

# MINNESOTA HOUSING PARTNERSHIP HOUSING INSTITUTE #7 2021



## STEELE COUNTY/ OWATONNA AREA

Housing Assessment conducted by:  
Steele County Housing Coalition

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# **EXECUTIVE SUMMARY**

## **OVERVIEW**

Over 500 people are homeless in Steele County on any given night, including small children and families. Some live-in abject poverty and abusive relationships, while others live in their cars or might be fortunate enough to have temporary housing with friends or in shelters. Homelessness is often hidden, but it is still there. Finding affordable housing for these families and individuals continues to be a challenge for many of the social service agencies within Steele County. Due to this significant need, a group of community partners came together to focus on identifying housing barriers and developing strategies to provide more housing for individuals below the median income level.

The group of volunteers was soon connected to the Minnesota Housing Partnership (MHP). MHP expands housing and community development opportunity for those most impacted by economic and racial disparities by leading collaborative work to promote systems change and grow equitable development capacity. MHP partnered with the Steele County Housing Coalition and enrolled the group in the Housing Institute. The Housing Institute brings together housing leaders and community partners to share their experiences, learn best practices, and develop creative solutions to bring quality affordable housing to their communities.

## **COMMUNITY RESEARCH**

The Coalition, assisted by an MHP Team lead, meet monthly to explore community needs, learn more about housing gaps, and identify community opportunities. Over the course of 18 months, the group meet with several presenters including Owatonna Community Development Director, Non-Profit Housing Developers, and various MHP content experts.

The City of Owatonna completed a housing study in 2020 which identified the specific housing needs of the community. Several market rate apartments have been constructed in recent years in Owatonna and Medford, however the lack of affordable units is still prevalent. The largest need is for entry-level, low-income housing which can be challenging for developers with so many variables.

Annually, Minnesota Housing Partnership completes a State of the State's housing report. MHP's County Profiles provide data on cost-burdened households paying at least 30% of their income for housing, a comparison of what common jobs pay and what renting and owning actually costs, changes in rent and home prices, foreclosures, jobs and unemployment, and homelessness. The MHP Steele County profile was used to better understand affordability, rentals, homeownership, and age of housing stock.



## COMMUNITY HOUSING TOOLS

Traditionally, need meets the demand, but in housing the need is unattainable for many working families. The American Dream has slowly eroded from owning a home to hoping for shelter that doesn't cost half of their monthly income. Material increases, labor shortages, and corporate investors have all had significant impacts on the cost of housing for developers and builders. In order to meet community housing needs, a focused, intentional approach must be taken to fill these gaps and seek partnerships with developers and builders.

There are several local tools that a community can use to jump start construction and development of housing. The community has used TIF on several market rate apartments with success, however housing TIF projects can be challenging. Tax abatement is another tool that cities can use to partner with developers and help them defer some of the up-front costs' association with building. A community land trust is another sustainability step many communities have taken to be proactive about affordable housing.

## PROJECT FUNDING TOOLS

Similar to the variety of local tools available to partner with builders, there are several opportunities at the State and Federal level for funding to provide needed capital to these projects. At the State level there are programs through the MN Dept. of Housing. These funding programs come with various requirements and in almost all cases require a local unit of government to apply for these dollars. The process for these programs can at times be lengthy and many developers/builders are unaware of the financial assistance. The City should actively pursue builder partnerships to take advantage of these funds.

## RECOMMENDATIONS

Steele County and the Steele County/Owatonna Area could greatly benefit from a focused community approach to affordable housing. Steele County/Steele County/Owatonna Area will need to actively pursue **90 affordable housing units by 2025** to meet the current housing shortage. The data used in the study suggests building 30 units of supportive/transitional housing, 30 units of senior housing, and 30 units of single-family housing. The area is well positioned as the community can grow without sprawl and expensive infrastructure. Infill development projects can be identified and accomplished without incurring dramatically expenses costs for new infrastructure.

# **OVERVIEW**

## **PURPOSE**

The purpose of the 2021 Steele County/Steele County Housing Needs Assessment is to identify community housing needs and provide reasonable housing goals that promote affordable housing options within Steele County/Steele County/Owatonna Area. This report aims to identify what types of housing is needed, how to develop property in a cost-effective manner, and discuss available resources to aid with housing initiatives.

## **BACKGROUND**

Greater Minnesota faces unique challenges that affect the quality and availability of housing. Just as different regions of Minnesota vary greatly by industry and demographics, housing markets across the state differ too.

Like other rural Minnesota communities, the Steele County/Steele County/Owatonna Area face significant challenges that range from employers struggling to compete for skilled labor, changing demographics, housing shortages, and quality of life issues. There great opportunity to transform how to engage and make meaning of the future - to become constructive in the approach to recover locally, hence the introduction of a community lead decision making model - Owatonna Forward.

Owatonna Forward was a community movement. The movement represented grassroots, citizen-inspired road map for the future of city. The group worked to unite the community and articulate a common purpose and direction. Owatonna Forward has successfully implemented a process to listen and learn about what its community members identified as its future vision.

Volunteers sorted through the several thousand citizen responses and arrived at recommending informed goals that align with one or more of six overarching community dimensions. These include: Impact on Downtown, Life-Long Learning, Sense of Community, Health, Wellness & Recreation, Housing, and Safety.

Within these six dimensions, thirteen bold and achievable goals were identified from the community input. Owatonna Forward has now assumed the responsibility for coordinating, implementing, and developing these community goals and are focused on helping to engage citizens in this good work. Champions (leaders) who are committed to moving the work forward have been identified and are engaging other volunteers. Citizen volunteers have formed around their community goal of choice, with many sub groups prioritizing next steps to take.

## COMMUNITY PARTNERS

The Steele County Housing Coalition was one of the sub work groups to be formed out of the Owatonna Forward work. The Steele County Housing Coalition is represented by 13 key community partners affected by housing within the community. The coalition met monthly online via Zoom. The Steele County Housing Coalition is comprised of several key community partners involved in housing.

<b>Steele County Housing Coalition Community Partners</b>	
<b>Name</b>	<b>Community Partners</b>
Matt Durand	Builders
Lois Nelson	City of Medford
Ghassan Madkour	City of Owatonna
Tom Hyland	Furnishing Hope
Leah Hall	Housing Non-Profit
Anna Lee	Landlords
Corqui Conkey	Pastor
Jen Jorgensen	SEMCAC
Steve Rick	Steele County Community Corrections
Luke Marks	Steele County Employment Services
Rebecca Rand	South Central Human Relations Center
Julie Anderson	Transitional Housing
Natalie Ginter	Allina Health
Karina Schmitz	MNPrairie County Alliance
Annette Duncan	United Way

## MINNESOTA HOUSING PARTNERSHIP

The initial group of community partners discussed ways to learn more about community housing issues and needs. In learning more about state resources available, Minnesota Housing Partnership proved to be a valuable resource.

The Minnesota Housing Partnership (MHP) has discussed housing issues in the Steele County/Owatonna Area over the course of the past year. In many rural communities, there's a significant gap between the supply of affordable housing and the number of people who need it. The Housing Institute, created by the Minnesota Housing Partnership, closes that gap through customized curriculum, guided collaboration and capacity building for diverse community partners.

The 18-month Institute has shown that engaging different community partners – from government agencies to private businesses to nonprofit community partners – in truly effective and meaningful partnerships is the key ingredient to completing short-term projects and sustaining long-term relationships that lead to vibrant rural communities and regions.

## **PROCESS**

The process of conducting the Steele County Housing Needs Assessment included:

- Community Partner identification, assessment, and collaboration;
- Review current housing studies and demographics;
- Assessing current and projected housing conditions and gaps;
- Identify affordable housing goals;
- Selecting appropriate partnerships to achieve those goals;
- Develop a community presentation to inform about housing needs.

A variety of resources were utilized to obtain information for the Housing Assessment. The Steele County Housing Coalition collected and analyzed data from January 2020 to June 2021. Data sources included:

- 2020 U.S. Census Bureau
- 2019 American Community Survey
- Minnesota Housing Partnership County Profile
- City of Owatonna 2020 Housing Study
- Steele County 2016 Housing Study

## **OBJECTIVES**

- Quantify the monthly rent for an affordable housing unit in Steele County and the corresponding household income.
- Partner with Cities, County, Civic Groups, and Citizens to implement the affordable housing plan in Steele County.
- Share with the community the need for affordable housing through a communication plan.
- Identify and secure grant funding to assist Builders, Developers, and Partnering Agencies in the development of affordable housing.
- Collaborate with the City, County, Utilities and Landlords to develop programs and partnerships that assist in minimizing or reducing building overhead expenses.

# COMMUNITY RESEARCH

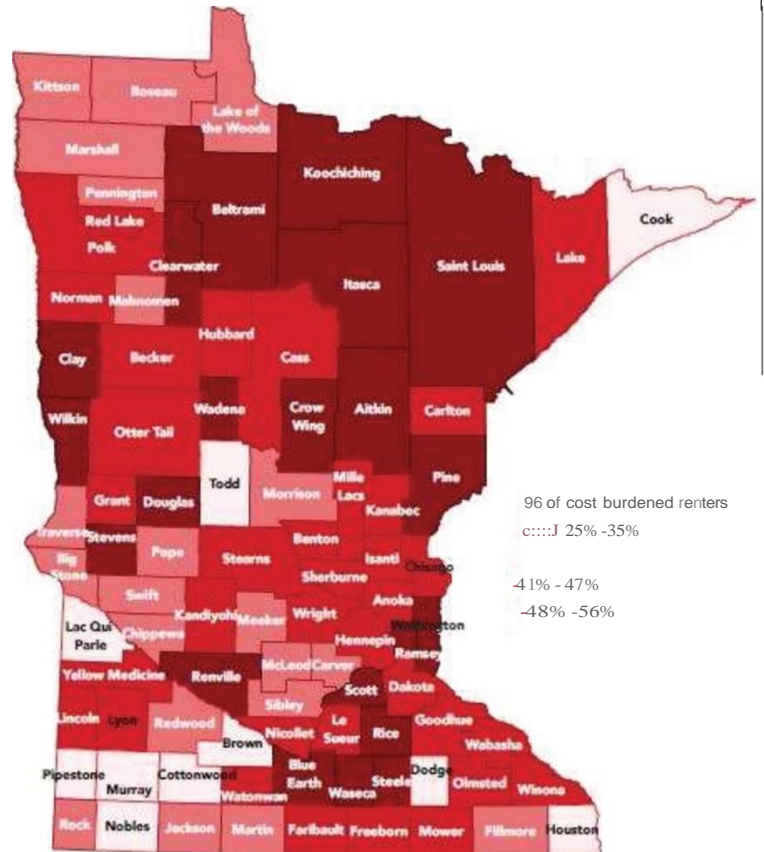
## HOUSING AFFORDABILITY

Households that spend more than 30 percent of household income on housing are considered "cost burdened" by HUD. These households devote too much of their budget to housing, rather than to other necessities, like food or health care.

In Steele County, 3,515 households pay more than 30 percent of their income (both rental and owners) toward housing costs, putting them at risk of being unable to afford basic needs. Steele County is ranked in the top 25% of renters who are cost burdened in the State. Ranking 21 out of 87 counties for percentage of households who are cost burdened with 45% of all renters.

Households that spend more than 50 percent of household income on housing are considered "extremely cost burdened" by HUD. In Steele, 1,476 households are severely cost-burdened and pay more than 50 percent of their income on housing. The county saw 23% (784 households) of all renters and 6% (692 households) of homeowners are extremely cost burdened.

Housing costs in Steele County have seen recent increases due to increased demand. Over 2/3 of all renters in the county are cost burdened with the majority of their income being paid for rent.



Number of households paying more than 30% of their income toward housing		
	RENTERS	OWNERS
Under \$20,000	878	514
\$20,000-34,999	462	557
\$35,000-49,999	231	397
Over \$50,000	88	388
Seniors	518	671
All cost-burdened households	1,659	1,856





# RENTAL HOUSING

Steele County is home to 3,649 renter households, which accounts for 25% of all households in the county. With a high percentage of renters being cost burdened, finding affordable housing can be very challenging.

Rent trends vary significantly across the State, but overall Steele County saw a marginal rent increase of 10%. The rent increased from \$697 in 2000, to \$770 in 2019.

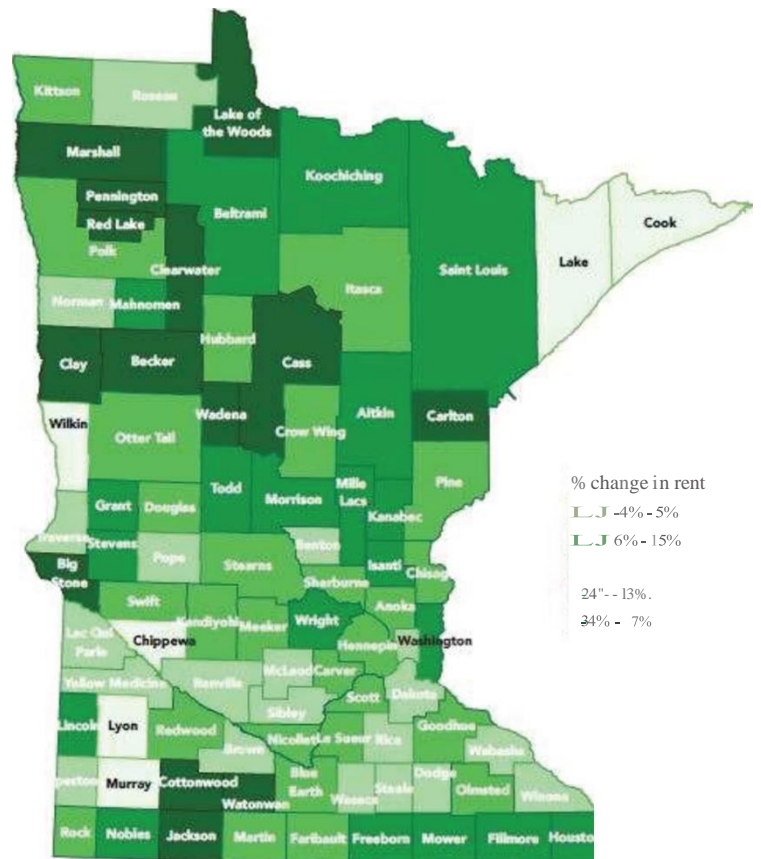
Renter incomes in Steele County saw a decrease of 8%. The renter incomes increased from \$38,999 in 2000 to \$35,703 in 2019.

The gap between rent increases and income decreases has created added strain on many households already struggling with meeting housing costs. These are some of the reasons why many households are cost burdened by housing. Nearly 67% of all renters in Steele County are "cost burdened" or "extremely cost burdened" with housing costs.

According to Minnesota Housing Partnership County profiles, the income needed to afford a 2 bedroom/1 bath apartment in Steele County is \$33,320, which is approximately \$18 per hour. Newly constructed, market rate apartments in Owatonna are renting

for \$1,200 for a 2 bedroom/1 bath which would necessitate an annual income of \$50,000.

The hours a minimum wage employee needs to work to afford a 1-bedroom apartment in Steele County is 49.



Mirroring the state trend, the price of rent continues to rise and incomes are not keeping up, making it increasingly challenging for renters to make ends meet.

**II** RENTER HOUSEHOLDS  
3,649 | 25% of all households

Median rent, 2000: \$697

Median rent, 2019: \$770

Renter income, 2000: \$38,999

Renter income, 2019: \$35,703



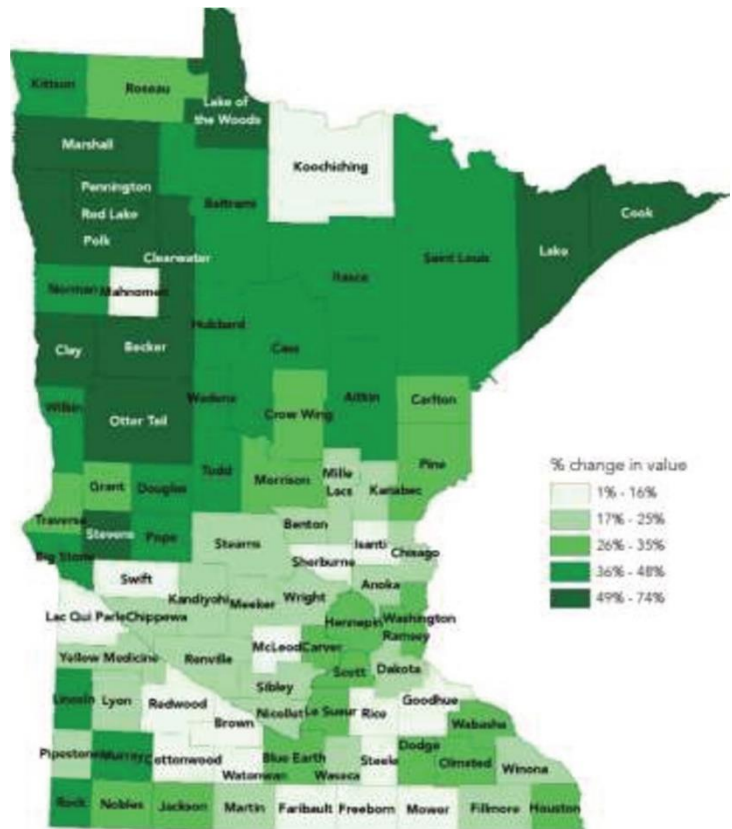


# HOMEOWNERSHIP

In Steele County, there are **14,692 total household** with **11,043 owner occupancy** households. Owner occupants, or homeowners, account for 75% of all housing units in the county. Housing remains a challenge even for Minnesotans who are fully employed. The median earnings for most of the top in-demand and high-growth jobs in the Southern region do not cover housing costs at an affordable level. Those working at the median wage and especially those earning the minimum wage cannot afford a two-bedroom apartment or the mortgage for a median price home.

Home values in the county have increased 11% over the past 20 years. Home values were **\$153,032 in 2000** and increased to **\$169,300 in 2019**.

Overall, homes have an average median value in the region, however the county saw one of the smallest increases in home value in the State. Steele County ranked **84 out of 87** counties with a 11% increase in home values. Additionally, Steele has been in the bottom ten percent median home value increases since 2000, which may be indicative of needed rehabilitation in aging owner-occupied homes.



The income for families is not rising at the same pace as home values, making it more difficult for families to purchase and own a home.



## OWNER HOUSEHOLDS

11,043 | 75% of all households

Home value, 2000: \$153,032

Home value, 2019: \$169,300 value up **11%** of

Owner income, 2000: \$76,603 income **3%**

Owner income, 2019: \$79,139



# HOUSING STOCK

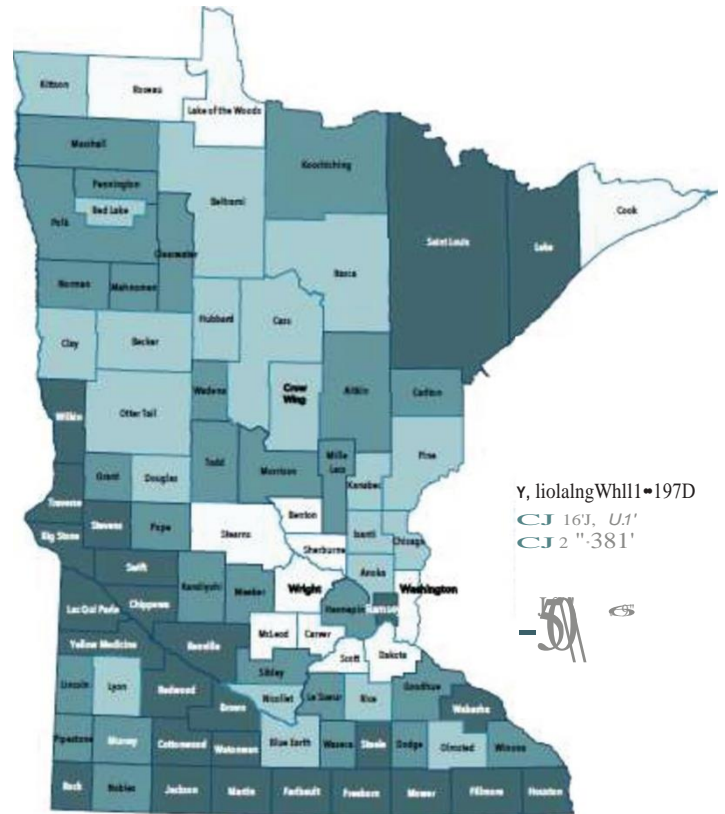
Aging housing stock is a relatively common feature in regions around Minnesota. The Minnesota Housing Partnership 2021 State of the State Housing report measures current housing stock based on homes being built prior to 1970.

Many of these older homes lack updated amenities which can affect the overall curb appeal of the community. Significant amounts of deferred maintenance can deter and discourage potential home buyers. Policymakers, business owners, and economic development professionals, among others, should discuss these issues as they look to attract and retain the new families to their community.

A significant amount of the single-family homes in Steele County are built before 1970 at **44% of all existing homes**. The majority of all **multi-family housing** in the county is similar with **55%** of existing buildings being older than 1970. This data indicates a common theme among rural Minnesota communities who are facing challenges when trying to provide new construction options to their citizens.

In the U.S., new homes are needed to replace older ones and

of households. Recent production, however, has fallen short even of the levels needed even to accommodate the number of net new households.



% of homes built before 1970 00

Single-family units permitted in 2019 55

% of rental units built before 1970 SSob

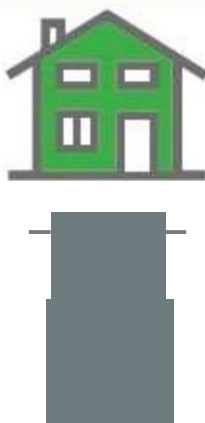
Multi-family units permitted in 2019 28

Number of extremely low income households 995

Units affordable to extremely low income households 370

Gap between EU households and units in Steele county 625

**HOUSING STOCK:** While a significant portion of the rental and owner-occupied housing is aging (built before 1970), new construction is not keeping up with demand. Of particular concern is the gap between the number of available units for extremely low income households – and the number of people who need them.



## **OWATONNA HOUSING STUDY**

The City of Owatonna completed a housing study in 2020. The study was conducted by Maxfield Research & Consulting. The 2020 comprehensive housing report replaces the 2016 Steele County Wide housing study completed by Maxfield as well. According to the housing study:

*"About 49% (48.9%) of renter households and 17% of owner householders are estimated to be paying more than 30% of their income for housing costs in Owatonna. Compared to the Minnesota average, the percentage of cost burdened renter households is higher than the state average (47%), but lower than the state average for owner households (19.6%)."*

*"The number of cost burdened households in Owatonna increases proportionally based on lower incomes. About 79% (79.3) of renters with incomes below \$35,000 are cost burdened and 46% of owners with incomes below \$50,000 are cost burdened."*

Based on the consultant's calculations, the demand exists in the City of Owatonna for the following general occupancy product types between 2020 and 2030:

- Market rate rental - 219 units
- Affordable rental - 83 units
- Subsidized rental - 109 units
- For-sale single-family lots - 158 lots (346 total units)
- For-sale multifamily - 97 units/lots (134 total units)

## **COMMUNITY HOUSING TOOLS**

There are several methods that communities can explore when trying to provide housing opportunities for developers, builders and their citizens. Each of the various tools have benefits and limitations in how they can be used in support of housing development. Some of the tools include:

- Housing Trust Funds
- Tax Abatement
- Tax Increment Financing (TIF)
- Local Land Trust
- Small Cities Development Program (SCDP)

## **HOUSING TRUST FUNDS**

Housing trust funds are separate funds established by states or localities to provide a source of revenue reserved solely for affordable homes. Because they are created at the state or local level, program activities and eligibility requirements vary from place to place in response to local needs and priorities.

Housing trust funds may be associated with a dedicated funding source – i.e., a stable source of revenue, such as a tax increment stream, that will continue to





provide resources on an ongoing basis without the need for annual appropriations decisions. Some communities maintain local accounts that are reserved for affordable housing but are either not connected to a dedicated revenue source or that are annually supplemented with other sources.

## **TAX ABATEMENT**

A tax abatement is a tax rebate of the property taxes to the land owner. It applies to real estate and, in some cases, the personal property that a local government or district taxes. Tax abatements only apply to eligible pieces of property, including new and renovated homes and commercial buildings. Tax abatements come from the agencies that impose property taxes, which means they vary widely from one location to another. Some cities offer tax abatements, leaving new homes built just outside the city limits still liable for the full cost of property taxes in that location. Tax abatements have several functions and goals.

- Tax abatements reduce the cost of living in a given location for a temporary period of time, making locations more appealing to homebuyers/builders.
- Tax abatements stimulate the local economy by encouraging new home construction and renovation to existing homes. These same activities improve communities and leave more valuable pieces of property.
- Tax abatements encourage modern construction, which results in more energy-efficient homes and a positive local environmental impact.

A custom, local tax abatement can be used when the project is better off without income qualifications. The local school and county will receive new income from the tax base created, and the city retains the existing tax base on existing market value of the land and or property. Some cities have property tax abatement programs that eliminate or significantly reduce property tax payments on a home for years or even decades. The purpose of these programs is to attract buyers to locations with lower demand, such as areas of the inner city that are in the midst of revitalization efforts. Some cities offer tax abatements citywide, while others only offer them in designated areas.

## **TAX INCREMENT FINANCING (TIF)**

TIF is a local tool approved by the legislature to recapture the tax base to provide a better return on investment for the project developer. The future income can be injected into the project as upfront funding aid to the developer's financing, or paid in future increments using several repayment methods. Used after the project is completed, TIF assists with a return on investment for the developer. During the infancy of a housing project when for instance a multifamily housing project experiences lower occupancy rates, the use of TIF provides a projected source of profit that can be identified when demonstrating cash flow to the bank. TIF has

income restrictions, it is best used for projects that fit within Steele County/Owatonna Area's median income for low and moderate housing projects.

Minnesota allows several different types of TIF districts. The legal restrictions on how long increments may be collected, the sites that qualify, and the purposes for which increments may be used vary with the type of district. Redevelopment is used to redevelop blighted areas with a duration of twenty-five (25) years. Renewal and renovation TIF redevelop areas with obsolete uses and has a duration of fifteen (15) years to recapture new tax base. Housing to assist low to moderate income housing has a twenty-five (25) year duration. Consult with the city financial advisor to see which TIF best fits each individual project.

## **COMMUNITY LAND TRUST**

Community land trusts (CLT) provide long-term affordable housing by owning the land of a particular property but selling the home on the land to an income-qualified buyer. The homeowner then leases the land from the CLT through a ninety-nine (99) year, renewable ground lease, or Steele County/Owatonna Area can create its own program. What may make more sense for city owned land is to create a semi land trust model. The city would provide the land at a set value to the project, take a lien or lease on the land during the first new construction project, then repay itself when there is a name or title transfer of ownership, in which case the lien comes due and payable to the city. The city would work with its attorney and financial advisor to set up a semi land trust model that works for city owned land to create new and affordable homes in dilapidated areas. This type of project would be used to supply affordable homes to income qualified individuals using already existing city assets. If infrastructure is required to be installed to service the property, the city may want to create an infrastructure development TIF.

## **SMALL CITIES DEVELOPMENT PROGRAM (SCDP)**

The Small Cities Development Program is part of the Community Development Block Grant Program administered by the U.S. Department of Housing and Urban Development and is funded by Congress. The program helps pay for rehabilitating houses and commercial buildings and updating public infrastructure in small cities.

To be eligible for Small Cities funding, a project must meet one of three objectives: benefit people of low and moderate incomes, eliminate slum and blighted conditions, or eliminate an urgent threat to public health or safety. Cities with populations under 50,000 are eligible for grants under the program. The grant fund program is generally used for owner-occupied housing rehabilitation, multi-family rental rehabilitation, rental home rehabilitation, commercial building rehabilitation, and public facility improvements. CEDA and the Bluff County HRA are agencies able to assist Steele County/Owatonna Area with a Small Cities grant application.

# PROJECT FUNDING TOOLS

There are several project funding options for communities to explore when looking to develop housing. The community housing committee should identify projects within the community that meet the housing goal areas. Once projects are identified, funding options can be explored to assist in project financing.

## GREATER MN HOUSING FINANCE (GMHF)

[Greater Minnesota Housing](#) developed the Home at Last (HAL) program. Initially, the HAL program focused primarily on cost - reduction strategies designed to build affordable homes with a minimum amount of public and private subsidy.

Strategies to decrease costs included:

- Selecting sites near infrastructure
- Reducing lot sizes
- Designing efficient streets
- Implementing cost-effective designs
- Building in volume

While working with several communities in greater Minnesota, it became apparent that high home costs were only part of the affordable housing problem. Local leaders were also concerned about creating neighborhoods that were assets to the communities, neighborhoods that would remain attractive and livable over time.

GMHF responded by consulting with architects to develop several home and neighborhood design strategies that would add value and livability to new neighborhoods at reasonable costs. Since that time, the HAL program has evolved to incorporate more extensive landscaping, more attractive home designs, and better plans for neighborhood amenities such as parks and trails. Implementing these and other design strategies adds amenities that are often absent in typical affordable housing developments. The inclusion of such amenities allows HAL neighborhoods to:

- Be an asset to the surrounding community
- Mature and grow over time with minimal added costs to the homebuyers
- Provide amenities to lower-income homeowners
- Maintain value over time
- Attract middle-income buyers to mixed-income developments

GMHF helps developers and communities be more effective and better meet local and regional affordable housing and community development needs, putting public resources for affordable housing to the best use. GMHF will assist with early planning, market studies, and project development.





GMHF program officers can provide technical assistance to the Steele County Housing Coalition to assist in project application success. GMHF can explain the full range of financing available and help determine which types of debt and equity products make the most sense for an individual developer's product. GMHF can help create affordable single-family homes that use design to contain the cost of housing and create welcoming communities. GMHF has often provided expert testimony to city council and other elected bodies that help build a more balanced and researched case in support of proposed housing developments that face neighborhood opposition.

GMHF partners with the Minnesota Housing Partnership to develop the [Housing Institute](#) where regional housing partners have the opportunity to collaborate for over a year on local housing needs, sometimes resulting in innovative, on-the-ground developments. It is important to understand that local employers should be viewed as partners in providing assistance through potential funding of a community housing trust fund. Employers should be invited to participate with Steele County/Owatonna Area's housing task force. Steele County/Owatonna Area can utilize GMHF to help bring local employers to the table to explain the ways local businesses can engage to expand local housing to meet their hiring needs. GMHF and Minnesota Housing partnership are available to help Steele County/Owatonna Area tap into the capacity they have to raise dollars to dedicated into a housing trust fund. Minnesota Housing Partnership is dedicated to doing so.

## **MINNESOTA HOUSING**

The [Minnesota Housing Impact Fund](#) provides funding for developers and administrators of single-family, owner-occupied affordable and workforce housing activity in communities. Eligible applicants include cities. Income limits exist, household income cannot exceed 115% percent of the State's area median. All projects must supply or improve owner-occupied, single-family housing and comply with "Green Communities Criteria". Eligible uses include, acquisition, rehabilitation and resale of existing housing, owner-occupied rehabilitation, new construction, including demolition or removal of existing structures to rebuild.

Steele County/Owatonna Area can decide if the [Community Fix Up Initiative is a Minnesota Housing](#) program the community would like to use in dilapidated areas. Minnesota Housing has funds for interim financing in the form of short-term, low-interest bearing loan made to assist an administrator with acquiring, demolishing, rehabilitating or constructing owner-occupied housing, deferred loans, which include interest-free deferred loan financing to help eligible homeowners bridge affordability gaps not covered by first-mortgage or other funding sources, grants provided on a limited basis to bridge value gaps between a project's total development cost and its fair market value or for other eligible activities where recapture of loan funds proves infeasible or unaffordable.

## **MINNESOTA EQUITY FUND**

The [Minnesota Equity Fund](#) is a new social enterprise tool designed to raise equity capital from Minnesota corporations and banks to invest in well designed, high quality, sustainable affordable housing developments throughout Minnesota.

The fund is a subsidiary social enterprise of the Greater Minnesota Housing Fund. Minnesota Equity Fund (MEF) works with for-profit and nonprofit developers to access tax credit equity financing for their developments. MEF syndicates two kinds of tax credits: Low-Income Housing Tax Credits and state and federal Historic Tax Credits. Securing these funds is competitive, using an agency to assist is more effective. Developers seeking tax credits are encouraged to contact MEF to discuss their projects and financing needs.

## **USDA PROGRAMS**

USDA housing programs give families and individuals the opportunity to buy, build, repair, or own safe and affordable homes located in Steele County/Owatonna Area. Eligibility for these loans, loan guarantees, and grants is based on income and varies according to the average median income for each area.

## **HOMEOWNERSHIP PROGRAMS**

[Single Family Housing Program](#) - Low interest, fixed-rate homeownership loans are provided to qualified persons directly by USDA Rural Development. Financing is also offered at fixed-rates and terms through a loan from a private financial institution and guaranteed by USDA Rural Development for qualified persons. Neither one of these home loan programs require a down payment. Contact the Faribault, Minnesota USDA regional office.

## **HOME REPAIR PROGRAM**

[Single Family Housing Repair Loans and Grant](#) programs provide funds to elderly and very-low-income homeowners to remove health and safety hazards, perform necessary repairs, improve or modernize a home, make homes accessible for people with disabilities, or make homes more energy efficient so these every-low-income families use less of their income on utility bills.

# **RECOMMENDATIONS**

## **HOUSING GOAL & MIX**

Renovate and construct 90 affordable housing units for transitional, senior and workforce housing needs in Steele County by 2025. The exact distribution of the 90 units over the next 5 years may fluctuate and will depend on industry factors, contractor availability and development timelines. Below is an estimate of the housing demand subdivided into the three focus areas.

### **SUPPORTIVE/TRANSITIONAL HOUSING - 30 Units**

- Identify, purchase and renovate 15 foreclosed/blighted homes for emergency needs for transitional housing.
- Identify, design, and construct 15 multi-family units to meet the short-term housing needs of transitional housing.

### **SENIOR HOUSING - 30 Units**

- Identify and renovate 15 senior owned homes to allow for aging in place in Steele County.
- Identify, design, and construct 15 senior housing units that allow for lateral market movement that utilizes existing owner equity in newer, efficient homes.

### **WORKFORCE HOUSING - 30 Units**

- Identify, purchase, and renovate 15 multi-family units in Steele County that are marginal or in major need of repair.
- Identify, design, and construct 15 two-bedroom, one bath, two car garages single family starter homes in Steele County.

Area	Goal	Type of Const.	# Units	# Served
Transitional Housing	Identify, purchase and renovate 15 foreclosed/blighted homes for emergency needs for transitional housing.	Renovation	15	60
	Identify, design, and construct 15 multi-family units to meet the short-term housing needs of transitional housing.	New Const.	15	60
Senior Housing	Identify and renovate 15 senior owned homes to assist in aging in place practices in Steele County.	Renovation	15	30
	Identify, design, and construct 15 senior housing units that allow for lateral market movement that utilizes owner.	New Const.	15	30/60
Workforce Housing	Identify, purchase, and renovate 15 multi-family units in Steele County that are marginal or in major need of repair.	Renovation	15	60
	Identify, design, and construct 15 - 280, 1BA, two car garages single family starter homes in Steele County.	New Const.	15	60

## CONCLUSION

The Steele County/Owatonna Area could greatly benefit from a focused community approach to affordable housing. Steele County/Owatonna Area will need to actively pursue 90 affordable housing units by 2025 to meet the current housing shortage. The data used in the study suggests building 30 units of supportive/transitional housing, 30 units of senior housing, and 30 units of single-family housing. Steele County/Owatonna Area is well positioned as the community can grow without sprawl and expensive infrastructure. Infill development projects can be identified and accomplished without incurring dramatically expenses costs for new infrastructure.