

Faribault Housing and Redevelopment Authority
Meeting Minutes
Monday, May 13, 2019

1. Call to Order / Approval of the Agenda

Kennedy called the meeting to order at 6:59 p.m. in the First Floor Public Meeting Room at Faribault City Hall.

Members Present: Brendan Kennedy, Loni Ahlers, Richard Olson, Narren Brown and Jonathan Wood

Members Absent: Zulema Delgado and Matt Speckhals

Staff Present: Community Development Coordinator, Kim Clausen; Administrative Assistant I, Kari Casper

Others Present: None

2. Minutes

A. Minutes of April 8, 2019

A motion was made by Ahlers and seconded by Olson to approve the April 8, 2019 regular meeting minutes as presented. Motion passed unanimously.

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

A. Mobile Home Buyout Program

In April, two home exploded and both have applied for the mobile home buyout program. Neither had any insurance and the park itself doesn't appear to have any either. Clausen noted that the current program pays \$2,000 for the buyout of the home and normal demolition would be around \$3-6,000 each; however, as a result of the explosion, there are special circumstances that require cleanup to be treated as if asbestos is present in the debris. This would drive the cost for disposal of each of the homes to run around \$10,000 each. Ahlers felt that the HRA should not have to pay for the purchase of the homes but pay for the cleanup only. Olson stated that he didn't feel the HRA should pay for either.

A motion was made by Wood and seconded by Brown to approve the purchase of the homes as part of the Mobile Home Buyout Program as well as pay for the demolition/clean up as presented. The motion carried on a 3/2 vote.

B. Corridor Home Rehab Program

Clausen stated that the program has been opened up to Willow, 2nd Avenue and Division Street and a mailing has been sent regarding the program. Olson questioned why was this only open up to those streets and not the whole city and the response was that they are main roads and eventually it would open up to everyone if the funds were still available. Clausen stated that she did receive a request to open it up to Shumway Avenue and was looking for the board's approval of adding Shumway to the program at this time.

A motion was made by Wood and seconded by Ahlers to move forward with the program as presented and open it up to Shumway as well. The motion carried on a 4/1 vote.

C. Mobile Home Painting Program

Clausen presented that the program has funds available for approximately 6 to 8 more homes and a mailing has been sent out. Two applications have been received to date. Olson wanted to add a condition to the approval process to include safety inspection on the home. The board discussed this and felt that by adding

this, it might detour people to clean up their properties. Clausen stated that she would ask the City Attorney if such a request could be possible.

A motion was made by Wood and seconded by Brown to approve the program as presented. The motion carried on a 4/1 vote.

D. Monthly Loan Status Report

Loan status reports for 245, 246 and 247 were reviewed. Clausen stated that the Krenik property was in foreclosure and the Sheriff's sale is set for this Wednesday.

Motion was made by Brown and seconded by Olson 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

March 2019 Program Report

March's occupancy was at 94% with no units turning over and three units being filled. The largest expenses in February included \$809.25 for unit turnovers and \$9,695 for snow plowing and removal and the repair of the building awning for \$3,026. One resident has been issued a notice to vacate for repeatedly violating the no smoking policy.

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

B. Public Housing

March 2019 Program Report

March occupancy was at 98%. The largest expenses in March included \$14,160 for plowing and snow removal and \$33,604 for annual insurance premiums. Unit turnovers for \$5,686 and a refrigerator for \$854. There was no unusual project activity.

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

C. Scattered Sites Rental Housing

March 2019 Program Report

March occupancy was at 100%. No units turning over. The largest expenses included snow plowing for \$320 and annual insurance premiums for \$1,660. There were no unusual expenses during March. Redefine Recovery moved out at the end of April and the City closed on the purchase of the green house on the corner that has three units. One tenant has given notice to move and there remains two occupants who will need to sign new leases being drawn up for their execution by the end of May.

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

5. Items of Discussion:

A. MWF/Joseph Development Waiting List Support Letter

MWF/Joseph Development has submitted an application to the Minnesota Housing for housing tax credits. One of the requirements is that the local housing authority agrees to share its Section 8 Housing Choice Voucher waiting list with the development. The Faribault HRA does not have Section 8 Housing Choice Vouchers. However, the HRA can agree to refer its public housing applicants to the MWF/Joseph Development.

Motion was made by Ahlers and seconded by Brown to approve the letter of support indicating the HRA will share its Public Housing waiting list with MWF/Joseph Development and authorize the Chairperson to execute the required letter. Motion passed unanimously.

B. Subordination Agreement – 206 Central Avenue

Clausen presented that Ellison and Denmark had received \$40,000 in Downtown Housing Rehabilitation loans from the HRA for the creation of two market-rate residential units in the 2nd and 3rd floors of their building at 206 Central. They applied for a \$225,000 open-ended, multiple advance line of credit from TSBF and need to complete the construction at another property location. TSBF is requesting the HRA to subordinate its loan to theirs. Ahlers recused herself from this vote and discussion on the basis of a conflict of interest. Olson asked if the city was at risk on this loan and it was discussed that TSBF would be first in line for payment of its loan if defaulted and the City would come second. Wood stated that he felt confident in this proposal.

Motion was made by Wood and seconded by Brown to approve the subordination of the HRA's loan on 206 Central Avenue to TSBF and authorize the Executive Director and/or Chairperson to execute the required documents. The motion carried on a 4/1 vote.

C. Public Housing Asset Repositioning.

Clausen began by stating HUD recently issued a letter to public housing authorities about the potential change to the program. Congress has repeatedly cut the funding for the program, resulting in unstable revenue streams. HUD has created new tools for authorities to convert housing stock to other programs for more stable funding sources and are pushing these authorities to consider these options. Staff will be attending a multi-day training at the end of May to learn more about the repositioning options and will be these to the board at a future meeting. No action was taken, this was for the HRA's information only.

6. Adjourn

A motion was made by Brown and seconded by Olson to adjourn the meeting at 6:40 p.m. The motion passed unanimously.

Brendan Kennedy, Chairperson

Matt Speckhals, Vice Chairperson/Secretary

Respectfully Submitted,

Kari Casper, Administrative Assistant I