

# Mankato aims to boost housing affordability

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Rosa Place II, an income-based apartment building on Mankato's south side, is under construction. About 300 such apartment units have been built or are in development in Mankato in the past six years. Pat Christman

As Mankato's housing director, Nancy Bokelmann makes no effort to minimize the shortage of affordable places to live in the city.

"Half the community is struggling to make their housing payment," Bokelmann said, referring to rental households in Mankato, where just over half spend 30% or more of their income on rent and utilities.

City officials have long recognized the problem, closely tracked the symptoms and utilized whatever prescriptions were available to ease the pain.

But this year, for the first time, city leaders intend to create a Mankato Area Affordable Housing Plan that will be both a thorough diagnosis and establish a wide-ranging course of treatment.

After a lot of community engagement, the plan will aim to address housing needs of all kinds, prioritize available money into programs that work best, and develop new partnerships and strategies.

“We’re hoping we’ll see other opportunities we can bring here and just ensure that we have affordable housing well into the future,” Bokelmann said, adding that the process also could educate people about the help that’s already available. “Maybe it will do a lot of marketing and get the word out.”

## More than a study

Like many cities, Mankato periodically conducts a housing study that quantifies current conditions such as vacancy rates in different rental housing segments, availability of lots for new home construction, rates of development and more.

The new Mankato Area Affordable Housing Plan will examine all of that information, plus data from the U.S. census and other state and federal sources, to describe the existing conditions and point to where the community is falling short, according to a city document describing the initiative.

The plan will develop a definition of “affordability,” will establish goals for addressing the gaps and will set specific strategies to boost the amount of affordable housing of all types available in the community.

“Really focus on action steps to address the affordability issue,” Community Development Director Paul Vogel said, emphasizing how the plan will differ from the traditional housing study. “It’s a housing action plan that will involve the community.”

The plan will detail the number and type of affordable homes needed in various categories — shelter beds for the homeless, subsidized apartments for very low-income renters, apartments and single-family homes that are within the financial reach of average workers, places for older residents looking to downsize without moving to an assisted living facility ... .

It will document the need for both rental housing and owner-occupied homes, and identify hurdles that make it difficult for residents to find a home they can afford.

“The plan will consider the diverse continuum of housing needs in the community from shelter beds, supportive and transitional housing, workforce housing, homeownership, rehabilitation, and older residents desiring to age in place,” the document states.

Along with identifying the categories where available homes are scarce, the plan will develop a toolbox of financing options and tactics to increase the supply, Vogel said.

## Hiring a consultant

The City Council, working in its role as the Mankato Economic Development Authority, has authorized a budget of up to \$50,000 to hire a consultant to oversee the creation of the plan by the end of this year.

The consultant will guide the process, but the city and community partners will lead it, Vogel said: “This plan is going to be developed by the community. The role of the consultant is to assist us.”

Vogel mentioned numerous stakeholders who will be critical participants, such as Partners for Housing, shelter providers, local housing developers, apartment managers, Greater Mankato Growth, real estate agents, neighborhood associations and Blue Earth County.

Average residents also will be invited to share their struggles in finding a good home that doesn't eat up most of their paycheck.

“We want to hear from the community what they're experiencing and any insights they might have,” Vogel said.

The community engagement is expected to include at least three public open house or roundtable discussions, as well as online surveys.

And the consultant will be popping up at community festivals where people are gathered in an effort to reach people not inclined to attend government meetings or fill out surveys.

It won't just be Mankato residents. The city administers housing programs under an agreement with Blue Earth County, so the scope of the study will include towns stretching from Amboy and Lake Crystal to Mapleton and Eagle Lake. North Mankato, which is in Nicollet County, also will be included in the analysis of the housing market.

Individual meetings are to be held with Lutheran Social Service, Connections Shelter, Habitat for Humanity and several other local nonprofits.

Many in the business community are already aware a shortage of affordable housing is a serious problem for the regional economy as employers struggle to recruit and retain workers.

“We see it as a big issue. It’s currently difficult for people who come to Mankato to find housing regardless of what type of housing they’re looking for,” said Ryan Vesey, economic development and research manager for Greater Mankato Growth. “We need more housing at every level.”

Even for people who have a home they can afford, there needs to be an ability to move to a better or more appropriately-sized home as their lives evolve.

“There’s a lack of housing choice,” Vesey said. “You just don’t have options.”

Private sector home developers will inevitably focus on market-rate houses and apartments, especially with the low vacancy rate in that more lucrative segment, he said. So it’s critical the city and other vested interests search for ways to encourage and support more housing for people who struggle to afford market-rate rents.

## New tools and old

Mankato has had a run of success in building new apartment complexes reserved for tenants earning 60% or less of the area median income.

In the past six years, Mankato projects have repeatedly been among the winners in an intensely competitive statewide contest for a limited number of federal affordable-housing tax credits.

The result is nearly 100 apartments north of Madison East Center, more than 100 occupied or under construction north of Rosa Parks Elementary School, and more than 100 to be constructed this year and next just north of Cub Foods West.

“Another critical piece of this is preservation of existing affordable housing. Part of that preservation of affordable housing is Walnut Tower,” Vogel said, referencing the large but aging downtown apartment building.

Affordable apartments need to be supplemented with affordable home ownership, said Mankato City Manager Susan Arntz. It was a concept Arntz brought up even while interviewing for the job in the summer of 2020, and the city is now working with the Southwest Minnesota Housing Partnership to explore the possibility of creating a land trust.

Community land trusts typically involve creating a nonprofit to purchase the land beneath a home, relieving the first-time homebuyer of that portion of the cost. In return, the future resale price of the house can be controlled to keep the home affordable for the next first-time homebuyer as well. And land trusts can be employed both with new housing subdivisions or scattered homes in older neighborhoods.

“It could be existing homes,” Vogel said. “It could be new construction.”

Federal pandemic relief payments might be one financing option for creating a land trust. Profits from the sale of municipal land to industrial developers also have been mentioned as a possible funding source.

Money will be needed for many of the tactics that will be proposed in the strategic plan.

“That’s part of the process — identifying federal grants, Minnesota Housing, EDA, partners,” Vogel said. “What’s the best fit for each partner? That includes the private sector as well.”

Even as the comprehensive plan is crafted, the city will continue what it has been doing.

That means seeking tax-credit projects to construct one or two new affordable-housing apartment buildings each year.

It also means continuing to operate some government-owned housing and working to increase the number of available rental vouchers, which are financed through the federal Housing and Urban Development agency.

The 510 vouchers available five years ago have increased to 644 today — meaning 644 individuals or families are paying no more than 30% of their income in rent at various apartment buildings around Mankato with the vouchers paying the rest of the rent.

And the city is always attempting to move people upward to self-sufficiency and homeownership, Bokelmann said. A voucher might initially be aimed at keeping a family from falling into homelessness.

Over time, the voucher can provide stability and a chance to save up money, moving a family away from the financial precipice. And the city offers home-ownership classes — guiding people through the daunting task of setting aside enough savings for a down payment, obtaining a mortgage and choosing the right home.

“Last year, there were 47 families who were able to purchase their home,” Bokelmann said, adding that the goal is to increase that to 60 or even 70 a year.

Even with the successes, Vogel said he’s optimistic the new strategic plan generated in the next several months will allow the city to be even more effective.

“We’ve been doing a lot of things over the years, but we’re working toward a shared vision of how to move forward,” he said.

Some of Vogel’s confidence comes from the success of previous local planning efforts such as city center revitalization, the Old Town Master Plan and corridor studies that transform major roads. Like the upcoming housing plan, those efforts were ambitious in scope and were adamant about learning the ideas and priorities of community members.

The fact that many of the goals from those plans were implemented should boost the city's credibility when seeking citizen participation in the upcoming planning process.

“That’s why we’ve seen success,” Vogel said. “The plans aren’t just put on the shelf, but they’re actually implemented.”