

**HOUSING & REDEVELOPMENT AUTHORITY OF CLAY COUNTY**  
**Special Board Meeting of July 23, 2024**

**BOARD MEMBERS PRESENT:**

Anthony Dillard, Greg Lemke, Clay County Commission Liaison, Paul Krabbenhoft. Tia Braseth attended via Zoom.

**MEMBERS ABSENT:**

Cecil Johnson and Bethany Peterson.

**STAFF PRESENT:**

Dara Lee and Dawn Bacon

**2:00 P.M. REGULAR MEETING CALLED TO ORDER:**

**AGENDA:**

There was an update to the agenda to remove the minutes.

*A motion was made by Commissioner Dillard to approve the updated agenda. Commissioner Lemke seconded the motion and it carried unanimously.*

**CITIZENS TO BE HEARD:**

None

**2025 HRA TAX LEVY DISCUSSION**

Director Lee provided financial graphs that Commissioner Krabbenhoft had suggested and were created by the Financial Officer. Lee reviewed financial data for properties owned from 2010 to current showing impacts of levy funding, pandemic effects from non-payment of rent and destruction of units which increased legal fees for eviction.

**Authorization to Levy and Clay County HRA Levy History**

Minnesota Statutes §469.033, subd. 6 permits the HRA to levy and collect a Special Benefit Tax of up to 0.0185% of the taxable market value upon all taxable property, both real and personal, within the Authority's area of operation which includes Clay County except the cities of Barnesville and Moorhead. The statute requires the consent of the Board of Commissioners of Clay County to approve such a levy; and requires Local Governments to certify their tax levies to the County Auditor. The HRA also needs the consent of the local unit of government to levy within the cities of Barnesville or Moorhead.

The HRA has exercised this power in 2008 (\$100,000), 2010 (\$100,000), 2014 (\$190,000), 2019 (\$380,000), 2020 (\$225,000), and now in 2024. In July, the HRA received the first installment of the 2024 levy funding. Levy funds can be used for any allowable housing authority activity. In

2021, Clay County allocated \$190,000 in ARPA funding to the HRA. In 2012, the HRA was awarded \$25,000 in General Funds as match for a rehab application.

From the total of \$1,210,000 the HRA received in local funding received through 2023 (\$995,000 in levy funds; \$190,000 in ARPA; and \$25,000 in General Funds), it has leveraged over \$16,515,000 in federal, state, and foundation investments in Clay County (\$4,515,000 for rehab of single-family homes and businesses; over \$7,000,000 for the rehabilitation of rental housing; and over \$5,000,000 in additional rental assistance and supports).

Through 2023, the return on the investment for Clay County residents has been approximately 13.65 to 1. Another way of saying it that for the total of \$47 per household that has been the tax burden on Clay County residents over the last 48 years, they have received a \$645 return to their community.

The funds generated in 2014, 2019, and 2020 were used to create the Homework Starts with Home Program, invest in Fieldcrest Townhomes, and obtain 40 VASH and 187 new Mainstream Housing Choice Vouchers. We serve approximately 1500 Clay County households per month. The HRA pays local owners/landlords over \$7 million dollars per year with federal and state funding through our direct rental assistance payments ONLY. This is approximately \$274 per year to each Clay County household. The entire HRA budget results in approximately \$12 million per year in direct local investments.

### **2025 HRA Levy Considerations**

The majority of county HRAs in Minnesota levy on an annual basis. Clay County has one of lowest utilizations of HRA levy funds in the state. HRAs depend upon local government resources to serve its citizens and leverage federal, state, and philanthropic needs.

Scientific studies continue to find that access to affordable housing improves school outcomes, reduces use of law enforcement, detox, and emergency medical services, decreases child protection involvement and improves the community overall.

As discussed consistently, the HRA has faced financially challenging times since the pandemic began. It is still dealing with the on-going impacts which have lead to increased competitive wages; increased costs in operations due to inflation, damages, and evictions; and decreased revenues. As a result, the agency has depleted its reserves during this time and ceased operations of a number of programs.

If the HRA decides to adopt a levy for 2025, it must be consented to by Barnesville, Moorhead, and the Clay County Commission by September 30.

### **Potential 2025 HRA Levy Amounts**

The maximum HRA tax levy, including Barnesville and Moorhead, has increased by 17.3% from last year. State-wide, 60% of HRAs levy at least 50% of the maximum levy and 33% levy the maximum amount. Overall, HRAs levy 58% of the state-wide maximum. The average impact per household is approximately \$40.

These amounts for the Clay County HRA are as follows:

- 100% = \$1,684,146
- 58% = \$976,805
- 50% = \$842,073
- 33% = \$561,382
- 14.8% = \$250,000 (current amount)

Last year, Clay County Commissioners indicated they were not interested in consenting to a maximum levy amount. They balanced the agreed upon need for additional housing with the impact on Clay County property owners.

In June 2023, this board approved a Special Benefit Tax for 2024 in the amount of \$500,000. After extended consultation with the Clay County Commission, the HRA reduced its Special Benefit Tax to \$250,000 and received approximately \$320,00 in SAHA funding for 2023 and 2024 from Clay County and \$85,000 in SAHA funding from the City of Moorhead. As a result, the total local contribution is \$655,000 for 2024. It would be appropriate to factor in the extra \$155,000 in 2024 SAHA funds when considering a 2025 levy. One-third of the maximum levy (\$561,382) minus the additional SAHA funds (\$155,000) would result in a levy of \$406,382. If the taxable market value increase is not factored in, it would result in a \$345,000 HRA levy. Either of these amounts would be a significantly lower percentage than average for an HRA levy.

Minimum proposed uses of the 2025 levy funds are as follows:

- \$75,000- Rehabilitation activities – while SAHA funds were awarded, none can be used for staff.
- \$75,000- Gateway Gardens front desk security operations.
- \$100,000 - Ending child homelessness by supporting programs targeted at this population such as Homework Starts with Home and Homeless to Housed.
- \$100,000- Leverage and support of on-going agency operations & improvements, and assistance in securing new state housing resources to benefit Clay County citizens.
- \$350,000

In addition, we anticipate there may need to be significant salary adjustments in 2025-2026 after the Clay County salary study is completed. The budget impact is unknown until Clay County takes action.

The board preference is to approve an HRA Tax Levy for 2025 in the amount of \$350,000. It will wait until after discussions with the Clay County Commission at 1:00 p.m., August 13, 2024, prior to taking any final action.

Minutes  
July 23, 2024  
Clay County HRA

**OTHER**

NA

*MEETING WAS ADJOURNED AT 3:39 P.M.*



Tia Braseth, Chair on Behalf of Cecil Johnson, Secretary

8/15/2024  
Date