

Faribault Housing and Redevelopment Authority
Meeting Minutes
Monday, August 13, 2018

1. Call to Order / Approval of the Agenda

Kennedy called the meeting to order at 6:00 p.m. in the First Floor Public Meeting Room at Faribault City Hall.

Members Present: Brendan Kennedy, Matt Speckhals, Eric Merrill and Gary Lazarz,

Members Absent: Janna Viscomi, Zulema Delgado and Loni Streefland

Staff Present: Community Development Coordinator Kim Clausen;

Others Present: Jason Aarsvold, Ehlers and Clare Bender, Faribault Daily News

2. Minutes

A. Minutes of July 9, 2018

A motion was made by Lazarz and seconded by Merrill to approve the July 9, 2018 regular meeting minutes as presented. Motion passed unanimously.

3. Program Reports –Kim Clausen, Community Development Coordinator presented the reports.

A. Mobile Home Buyout Program

One application was received for a home in Evergreen Estates. An inspection has been completed and staff will be meeting to make a determination on eligibility.

Motion was made by Lazarz and seconded by Speckhals to receive and file the report as submitted. Motion passed unanimously.

B. Monthly Loan Status Report

Loan status reports for 245, 246 and 247 were reviewed.

Staff provided information on a housing rehab loan where the borrower is no longer able to reside in his home and has requested his primary mortgage lender for permission to sell the property. Due to the condition of the home and the amount of money still owing on the 1st mortgage, a short sale is being pursued and the HRA is unlikely to collect on the loan. A motion was made by Speckhals and seconded by Lazarz to authorize release of the HRA's loan and directing staff to take the necessary actions complete this action. The motion passed unanimously.

Motion was made by Lazarz and seconded by Merrill to receive and file the report as submitted. Motion passed unanimously.

C. Mobile Home Painting Program

Staff has received a large response from homeowners interested in the painting program. Contractors were asked to submit proposals for the painting work and 2 responded. The lowest estimate was from Kryzer Painting.

Motion was made by Lazarz and seconded by Merrill to approve Kryzer Painting as the contractor for the program and authorized the Executive Director and Chairperson to execute an agreement for the work. The motion passed unanimously.

D. Housing Rehab Loan Program

Six loan requests have been approved, and \$121,540 remains in the program budget. Viscomi asked staff to verify the amount of funds available for this program. Staff will verify this and report back.

Motion was made by Lazarz and seconded by Speckhals to receive and file the report as submitted. Motion passed unanimously.

4. Property Reports – Kim Clausen, Community Development Coordinator presented the reports.

A. Robinwood Manor

June 2018 Program Report

June occupancy was at 92% with one unit turning over. The biggest expenses were flooring in several units for \$4,469 and appliances in several units for \$2,531.30.

Bids were received for upgrades to the elevator. The lowest bid was from Suburban Elevator of Minnesota. A motion was made by Merrill and seconded by Speckhals to approve Suburban Elevator of Minnesota for the elevator upgrade project and authorized the Executive Director and Chairperson to execute an agreement for the work. The motion passed unanimously.

Motion was made by Merrill and seconded by Speckhals to receive and file the monthly operating report as presented. Motion passed unanimously.

B. Public Housing

June 2018 Program Report

May occupancy was at 98% with no units turning over. The largest expenses included \$2,353 for mowing, \$1,338.60 for unit turnovers and \$490 for parking lot sweeping.

Motion was made by Merrill and seconded by Speckhals to receive and file the monthly operating report as presented. Motion passed unanimously.

C. Scattered Sites Rental Housing

June 2018 Program Report

May occupancy was at 100% with no units turning over. There were no unusual expenses.

It is time to re-evaluate the rent for the commercial space at 24 W Division Street. In August 2017 the rent was increased from \$150 per month to \$300 per month to be more in line with market-rate commercial rents. A 5% increase in the rent would bring the rent to \$315 per month. Commissioners were concerned that rent level is still well-below market rates and they do not exist to subsidize businesses.

Motion was made by Lazarz and seconded by Speckhals to increase the rent for the unit to \$400 per month. Motion passed unanimously.

Motion was made by Lazarz and seconded by Speckhals to approve the monthly operating report as presented. Motion passed unanimously.

5. Items of Discussion

A. Multifamily Housing Development – Jason Aarsvold, Ehlers

Aarsvold discussed several barriers to the HRA acting as the sole developer for a multifamily rental housing development, including:

- Questions about the HRA's authority to develop a market-rate complex
- The HRA would have the same economic limitations any developer would have. Development costs are \$175,000-225,000 per unit, which requires rents of \$2.00/s.f. to cash flow. There would need to be

- a gap-filler.
- It would be a high-risk endeavor for the HRA
- Pre-development costs alone are several hundred thousand dollars

Commissioners asked about the causes of high housing costs. Aarsvold noted that building materials and labor costs, along with regulatory requirements on construction are the biggest factors affecting the cost of housing. Providing underground parking further increases costs of construction.

Aarsvold recommends the HRA continue pursuing a development partner. He suggested that staff meet at Ehler's office with a group of developers they regularly work with. Commissioners agreed this is a good strategy and directed staff to arrange this.

B. 2019 Preliminary Levy and Budget

Staff presented information on the preliminary levy, which must be certified to the County Auditor by September 15. The maximum amount the HRA can levy based on the statutory-approved formula is \$229,713. Commissioners continue to be concerned about their expenses associated with the Cost Allocation, which limits their ability to do new programming.

A motion was made by Lazarz and seconded by Merrill to adopt Resolution 2018-06, Approving the Preliminary HRA Levy Request for FY 2019. The motion passed unanimously.

6. Adjourn

A motion was made by Lazarz and seconded by Merrill to adjourn the meeting at 7:10 p.m. The motion passed unanimously.

Brendan Kennedy, Chairperson

Matt Speckhals, Vice Chairperson/Secretary

Respectfully Submitted,

Kim Clausen, Community Development Coordinator