spent on the acquisition of two home purchases in Phase One with no CDBG funds drawn for rehabilitation. She indicated that the CDBG program allows CDBG funds to be used for housing rehabilitation and acquisition; however, using CDBG funds instead of EDA funds for acquisition for the third and final home for Phase One would help the City meet HUD's timeliness test in May 2025. She commented that if there are rehabilitation needs, EDA funds could alternatively be used. She mentioned that if CDBG funds were used for rehabilitation, it is unlikely CDBG funds could be spent by May 2025 ahead of the timeliness test due to environmental review requirements, lead assessment, bidding process, availability of contractors and having the work completed and inspected; however, if CDBG funds are used for acquisition instead of rehabilitation, the funds could be wired to the title company at the time of closing, and it would be possible to draw the CDBG funds before the timeliness test in May 2025.

Ms. Kramlinger concluded that for Phase Three, the city committed $50,000 per home for five existing home acquisitions/rehabilitations, which consists of $15,000 to underwrite the purchase of each home and up to $35,000 for rehabilitation. She stated that it was previously communicated to the Council that if the CDBG funding is not needed for rehabilitation, the funds could be used to underwrite the purchase depending on the participant's income level.

Mr. Laven moved and Ms. Melby-Kelley seconded a motion to approve the Community Development Block Grant (CDBG) support for the Community Land Trust. The motion carried unanimously.

5. **Reports/EDA Comments**

None.

6. **Adjournment**

There being no further business, Ms. Melby-Kelley moved and Mr. Laven seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 6:40 p.m.

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