



STEELE COUNTY STEELE COUNTY BOARD WORK SESSION MINUTES

Steele County Board Room - 630 Florence Avenue -
Owatonna, MN 55060

Steele County's Mission:
Driven to deliver quality services in a respectful and fiscally responsible way.

**TUESDAY, MARCH 24, 2026 at 4:00 PM - County Boardroom, Steele County
Administration Center**

Agenda

1. Call to Order

The meeting was called to order by Commissioner Glynn at 4:00 pm. Members present were James Brady, John Glynn, Joshua Prokopec, James Abbe, Greg Krueger. Also present were Robert Jarrett, Renae Fry, and Rebecca Kubicek.

2. Business

a. Smart Transit Presentation

SMART Transit, owned and operated by Cedar Valley Services, has been a dependable part of the Owatonna community for 12 years, providing safe and accessible transportation to residents of all ages. In 2025, the system delivered 37,000 rides using one fixed-route bus and three demand-response buses, ensuring mobility for work, appointments, and daily needs. SMART Transit also plays a vital role in early childhood access by transporting 82 preschool students to seven local preschools. With 10% of its passengers being individuals with disabilities, the service reflects a strong commitment to inclusion and community support, continuing its mission to connect people with opportunity and independence.

b. Discussion on Cannabis Retailer Setbacks for Places of Worship

Currently covered using existing setbacks excluding 47 church locations the licensing aspect will not change, one church in the township in Hope. Can create a memo if the board wishes, prefer amended and added the place of worship. Bring forward to a future board meeting hte addition of worship.

c. 2026 Local Homeless Prevention Aid Award Recommendations

Staff reported that \$147,000 in remaining affordable-housing funds must be allocated this cycle and recommended rounding the award amount to \$150,000. Three applications were submitted for consideration, and after review, staff recommended funding SEMCAC's and Transitional Housing request at \$60,000 and Lighthouse's request at \$30,000. These recommendations, along with the

overall allocation plan, will now move forward to the regular Board for final action.

d. City of Owatonna/UWSC Affordable Housing Aid Proposal Update

As part of the 2025 Affordable Housing RFP process, the county reviewed the availability of \$200,000 in funding designated for specific affordable housing needs. The Board heard an update on the City of Owatonna's ongoing efforts to expand local affordable housing options, including a proposed 10-lot development. The city outlined a partnership model in which United Way will contribute \$300,000 toward the project, with Habitat for Humanity constructing the first home. Three Rivers will provide oversight to ensure the project complies with the funding agreement. Under the proposal, the city will donate 10 lots and invest in the necessary development work, with reimbursement occurring once city funds are committed. All homes are intended to remain affordable for 30 years, with a projected buildout timeline of 6 to 10 years. Additional considerations include required flood-mitigation review and evaluation of access and exit points near Carriage Lane.

3. Other Business

Adjourn

Commissioner Glynn adjourned the meeting at 4:47 p.m.

CHAIRMAN

ATTEST: _____
ADMINISTRATOR

UWSC Affordable Homeownership Initiative Program Outline

Program Outline: UWSC Affordable Homeownership Initiative (2027-2030)

1. Program Overview

United Way of Steele County (UWSC), with HUD CPF funding and local investment, will acquire and prepare land for up to 10 affordable single-family homes in Owatonna between 2027-2030.

2. Long-Term Affordability Strategy

- A. Deed Restrictions (30-year affordability covenant)
- B. Land Trust Model (optional)
- C. Right of First Refusal (ROFR)
- D. Habitat resale affordability controls

3. AMI & HUD Compliance

- AMI will range between 50% and 80% up to 115% on an as needed basis.
- Income verification procedures
- Documentation requirements per 2 CFR 200
- Mirroring Rice County Affordable Housing Model

4. Builder RFP Process

- A. RFP components
- B. Minimum builder requirements
- C. Scoring rubric

5. Homebuyer Pathway

- A. Outreach
- B. Pre-screening
- C. Full application

- D. Eligibility determination
- E. Loan & funding pathway
- F. Homebuyer education
- G. Unit matching
- H. Closing & move-in

6. Monitoring & Compliance

- HUD grant requirements
- Environmental review
- Partner monitoring

7. Communication Plan

- Quarterly meetings
- Annual report
- Community-facing communication

8. High-Level Implementation Timeline

- 2024-2026 land acquisition & prep
- 2026 builder RFP
- 2027-2030 construction & buyer placement

9. Risk & Contingency Plan

The UWSC Affordable Homeownership Initiative incorporates proactive risk identification and clear mitigation strategies to ensure project continuity, timely execution, and compliance with HUD CPF regulations.

A. Financial & Funding Risks

Potential Risks

- Delays or changes in HUD CPF fund disbursement

- Rising construction costs or unexpected site-preparation expenses
- Appraisal gaps impacting homebuyer financing

Contingency Strategies

- Maintain a 10–15% contingency reserve within project budgets
- Conduct annual cost recalibration prior to each build cycle
- Leverage local philanthropic partners to fill small gaps when needed

B. Regulatory & Compliance Risks

Potential Risks

- Changes to HUD AMI thresholds
- Noncompliance findings during monitoring

Contingency Strategies

- Re-evaluate AMI eligibility requirements annually
- Conduct quarterly internal compliance reviews aligned with 2 CFR 200

C. Land & Construction Risks

Potential Risks

- Delays in permitting or inspections
- Contractor performance issues
- Supply chain disruptions

Contingency Strategies

- Develop a standardized permitting timeline with the City of Owatonna
- Include performance benchmarks and corrective-action provisions in the Builder RFP
- Maintain multiple suppliers for critical materials

D. Homebuyer Pipeline Risks

Potential Risks

- Insufficient number of income-qualified applicants
- Applicants failing to secure financing
- Unexpected buyer dropout before closing

Contingency Strategies

- Partner with community organizations to expand outreach
- Provide financial readiness coaching early in the pipeline
- Maintain a secondary waitlist of pre-qualified applicants

10. Governance & Decision Authority

Given the multi-party nature of the initiative, including UWSC, the City of Owatonna, lending partners, and Habitat for Humanity—it is essential to clearly define decision-making roles and oversight responsibilities.

A. Lead Agency

United Way of Steele County (UWSC)

- Serves as the fiscal agent for HUD CPF funds
- Holds responsibility for project coordination, grant compliance, and reporting
- Has final decision authority on budget allocations, partner selection, and timelines

B. City of Owatonna

- Provides zoning, permitting, and infrastructure coordination
- Advises on land-use strategy and municipal compliance
- Shares decision-making authority on site selection and land-preparation sequencing

C. Builder / Contractor Partners

- Responsible for construction in accordance with RFP requirements
- Must adhere to cost, timeline, and quality standards set by UWSC
- Reports progress to UWSC; corrective action determined by UWSC if performance concerns arise

D. Habitat for Humanity & Other Homeownership Partners

- Conducts buyer preparation, homebuyer education, and resale-affordability enforcement
- Advises on buyer matching and readiness
- Holds decision authority on acceptance into their specific homeownership programs

E. Homebuyer Selection Committee

- Comprised of UWSC, Habitat, lenders, and community partners
- Reviews applicant eligibility and recommends candidate selection
- UWSC reserves the right to have final approval authority

F. Issue Resolution Protocol

- 1. Workgroup Review:** Issue is reviewed by project partners during standing quarterly meetings.
- 2. Recommendation:** Relevant partners propose options and risk considerations.
- 3. Final Decision Authority:** UWSC Executive Leadership makes the final determination, with consultation from the City when municipal processes are affected.
- 4. Documentation:** All decisions documented for HUD compliance and future audit readiness.

G. Partridge Avenue Development Timeline

February – April 2026	Develop feasibility of project and program
May-June 2026	Get agreements in place Development agreement with UWSC & County
July – August 2026	Construction Design
September -December 2026	Zoning approvals Preliminary and Final Plat Vacate Street right of way
January – February 2027	Bid out project
March 2027	Award contract
April-August 2027	Construct public infrastructure for project
September 2027	Convey property to United Way of Steele County County disburses Affordable Housing Aid money to City for project
September 2027	First house begins