

INDEPENDENT

Southwestern Minnesota's Daily Newspaper

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Parkway II Addition gets major boost

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October 23, 2003

MARSHALL — The city of Marshall's proposed affordable housing project, the Parkway II Addition, will receive \$1 million from the Greater Minnesota Housing Fund, a GMHF official said Wednesday.

The GMHF based its decision on a strong application for the project, said Warren Hanson of the GMHF.

"They had three things you don't see in every plan," Hanson said.

Those three things are a vision to plan for six years into the future, a \$1.5 million commitment from the Schwan Food Co. and a relationship with a successful non-profit housing developer, the Southwest Minnesota Housing Partnership, Hanson said.

The combination of GMHF's \$1 million, the \$1.5 million from Schwan and the \$1.12 million in-kind contribution from the city totals about \$3.6 million toward a project that in two phases over six years will create 270 to 300 affordable single-family homes and provide financial assistance to qualified buyers.

The city also expects to hear soon on an application for \$611,700 in funds from the Minnesota Housing Finance Agency. The MHFA board meets today.

"Marshall will have one of the premiere projects in the state of Minnesota," said Chris Jacobson of the Southwest Minnesota Housing Partnership.

"This is very good news," Marshall Mayor Bob Byrnes said of the GMHF money. "A lot of work went into this,

and I think one of the reasons the GMHF chose to make this great of an investment was based, in part, on the success of Parkway I."

The first Parkway Addition was created to construct affordable housing for Marshall's workforce. Seventy-two single family homes were built along with 18 rental townhomes owned by the city of Marshall and 30 townhomes owned by the Southwest Minnesota Housing Partnership. The city's Economic Development Authority leveraged local money, money from the GMHF, the MHFA and Schwan to construct homes and provide down-payments and other financial assistance to home buyers.

Homes were built and bought in about half the time the city anticipated. That led to the second Parkway project.

The first Parkway project showed the need for affordable housing and the success of a collaboration between partners, Byrnes said.

The partners are back for the second round, which is more ambitious than the first.

One-hundred-and-fifty homes are planned for the first phase of the second Parkway Addition, said city official Cal Barnett.

Overall, Schwan said, the commitment will leverage an estimated \$20.3 million in new housing development — a 6-to-1 return on the local investment.

SWMHP will use \$800,000 of the state ward to provide deferred, zero-percent interest, secondary financing for the construction of 96 new starter homes, and \$135,000 in deferred, zero-percent interest, secondary financing to

qualified buyers for the purchase and rehabbing of up to 25 existing homes, Schwan said.

The remaining \$73,600 is a grant to the city for entry-cost help to qualified home buyers. Schwan will contribute \$1.5 million, because if Marshall is to be a significant regional employer, it needs to have affordable housing, said Howard Miller, vice president in corporate affairs. "This project helps address that need," Miller said.

While Minnesota companies have invested in housing projects in other cities, to have a \$1.5 million investment from an industry is atypical, Hanson said.

"It's extremely unique to have it at the level of Schwan's," Hanson said. "Schwan is clearly interested in its employees, but also the city as a whole. They didn't tie this to only their employees. They've done a very civic minded thing that supercedes their own interests."

Miller said Schwan's investment is not only an investment in its employees but in the whole community. Homes provide opportunities to retain and recruit employees and, in turn, that help the community grow, creates more commercial opportunities and strengthens the industry and community, Miller said.

"We believe as a corporation we are setting an example of what corporate citizenship is all about," Miller said.

The contribution also allows the city to leverage a significant amount of other money from other sources.

"It's in our best interest to do that," Miller said.

The plan for the two-phase project goes roughly six years into the future.

Hanson said it's important not to be too optimistic, but "this is a conservative timeline." Based on the speed at which the first Parkway project was completed, Hanson said there is reason to believe the second addition could move swiftly.