AGENDA

Economic Development Authority
Monday, August 10, 2026
(following the Council Meeting at 6 p.m.)
IGC - Council Chambers

1. **Call Meeting to Order**

2. **Approval of Agenda**

3. **Approval of Minutes**

   Economic Development Authority Meeting of July 13, 2026

4. **Economic Development Authority Business**

   A. Resolution authorizing the Executive Director to enter into a renewal of the Memorandum of Understanding with the Southwest Minnesota Housing Partnership for the administration of the Continuum of Care Program.

   B. Set the date of public hearing for September 14, 2026 to review and approve the proposed 2027 Mankato EDA Annual Agency Plan.

   C. Preliminary review of possible tax increment assistance for Quarry View; by request of Skilbred Development.

5. **Adjournment**

MINUTES

Mankato Economic Development Authority
Regular Meeting
July 13, 2026 - 8:40 p.m.
IGC - Council Chambers

1. **Call Meeting to Order**

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

Staff Present: Executive Director Susan Arntz, Community Development Director Mark Konz, Associate Director of Housing and Economic Development Nancy Bokelmann, and Clerk Renae Kopischke.

2. **Approval of Agenda**

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

3. **Approval of Minutes**

Mr. Dieken moved and Ms. Melby-Kelley seconded a motion to approve the Economic Development Authority minutes of the Regular Meeting of June 8, 2026, as written. The motion carried unanimously.

4. **Economic Development Authority Business**

A. Ms. Bokelmann presented a request from the Housing Trust Fund Advisory Committee for EDA Board authorization to allocate $28,512 from the Housing Trust Fund to Partners for Housing. She indicated that the one-time funding would provide interim support for one-half of the salary, taxes, and benefits for a Housing Generalist position while Partners for Housing pursues long-term funding through a joint Continuum of Care and HUD application with the Mankato EDA and The Salvation Army. She explained that the Housing Generalist provides coordinated housing navigation and street outreach services, working directly with individuals experiencing homelessness or housing instability to connect them with emergency shelter, housing opportunities, health care, behavioral health services, public benefits, identification documents, and other essential resources. She added that the position also coordinates with community partners to streamline access to services and reduce barriers to obtaining stable housing.

Ms. Bokelmann noted that the Housing Generalist plays a key role in improving the community's response to homelessness by providing timely coordinated entry assessments, individualized housing assistance, and ongoing follow-up to help clients achieve and maintain permanent housing. She also reviewed the Housing Trust Fund's investments over the past four years, during which $1,870,283 of the $1,902,887 allocated to the fund has been invested, leaving an unallocated balance of $32,604. She mentioned that previous investments have supported affordable homeownership through the Partnership Community Land Trust, expanded emergency shelter capacity at Connections Shelter, and preserved affordable public housing through the Blue Earth County EDA's RAD Blend conversion. She stated that the requested allocation was presented as a continuation of the Housing Trust Fund's strategic efforts to support housing stability and reduce homelessness in the community.

Mr. McLaughlin moved and Mr. Metter seconded a motion to approve the Resolution authorizing the allocation of Housing Trust Fund resources to Partners for Housing to support a Housing Generalist position that provides coordinated housing navigation and street outreach services. The motion carried unanimously.

B. Ms. Bokelmann reported that Affordable Housing Trust Funds (AHTF) were established in 2024 through a partnership between the City of Mankato and Blue Earth County under Minnesota Statute 462C.16 to provide a permanent, renewable funding source for affordable and workforce housing initiatives, including development, preservation, rehabilitation, and homelessness prevention. She noted that as housing needs continue to grow, the AHTF Advisory Committee and staff have explored long-term sustainability strategies to create a reliable local funding source that can leverage additional state, federal, private, and local investment. She stated that the proposed strategies are intended to establish sustainable funding, strengthen competitiveness for housing resources, provide local matching funds, support affordable housing and homeless response efforts, and advance regional housing priorities.

Ms. Bokelmann outlined several recommended funding strategies, including dedicating management fee revenues generated through the Public Housing Conversion to Project-Based Vouchers program, estimated at approximately $60,000 annually, to support the Affordable Housing Trust Fund. Staff also recommended annual designations of the EDA reserve fund investments and consideration of levy funding strategies as part of the 2027 EDA budget. She noted that the city's REDA contribution has decreased under the current Joint Services Agreement, creating additional levy capacity. She commented that the Housing Trust Fund Advisory Committee recommended directing the projected 2027 savings of $4,365.30 to the Affordable Housing Trust Fund for rental rehabilitation activities and requested consideration of an increased 2027 EDA levy allocation to further support rental rehabilitation. She added that final decisions on levy allocations and Trust Fund appropriations are expected during the 2027 budget process between September and December 2026.

Discussion focused on the EDA levy and budget, with questions raised regarding the request and additional clarification provided. Following the discussion, the consensus was to take no action on the Resolution adopting the Affordable Housing Trust Fund (AHTF) request to sustain the fund and to leverage other local, state, and federal resources at this time and continue the conversation during the budget review process.

5. **Adjournment**

There being no further business, Mr. Laven moved and Ms. Hatanpa seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 9:12 p.m.

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

AGENDA RECOMMENDATION

Economic Development Authority **4. A.**

Meeting Date: 08/10/2026

Agenda Item:

Resolution authorizing the Executive Director to enter into a renewal of the Memorandum of Understanding with the Southwest Minnesota Housing Partnership for the administration of the Continuum of Care Program.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

HUD Continuum of Care funds are designed to promote a community-wide commitment to the goal of ending homelessness and supports partnerships between local governments/public housing agencies and non-profits to serve a population that has traditionally been hard to reach. Specifically, those who are homeless with disabilities such as serious mental illness or chronic substance abuse. The program was built on the premise that housing and services need to be connected to ensure the stability of housing for this population. The Economic Development Authority (EDA) and Southwest Minnesota Housing Partnership (SWMHP) work together to provide rental assistance and supportive services to assist eight (8) DedicatedPLUS households in finding and maintaining permanent affordable housing.

DedicatedPLUS is a permanent supportive housing (PH-PSH) project to serve individuals and families that meet one of the following criteria at project entry:

1. Residing in a transitional housing project that will be eliminated and meets the definition of chronically homeless in effect at the time in which the individual or family entered the transitional housing project;
2. Residing in a place not meant for human habitation, emergency shelter, or safe haven; but the individuals or families experiencing chronic homelessness had been admitted and enrolled in a permanent housing project within the last year and were unable to maintain a housing placement;
3. Residing in transitional housing funded by a Joint transitional housing (TH) and rapid re-housing (PH-RRH) component project and who were experiencing chronic homelessness prior to entering the project;
4. Residing and has resided in a place not meant for human habitation, a safe haven, or emergency shelter for at least 12 months in the last three years, but has not done so on four separate occasions; or
5. Receiving assistance through a Department of Veterans Affairs (VA)-funded homeless assistance program and met one of the above criteria at initial intake to the VA's homeless assistance system.

Sponsor Based Continuum of Care Programs can use project-based vouchers at sponsor properties within the EDA service area and specifically the city of Mankato. SWMHP is the Sponsor owning Cherry Ridge Apartments, Sibley Parkway Apartments and Homestead Apartments. The Continuum of Care program has been tied to the redevelopment of Cherry Ridge Apartments but can include other locations as needed.

HUD requires a memorandum of understanding detailing the roles and responsibilities of the Mankato EDA, as grantee, and the SWMHP, as a non-profit housing sponsor/owner and supportive service provider, in meeting the specific requirements of the Continuum of Care Program detailed in 24 CFR Part 578 - Continuum of Care Program.

The EDA, in providing the match of eight project-based vouchers, uses its Administrative Plan to provide guidance on policies and procedures for administration of the Continuum of Care Cherry Ridge Program with specific guidance from regulations in 24CFR 578. Where no specific guidance was provided, procedures and practice have been followed as identified in the Administrative Plan. A program exhibit for the program is attached to the Administrative Plan that includes specific policies and procedures unique to the regulations in 24CFR 578.
The exhibit requires eligibility and homeless status documentation procedurally presented specific to federal regulations, outlines case management for persons experiencing homelessness or those at risk of homelessness, it addresses the need for appeals and grievances through an informal review and hearing process, as well as procedures to ensure compliance with housing quality standards and lead safety practices.

The EDA is being asked to adopt a resolution authorizing the Executive Director to enter into a renewal of the Memorandum of Understanding with SWMHP for the administration of the Continuum of Care Program.

Attachments

Resolution
Memorandum of Understanding
Program Exhibit

RESOLUTION AUTHORIZING THE REVISED MEMORANDUM OF UNDERSTANDING FOR THE ADMINISTRATION OF THE CONTINUUM OF CARE GRANT

WHEREAS, the City of Mankato is a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, the Council of the City of Mankato has adopted a Consolidated Plan and affordable housing is identified as a community need; and

WHEREAS, a need has been identified for additional affordable housing in the city to support those who are homeless, based on 2025 Housing Study commissioned by the City of Mankato and the Mankato Housing Action Plan adopted in 2023; and

WHEREAS, the City of Mankato through its Economic Development Authority (the EDA), developed an Administrative Plan that guides affordable housing through the Housing Choice Voucher program; and

WHEREAS, the EDA has Continuum of Care funds designed to promote a community-wide commitment to the goal of ending homelessness and supports partnerships between local governments/public housing agencies and non-profits to serve a population that has been traditionally hard to reach; and

WHEREAS, the EDA administers the Housing Choice Voucher rent assistance program and provides 8 project-based rent assistance vouchers as a cash match to ensure very low income households are provided with stable, affordable housing and address homelessness.

WHEREAS, the Southwest Minnesota Housing Partnership is a non-profit organization dedicated to creating affordable housing and owner of affordable housing projects in Mankato including Cherry Ridge Apartments, Sibley Parkway Apartments, and Homestead Apartments, and is sponsoring 8 units for permanent supportive housing with supportive services for low- and moderate-income households who are homeless with incomes below 50% of area median income; and

WHEREAS, the Southwest Minnesota Housing Partnership has committed to providing case management services using the Continuum of Care funds; and

NOW, THEREFORE, BE IT RESOLVED, that the EDA authorizes the Executive Director to enter the Memorandum of Understanding with Southwest Minnesota Housing Partnership for the administration of Continuum of Care grant agreement.

This resolution shall become effective immediately upon passage and without publication.

Adopted this 10th day of August 2026.

____
Najwa Massad Board Chair

Attest: __________________________________
Susan MH Arntz, Executive Director

MEMORANDUM OF UNDERSTANDING
Between
Mankato Economic Development Authority (Grantee)
and
Southwest Minnesota Housing Partnership (Supportive Service Provider)
Regarding the Continuum of Care Permanent Supportive Housing Program
Cherry Ridge Apartments
Mankato, Minnesota

Grant Number: MN0300L5K022512

Federal Award Date: 05-06-2026

Performance Period: 2/1/2026 - 1/31/2027

Grant Award: $62,867 **Supportive Services:** $64,266

In-Kind Match: $66,000.00

This memorandum of understanding, entered into on August 10, 2026, details the roles and responsibilities of the grantee, Mankato Economic Development Authority (hereinafter the "EDA"); and service provider, owner of Cherry Ridge Apartments, the Southwest Minnesota Housing Partnership (hereinafter the "SWMHP"); in meeting the specific requirements of the Continuum of Care Program (hereinafter the "CoC Program") as detailed in U.S. Department of Housing and Urban Development (hereinafter "HUD") grant agreements and in 24 CFR Part 578 - Continuum of Care Program for Cherry Ridge Rental Assistance (hereinafter "Cherry Ridge") in Mankato, Minnesota.

HUD Continuum of Care funds are designed to promote a community-wide commitment to the goal of ending homelessness and supports partnerships between local governments/public housing agencies and non-profits to serve a population that has been traditionally hard to reach. Homeless persons with disabilities such as serious mental illness, chronic substance abuse, and or AIDS and related diseases. The program was built on the premise that housing and services need to be connected to ensure the stability of housing for this population. The EDA and SWMHP will work together to provide rental assistance and supportive services to assist eight (8) dedicated plus households to find and maintain permanent affordable housing.

The EDA serves as the CoC Program grantee and administers the rental assistance component of the project through project-based vouchers. SWMHP serves as the supportive service provider and is responsible for delivering participant-centered supportive services that promote housing stability, self-sufficiency, and long-term successful housing outcomes.
Although the project is primarily associated with Cherry Ridge Apartments, project-based vouchers may also be utilized at other SWMHP-owned properties within the EDA service area, including but not limited to Sibley Park Apartments and Homestead Apartments, when necessary to facilitate timely housing placements and minimize vacancies.

Both parties agree to administer the project in accordance with applicable HUD regulations, including 24 CFR Part 578, HUD grant agreements, Coordinated Entry policies adopted by the River Valleys Continuum of Care, and all applicable federal, state, and local laws.

PROGRAM GOALS

The goals of this Permanent Supportive Housing project are to assist eligible households in:

1. Remaining permanently housed or exiting to other permanent housing.
2. Increasing earned and/or non-employment income.
3. Achieving participant-identified goals through individualized service planning.
4. Increasing housing stability while reducing returns to homelessness.
5. Connecting participants to mainstream benefits and community resources that promote long-term independence.

ELIGIBLE PARTICIPANTS

A. Qualifying households for the CoC program are those that qualify for "Dedicated PLUS" housing, meaning, the head of household has a disability and meet any of the following criteria at project entry:

1. Experiencing chronic homelessness as defined in 24 CFR 578.31.
2. Residing in a transitional housing project that will be eliminated and meets the definition of chronically homeless in effect at the time in which the individual or family entered the transitional housing project.
3. Residing in a place not meant for human habitation, emergency shelter, or safe haven; but the individuals or families experiencing chronic homelessness as defined at 24 CFR 578.3 had been admitted and enrolled in a permanent housing project within the last year and were unable to maintain a housing placement.
4. Residing in transitional housing funded by a Joint transitional housing (TH) and rapid re-housing (PH-RRH) component project and who were experiencing chronic homelessness as defined at 24 CFR 578.3 prior to entering the project.
5. Residing and has resided in a place not meant for human habitation, a safe haven, or emergency shelter for at least 12 months in the last three years, but has not done so on four separate occasions; or
6. Receiving assistance through a Department of Veterans Affairs (VA)-funded homeless assistance program and met one of the above criteria at initial intake to the VA's homeless assistance system.

All referrals for the CoC Program come through the River Valleys Continuum of Care Coordinated Entry System (CES). This CoC Program uses the HUD "Dedicated Plus" level of eligibility for its participants.

In the absence of a qualified household immediately meeting this criterion, the highest priority household may be considered for an opening.

MATCH REQUIREMENTS

The EDA agrees to match all grant funds with no less than 25 percent in-kind contributions. The EDA will collect match documentation and verify its eligibility. For this MOU parties are estimating costs to be used as match however actual costs will be documented by the EDA.

Documentation of in-kind match will be provided monthly. This will include monthly rental assistance reports.

The EDA will coordinate with SWMHP to ensure that match information is entered into the APR for reporting to HUD.

OPERATIONAL RESPONSIBILITIES:

It is understood that the EDA and SWMHP must work together as a team to effectively meet the needs of CoC Program participants. This level of collaboration will require thorough and timely communication between all parties.

Together, the EDA and SWMHP resolve to:

- Work cooperatively to achieve the stated CoC Program goals.
- Annually review and adopt all related written standards, policies, and procedures to ensure alignment with referral, prioritization, and enrollment processes.
- All Partners of the CoC Program are required to implement adopted policies and procedures.
- Coordinate with each other to meet the needs of each household eligible for and enrolled in the CoC Program, ensuring that services are based on household needs, preferences, and desires. Offered in the least restrictive manner and flexible in terms of scheduling.
- Work with contracted property management to ensure notification of open units and lease compliance.
- Follow the Coordinated Entry System (CES) policies and written standards adopted by River Valleys CoC.
- Comply with any other terms or conditions established by NOFA.
- Provide each party with data and supplemental information necessary for required reports to HUD, or any other governing or funding entity, such as Minnesota Housing Finance Agency (MHFA), or Minnesota Department of Human Services (DHS), that may have an interest or stake in the project.
- Ensure client/tenant privacy and obtain releases of information for private data as required by applicable state and federal laws, including, where applicable, the Minnesota Government Data Practices Act (Minn. Stat. § 13) and The Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191.
- Comply with HUD-approved CoC applications, grant agreements, and regulations (24 CFR 578) as attached in Exhibit A.

Grantee Responsibilities - The Mankato Economic Development Authority:

The EDA serves as the grant recipient for the CoC Program. In this role, the EDA:

- Register with listservs at: https://www.hud.gov/subscribe/localmailinglist#mn to ensure proper notifications for training and reporting requirements.
- Ensure the CoC Program is operated in accordance with the McKinney-Vento Act and CoC Program interim rule – from eligible activities, rental assistance, to involvement of people who are homeless in project operation to recordkeeping.
- Administer rental assistance in accordance with CoC Program grant agreement and established policies and procedures. Where specific guidelines are not addressed in regulations or grant agreement, the EDA will follow their agency Administrative Plan.

- Referral: EDA will request a referral from the Coordinated Entry System within 5 business days of notification of anticipated vacancy.
- Conduct annual and interim Housing Quality Standards Inspections.
- Monitor and coordinate with SWMHP to report the progress of the CoC Program to the Continuum of Care and to HUD.
- Monitor grant expenditures and report to HUD using LOCCs.
- Monitor match expenditures by the EDA and coordinate with SWMHP to report matching funding to HUD.

Sponsor Responsibility - The Southwest Minnesota Housing Partnership:

The SWMHP serves as the sponsor of this CoC Program. In this role, the SWMHP:

- Completes annual renewal applications and performance reporting for this CoC program. This includes:
    a. Registering with listservs at: https://www.hud.gov/subscribe/localmailinglist#mn to ensure proper notifications for training and reporting requirements.
    b. Maintenance of accounts in e-snaps and SAGE reporting systems
    c. Complete and submit annual performance report in SAGE within 90 days of the grant term ending. This includes entering data in HMIS and pulling a CSV report to be uploaded in SAGE.
    d. Monitor and coordinate with EDA to report the progress of the CoC Program to the Continuum of Care and to HUD.
    e. Coordinating with other partners and parties to collect and document supplemental information and data necessary for local competition submissions and HUD submissions.
    f. Monitor match expenditures and coordinate with EDA to report matching funding in APR for reporting to HUD.
    g. Providing the EDA with completed reports and applications in a timely manner for review and approval prior to submission.
- Monitor requirements for lead based paint.
- Provides any support needed to other parties of CoC Program.
- Acts as service provider for when service provider is not accessible and will comply with provisions of service provider under this MOU and CoC Program policies and procedures.
- Provide the EDA documentation of actual in-kind matches on a quarterly basis, annually to close out the grant, or upon request.

Service Provider Responsibilities - The Southwest Minnesota Housing Partnership:

SWMHP serves as the service provider for the CoC Program. In this role, SWMHP:

- Register with listservs at: https://www.hud.gov/subscribe/localmailinglist#mn to ensure proper notifications for training and reporting requirements.
- Administers case management services in accordance with policies and procedures established by the CoC Program.
- Intake and Screening: EDA will conduct intake and screening of CES referrals to fill openings in accordance with policies and procedures.

- Case Management: Assess, coordinate, and monitor service delivery individualized to meet specific needs for each enrolled household for the duration of the program. While enrolled households are not required to participate in service, SWMHP makes case management services available and offers referrals and links to other community resources and services.
- Case management services are provided for up to eight (8) enrolled households at a time throughout the grant term.
- Enrolled households participate in an average of 2 hours of case management services per week.
- Conduct initial, interim, and annual assessment of need using the self-sufficiency matrix, or an approved alternative assessment tool, and as outlined in policies and procedures.
- Complete Homeless Management Information System (HMIS) data entry.
- Maintain necessary files and data as established in CoC Program policies and procedures.
- Provide supplemental information and data for purposes of annual renewal applications and reporting.
- Connect participants with: employment and CareerForce services, education and vocational training, mainstream benefits, behavioral health services, substance use treatment and recovery supports, physical health care, transportation resources, childcare resources, financial literacy and homeownership education, Other community resources identified by participants.
- Coordinate with landlords and the EDA to resolve tenancy concerns before housing is jeopardized whenever possible.
- Prepare the Annual Performance Report (APR) in collaboration with the EDA.
- Participate in River Valleys CoC case conferencing and Coordinated Entry activities as appropriate.

PRIMARY CONTACTS

The following are the primary contacts for the CoC Program:

Mankato Economic Development Authority
Nancy Bokelmann, Associate Director of Housing and Economic Development, nbokelmann@mankatomn.gov, 507-387-8623
Nicole Cunningham, Housing Coordinator, ncummingham@mankatomn.gov, 507-387-8675
Jodi Jallow, Housing Specialist for Housing Specialist, jjallow@mankatomn.gov, 507-387-8512

Southwest Minnesota Housing Partnership
Ashley McCarthy, Director of Supportive Services, ashleym@swmhp.org, 507-836-1628

NON-DISCRIMINATION AND EQUAL OPPORTUNITY

The EDA and the SWMHP agree that no person shall, on the grounds of race, color, religion, national origin, sex, sexual orientation, handicap, ancestry, familial status, or age be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program participating in CoC Program or funded in whole in part with funds made available to the EDA (grantee) pursuant to this agreement.

TERM

This agreement will be renewed annually with the CoC Program funding operating at Cherry Ridge Apartments and sponsored properties under the DedicatedPlus grant.

AMENDMENT OR CANCELLATION

This agreement may be amended or renegotiated with the written agreement by all parties during the term of the contract. In addition, any party may cancel this MOU with sixty (60) day advance written notice to the other Parties.

SIGNATORIES

All partners agree to the terms, definitions, and conditions of this memorandum of understanding by signing below:

By: ____ Date: __________
Susan MH Arntz, Executive Director
Mankato Economic Development Authority (Grantee)

By: ____ Date: ___________
Chad Adams, Chief Executive Officer
Southwest Minnesota Housing Partnership (Sponsor)

Exhibits

A- 24 CFR 578
Link: https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-578?toc=1
B- HUD Grant Agreement
C- Application for Funding
D- CoC Program Policies and Procedures

Exhibit to Mankato Administrative Plan
HUD Continuum of Care Program
Policies and Procedures

It is the policy of the Cherry Ridge Rental Assistance CoC Program (here after called “Cherry Ridge”) to adopt and annually review all related CoC written standards, policies, and procedures to ensure alignment with referral, prioritization, and enrollment processes. All Partners of Cherry Ridge are also required to implement this policy.

Relationships and responsibilities of all parties involved in Cherry Ridge are outlined in the Memorandum of Understanding used in coordination with this policy.

The Cherry Ridge partners agree to match all grant funds with no less than 25 percent in-kind contributions. Match requirements for Cherry Ridge are outlined in the Memorandum of Understanding used in coordination with this policy. The EDA will collect match documentation and verify its eligibility. For the MOU, parties are estimating costs to be used as match however actual costs will be documented and submitted to the EDA. Documentation of in-kind match will be provided on a quarterly basis (October, January, April, and July) and annually to close out the program grant. This can include timesheets or financial reports by agency verifying staff met with CoC Program participants showing actual staff cost and service hours provided to the CoC Program.

Mankato EDA Administrative Plan

The Mankato EDA will use the Administrative Plan to provide administrative guidance on policies and procedures for administration of the Continuum of Care Cherry Ridge Program with specific guidance from regulations in 24CFR 578. Where no specific guidance is provided, procedures and practice will be followed as identified in the Administrative Plan.

Special Admissions – (MEAP - 4-III.B. Selection and Funding Sources Page 4-13)

HUD may award funding for specifically names families living in specified types of units (e.g., a family that is displaced by demolition of public housing; a non-purchasing family residing in a HOPE 1 or 2 project). In these cases, the PHA may admit such families whether they are on the waiting list or not, and, if they are on the waiting list, without considering the family’s position on the waiting list. These families are considered non-waiting list selections. The PHA must maintain records showing that such families were admitted with special program funding.

PHA Policy includes the Cherry Ridge Program.

Selection Method (MEAP 4-111.c. Page 4-14)

Families will be selected from the waiting list based on the targeted funding or selection preference(s) for which they qualify, and in accordance with the PHA’s hierarchy of preferences, if applicable. Within each targeted funding or preference category, families will be selected on a first-come, first-served basis according to the date and time their complete application is received by the PHA. Documentation will be maintained by the PHA as to whether families on the list qualify for and are interested in targeted funding. If a higher placed family on the waiting list is not qualified or not interested in targeted funding, there will be a notation maintained so that the PHA does not have to ask higher placed families each time targeted selections are made.

Includes the following Homeless Status Documentation policy for the Cherry Ridge program.

Homeless Status Documentation Policy

Purpose:
HUD funded programs working with homeless households (single, youth and families) must create and follow written intake procedures to ensure compliance with the homeless definition as outlined in the Code of Federal Regulations (CFR) Title 24, part 578. The procedure must establish the order of priority for obtaining evidence.

Procedures:
Cherry Ridge accepts all referrals through the River Valleys CoC Coordinated Entry system (CES). CES identifies participants who meet the local Continuum of Care (CoC) targeted population for program participation. Upon receipt of the referral from CES, the Service Provider will work to make direct contact with the participant during the CES allotted time-period. The EDA and the Service Provider will develop a procedure and process to ensure compliance with this policy.

Intake and Enrollment Process

- When an opening occurs in Cherry Ridge, within 5 business days of receiving notification of anticipated vacancy, the Service Provider will submit a request for a referral from CES.
- The Service Provider will attempt outreach to referral to schedule an intake appointment within 3 business days of receiving a CES referral, unless otherwise directed by the CoC Coordinated Entry.
- The Intake date is the date the Service Provider makes initial contact, and the referral agrees to participate in Cherry Ridge after eligibility is determined.
- During referral, intake, and screening process, the Service Provider gathers and review initial eligibility documentation.
- Service Provider will establish homelessness the night before intake date.
- Service Provider determines Dedicated Plus eligibility or HUD Chronic Homeless eligibility and enroll participant. Enrollment for Cherry Ridge is the date at which the Service Provider determines Dedicated Plus eligibility and may include HUD Chronic status eligibility and will be the date of lease up with the EDA's HUD CoC Cherry Ridge rental assistance subsidy.
- Should the Service Provider determine lack of capacity or that the referral is not HUD Chronic Homeless but meets Dedicated Plus eligible, client can be referred to other Service Provider for case management services.

In HMIS:

- Update the referral result as successful.
- Create a Project Entry.

Declining/Cancelling a Referral

Outreach attempts should be made for a minimum of 3 attempts in 5 business days but should not exceed 30 days, unless otherwise directed by the CoC Coordinated Entry.

Decline or cancel the referral when the referred Head of Household:

- Declines the program.
- Is not eligible for the program.
- Cannot be located for initial intake / or lost contact during screening.

In HMIS:

- Update the referral as unsuccessful.
- Update Assessors Notes.

Homeless Documentation Verification Standards

Policy:

Cherry Ridge will follow this preferred method of priority order for obtaining supporting documentation to verify homeless eligibility at time of intake with the Service Provider. The verification of homeless eligibility must be obtained in the order of priority as third-party documentation written first, third-party documentation oral second, intake worker observations third, and certification from the person seeking assistance fourth. Service Provider observations and participant self-verification must be accompanied by Service Provider supporting statements as to why third-party documentation was not available.

- Acceptable evidence of the homelessness status is set forth in 24 CFR 576.500(b).
- All Service Provider staff performing referral and screening processes will comply with the Homeless Documentation Verification Standards adopted by Cherry Ridge.
- All Service Provider Staff will be trained in this policy and related procedures and standards before performing unsupervised referral and screening duties related to the program.

Procedure:

Cherry Ridge requires documentation and verification of homeless episodes as part of the referral, intake, and screening processes prior to lease up or enrollment into the program. Each Service Provider performing these processes is responsible for obtaining required eligibility documentation specific to the Continuum of Care program prior to enrollment. Service Provider for the Cherry Ridge must follow these standards for obtaining verification of homeless documentation in the order of priority listed.

All forms and types of homeless documentation must include at minimum the general documentation standards:

1. Identify the individual and agency referring or verifying the participant. (Name, title/relationship, agency name and address)
2. Identify the individual or family requesting or applying for assistance. (Participant name and maybe HMIS #)
3. Provide sufficient detail regarding the specific homeless/housing conditions or criterion being documented:
    a. Housed/homeless setting/type.
    b. Location of setting (city/county, etc.)
    c. Start and end dates / length of stay.

   d. NOTE: if there are multiple types of homelessness or multiple episodes, they should be distinctly separated on the document.
4. Signed and dated by the referring/verifying source, with statement attesting to verifying the information is true to the best of their knowledge.

The order of priority for obtaining verification documentation of homeless episodes is as follows:

1. 3rd Party documentation:
   a. Written (including Source Documents)
   b. Oral
2. Service Provider Staff observation, with due diligence statement
3. Self-verification, with due diligence statement.

Homeless Documentation – 3rd Party Verification - Written

The first order of priority for verification documentation of homeless is to obtain 3rd party written documentation. The 3rd party must be a professional agency or source. Friends, family, community members, etc. are not allowable sources for verifications.

- The observation by outreach worker, housing provider, service provider written on official letterhead from organization.
- The letter clearly states the name of the potential participant.
- The letter clearly outlines the:
  - period of homelessness (the date homelessness observed started to the date homelessness observed ended}
    - *Note: documentation with end dates of "current" will need accompanying documentation in the file to show an exit or end date of that episode.*
  - the type of homelessness {ex. place not meant for habitation, shelter, institution (less than 90 days), couch hopping (if allowed), other (specify)
  - location of homelessness (city, county, state, etc.; may be approximate location of place not meant for habitation)
- The letter is signed and dated by an authorized staff at the organization.
- 3rd Party Source documents are similar in that they are documents on agency specific letterhead/forms, from data bases with creditable accuracy. The dates of the location (housed/homeless status) of the participant may be able to be verified on 3rd party source documents, such as Discharge paperwork from an institution, that clearly states literally homeless status upon intake {date} and discharge {date} to literal homelessness.

Homeless Documentation – 3rd Party Verification - Oral

The second order of priority for verification documentation of homeless is 3rd party oral documentation. This may be used when a 3rd party agency is unable to provide a written statement on their letter head or follow up to oral conversations are had to clarify a previously provided written statement. Again, the 3rd party must be a professional agency or source. Friends, family, community members, etc. are not allowable sources for verifications. A written and signed certification will be created by the Service Provider of statement heard from 3rd party providing verification of homeless status.

Example:

An example, a note in the client file stating, *"on x date I spoke with x person at x shelter. X person stated that x household stayed at x shelter from Y date to Z date. X person said s/he cannot provide written verification because s/he doesn't have time, system is down, doesn't have access to official records and can't locate person who does, etc."* This should be signed and dated by the intake worker who talked to the shelter staff.

- The written, signed certification must be on an official agency letterhead, or agency Memo template.
- The certification contains a statement clearly identifying (first and last name, title, and agency) the person providing the oral verification. This certification clearly states the date the oral communication was received.
- The certification clearly states the name of the potential participant or person seeking assistance.
- The certification clearly outlines the:
  - period of homelessness (date homelessness observed started to the date homelessness observed ended}
    - *Note: documentation with end dates of "current" will need accompanying documentation in the file to show an exit or end date of that episode.*
  - the type of homelessness {ex. place not meant for habitation, shelter, institution (less than 90 days), couch hopping (if allowed), other (specify)
  - location of homelessness (city, county, state, etc.; may be approximate location of place not meant for habitation)
- The certification is signed and dated by the Service Provider staff receiving the oral verification that the information is true and complete.

Homeless Documentation – Intake Staff Observation

The third order of priority for verification documentation of homeless is Service Provider Observation. During the referral and screening processes, Service Provider may collect self-reported homeless history from applicants and/or make outreach or other observations of homelessness episodes. Service Provider must make reasonable attempts to contact and obtain 3rd party verifications (due diligence.) A Service Provider may write a Staff Observation letter based on their observations and conclusions as to verifying episodes of homelessness.

- The letter is on official agency letterhead, or agency Memo template.
- The letter contains specific details of the observations leading to conclusion of verified homeless episodes.
- The letter clearly states the name of the potential participant or person seeking assistance.
- The letter clearly outlines the:
  - period of homelessness (date homelessness observed started TO date homelessness observed ended}
    - *Note: documentation with end dates of "current" will need accompanying documentation in the file to show an exit or end date of that episode.*
  - the type of homelessness {ex. place not meant for habitation, shelter, institution (less than 90 days), couch hopping (if allowed), other (specify)
  - location of homelessness (city, county, state, etc.; may be approximate location of place not meant for habitation)
- The letter is signed and dated by the Service Provider making the observation, certifying that the information is true and complete.
- Staff Observation letters must either include a section for Due Diligence or be accompanied by a Due Diligence form/letter.
- Due Diligence Letter must include:
  - Details of all attempts to contact 3rd party agencies to obtain verifications including name/agency, method of communication, dates, and supporting documentation.
  - Descriptions of the outcomes including obstacles encountered.

- Signed and dated certification by the staff that all the documents are true and complete.
- Supporting documentation could be a phone call log, copies of emails or copies of letters sent. It should also include a description of obstacles encountered, the outcome of staff efforts, and a signed and dated certification that the statement is true and the involved intake staff completed it.

Example*:*
On x date x household presented at the doorsteps of xx with four sleeping bags and two suitcases. They said they were homeless and that the previous night they had slept in the bus shelter located at x intersection. Previous to that night, they were staying with various friends. The head of household said s/he has not had a lease in her name since moving to Minneapolis six years ago. There is an open child protection case. The head of household signed a release and on x, y, and z dates I left messages for the case worker, Joe Johnson, asking him to let me know his understanding of the family's living situation. As of today he has not returned my calls. I sent him a written letter with a copy of the release on z date. I am still waiting to hear from him. The family denies having any other social services or caseworker interactions. I contacted the kids' school and spoke with Janice Jones the social worker. She said the kids have attended x number of schools in the past two years and although she has not direct knowledge of their housing situation, based on their records they would qualify as highly mobile. (This statement should be signed, dated, and accompanied by a signed and dated self-certification from the household (see below).

Also, any further contact that could confirm the household's homelessness should be added to the file as it is received, and this intake worker observation should be updated if the intake worker hears back from the child protection worker. Any update can be handwritten onto the original form and must be dated.

Homeless Documentation – Self-Certification

The fourth order of priority for verification documentation of homeless is Self-Certification. Cherry Ridge views Self-Certification as a last resort but does not want it to be a barrier to obtaining housing. A project must limit self-certification to less than 25% of participants, and less than 25% of months verified homeless episodes, if possible.

During the referral and screening processes, Service Provider staff may determine that the applicant(s) simply does not have 3rd party sources to verify their homelessness. Staff will prepare Self-Certification documentation. Staff may assist the applicant with drafting a statement and timeline of their homelessness. The applicant will have the opportunity to review the draft statement and sign it if they agree.

When obtaining documentation or completing a written statement, the statement must be clear enough that a 3rd party (HUD staff or auditor) or another outside agency would understand how the client became homeless.

For households who qualify as homeless under category 4; fleeing/attempting to flee domestic violence, acceptable evidence includes an oral statement by the individual or head of household seeking assistance that they are fleeing that situation, that no subsequent residence has been identified, and that they lack the resources or support networks, e.g., family, friends, faith-based or other social networks, needed to obtain other housing. The oral statement must be documented by either a certification signed by the individual or head of household; or a certification signed by the Staff.

When the safety of the household is not jeopardized, an oral statement must be verified and certified by the household that no subsequent residence had been identified and that the household lacks the financial resources and support network to obtain other permanent housing.

- The statement clearly states the name of the potential participant.
- The statement clearly outlines the:
  - period of homelessness (date homelessness started TO date homelessness ended}
    - *Note: documentation with end dates of "current" will need accompanying documentation in the file to show an exit or end date of that episode.*
  - the type of homelessness {ex. place not meant for habitation, shelter, institution (less than 90 days), couch hopping (if allowed), other (specify)
  - location of homelessness (city, county, state, etc.; may be approximate location of place not meant for habitation)
- The certification is signed and dated by the potential participant certifying the document is true and complete.
- Self-Certification must be accompanied by a Due Diligence form/letter.
- Due Diligence Letter must include:
  - Details of all attempts to contact 3rd party agencies to obtain verifications including name/agency, method of communication, dates, and supporting documentation.
  - Descriptions of the outcomes including obstacles encountered.
  - Signed and dated certification by the Service Provider staff that all the documents and statements are true and complete.
  - Supporting documentation could be a phone call log, copies of emails or copies of letters sent. It should also include a description of obstacles encountered, the outcome of staff efforts, and a signed and dated certification that the statement is true and the involved Service Provider staff completed it.

NOTES about Homeless Documentation – Fleeing or Attempting to Flee DV category (HUD Category 4):
Service Provider will require verification documentation from both a DV – Victims Service Provider AND a Self-Verification statement if using the DV category of eligibility.

The verifications must include the general documentation standards above AND details that the applicant(s) are fleeing, have no other residential options, and don't have the resources to find another place. If these details are missing, the applicant may not qualify under the DV category.

Initial and Annual Assessment of Need:
The Service Provider will conduct an initial needs assessment using a self-sufficiency matrix, or an approved alternative assessment tool, and develop an individual support plan for each household. This assessment and plan will be evaluated and updated annually and periodically as the needs of the household change.

Case Management for Persons Experiencing Homelessness or Those at Risk of Homelessness
Case management services are defined by the Minnesota Interagency Council on Homelessness and will follow these required components of case management to standardize the use of this term within homelessness programs in Minnesota.

This framework for case management will be used with the following programs: the Department of Human Services Office of Economic Opportunities Programs homelessness programs; the Department of Human Services' Projects in Assistance for Transition from Homelessness (PATH); the adolescent Transitional Housing Program, and the Minnesota Housing Finance Agency's Family Homeless

Prevention and Assistance Program (FHPAP), the MHFA's Ending Long-term Homelessness Fund, and the Supportive Housing funded through the MHFA Consolidated RFP.

Within the context of an Agency's mission and objectives, case management must include, for each household, the following activities, conducted with the person receiving case management:

- Assessment – identify, with a person, their strengths, resources, barriers, and needs in the context of their local environment.
- Plan development – develop an individualized service plan, with specific outcomes, based on the assessment.
- Connection – obtain for the person the necessary services, treatments, and support.
- Coordination – bring together all the service providers to integrate services and ensure consistency of service plans.
- Monitoring – evaluate with the person their progress and needs, and adjust the plan as needed.
- Personal advocacy – intercede on behalf of the person or group to ensure access to timely and appropriate services.

The activities listed above are the activities that, taken together, make up case management. These case management activities will vary in several ways. The following variables are related to how case management is provided as opposed to what case management is.

- intensity (frequency of contact, client-staff ratios),
- duration (from brief to time-limited to open-ended),
- focus (from narrow and targeted to comprehensive),
- availability of staff (from scheduled office hours to 24-hour availability),
- location of services, and
- staffing patterns (from individual caseloads to interdisciplinary teams with shared caseloads) depending upon the needs of the client.

In addition to the above components of case management, there are additional activities that are often offered that enhance the core case management activities. These six activities can be divided into two broad categories- client specific activities and system activities.

<u>Client Specific Activities</u>:

- Outreach – to attempt to enroll persons not currently accessing services.
- Direct service – to provide services directly to the client (examples may include: budget counseling, housing search assistance, etc.)
- Crisis intervention – to assist persons in crisis to stabilize through direct interventions and mobilizing needed supports and/or services.
- Follow-up or post-completion services – to maintain contact with the participant after completion of the program to track stability and provide needed services.

<u>System Activities</u>:

- System advocacy – to intervene with organizations or larger systems to promote more effective, equitable, and accountable services to a client group (to be distinguished from advocacy above).

- Resource development – to attempt to create additional services or resources to address the needs of people.

<u>Termination, Informal Reviews and Hearings</u>*:*

Terminations (MEAP 12-II.F.)

Whenever a family's assistance is terminated, the PHA will send a written notice of termination to the family and to the owner. The PHA will also send a form HUD-5382 and form HUD-5380 to the family with the termination notice. The notice will state the date on which the termination will become effective. This date generally will be at least 30 calendar days following the date of the termination notice, but exceptions will be made whenever HUD rules, other PHA policies, or the circumstances surrounding the termination require.

When the PHA notifies an owner that a family's assistance will be terminated, the PHA will, if appropriate, advise the owner of their right to offer the family a separate, unassisted lease.

Whenever the PHA decides to terminate a family's assistance because of the family's action or failure to act, the PHA will include in its termination notice the VAWA information described in section 16-IX.C of this plan and a form HUD-5382 and form HUD-5380. The PHA will request in writing that a family member wishing to claim protection under VAWA notify the PHA within 14 business days.

Still other notice requirements apply in two situations:

- If a criminal record is the basis of a family's termination, the PHA must provide a copy of the record to the subject of the record and the tenant so that they have an opportunity to dispute the accuracy and relevance of the record [24 CFR 982.553(d)(2)].

- If immigration status is the basis of a family's termination, as discussed in section 12-I.D, the special notice requirements in section 16-III.D must be followed.

Informal Reviews and Hearings(MEAP 16-III A/B/C)

Both applicants and participants have the right to disagree with, and appeal, certain decisions of the PHA that may adversely affect them. PHA decisions that may be appealed by applicants and participants are discussed in this section.

The process for applicant appeals of PHA decisions is called the "informal review." For participants (or applicants denied admission because of citizenship issues), the appeal process is called an "informal hearing." PHAs are required to include informal review procedures for applicants and informal hearing procedures for participants in their administrative plans [24 CFR 982.54(d)(12) and (13)].

Informal reviews are provided for program applicants. An applicant is someone who has applied for admission to the program but is not yet a participant in the program. Informal reviews are intended to provide a "minimum hearing requirement" [24 CFR 982.554], and need not be as elaborate as the informal hearing requirements [Federal Register 60, no. 127 (3 July 1995): 34690].

The PHA must give an applicant the opportunity for an informal review of a decision denying assistance [24 CFR 982.554(a)]. Denial of assistance may include any or all of the following [24 CFR 982.552(a)(2)]:

- Denying listing on the PHA waiting list
- Denying or withdrawing a voucher
- Refusing to enter a HAP contract or approve a lease
- Refusing to process or provide assistance under portability procedures

Informal reviews are not required for the following reasons [24 CFR 982.554(c)]:

- Discretionary administrative determinations by the PHA
- General policy issues or class grievances
- A determination of the family unit size under the PHA subsidy standards
- A PHA determination not to approve an extension of a voucher term
- A PHA determination not to grant approval of the tenancy
- A PHA determination that the unit is not in compliance with the HQS
- A PHA determination that the unit is not in accordance with the HQS due to family size or composition

The PHA will only offer an informal review to applicants for whom assistance is being denied. Denial of assistance includes denying listing on the PHA waiting list; denying or withdrawing a Voucher; refusing to enter into a HAP contract or approve a lease; refusing to process or provide assistance under portability procedures.

A request for an informal review must be made in writing and delivered to the PHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the PHA's denial of assistance.

The PHA must schedule and send written notice of the informal review within 10 business days of the family's request.

PHAs must offer an informal hearing for certain PHA determinations relating to the individual circumstances of a participant family. A participant is defined as a family that has been admitted to the PHA's HCV program and is currently assisted in the program. The purpose of the informal hearing is to consider whether the PHA's decisions related to the family's circumstances are in accordance with the law, HUD regulations and PHA policies.

The PHA is not permitted to terminate a family's assistance until the time allowed for the family to request an informal hearing has elapsed, and any requested hearing has been completed.

PHAs must offer an informal hearing for certain PHA determinations relating to the individual circumstances of a participant family. A participant is defined as a family that has been admitted to the PHA's HCV program and is currently assisted in the program. The purpose of the informal hearing is to consider whether the PHA's decisions related to the family's circumstances are in accordance with the law, HUD regulations and PHA policies.

The PHA is not permitted to terminate a family's assistance until the time allowed for the family to request an informal hearing has elapsed, and any requested hearing has been completed. Termination of assistance for a participant may include any or all the following:

Housing standards*:*

Housing leased with Continuum of Care program funds, or for which rental assistance payments are made with Continuum of Care program funds, must meet the applicable standards under 24 CFR 5.703, except that the carbon monoxide detection requirement at 24 CFR 5.703(b)(2) and (d)(6) shall not apply. For housing that is occupied by program participants receiving tenant-based rental assistance, 24 CFR part 35, subparts A, B, M, and R apply. For housing that receives project-based or sponsor-based rental assistance, 24 CFR part 35, subparts A, B, H, and R apply. Additionally, for tenant-based rental assistance, for leasing of individual units, and for sponsor based rental assistance where not all units in a structure are or will be assisted, the standards apply only to the unit itself, and to the means of ingress and egress from the unit to the public way and to the building's common areas.

(1) Before any assistance will be provided on behalf of a program participant, the recipient, or subrecipient, must physically inspect each unit to assure that the unit meets 24 CFR 5.703. Assistance will not be provided for units that fail to meet 24 CFR 5.703, unless the owner corrects any deficiencies within 30 days from the date of the initial inspection and the recipient or subrecipient verifies that all deficiencies have been corrected.

(2) Recipients or subrecipients must inspect all units at least annually during the grant period to ensure that the units continue to meet 24 CFR 5.703.

(3) The requirements in 24 CFR 5.705 through 5.713 do not apply

Chapter 8 of the Mankato Administrative Plan outlines the Housing Quality Standard inspection policies and procedures.

Lead Based Paint Requirements:

The Lead Safe Rule applies to all target housing that is federally owned federally assisted to protect children from lead poisoning. HUD has provided a Lead-Safe Housing Rule Toolkit found here:

LSHR Toolkit: Subpart M: Tenant-Based Rental Assistance - HUD Exchange

Staff Training:

1) Staff who will do visual paint inspections must complete the required online training for visual paint inspection https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm
2) Print copy of training certificate and maintain in files
3) Maintain a record of all staff who have completed the training

Lead Disclosure Rule – Required for all pre-1978 housing units:

1) Notification - Prior to lease signing, provider will assure that household receives "Protect Your Family From Lead In Your Home" pamphlet from property owner/management company (attached)
2) Disclosure in Lease - Prior to lease signing, provider will assure that owner/property management completes lead hazard disclosure form and provides to prospective tenant (see sample in toolkit)

Lead-Safe Housing Rule:

The rule applies to HUD funded tenant based rental assistance (regardless of what eligible costs are supported by the HUD funds) for low-income families with one or more children under the age of 6 where the dwelling unit is privately owned, pre-1978, and not otherwise exempt (see below). Keep in mind families that have a child that could be expected to be in the family's unit such as non-custodial parent who has visitation or childcare responsibilities or someone who may be pregnant.

For each unit where CoC funds will be used:

1) Document whether the property is excluded from the Lead-Safe Housing Rule by completing the Lead Rule Compliance Advisor checklist at: https://portalapps.hud.gov/CORVID/HUDLBPAdvisor/welcome2.html

    a. Exemptions to the Lead-Safe Housing Rule
        i. Built during or after 1978 - If exclusion is based on post 1978 construction, be sure to include third party documentation of year constructed.
        ii. Zero bedroom units, including Single Room Occupancy Units (SRO).
        iii. Housing exclusively for the elderly or people with disabilities unless a child under age 6 is expected to reside there.
        iv. Property that has been found to be free of lead-based paint or where all lead-based paint has been removed. Document using reports by a certified lead-based paint risk assessor.
        v. Unoccupied dwelling scheduled to be demolished or part of a property not meant for habitation
        vi. A rehab that does not disturb paint or corrects an emergency condition.
    b. If review determines that property is excluded, print page showing exclusion, insert address and other property specific details, and place in file. No further action needed.
    c. If review determines that property is NOT excluded, proceed to step 2

2) Prior to initial lease signing and annually if assistance continues in the same unit provider will complete visual paint inspection

    a. If unit passes, document to file that unit passed a visual based paint inspection; note who the completed inspection so that it can be verified against training records if necessary

    b. If unit does not pass, proceed to step 5.

3) If unit does not pass a visual paint inspection, owner/landlord has three options:

a. Owner may choose to test paint, and document it is not lead-based paint. Note to file prior to lease signing and provide verification.

b. Owner has 30 days to make repairs. Document all the following in the file. If it's an initial inspection, complete prior to lease signing.

    i. Repairs below the Federally defined de minimums levels (2 square feet or 10% on interior surfaces and 6 square feet on exterior surfaces) can be addressed by the owner with lead-safe work practices.

        1. Needed repairs must be documented as being below required thresholds.

    ii. Repairs exceeding the de minimums levels must be completed by someone who is trained in lead safe work practices according to the EPA's Renovation, Repair, and Painting training.

        1. Document repair staff's lead-safe work practices training in the file.
        2. Occupants must be protected (if its an annual inspection)
        3. Unit must pass a clearance test – document to file
        4. Owner must provide occupants a notice of lead hazard reduction (within 15 calendar days)
        5. Owner agrees to incorporate monitoring into building operations
        6. Items 1-5 must be documented in the file, including third party proof of training and third-party clearance inspection

c. If the owner will not or cannot complete 3a or 3b prior to lease signing or renewal, the provider has the discretion to help the family locate alternate housing. If household signs lease or it's an annual inspection, Provider is responsible for assuring that owner addresses issues noted in visual paint inspection by complying with 5a or 5b or negotiating an end to the lease.

4) Child with an elevated blood lead level (EBLL): If provider becomes aware of a child with an elevated blood lead level in an assisted unit from any source, the provider must notify Blue Earth County Public Health immediately, take steps to verify the information and provide notifications (see documentation of EBLL verification and notice checklist in the toolkit). Be advised that both the City of Mankato and the MN Department of Health will respond to confirmed venous test over 5 µg/dL and will work with the property owner to correct deficiencies.

a. Risk assessment of the dwelling unit is required within 15 days.

b. Owner has 30 days to complete hazard reduction work. Work is not complete until a clearance test has passed.

c. Owner shall notify building residents of evaluation and hazard reduction

d. Document all steps in the file including risk assessment and clearance reports

5) For the most current lead pamphlet, disclosure form, or support for verification of EBLL, providers may contact the Mankato EDA at ncunningham@mankatomn.gov or 507-387-8675. Be advised to follow privacy protocol and not to share names of children or blood lead level in open communications.

Program and participant records*:*

In addition to evidence of "homeless" status or "at-risk-of-homelessness" status, as applicable, the support services provider must keep records for each program participant that document:

(i) The services and assistance provided to that participant, including evidence that the support services provider has conducted an annual assessment of services for the participant that remain in the program for more than a year and adjusted the service package accordingly, and including case management services; and

(ii) Cooperate in monitoring, auditing, or other reporting requirements with respect to project funders, by producing reports and allowing access to aggregated data to produce reports.

Period of record retention*:*

All records pertaining to Continuum of Care funds must be retained for greater than **5 years**. Copies made by scanning, photocopying, or similar methods may be substituted for the original records.

Definitions

At risk of homelessness means:

(1) An individual or family who:

(i) Has an annual income below 30 percent of median family income for the area, as determined by HUD;

(ii) Does not have sufficient resources or support networks, ***e.g.,*** family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the "homeless" definition in this section; and

(iii) Meets one of the following conditions:

(A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(B) Is living in the home of another because of economic hardship;

(C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

(D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;

(E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;

(F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;

(2) A child or youth who does not qualify as "homeless" under this section, but qualifies as "homeless" under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e–2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(m) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(m)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

(3) A child or youth who does not qualify as "homeless" under this section, but qualifies as "homeless" under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

Chronic Homeless - HUD:

To be considered chronically homeless, an individual or head of household must meet the definition of "homeless individual with a disability" from the **McKinney-Vento Act, as amended by the HEARTH Act** and have been living in a place not meant for human habitation, in an emergency shelter, or in a safe haven for the last 12 months continuously or on at least four occasions in the last three years ***where those occasions cumulatively total at least 12 months****;*

The term "disabling condition" was replaced with "homeless individual with a disability" from the Act. While the types of conditions that can be considered are the same, the definition of "homeless individual with a disability" also requires that the condition be of long and continuing duration; substantially impedes the individual's ability to live independently; and, is expected to improve with the provision of housing. To be eligible for permanent supportive housing generally, an individual or family member must be considered a "homeless individual with a disability", therefore, HUD adopted this term into the definition of chronically homeless to ensure consistency;

Occasions are defined by a break of at least ***seven nights*** not residing in an emergency shelter, safe haven, or residing in a place meant for human habitation (e.g., with a friend or family). Stays of fewer than seven nights residing in a place meant for human habitation, or not in an emergency shelter or safe haven do not constitute a break and count toward total time homeless; and

Stays in institutions of fewer than 90 days where they were residing in a place not meant for human habitation, in an emergency shelter, or in a safe haven immediately prior to entering the institution, do not constitute as a break and the time in the institution counts towards the total time homeless. Where a stay in an institution is 90 days or longer, the entire time is counted as a break and none of the time in the institution can count towards a person's total time homeless.

Consolidated plan means a plan prepared in accordance with 24 CFR part 91. An *approved consolidated* plan means a consolidated plan that has been approved by HUD in accordance with 24 CFR part 91.

Continuum of Care means the group composed of representatives of relevant organizations, which generally includes nonprofit homeless providers; victim service providers; faith-based organizations; governments; businesses; advocates; public housing agencies; school districts; social service providers; mental health agencies; hospitals; universities; affordable housing developers; law enforcement; organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons that are organized to plan for and provide, as necessary, a system of outreach, engagement, and assessment; emergency shelter; rapid re-housing; transitional housing; permanent housing; and prevention strategies to address the various needs of homeless persons and persons at risk of homelessness for a specific geographic area.

DedicatedPLUS is a permanent supportive housing (PH-PSH) project where the entire project will serve individuals and families that meet one of the following criteria at project entry:

1. Experiencing chronic homelessness as defined in 24 CFR 578.3;

2. Residing in a transitional housing project that will be eliminated and meets the definition of chronically homeless in effect at the time in which the individual or family entered the transitional housing project;

3. Residing in a place not meant for human habitation, emergency shelter, or safe haven; but the individuals or families experiencing chronic homelessness as defined at 24 CFR 578.3 had been admitted and enrolled in a permanent housing project within the last year and were unable to maintain a housing placement;

4. Residing in transitional housing funded by a Joint transitional housing (TH) and rapid re-housing (PH-RRH) component project and who were experiencing chronic homelessness as defined at 24 CFR 578.3 prior to entering the project;

5. Residing and has resided in a place not meant for human habitation, a safe haven, or emergency shelter for at least 12 months in the last three years, but has not done so on four separate occasions; or

6. Receiving assistance through a Department of Veterans Affairs (VA)-funded homeless assistance program and met one of the above criteria at initial intake to the VA's homeless assistance system.

Project applicants applying for new PSH projects must select either **"DedicatedPLUS"** or "**100% Dedicated**" on Screen 3B to indicate whether they will serve persons meeting the criteria outline above or where 100 percent of the beds are dedicated to chronic homelessness as defined in 24 CFR 578.3. Project applicants applying for renewal PSH projects must make a similar selection on Screen 3C, and will have an additional option, "N/A," for projects where less than 100 percent of the beds were dedicated or prioritized to chronic homelessness in the previous grant term, and the applicant does not wish to commit to dedicating 100 percent of their beds or meeting the criteria for DedicatedPLUS for the FY 2017 grant term. For more information see Section III.A.3.d. of the **FY 2017 CoC Program Competition NOFA**.

Emergency shelter means any facility, the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements. Any project funded as an emergency shelter under a Fiscal Year 2010 Emergency Solutions grant may continue to be funded under ESG.

High Priority Homeless (HPH) Eligibility – MN Housing: HPH is defined as "**High Priority Homeless,**" which means households prioritized for permanent supportive housing by the Coordinated Entry system.

Homeless means:

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

(iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

(2) An individual or family who will imminently lose their primary nighttime residence, provided that:

(i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(ii) No subsequent residence has been identified; and

(iii) The individual or family lacks the resources or support networks, ***e.g.,*** family, friends, faith-based or other social networks, needed to obtain other permanent housing;

(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

(i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e–2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

(ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

(iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

(4) Any individual or family who:

(i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;

(ii) Has no other residence; and

(iii) Lacks the resources or support networks, ***e.g.,*** family, friends, faith-based or other social networks, to obtain other permanent housing.

Homeless Management Information System (HMIS) means the information system designated by the Continuum of Care to comply with the HUD's data collection, management, and reporting standards and used to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at-risk of homelessness.

Private nonprofit organization means a private nonprofit organization that is a secular or religious organization described in section 501(c) of the Internal Revenue Code of 1986 and which is exempt from taxation under subtitle A of the Code, has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance. A private nonprofit organization does not include a governmental organization, such as a public housing agency or housing finance agency.

Program income shall have the meaning provided in 2 CFR 200.80. Program income includes any amount of a security or utility deposit returned to the recipient or subrecipient.

Program participant means an individual or family who is assisted under ESG program.

Program year means the consolidated program year established by the recipient under 24 CFR part 91.

Recipient means any State, territory, metropolitan city, or urban county, or in the case of reallocation, any unit of general purpose local government that is approved by HUD to assume financial responsibility and enters into a grant agreement with HUD to administer assistance under this part.

Subrecipient means a unit of general purpose local government or private nonprofit organization to which a recipient makes available ESG funds.

Victim service provider means a private nonprofit organization whose primary mission is to provide services to victims of domestic violence, dating violence, sexual assault, or stalking. This term includes rape crisis centers, battered women's shelters, domestic violence transitional housing programs, and other programs.

AGENDA RECOMMENDATION

Economic Development Authority **4. B.**

Meeting Date: 08/10/2026

Agenda Item:

Set the date of public hearing for September 14, 2026 to review and approve the proposed 2027 Mankato EDA Annual Agency Plan.

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 Economic Development Authority (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 access to tools necessary to reach established goals.

These tools include:

- Payment standards (review in October) and utility allowances (review in March).
- Administrative Plan for the Housing Choice Voucher program and Admissions and Occupancy Plans for Public Housing.
- Special purpose 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 youth.
    - Stability Vouchers that work to prevent homelessness.
- Preferences based on community needs; and
- Formula funding for capital programs that improve and replace public housing.

The plan identifies policy changes the EDA has enacted since submission of the last Annual Plan. The 2027 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. 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 progress in 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 14, 2026, Public Hearing.

The requested action is a motion to set September 14, 2026, as the date of public hearing for the Annual Agency Plan.

AGENDA RECOMMENDATION

Economic Development Authority **4. C.**

Meeting Date: 08/10/2026

Agenda Item:

Preliminary review of possible tax increment assistance for Quarry View; by request of Skilbred Development.

Recommendation/Action(s):

Review and discussion. The EDA has the following options:

1. Request staff 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 13, 2026, regarding the creation of tax increment district and approval of a development agreement.

Summary:

The City of Mankato has received a development proposal from Skilbred Development (the "Developer") to develop property located at 2004-2134 8th Avenue. It is proposed to complete the horizontal infrastructure, public improvements, and pad preparation to deliver 16 pad-ready residential lots intended to support for-sale townhomes. The Developer would serve as the project sponsor and land developer and will not construct or sell the residential units. Vertical construction would be determined by third-party homebuilders following acquisition of the finished lots.

The City Council approved a Land Use Plan Amendment to change the guided land use from Light Industrial to Medium Density Residential at their May 12, 2025 meeting. The City Council also approved a vacation of a portion of Lind Street adjacent to 8th Avenue at their March 23, 2026 meeting and a Final Plat of Quarry View Addition at their May 11, 2026 meeting.

Tax Increment Financing Review

The Developer is requesting pay-as-you-go tax increment financing (TIF) from the City through the creation of a Housing TIF district. The TIF assistance would be used to assist with the development costs for eligible horizontal development costs associated with the project. Housing TIF districts have income limit requirements to qualify. For owner-occupied developments, the income limits are 115% of the area median income for Housing TIF districts. The owner-occupied income limits apply only to the first purchaser.

The Developer would be eligible to receive an increment annually on a pay-as-you-go basis, from the remaining increment that is not retained for the City's 5% admin retainage. This remaining increment would be used to reimburse the Developer for project costs incurred for the development.

The City contracts with Baker Tilly to review financial assistance requests. Baker Tilly's analysis found that the project would not be likely to proceed "but-for" the requested TIF assistance.

The anticipated principal value of this pay-as-you-go note is $380,512, plus 7.5% carrying interest costs. The TIF projections assume the Developer will receive TIF reimbursement in the amount of $46,340 in years 2029 through 2043. The City Council's policy decision is to limit the tax increment reimbursements for 15 years for the additional tax capacity to be realized before significant depreciation in the asset is realized. Attached is a memo from Baker Tilly summarizing their analysis in greater detail.

The economic development policy states eligible projects include infrastructure improvements and the development of affordable housing. Of the 10 guiding principles of the Economic Development Policy, the Quarry View project aligns with the following principles: 3.10 Addressing identified housing needs of the community. Additionally, the proposed development conforms to the Jefferson Quarry Redevelopment Plan, which was adopted by the City Council at their September 11, 2023, meeting. Specifically, the proposed development proposes low density residential at the site, serving as a buffer between the single-family neighborhood to the east of 8th Avenue, and the former quarry.

The EDA is asked to review the proposal, provide comments, and request additional information if necessary. If acceptable, the next step in the process would be to direct staff to prepare tax increment documents for a public hearing. The public hearing could be set on August 24, 2026, for the October 13, 2026, meeting.

Attachments

Return Analysis

Location Map

But-for, Return Analysis, and Fiscal Projections

Quarry View - Affordable Residential Development

Prepared for

The City of Mankato, Minnesota | Blue Earth County

August 5, 2026

Table of Contents

Executive Summary

The **City of Mankato, Minnesota** (the "City") retained an independent financial advisor to evaluate a request for Housing Tax Increment Financing ("Housing TIF") assistance submitted by **Skilbred Development** (the "Applicant") for the proposed **Quarry View** residential development (the "Project").

The Applicant proposes to complete the land acquisition, entitlements, horizontal infrastructure, public improvements, and pad preparation necessary to deliver **16 pad-ready residential lots** intended to support for-sale townhomes consistent with the City's **115% Area Median Income ("AMI")** Housing TIF program. The Applicant will serve as the project sponsor and land developer and will not construct or sell the residential units. Vertical construction, home design, financing, and retail pricing will be determined by third-party homebuilders following acquisition of the finished lots.

The Applicant requests Housing TIF assistance on a **pay-as-you-go reimbursement basis** for eligible horizontal development costs associated with the Project (the "Incentive"). Under the proposed structure, reimbursement would be limited to tax increment generated within the Housing TIF district and payable only from available increment. The City would have no obligation to reimburse costs beyond the tax increment generated by the Project.

An additional component of the Project financing strategy includes the anticipated sale of certain lots within the Project area to a nonprofit housing organization on a mission-aligned basis. Proceeds from these transactions are expected to be applied toward eligible infrastructure and site development costs necessary to deliver the Housing TIF component. Because qualifying nonprofit ownership may result in tax-exempt property, no tax increment is assumed from those parcels. Any reduction in taxable assessed value would proportionally reduce the tax increment available for reimbursement under the proposed pay-as-you-go structure without increasing the City's financial obligation.

The financial analysis supporting the Housing TIF request is based on planning-level assumptions regarding future home prices, construction costs, and financing, as these elements will ultimately be determined by third-party homebuilders. The Applicant has also completed prior sales of adjacent residential lots to a nonprofit housing organization at pricing consistent with the all-in per-pad development costs reflected in the Project budget. These transactions provide a market-based reference point for the land development assumptions used in the analysis.

The financial review evaluates whether the Project reasonably requires the requested Housing TIF assistance to support the delivery of affordability-restricted residential lots under current market conditions. The analysis considers the Applicant's development budget, eligible infrastructure costs, projected lot values, and anticipated tax increment generated by the Project. Particular attention is given to the relationship between affordability-constrained lot pricing and the cost of delivering fully improved residential pads, The conclusions of the analysis are intended to determine whether the requested Incentive is reasonably necessary to facilitate the proposed affordable housing component of the Project under current market conditions.

Limitations

The contents of this analysis are limited by the availability and preliminary nature of information, sophistication of the applicant and development program, and limitations on return benchmarking for similar projects. Conclusions are expressed in terms of gross profit, as long-term forecasting for national comparison of standardized returns on an unlevered basis (“IRR”) are limited for projects of this type and does not consider Timing or Financing.

Purpose and Approach

Baker Tilly Municipal Advisors (“BTMA”) evaluated information provided by Skilbred Development (the “Applicant”) regarding the proposed Quarry View housing development (the “Project”), including development costs, anticipated lot sale proceeds, projected home sale prices, affordability limitations, construction costs, tax increment revenues, and the timing of the proposed pay-as-you-go Housing Tax Increment Financing assistance (the “Incentive”).

The purpose of the analysis is to determine whether the Project can reasonably support the proposed affordability structure and whether the requested Incentive is necessary to facilitate development under current market conditions. Because the Applicant is acting as the development sponsor and land developer rather than the vertical homebuilder, BTMA evaluated the economics of the Project at two separate levels: the anticipated return to a third-party homebuilder and the anticipated return to the Applicant as land developer.

The analysis first estimates the maximum home purchase price supported by a qualified household at the applicable 115% Area Median Income (“AMI”) limit. Purchaser capacity is calculated by applying an assumed housing-cost ratio to household income and converting the portion available for principal and interest into a present value using the assumed mortgage interest rate. This establishes the affordability-constrained home sale price used in the homebuilder analysis.

BTMA then evaluated whether a third-party homebuilder could acquire a finished lot, construct a residential unit, and sell the completed home at the affordability-constrained price while achieving a return consistent with market expectations. The resulting residual lot value represents the estimated price a homebuilder could pay for a finished lot while maintaining the assumed home sale price and required return.

The land developer analysis compares the residual lot sale price with the Applicant’s estimated cost of delivering a pad-ready lot. Sources of value to the Applicant include anticipated lot sale proceeds and the present value of projected pay-as-you-go TIF reimbursements. These proceeds are compared with the Applicant’s estimated per-unit land acquisition, infrastructure, site development, entitlement, and related horizontal development costs to estimate the Applicant’s gross profit and cash-on-cash return.

To determine whether the Incentive is reasonably necessary, the estimated returns to the homebuilder and land developer are compared with the market return assumptions identified for comparable residential construction and land development activities. The analysis also considers whether the Project would generate a financial shortfall without the Incentive and whether increasing the lot or home sale price would conflict with the Project’s affordability objectives.

Unless otherwise stated, this Report presents the value of the Incentive on a net present value (“NPV”) basis rather than solely on a gross-value basis. Gross value represents the total amount of projected tax increment reimbursements without adjusting for when those payments are received. NPV reflects the time value of money by discounting future pay-as-you-go TIF revenues to their estimated value as of the analysis date. Because the proposed Incentive would be generated and reimbursed over multiple years, the NPV provides a more appropriate basis for comparing future TIF proceeds with current development costs and investment returns.

Disclosure and Reliance

This Analysis is not an opinion regarding the overall feasibility of the Project, the ability of third-party homebuilders to secure construction financing, the rate at which finished lots or completed homes may be sold, or the likelihood that the local market will absorb the proposed housing units within the timeframe anticipated by the Applicant. BTMA was engaged to independently review the Applicant's financial assumptions and evaluate whether the proposed affordability and development structure can reasonably support market-based returns without the requested Incentive.

BTMA based this Analysis primarily on projections, cost estimates, development assumptions, and supporting information provided by the Applicant. These materials include anticipated horizontal development costs, contractor estimates, lot sale assumptions, projected home construction costs, estimated home sale prices, and projected tax increment revenues. BTMA performed due diligence to assess the reasonableness of these assumptions using its institutional knowledge and, where applicable, relevant third-party information. The Applicant's assumptions were used as provided unless otherwise stated in this Report.

The Applicant is not the vertical homebuilder and cannot bind future builders to specific construction costs, financing terms, home designs, sales prices, or return requirements. Accordingly, assumptions related to vertical construction and homebuilder economics are planning-level estimates prepared for purposes of evaluating the requested Housing TIF assistance. Actual results may vary depending on the builders selected, prevailing interest rates, labor and material costs, financing availability, market demand, property taxes, insurance costs, and other conditions at the time of construction and sale.

Where BTMA applies an alternative assumption or adjustment, the basis and source of the adjustment are identified in the Analysis. Forecasting the financial performance of a development of this nature requires assumptions and professional judgment, and actual results may differ materially from the projections presented. BTMA makes no representation or warranty, express or implied, regarding the predictive accuracy of the Analysis or the Applicant's projections. Nothing contained in this Report should be interpreted or relied upon as a guarantee of future financial performance, tax increment generation, development activity, homebuilder participation, or housing sales.

The projected TIF revenues are dependent on future taxable value, property tax rates, development timing, parcel ownership, and tax status. Parcels owned by qualifying nonprofit entities may be tax-exempt or may generate reduced taxable value. No tax increment is assumed from tax-exempt parcels. Under the proposed pay-as-you-go structure, any reduction or delay in tax increment generation would reduce or defer reimbursement to the Applicant and would not create an additional financial obligation for the City of Mankato, Minnesota.

BTMA has no financial interest in the Project. BTMA is compensated pursuant to a professional services agreement with the City of Mankato, Minnesota.

Basis of Evaluation

Anticipated Project Cashflows

Methodology

The analysis uses a residual cash-flow approach to evaluate the financial feasibility of the proposed Quarry View housing units under the applicable affordability limitation. The methodology consists of three related components: purchaser capacity, homebuilder feasibility, and land developer feasibility.

Purchaser Capacity

The first component estimates the maximum purchase price affordable to a qualified two-person household earning 115% of Area Median Income ("AMI") for the Mankato, Minnesota Metropolitan Statistical Area. Based on annual household income of $98,037.50, the analysis assumes that total monthly housing costs may not exceed 30% of gross household income. This results in a maximum monthly housing budget of $2,450.94.

The monthly housing budget is divided into two components:

- 70%, or $1,715.66 per month, is assumed to be available for principal and interest payments; and
- 30%, or $735.28 per month, is reserved for property taxes, homeowners' insurance, private mortgage insurance, special assessments, and other housing-related costs.

The principal and interest payment capacity is converted into a present value using a 7.50% mortgage interest rate. Based on the assumptions reflected in the table, this calculation produces an estimated mortgage debt capacity, and corresponding maximum affordable purchase price of approximately $245,369 per unit. **This is consistent with the applicant's proposed sale price.** The analysis therefore uses $245,369 as both the estimated purchaser capacity and the maximum anticipated sale price available to the homebuilder.

Homebuilder Feasibility

The second component evaluates whether a third-party homebuilder could construct and sell a home at the affordability-constrained purchase price while earning a market-supported return. The homebuilder cash flow begins with the maximum anticipated home sale price of $245,369. From this amount, the analysis deducts:

- a subsidized finished-lot purchase price of $15,000; and
- estimated vertical construction and per-unit development costs of $188,803, based on qualified contractor estimates.

After these costs, the homebuilder would generate estimated gross profit of $41,566 per unit.

The resulting gross profit represents approximately 20% of the homebuilder's combined lot acquisition and vertical construction costs.

This return is compared with an assumed 20% return benchmark for non-Low-Income Housing Tax Credit (LIHTC) residential construction. The analysis indicates that the homebuilder can achieve the targeted return only if the finished lot is made available for approximately $15,000.

Accordingly, the $15,000 lot price functions as a residual land value. It is not derived from the land developer's cost of producing the lot. Rather, it represents the maximum amount a homebuilder can pay for the lot while maintaining the required affordable home price and achieving the assumed market return.

Land Developer Feasibility

The third component evaluates whether the land developer can produce and sell a finished lot for $15,000. The land developer is assumed to receive two sources of value per lot:

- $15,000 from the sale of the finished lot to the homebuilder; and
- $25,565.55 representing the present value of the anticipated pay-as-you-go Housing TIF revenue attributable to the unit over 13-years of incremental revenues.

The TIF revenue is discounted to present value using a 7.50% discount rate. The present value calculation recognizes that the tax increment would be received over time rather than as an upfront payment. The combined lot sale proceeds and present value of TIF equal approximately $40,565.55 per lot. From this amount, the analysis deducts estimated horizontal development costs of $31,717 per lot, based on qualified contractor estimates. This results in estimated gross profit of approximately $ $8,848.31 per lot.

The methodology therefore treats Housing TIF as the funding source that bridges the difference between the amount a homebuilder can afford to pay for a finished lot and the cost incurred by the land developer to produce that lot. Without the TIF proceeds, a $15,000 lot sale would generate a loss of approximately $16,717 relative to the estimated per-unit development cost. After including the present value of the TIF revenue, the land developer's estimated cash flow becomes positive:

Overall Analytical Framework

The analysis works backward from the purchasing capacity of the targeted household. The affordability restriction establishes the maximum home sale price. The homebuilder's required return and estimated construction costs then establish the maximum supportable lot price. Finally, the land developer analysis compares that supportable lot price with the cost of producing a finished lot.

Under this framework, the proposed subsidy is necessary because the approximately $15,000 lot price required to attract homebuilders is materially below the estimated $31,717 cost of delivering each finished lot. The present value of the anticipated TIF revenue is used to address this feasibility gap and provide the land developer with a positive return while preserving the affordability-constrained home price.

This study considers return metrics not sensitized to timing or financing on a Profit-on-Cost basis that contemplates a wide range of risk margins, generally between 18-25% for vertical housing development, and land development return benchmarks between 12%-30%. When returns are expressed in time-adjusted terms, actual returns may be significantly lower due to unrecorded project risks, financing, or timing considerations not yet known. The cost of site development does include a 5% developer fee. For the purposes of this analysis, BTMA separates this fee from the overall project return to account for marginal developer expenses and project uncertainties.

Anticipated Project Cashflows - With Incentive

	Methodology	Two - Person household		
	Purchaser Capacity (@7.50%)	$	245,369.09	
	As present value of debt capacity			
	115% AMI - Four Person Household	$	98,037.50	
	For Mankato, MN, MSA			
	Housing budget (30% of income, monthly)	$	2,450.94	
	Debt Capacity (70% of Housing Budget)	$	1,715.66	
	Insurance, PMI, Taxes, Special Assessments	$	735.28	
	Homebuilder Cashflow			
(+)	Average Anticipated Sale Price	$	245,369.09	
	From applicant			
(-)	Anticipated Lot Purchase Price	$	15,000.00	
	From applicant			
(-)	Anticipated Per-Unit Cost	$	188,803.30	
	Based on qualified contractor Estimates			
(=)	Gross Profit	$	41,565.79	
	Homebuilder Cash-on-cash Return			20%
	Expected non-LIHTC Housing Return			20%
	Land Developer Cashflow			
(+)	Average Anticipated Sale Price	$	15,000.00	
	From applicant			
(+)	Present Value of TIF Cashflow	$	25,565.55	
	NPV of Increment (@7.50%)			
(-)	Anticipated Per-Unit Cost	$	31,717.24	
	Based on qualified contractor Estimates			
(=)	Gross Profit	$	8,848.31	
	Applicant Cash-on-cash Return			28%
	Expected Land Development Range			20%

Assumptions

1. Considers unlevered returns on investment; i.e. fully equity financed construction
2. Analysis rate is equal to 7.5% for individual mortgages, cap rate and discount rate. Considers conservative movements in credit and lending markets, as well as variable creditworthiness among final purchasers.
3. All construction costs are approximately in line with expected housing construction costs when compared to available market data for the state, and region. Assumptions are considered reasonable.
4. Land sale price held at $15,000.

Anticipated Project Cashflows - Without Incentive

	Methodology		Two - Person household
	Purchaser Capacity (@7.50%)	$	245,369.09
	As present value of debt capacity		
	115% AMI - Four Person Household	$	98,037.50
	For Mankato, MN, MSA		
	Housing budget (30% of income, monthly)	$	2,450.94
	Debt Capacity (70% of Housing Budget)	$	1,715.66
	Insurance, PMI, Taxes, Special Assessments	$	735.28
	Homebuilder Cashflow		
(+)	Average Anticipated Sale Price	$	245,369.09
	From applicant		
(-)	Anticipated Lot Purchase Price	$	40,565.55
	From applicant		
(-)	Anticipated Per-Unit Cost	$	188,803.30
	Based on qualified contractor Estimates		
(=)	Gross Profit	$	16,000.24
	Homebuilder Cash-on-cash Return		7%
	Expected non-LIHTC Housing Return		20%
	Land Developer Cashflow		
(+)	Average Anticipated Sale Price	$	40,565.55
	From applicant		
(+)	Present Value of TIF Cashflow		
	NPV of Increment (@7.50%)		
(-)	Anticipated Per-Unit Cost	$	31,717.24
	Based on qualified contractor Estimates		
(=)	Gross Profit	$	8,848.31
	Applicant Cash-on-cash Return		28%
	Expected Land Development Range		20%

Assumptions

1. Considers unlevered returns on investment; i.e. fully equity financed construction
2. Analysis rate is equal to 7.5% for individual mortgages, cap rate and discount rate. Considers conservative movements in credit and lending markets, as well as variable creditworthiness among final purchasers.
3. All construction costs are approximately in line with expected housing construction costs when compared to available market data for the state, and region. Assumptions are considered reasonable.
4. Land sale price is adjusted to achieve applicant “with incentive” return.

Quary View - Return Analysis

Conclusion

The analysis indicates that the requested TIF assistance is necessary to support the proposed affordability and development structure for Quarry View. The maximum home price supported by the targeted household income is approximately $245,369. At that sale price, a homebuilder can achieve an estimated market-supported return only if the finished lot is available for approximately $15,000.

The estimated cost to the land developer to deliver each finished lot is approximately $31,717. As a result, the proposed $15,000 lot sale price is insufficient to recover the land developer's per-unit costs and would produce an estimated shortfall of approximately $16,717 per lot before TIF assistance to break even.

The present value of the anticipated TIF revenue reduces this funding gap and allows the land developer to generate an estimated positive return of approximately 13%. This return remains below the identified 20% benchmark for land development, indicating that the requested assistance does not produce an above-market return based on the assumptions presented.

Without the proposed TIF assistance, the land developer would need to increase the lot sale price, reduce project costs, or accept a material loss. Increasing the lot price would reduce the homebuilder's return below the assumed market requirement or require a higher final home sale price that may exceed the purchasing capacity of the targeted households. Based on this relationship between purchaser capacity, homebuilder feasibility, and land development costs, the requested TIF assistance is reasonably necessary to facilitate the proposed affordable housing development.

Quary View - Return Analysis

Sensitivity, Uncertainty, and other Considerations

This analysis considers a TIF period for affordable housing lasting 17-years in total. This allows for a 2-year period of development and assessment, as well as 15 years of increment production. If the city chooses to interpret its policy to allow for a 15-year total incentive period and 13-years of increment production, the anticipated decrease in applicant returns is approximately -7% (28% versus 21%). The City has capacity to adjust the proposed incentive to accommodate for verified changes in the total project cost or timing.

The applicant's proposed sale price for completed units is approximately $245,000, which is roughly analogous to the housing budget capacity for a two-person household at 115% of local AMI. While outside of the applicant's control once ownership of lots is transferred, third-party vertical developers may choose to interpret the approximate AMI restriction for three or four person households, or 275,000 and 306,000 respectively. Doing so could increase vertical builder profit from 20% to 35% and 50% respectively. While these values do not consider time-value or financing factors, it is important to consider deed restrictions and other limitations when administering the agreements in the associated project.

Appendix A – 15-year TIF (13-years of increment)

TIF Incremental Revenue Projections – Assumptions

Assumptions Report

City of Mankato, Minnesota
Tax Increment Financing (Housing) District No. 51-1
Proposed Quarry View Housing TIF to include 16 owner occupied units
Draft TIF Projections based on $4,438,300 EMV

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	14 years from 1st increment
Projected Certification Request Date	06/30/27
Decertification Date	12/31/41

	2026/2027
Base Estimated Market Value	$181,500
Original Net Tax Capacity	$1,815

	Assessment/Collection Year			
	2027/2028	2028/2029	2029/2030	2030/2031
Base Estimated Market Value	$181,500	$181,500	$181,500	$181,500
Estimated Increase in Value - New Construction	0	3,763,656	3,763,656	3,763,656
Total Estimated Market Value	181,500	3,945,156	3,945,156	3,945,156
Total Net Tax Capacity	$1,815	$48,064	$48,064	$48,064

City of Mankato	40.696%	
Blue Earth County	39.507%	
ISD #077	25.511%	
Other	0.137%	
Local Tax Capacity Rate	105.851%	2025/2026
Fiscal Disparities Contribution From TIF District	NA	
Administrative Retainage Percent (maximum = 10%)	5.00%	
Pooling Percent	0.00%	

Bonds			Note (Pay-As-You-Go)	
Bonds Dated	NA		Note Dated	06/30/27
Bond Rate	NA		Note Rate	5.00%
Bond Amount	NA		Note Amount	$485,000
Present Value Date & Rate	06/30/27	7.50%	PV Amount	$350,282

Notes
Projections assume no future changes to classification rates and current tax rates remain constant.
Projections are based on certified pay 206 rates.
Projections assume project 100% completed in 2027
Projections assume no market value inflation

TIF Incremental Revenue Projections – Impact

Estimated Impact on Other Taxing Jurisdictions Report

City of Mankato, Minnesota
Tax Increment Financing (Housing) District No. 51-1
Proposed Quarry View Housing TIF to include 16 owner occupied units
Draft TIF Projections based on $4,438,300 EMV

	Without Project or TIF District		With Project and TIF District					
Taxing Jurisdiction	Final 2023/2024 Taxable Net Tax Capacity (1)	2023/2024 Local Tax Rate	2023/2024 Taxable Net Tax Capacity (1)	+ Projected Retained Captured Net Tax Capacity	= New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Mankato	63,218,482	40.696%	63,218,482	$46,249	63,264,731	40.666%	0.030%	18,808
Blue Earth County	130,744	39.507%	130,744	46,249	176,993	29.184%	10.323%	13,497
ISD #077	47,108,216	25.511%	47,108,216	46,249	47,154,465	25.486%	0.025%	11,787
Other (2)	-	0.137%	-	-	-	0.137%	-	-
Totals		105.851%				95.473%	10.378%	

* **Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 10.378% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

Statement 2: Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.
(2) The impact on these taxing jurisdictions is negligible since they represent only 0.13% of the total tax rate.

TIF Incremental Revenue Projections – Tax Increment

Projected Tax Increment Report

City of Mankato, Minnesota
Tax Increment Financing (Housing) District No. 51-1
Proposed Quarry View Housing TIF to include 16 owner occupied units
Draft TIF Projections based on $4,438,300 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 Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: City Retainage 5.00% (10)	Annual Net Revenue (12)	P.V. Annual Net Rev. To 06/30/27 7.50%
12/31/27	181,500	1,815	1,815	0	105.851%	0	0	0	0	0	0
12/31/28	181,500	1,815	1,815	0	105.851%	0	0	0	0	0	0
12/31/29	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	40,100
12/31/30	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	37,302
12/31/31	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	34,699
12/31/32	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	32,279
12/31/33	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	30,027
12/31/34	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	27,932
12/31/35	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	25,983
12/31/36	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	24,170
12/31/37	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	22,484
12/31/38	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	20,915
12/31/39	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	19,456
12/31/40	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	18,099
12/31/41	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	16,836
						$636,415	$2,288	$634,127	$31,707	$602,420	$350,282

(1) *Total estimated market value based on information provided by City and County*
Includes 0% annual market value inflator.

(2) *Total net tax capacity based on Residential Homestead rate of 1.00% up to $500,000 and 1.25% over $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 2026 (code 3202)*

TIF Incremental Revenue Projections – Market Value Analysis

Market Value Analysis Report

City of Mankato, Minnesota
Tax Increment Financing (Housing) District No. 51-1
Proposed Quarry View Housing TIF to include 16 owner occupied units
Draft TIF Projections based on $4,438,300 EMV

Assumptions

Present Value Date	06/30/27
P.V. Rate - Gross T.I.	7.50%

Increase in EMV With TIF District	$3,763,656
Less: P.V of Gross Tax Increment	356,904
Subtotal	$3,406,752
Less: Increase in EMV Without TIF	0
Difference	$3,406,752

	Year	Annual Gross Tax Increment	Present Value @ 7.50%
1	2029	48,955	40,858
2	2030	48,955	38,007
3	2031	48,955	35,356
4	2032	48,955	32,889
5	2033	48,955	30,594
6	2034	48,955	28,460
7	2035	48,955	26,474
8	2036	48,955	24,627
9	2037	48,955	22,909
10	2038	48,955	21,311
11	2039	48,955	19,824
12	2040	48,955	18,441
13	2041	48,955	17,154
14	2042	0	0
15	2043	0	0
		$636,415	$356,904

Appendix B – 17-year TIF (15-years of increment)

TIF Incremental Revenue Projections – Assumptions

Assumptions Report

City of Mankato, Minnesota
Tax Increment Financing (Housing) District No. 51-1
Proposed Quarry View Housing TIF to include 16 owner occupied units
Draft TIF Projections based on $4,438,300 EMV

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	14 years from 1st increment
Projected Certification Request Date	06/30/27
Decertification Date	12/31/43

	2026/2027
Base Estimated Market Value	$181,500
Original Net Tax Capacity	$1,815

Assessment/Collection Year

	2027/2028	2028/2029	2029/2030	2030/2031
Base Estimated Market Value	$181,500	$181,500	$181,500	$181,500
Estimated Increase in Value - New Construction	0	3,763,656	3,763,656	3,763,656
Total Estimated Market Value	181,500	3,945,156	3,945,156	3,945,156
Total Net Tax Capacity	$1,815	$48,064	$48,064	$48,064

City of Mankato	40.696%	
Blue Earth County	39.507%	
ISD #077	25.511%	
Other	0.137%	
Local Tax Capacity Rate	105.851%	2025/2026
Fiscal Disparities Contribution From TIF District	NA	
Administrative Retainage Percent (maximum = 10%)	5.00%	
Pooling Percent	0.00%	

Bonds			Note (Pay-As-You-Go)	
Bonds Dated	NA		Note Dated	06/30/27
Bond Rate	NA		Note Rate	5.00%
Bond Amount	NA		Note Amount	$485,000
Present Value Date & Rate	06/30/27	7.50%	PV Amount	$380,512

Notes
Projections assume no future changes to classification rates and current tax rates remain constant.
Projections are based on certified pay 206 rates.
Projections assume project 100% completed in 2027
Projections assume no market value inflation

TIF Incremental Revenue Projections – Impact

Estimated Impact on Other Taxing Jurisdictions Report

City of Mankato, Minnesota
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	Without Project or TIF District		With Project and TIF District						
Taxing Jurisdiction	Final 2023/2024 Taxable Net Tax Capacity (1)	2023/2024 Local Tax Rate	2023/2024 Taxable Net Tax Capacity (1)	+ Projected Retained Captured Net Tax Capacity	= New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
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Blue Earth County	130,744	39.507%	130,744	46,249	176,993	29.184%	10.323%	13,497
ISD #077	47,108,216	25.511%	47,108,216	46,249	47,154,465	25.486%	0.025%	11,787
Other (2)	-	0.137%	-	-	-	0.137%	-	-
Totals		105.851%				95.473%	10.378%	

* **Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 10.378% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

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(2) The impact on these taxing jurisdictions is negligible since they represent only 0.13% of the total tax rate.

TIF Incremental Revenue Projections – Tax Increment

Projected Tax Increment Report

City of Mankato, Minnesota
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Draft TIF Projections based on $4,438,300 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 Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: City Retainage 5.00% (10)	Annual Net Revenue (12)	P.V. Annual Net Rev. To 06/30/27 7.50%
12/31/27	181,500	1,815	1,815	0	105.851%	0	0	0	0	0	0
12/31/28	181,500	1,815	1,815	0	105.851%	0	0	0	0	0	0
12/31/29	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	40,100
12/31/30	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	37,302
12/31/31	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	34,699
12/31/32	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	32,279
12/31/33	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	30,027
12/31/34	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	27,932
12/31/35	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	25,983
12/31/36	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	24,170
12/31/37	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	22,484
12/31/38	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	20,915
12/31/39	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	19,456
12/31/40	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	18,099
12/31/41	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	16,836
12/31/42	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	15,661
12/31/43	3,945,156	48,064	1,815	46,249	105.851%	48,955	176	48,779	2,439	46,340	14,569
						$734,325	$2,640	$731,685	$36,585	$695,100	$380,512

(1) *Total estimated market value based on information provided by City and County*
Includes 0% annual market value inflator.

(2) *Total net tax capacity based on Residential Homestead rate of 1.00% up to $500,000 and 1.25% over $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 2026 (code 3202)*

TIF Incremental Revenue Projections – Market Value Analysis

Market Value Analysis Report

City of Mankato, Minnesota
Tax Increment Financing (Housing) District No. 51-1
Proposed Quarry View Housing TIF to include 16 owner occupied unit
Draft TIF Projections based on $4,438,300 EMV

Assumptions

Present Value Date	06/30/27
P.V. Rate - Gross T.I.	7.50%

Increase in EMV With TIF District	$3,763,656
Less: P.V of Gross Tax Increment	387,706
Subtotal	$3,375,950
Less: Increase in EMV Without TIF	0
Difference	$3,375,950

	Year	Annual Gross Tax Increment	Present Value @ 7.50%
1	2029	48,955	40,858
2	2030	48,955	38,007
3	2031	48,955	35,356
4	2032	48,955	32,889
5	2033	48,955	30,594
6	2034	48,955	28,460
7	2035	48,955	26,474
8	2036	48,955	24,627
9	2037	48,955	22,909
10	2038	48,955	21,311
11	2039	48,955	19,824
12	2040	48,955	18,441
13	2041	48,955	17,154
14	2042	48,955	15,958
15	2043	48,955	14,844
		$734,325	$387,706

Appendix C – Sources

General Sources

CoStar Group	www.costar.com CoStar Group (NASDAQ: CSGP) is a leading global provider of commercial and residential real estate information, analytics, and online marketplaces. Included in the S&P 500 Index and the NASDAQ 100, CoStar has provided data and information services for over 37 years to the commercial real estate market. The platform allows access to a comprehensive inventory of over 7 million properties, twenty million lease and sale comparables, and 8.3 million commercial tenants.
PWC Investor Survey	www.pwc.com The PwC Investor Survey is a trusted source of research and investment criteria. For over 35 years, the PWC Investor Survey has provided data and insights for commercial real estate investors. The PwC Investor Survey includes regional and national data for investor expectations concerning commercial real estate and is published on a quarterly basis. Survey participants represent a cross-section of major institutional equity real estate investors who invest primarily in institutional-grade property. Survey results are intended to be interpreted as expectations and does not reflect actual property performance.
RS Means	www.rsmeans.com Gordian is a leading provider of facility and construction cost data, software and services for all phases of the building lifecycle. A pioneer of Job Order Contracting (JOC), Gordian's offerings also include proprietary RSMeans Data and facility intelligence solutions. The RS Means square foot estimator uses a predictive pricing model based on national, regional, and local data for a variety of commercial real estate developments.

Report-Specific Sources

[1] National Association of Home Builders, “NAHB’s New Study Provides Statistics and Data on Builder Financial Performance,” April 2025.

https://www.nahb.org/news-and-economics/press-releases/2025/04/nahbs-new-study-provides-statistics-and-data-on-builder-financial-performance

Confirms that the 2025 Cost of Doing Business Study reports single-family builder gross and net profit benchmarks based on 2023 results. Full detailed study is generally paid.

[2] NAHB, “Cost of Constructing a Home - 2024,” January 2025.

https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2025/special-study-cost-of-constructing-a-home-2024-january-2025.pdf

Reports average cost composition and builder profit of 11.0% of sales price for the surveyed typical home; includes methodological caveats.

[3] Minnesota Revisor of Statutes, Minnesota Statutes section 469.1761, “Income Requirements; Housing Districts.”

https://www.revisor.mn.gov/statutes/cite/469.1761

[4] U.S. Department of Housing and Urban Development, FY 2026 Adjusted HOME Income Limits, Minnesota, effective June 1, 2026

https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_MN_2026.pdf

[5] Minnesota Housing, 2025 Cost Containment Report.

https://www.mnhousing.gov/documents/53932/2025-cost-containment-report/view

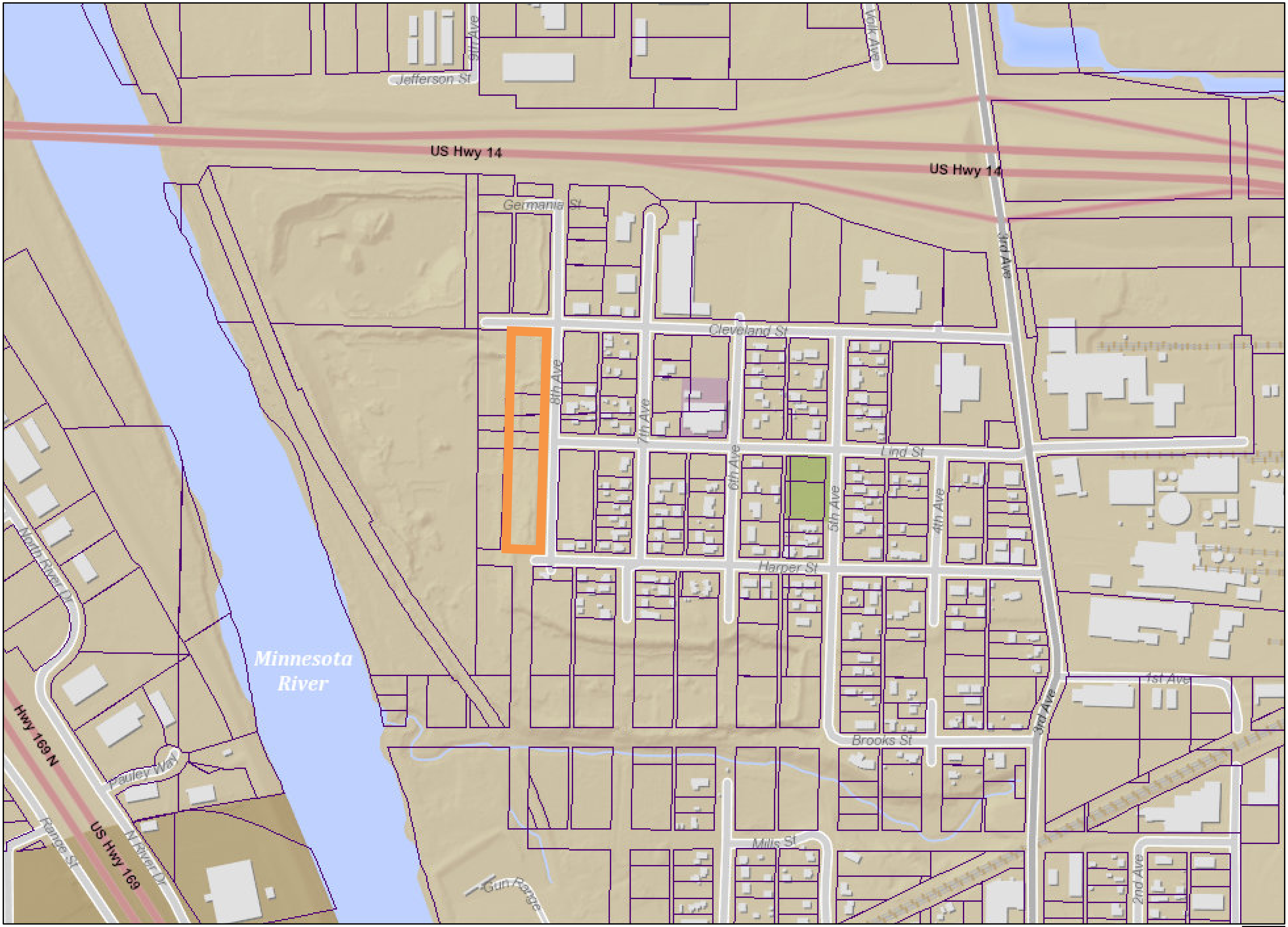
[6] Minnesota House Research, TIF Housing District Income Limits and duration guidance.

https://www.house.mn.gov/hrd/issinfo/tif/hsgdist.aspx

Appendix D – Glossary of Common Terms

Basis Point	1/100th of a percentage point (0.01%)
Capitalization Rate (Cap Rate)	The relationship between a single year's net operating income expectancy and the market price or value. Also a useful measure of risk.
Development Land / Pad Sites	Land that has been purchased, readied for development (i.e. entitlements and infrastructure), and subsequently sold to builders.
Developer's Fee / Profit	A market-derived figure that reflects the amount a developer expects to receive for their contribution to a project and risk.
Discount Rate	Assumed rate of return used to discount future cash flows back to their present value.
Equity	Cash provided by the Developer for the Project or share of ownership.
Levered Return	The use of borrowed funds to increase the yield (return) that would otherwise be realized on an equity investment when there is no debt financing (see "Unlevered Return").
Management Fee	An expense representing the sum paid for or the value of management services, including incentives, expressed as a percentage of total revenue.
Net Lease	A lease in which the landlord passes all expenses on to the tenant. As an investment, an income-producing property leased, often for 20 years or longer, to a creditworthy tenant.
Net Operating Income (NOI)	Income remaining after deduction of all the property's operating expenses.
Operating Expenses	The ongoing expenditures incurred during the ordinary course of business necessary to maintain and continue the production of gross revenues, not including reserves, debt service, and capital costs.
Replacement Reserve	Amount allocated for periodic replacement of building components during a property's economic life.
Tenant Improvement Allowance	A dollar amount (usually expressed as an amount per square foot) provided to the tenant by the landlord for the construction of tenant improvements, which may or may not equal the cost of remodeling.
Unlevered Return	Assumes that a Project is financed and completed entirely with cash from the Developer and no debt. BTMA's preferred approach when estimating the internal rate of return.

General Location Map



Date: March 2026

Author:

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