

MINUTES
COMMITTEE-OF-THE-WHOLE WORK SESSION
October 20, 2025
City Council Chambers

MEMBERS PRESENT: Mayor King. Council Members Laura Helle, Paul Fischer, Michael Postma, Rebecca Waller and Council Member-at-Large Jeff Austin

MEMBERS ABSENT: Council Member Jason Baskin and Council Member Oballa Oballa

STAFF PRESENT: City Administrator Craig Clark, Police Chief David McKichan, Fire Chief Jim McCoy, Public Works Director Steven Lang, Planning and Zoning Director Holly Wallace, Library Director Julie Clinefelter, Parks, Recreation, & Forestry Director Jason Schon, and City Clerk Brianne Wolf

APPEARING IN PERSON: Community Members, Pastor Vickie Spyhalski

Item #1 Overnight Shelter Zoning Code Amendment Discussion – Holly Wallace

Planning and Zoning Administrator Holly Wallace stated she was approached by a group of advocates in Austin and Mower County for a proposed site for an overnight shelter. Upon reviewing the ordinance, it was clear there was no specific provision for such uses. Ms. Wallace compared various shelters and their zoning classifications in nearby Minnesota cities, where overnight shelters are often categorized as conditional or special uses, typically located in commercial or mixed-use districts due to their proximity to services and transportation.

Ms. Wallace stated while some cities allow shelters in industrial zones or religious facility districts, our city does not have such provisions. She stated shelters play a key role in the social safety net, providing temporary accommodation and essential services, particularly during harsh weather. They also offer connections to social services, fostering community and reducing public health risks.

Ms. Wallace stated there are also challenges, including overcrowding, safety concerns, lack of privacy, and not addressing the root causes of homelessness such as affordable housing and employment. Operating shelters involves significant costs and can lead to negative perceptions from the public due to fears about crime or property values. Currently, the City of Austin permits various categories of facilities, including group residential facilities, social service uses, transitional housing, and community residential facilities. Many of those are licensed facilities. However, overnight or warming shelters are not licensed by the state.

Ms. Wallace stated the proposed overnight shelter would be located in the former Knights of Columbus building, which is on the same block of the post office and in a commercial zone. She stated she looked at the City of Winona and their overnight shelter and they defined it as providing temporary sleep accommodation for individuals experiencing homelessness, typically during night time hours only. This type of building/facility requires zoning with a conditional use permit, and they're allowed in commercial and mixed use zones. Building code would apply to an overnight shelter and Council could create a good neighbor plan to put into place as well.

Pastor Vickie Spyhalski, 111 6th Street NW, stated she is the pastor at Austin First United Methodist Church and Co-Chair of Austin Human Rights Commission. She stated homelessness in Austin is a larger issue than just six to eight individuals, and many in the community, including churches, nonprofits, and

the public, are concerned about the unhoused. Her church is among those involved, motivated by personal experiences or simply the desire for human dignity. Recently, three groups that were individually addressing homelessness came together to explore the Catholic Charities model for a potential six-month test in Austin. They are not seeking funding from the City of Austin at this time but have applied for grants and hosted a fundraiser that attracted 180 attendees, raising \$4,000.

She stated there's significant community interest, with individuals and organizations participating in various ways. As economic conditions decline, many low-income families are just one disaster away from homelessness. She has had numerous strangers approach her, expressing gratitude for their efforts to open a shelter due to past experiences with homelessness. The community's concern is palpable, and if needed, they can mobilize even more supporters in the future.

Council Member Helle asked Ms. Wallace if Council needs to create a zoning category for an overnight shelter.

Ms. Wallace stated that is correct. She is looking for direction about whether or not to move forward creating the category or if they should amend the current zoning ordinance to include this in the use table.

Council Member Helle asked if a conditional use permit would be the fastest way to get this idea up and running.

Council Member-at-Large Austin stated that if this is only a trial run for five to six months and the shelter decides next spring that they cannot continue, the City would have done all this work and changed the ordinances for no reason. He asked if they could allow this under a provision with an interim use permit that includes a one-year restriction.

City Attorney Craig Byram stated the zoning code is designed to be a well-thought-out public policy framework that determines which uses are compatible with one another and identifies potential conflicts. The first step in this process is to clarify that the city is not focusing on a specific location or any particular group requesting this change; instead, we are examining the matter on a broader scale.

Attorney Byram stated Council needs to ask whether this use is something they want to encourage in the community, especially since it is currently not permitted. If they do wish to encourage it, they must consider which existing zoning classifications might be suitable. Should this use be allowed in the downtown core business district, in any commercial district, or in any residential district? Should industrial areas be considered? These questions are fundamental in creating a comprehensive public policy plan.

Attorney Byram stated staff is looking for feedback tonight on whether they should explore allowing this use in residential districts, or if they should focus solely on the downtown core business district or commercial areas. Observations from other communities suggest that some require such uses to be located along public transportation routes. This is important because individuals who wish to utilize these services may lack transportation. For example, we would not want to place a facility in a location like Todd Park, where there are no nearby services.

Attorney Byram stated additionally, they need to consider the criteria that should guide the placement of this use from a public policy standpoint. Another question is whether there might be an interim use. Interim uses are designed for situations that don't fully align with current zoning, allowing them to operate temporarily while assessing how they fit. Council needs to think about the broader, long-term implications of this issue, without regard to a specific group, location, or applicant. Staff is seeking Council thoughts on what public policy principles should guide the city moving forward.

Council Member Postma stated with the importance of a zoning change such as this, he would like Council to take their time and be thoughtful about how they are creating these changes.

Ms. Wallace asked Council what they would like to include in the ordinance.

Council Member-at-Large Austin stated they would first have to ask the question if they want this type of use to be in town.

Council Member Helle is in favor of this use. She stated housing is a very complicated question, but she would like to see Council move forward with permitting this type of use. She agrees with Council Member Postma's point that they should take their time and do this right, but she would certainly be in support of it.

Mayor King stated since they are missing a few Council Members this evening he would suggested they come back and discuss this to see where they would like to allow this type of use.

Ms. Wallace asked if there was any information she would be requested to gather.

Mayor King would like to see where the other communities are placing their shelters.

Council Member Helle asked if they would be able to start with a limited area where they could place these and then expand if needed.

Ms. Wallace stated the area they are looking at are B-2 areas.

Council Member Fischer has a lot of questions and concerns before he feels comfortable going forward.

City Attorney Byram stated the Council may want to look at a map with the zoning to see where the districts are located to help them visualize the zones.

Council Member Helle requested the opinions from the Fire Chief and Police Chief on the overnight shelters.

Fire Chief McCoy stated there's a significant amount of work that needs to be done in order for them to go move forward with the trial site. There are some hurdles regarding accessibility and fire safety.

Police Chief McKichan mentioned that they observe higher call volumes within that specific population, sometimes involving significantly more individual contacts compared to other groups. In the brief two-minute discussion, there was mention of interactions with the Police Department, including the use of police resources within the facility or in the parking lot. He appreciates their efforts to de-escalate situations; however, the Police Department was a recurring topic. This does raise some concerns for him. He is also concerned about migration and having individuals from other communities coming to Austin. He is not in opposition to this but he is not enthusiastic about it. He did state he does believe it will pull additional resources from the department.

Mayor King asked for the zoning maps.

City Administrator Craig Clark stated he believes what is trying to be conveyed is that they need to discuss whether they want to establish an overnight shelter in this area or focus on core services, as Mr. Byram mentioned, such as access to a bus system and social services. These are the aspects Council

should consider broadening. If the council agrees to expand the B-3 zoning to include this instance, they need to think about what additional components they should incorporate into an ordinance that specifically pertains to this site.

Mayor King would like to know if the Council would be in favor of the shelter and he would like to have the full Council in attendance to discuss this.

Council Member Helle stated they may want to expand the B-3 district.

Mayor King tabled discussion to the next work session on November 3, 2025.

Item # 2 Existing Multi Family Tax Abatement Request Update– Craig Clark

City Administrator Craig Clark stated he spoke with Mr. Curtis Sorenson, Wescott Apartment owner, about his plans for the Wescott Apartments on 14th Street SW. Mr. Sorenson aims to transform a former medical clinic into 23 apartment units; 13 two-bedroom and 10 one-bedroom. He has a strong verbal commitment of \$2.6 million for this project. The property is currently assessed at just over \$1 million, but with the investment, it could rise to around \$3.3 million. They are looking into a tax abatement based on the property value, potentially around \$10,815 for the City portion. Some of the leverage the City can pull or push related to Minnesota statutes 469.18.3 is the number of years and the percentage of reimbursement for a tax abatement. Mr. Clark suggested a shorter term of three years and incorporating a somewhat similar process with the properties which are annexed into the City, with a declining percentage of abatement over the term. The first year would offer 100% abatement, with the second year at 66%, and the third year at 33% abatement. Should Council feel a longer term or different percentage is warranted, either of these two components can be adjusted. The construction timeline is crucial as the property will be valued in January, and the full benefits may take time to be realized. Given the school district's denial of the request for approval, Mr. Clark is optimistic Council can move this initiative forward.

Council Member-at-Large Austin would like to know the construction schedule.

Council Member Helle asked if they move this tax abatement proposal forward, is the Council essentially saying yes to any future multifamily house tax abatements?

Mr. Clark stated that it's a case-by-case basis, but essentially, if you have something similar to this, you would have to approve the project.

Mayor King is in favor of giving the project some type of tax abatement.

Mr. Clark stated he would contact Mr. Sorenson to get information on the construction timeline. Mr. Clark requested Council approve the proposal he presented so he may give this information to Mr. Sorenson.

Moved by Council Member Fischer, seconded by Council Member Postma, to have City Administrator present the tax abatement proposal at three years with a declining percentage to Mr. Sorenson pending a construction timeline. This will be added to the November 3, 2025 Council meeting.

Open Discussion

None

Moved by Council Member-at-Large Austin, seconded by Council Member Waller, to adjourn the meeting at 6:50 PM. Carried.

Respectfully Submitted,

Brianne D. Wolf, City Clerk